

Festino Fuel ♦ Metro Fuel ♦ Knight-Harrison Fuel ♦ B&B Oil Co.

November 6, 2015

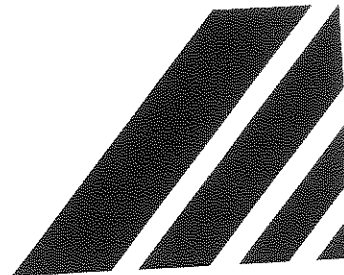
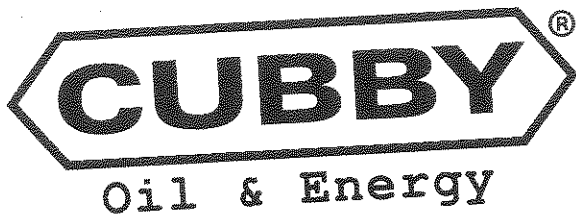
Senator Benjamin Downing & Representative Thomas Golden  
Joint Committee on Telecommunications, Utilities & Energy  
Room 413F – State House  
Boston, MA 02133

Dear Senator Downing and Representative Golden:

I join with the Massachusetts Energy Marketers Association (MEMA), our industry's trade association, in strongly opposing **Senate 1747 – An Act Combating Climate Change** and **Senate 1786 – An Act to Protect Our Environment and Reduce the Carbon Footprint of the Commonwealth** for the following reasons:

- Both bills would impose new taxes on home heating, diesel fuel (as much as 35 cents per gallon) and other fossil fuel products, and will create a significant and unnecessary financial burden on nearly one million homeowners and thousands of commercial operations who use heating oil for space heating, hot water production, generators and other uses. Additionally, these legislative proposals are especially onerous given that most homeowners and businesses will be assessed a carbon tax on more than one product since multiple energy sources are often in use.
- The proposed "revenue rebate program" and "rebate fund" for Massachusetts residents is unworkable. How can the authors of Senate 1747 and Senate 1786 truly believe a rebate program will work given that homeowners and business are not required to report how much "carbon-based fuel" they use annually?
- Both bills, if enacted, would do irreparable harm to the heating oil industry in Massachusetts. The industry is a vital component in the state's energy mix with nearly 600 retail operations in the Commonwealth. These companies provide thousands of Massachusetts residents with full-time jobs, and these companies are key players in the local and statewide economy.
- Both bills fail to recognize the significant strides the heating oil industry has made in Massachusetts in terms of lowering the carbon intensity of heating oil and diesel fuel and hence improving air quality by lowering emissions. The industry has voluntarily embraced renewable biodiesel/bioheat fuel blends in heating oil and diesel fuel at levels of 5% or B5. The industry is poised to move to 20% blends in 2016. Also, the industry strongly supported regulatory changes in Massachusetts that lowered the sulfur content in heating oil to 500 parts per million (ppm) or less. This rule went into effect on July 1, 2014, and on July 1, 2018, the sulfur content in home heating oil will drop to ultra-low levels of 15ppm.
- Both bills assume that the Massachusetts Department of Energy Resources and/or the Department of Revenue will be able to develop regulations that adequately and accurately calculate a carbon tax to reflect a "carbon dioxide equivalent" or an "economy-wide price on carbon." Our association maintains that these regulations will be next to impossible to develop for a number of reasons including the fact that large volumes of heating oil sold in Massachusetts come in from other states including New Hampshire, Rhode Island, Connecticut, Maine, Vermont and New York. This cross-border influx of product will pose an insurmountable problem in trying to assess a carbon tax on petroleum products with a point-of-sale in another state. Additionally, there is no easy path to determine how much carbon-free biofuel is blended into a heating oil gallon coming from various wholesale and retail operation both in-state and out-of-state thus making it impossible to accurately determine the carbon intensity of the fuel.

I urge your Committee to reject Senate 1747 and Senate 1786 as unfavorable.



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Respectfully,

*Charles J. Uglucke*

President