

HOUSE No. 2713

The Commonwealth of Massachusetts

PRESENTED BY:

Frank I. Smizik

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act further promoting energy efficiency and green jobs.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Frank I. Smizik</i>	<i>15th Norfolk</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>
<i>Kevin G. Honan</i>	<i>17th Suffolk</i>
<i>Barbara A. L'Italien</i>	<i>Second Essex and Middlesex</i>
<i>Jonathan Hecht</i>	<i>29th Middlesex</i>
<i>John W. Scibak</i>	<i>2nd Hampshire</i>
<i>Jennifer E. Benson</i>	<i>37th Middlesex</i>
<i>Kay Khan</i>	<i>11th Middlesex</i>
<i>Marjorie C. Decker</i>	<i>25th Middlesex</i>
<i>Solomon Goldstein-Rose</i>	<i>3rd Hampshire</i>
<i>Louis L. Kafka</i>	<i>8th Norfolk</i>
<i>Chris Walsh</i>	<i>6th Middlesex</i>
<i>Paul R. Heroux</i>	<i>2nd Bristol</i>
<i>Michael O. Moore</i>	<i>Second Worcester</i>
<i>Denise Provost</i>	<i>27th Middlesex</i>

HOUSE No. 2713

By Mr. Smizik of Brookline, a petition (accompanied by bill, House, No. 2713) of Frank I. Smizik and others for legislation to establish oil heat energy efficiency programs. Telecommunications, Utilities and Energy.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 2909 OF 2015-2016.]

The Commonwealth of Massachusetts

**In the One Hundred and Ninetieth General Court
(2017-2018)**

An Act further promoting energy efficiency and green jobs.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 25A of the General Laws, as appearing in the 2014 Official
2 Edition, is hereby amended by adding after section 11I the following new sections:

3 Section 11J. (a) For the purposes of section 11J, the following terms shall have
4 the following meanings:

5 “Fuel oil industry” or “oil heat industry”, persons in the production,
6 transportation, or sale of oil heat fuel; and persons engaged in the manufacture or distribution of
7 oil heat fuel utilization equipment; provided that “fuel oil industry” or “oil heat industry” shall
8 not include ultimate consumers of oil heat fuel.

9 “No. 1 distillate”, fuel oil classified as No. 1 distillate by the American Society
10 for Testing and Materials (ASTM).

11 “No. 2 dyed distillate”, fuel oil classified as No. 2 distillate by the American
12 Society for Testing and Materials (ASTM) that is indelibly dyed in accordance with regulations
13 prescribed by the Secretary of the Treasury under section 4082(a) (2) of the Internal Revenue
14 Code of 1986.

15 “Cost Effective”, with respect to an energy efficiency program, means that the
16 program meets a cost-benefit test, which requires that the net present value of economic benefits
17 over the life of the program or measure, including avoided supply and delivery costs and
18 deferred or avoided investments, environmental benefits and avoided environmental costs,
19 avoided operation and maintenance costs and other appropriate energy and non-energy benefits
20 as determined by the department, is greater than the net present value of the costs over the life of
21 the program.

22 “Energy Efficiency Advisory Council”, the energy efficiency advisory council
23 established pursuant to section 22 of chapter 25 of the general laws.

24 “Oil heat fuel”, No.1 distillate and No.2 dyed distillate that is used as a fuel for
25 residential or commercial space or hot water heating.

26 “Program administrator”, an electric distribution company or municipal
27 aggregator with an energy plan certified by the department of public utilities.

28 “Retail marketer”, a person engaged primarily in the sale of oil heat fuel to
29 ultimate consumers.

30 “Wholesale distributor”, a person or business entity that produces No. 1 distillate
31 or No. 2 dyed distillate; imports No. 1 distillate or No. 2 dyed distillate; blends No. 1 distillate or
32 No. 2 dyed distillate with biodiesel or biofuels; or transports No. 1 distillate or No. 2 dyed
33 distillate across state boundaries or among local marketing areas; and sells the products to retail
34 home or commercial heating oil companies for resale.

35 (b) (1) Beginning, June 1, 2016, the department shall require a systems benefit
36 assessment of two and one-half cents (\$.025) per gallon be placed on all gallons of oil heat fuel
37 sold for residential or commercial use in Massachusetts in order to establish oil heat energy
38 efficiency programs. The assessment shall be collected at the point of sale of oil heat fuel by a
39 wholesale distributor to a person other than a wholesale distributor, including a sale made
40 pursuant to an exchange. A wholesale distributor shall be responsible for payment of the
41 assessment to the department on a quarterly basis, and shall provide to the department
42 certification of the volume of fuel sold. No. 1 distillate and No. 2 dyed distillate fuel sold for
43 uses other than as oil heat fuel are excluded from the assessment. Distillate fuel used by vessels,
44 railroad, utilities, farmers and the military are exempt from the assessment.

45 (2) Such funds shall be disbursed by the commissioner of energy resources to the
46 program administrators and expended by the program administrators pursuant to this section, and
47 subject to the approval of the energy efficiency advisory council, for the sole purpose of
48 designing, marketing and providing cost-effective energy efficiency programs for residential and
49 commercial customers who utilize oil heat fuel for space heat or domestic hot water heating.

50 At least 20 percent of the funds collected shall be spent on comprehensive low-
51 income residential oil heat energy efficiency and education programs. The commissioner shall

52 designate that these programs be implemented through the low income weatherization and fuel
53 assistance program network administered by the department of housing and community
54 development.

55 (c) (1) The energy efficiency advisory council shall advise the department on all
56 aspects of oil energy efficiency funds and programs in the commonwealth. Actions of the council
57 pertaining to disbursement of the oil heat efficiency funds and programs shall require a majority
58 vote.

59 The energy efficiency advisory council shall establish a target budget designed
60 to ramp-up over time to capture cost-effective energy efficiency for heating oil, and a
61 corresponding annual assessment designed to recover enough money to fund the programs.

62 (2) The program administrators shall incorporate oil heat energy efficiency
63 programs into their energy efficiency investment plans developed pursuant to section 21 of
64 chapter 25. The department may allow for transitional, one year plans in order to achieve
65 consistency with section 21 of chapter 25.

66 (3) Programs shall be designed to treat all energy use in a building in a
67 comprehensive and coordinated fashion across the state with maximum use of common program
68 designs, integrated programs, and a common pool of energy efficiency vendors and contractors
69 who can treat all energy use in a building comprehensively.

70 The financial incentives used in said programs may be a combination of low or
71 zero interest loans or direct rebates and other financial incentives. Incentives for oil heating
72 system replacements under this section shall be used for efficient new oil heating systems.

73 (4) The energy efficiency advisory council shall solicit input from the oil heat
74 industry, consumer groups, and low income advocacy groups regarding the implementation of
75 this section and delivery of all program services.

76 (5) From time to time, the program administrators shall undertake, or cause to be
77 undertaken, an assessment of cost effective oil heat energy efficiency resource potential in the
78 commonwealth.

79 (6) The energy efficiency advisory council, in collaboration with the program
80 administrator, shall prepare an annual report for submission to the joint committee on
81 telecommunications, utilities, and energy and the public through the department of energy
82 resources that includes, but is not limited to: a description of the amount and use of proceeds
83 from the oil heat systems benefit assessment; a description of the energy efficiency programs
84 funded through such proceeds; the demonstration of consumer savings, cost-effectiveness, and
85 the lifetime and annual energy savings achieved by the energy efficiency programs funded; and
86 the lifetime and annual greenhouse gas emissions benefits achieved by energy efficiency
87 programs funded.