

SENATE No. 2403

Senate, Thursday, June 30, 2016 -- Text of amendment (61) (offered by Senator Eldridge) to the Ways and Means amendment (Senate, No. 2372) to the House Bill to promote energy diversity.

The Commonwealth of Massachusetts

In the One Hundred and Eighty-Ninth General Court
(2015-2016)

by inserting at the end thereof the following section:-

SECTION XX. Chapter 25A of the General Laws is hereby amended by adding after section 11I the following new sections:

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

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

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

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

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

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

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

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

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

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

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

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

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

programs be implemented through the low income weatherization and fuel assistance program network administered by the department of housing and community development.

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

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

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

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

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

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

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

(6) The energy efficiency advisory council, in collaboration with the program administrator, shall prepare an annual report for submission to the joint committee on telecommunications, utilities, and energy and the public through the department of energy resources that includes, but is not limited to: a description of the amount and use of proceeds from the oil heat systems benefit assessment; a description of the energy efficiency

programs funded through such proceeds; the demonstration of consumer savings, cost-effectiveness, and the lifetime and annual energy savings achieved by the energy efficiency programs funded; and the lifetime and annual greenhouse gas emissions benefits achieved by energy efficiency programs funded.