PREPARED STATEMENT
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BEFORE

THE SENATE ENERGY AND NATURAL RESOURCES COMMITTEE

DECEMBER 10, 2008

Chairman Bingaman and Ranking Member Domenici, on behalf of the men and women who deliver heating oil to consumers throughout the country and our colleagues who continue to work to develop new more efficient furnaces and boilers, we appreciate the opportunity to share our views for clean energy and natural resources projects and programs that can create green jobs and to stimulate the economy. Unlike many of the suggestions you are likely to hear today, our recommendation can be accomplished without any federal money, but will continue to provide major benefits to consumers.

Next year, as part of a comprehensive energy bill, we urge this Committee and the Congress as a whole to include the provisions of S. 3442, a bill introduced by Senators Reed and Snowe to reauthorize the National Oilheat Research Alliance Act of 2008.

Congress enacted the National Oilheat Research Alliance Act of 2000 to authorize the heating oil industry to conduct a referendum to create the National Oilheat Research Alliance (NORA) and to permit a small fraction of the wholesale price of home heating oil to be set aside to fund important research and development, energy conservation, safety, training, and consumer education initiatives. Since its enactment in 2000, the Act has benefited millions of American consumers of home heating oil, at no cost to the federal government. Some examples:

Energy Efficiency Improvements. Working with Peerless Boilers in Pennsylvania, NORA created the first American condensing boiler, which is rated at 93 Annual Fuel Utilization Efficiency (AFUE), seven points higher than the typical boilers found in American homes, which have a rating of 86 AFUE. In cooperation with Adams Manufacturing, NORA developed the Spartan condensing furnace, which has a rating of 95 AFUE. Typical American furnaces are rated at 84 AFUE.

Potential Annual Savings. In cooperation with the New York State Energy Research and Development Authority, NORA developed a seasonal rating system for boilers. This system is designed to show typical operation over the season, instead of at peak operation. This research and the calculator developed from it shows that many homeowners could reduce their consumption substantially, saving between $20,000 and $40,000 over a twenty-year period.

Education and Safety. No energy efficiency improvements can make it to the consumer without a strong push. To that end, NORA developed an energy efficiency certification, the Gold

Certificate, that is designed to train technicians on how to provide comfort, a safe system, and improve the energy efficiency of the home. To date, over 1000 technicians that have been certified.

In addition, NORA has developed a simple test for evaluating the safety of tanks based on EPA's tests for commercial systems. With this simple inventory test, tanks can be inspected and evaluated for $80-100 versus the current norm of $400-500.

NORA conducted testing with Underwriters Laboratory to determine whether biofuels could be safely used in heating equipment. This study has encouraged manufacturers to extend warranty coverage to systems using biofuels, and will be used to redefine heating oil as containing biodiesel.

The Reed-Snowe bill would improve the operation of NORA and ensure that the heating oil industry and consumers can continue to reap the benefits of the check-off program. First, the proposed legislation would eliminate the sunset provision, which otherwise will require that the Act be reauthorized every five years. Eliminating the sunset provision will ensure continuity of contracts, and allow for long-term planning and initiatives, without the uncertainty caused by the need for frequent reauthorization measures. Second, the definition of oilheat would be expanded to include blendstocks used for home heating, including new cleaner biofuels. Third, the funding mechanism would be modified to bring it into conformity with the propane check-off program. Finally, the bill makes technical changes to address problems identified since 2000 (*e.g,* establishing a mechanism for additional States to join).

The Reed-Snowe bill would provide the best means for enabling the heating oil industry to finance R&D, training, safety, and consumer information without the use of federal tax dollars. We thus urge you to include the provisions of S. 3442 as part of a comprehensive energy bill next year.