



September 23, 2009

Arthur N. Marin
Executive Director
Northeast States for Coordinated Air Use Management (NESCAUM) &
Northeast States Center for a Clean Air Future (NESCCAF)
89 South Street, Suite 602
Boston, MA 02111

VIA email

Dear Arthur:

In light of our industry's involvement with your organization over the past several years to agree upon a reasonable time table for the introduction of ultra low sulfur heating oil for the northeast market, and our discussions with you this past summer regarding biofuel blends for home heating oil and related climate change matters, we want to make you aware of some very important developments within the Oilheat industry.

On September 15th, the Oilheat industry held a national policy summit in Baltimore to discuss and agree upon the steps that are necessary to secure the industry's future, improve our product for consumers and aid environmental air quality. The meeting drew nearly 100 industry representatives, including nearly every national, regional and state Oilheat industry association; and industry leaders from the wholesale, retail and home heating equipment manufacturing sectors.

Those attending the summit overwhelmingly approved a resolution that we believe will help us accomplish the above stated goals by fully embracing ultra-low sulfur heating oil blended with diverse-feedstock biofuels. The industry will also support additional blends in the future as technology and policy allows, as well as embracing solar technology as a key component of the overall industry effort. The text of the resolution is as follows:

The heating oil industry recommends and will encourage the Congress and appropriate state bodies to mandate the following changes for heating oil:

- 1. That by July 2010, all heating oil will be mixed with a biofuel component that meets the appropriate specifications to ensure that at least 2 percent of the fuel is renewable, and that such levels shall increase over time as technical and economic feasibility permit.*
- 2. That by July 2011, the petroleum base stock we now call heating oil will be transitioned to ultra low sulfur diesel fuel.*
- 3. That in the interest of lowering the carbon intensity of heating oil applications that training will be provided to heating oil companies on thermal solar applications.*

We believe this resolution is a significant step in demonstrating that the Oilheat industry is voluntarily taking responsibility for improving its product offerings in order to secure its place in the energy marketplace, and provide tangible, proven environmental benefits. Collectively, we hope that NESCAUM and NESCCAF will recognize the industry's efforts and develop policies that will not interfere with the industry's growth and prosperity. It should be noted that a program endorsed by your organizations to convert fuel oil customers to either natural gas or to woody biomass will

undermine our industry's laudable resolution and initiative. As you know, refiners are resisting a conversion to ultra low sulfur fuel, and if the NESCAAF program goes into effect it will discourage necessary investments in refinery upgrades. Further, many companies have invested in making biodiesel for the northeast heating market. Again, such a negative message from NESCAAF will discourage these investments, and thus undermine an achievable goal of using liquid renewable fuels.

In closing, our industry will now begin to communicate directly with state and federal elected officials and regulators to make sure they are fully aware of our recent resolution regarding ultra low sulfur fuel and biofuels. In addition, we look forward to working cooperatively with you on these important steps for creating the next generation of home heating fuels.

Sincerely,

A handwritten signature in black ink that reads "Shane Sweet". The signature is written in a cursive, flowing style.

Shane Sweet, President, New England Fuel Institute (NEFI)

Eric DeGesero, Executive Vice President, Fuel Merchants Association of New Jersey (FMANJ)

Gene Guilford, Executive Vice President, Independent Connecticut Petroleum Association (ICPA)

Michael Ferrante, Executive Vice President, Massachusetts Oilheat Council (MOC)

John Maniscalco, CEO, New York Oil Heat Association (NYOHA)

Julie A. Gill, Executive Director & CEO, Oil Heat Institute of Rhode Island (OHRI)

Jamie Py, Executive Director, Maine Oil Dealers Association (MODA)

Matt Cota, Executive Vice President & Director, Vermont Fuel Dealers Association (VFDA)

Bob Garside, President, Oil Heat Council of New Hampshire (OHCNH)

Kevin Rooney, Executive Vice President, Oil Heat Institute of Long Island (OHILI)