

‘It’s going to hurt us’: Heating oil industry fights effort to eliminate state’s rebates

Mass Save’s popular incentives, including no-interest loans, could end in January

By [Jon Chesto](#) Globe Staff, April 1, 2021

The heating oil industry is fired up about a proposal to take away energy-efficiency rebates from its customers as part of a state-led effort to wean homeowners off fossil fuels.

At issue are priorities endorsed March 24 by the Energy Efficiency Advisory Council that include phasing out Mass Save rebates for new oil-fired systems for heat and hot water, as well as no-interest loans for homeowners to install them, as soon as January. Rebates for natural gas-fired and propane installations would be ratcheted back significantly.

“It’s simply not fair,” said Michael Ferrante, president of the Massachusetts Energy Marketers Association. “I wouldn’t say it’s going to cripple the industry. But it’s going to hurt us. And it’s going to hurt heating oil customers.”

The proposal from the council, which is chaired by the state energy resources commissioner, follows recommendations issued by the Baker administration in December for Massachusetts to reach “net-zero” carbon emissions by 2050. The changes also line up with aggressive goals to reduce greenhouse gas emissions that were included in a sweeping climate law passed by the Legislature and signed by Governor Charlie Baker [last week](#). One provision allows municipalities to adopt net-zero building codes for new construction, which could effectively block fossil-fuel hookups in future projects.

Significant changes in how buildings are heated will be needed if Massachusetts is to reach its 2050 emissions goal. State officials and environmentalists hope to encourage the use of electric heat pumps in homes and discourage fossil fuels. The ramifications could be huge for the 700,000-plus homeowners in the state who use heating oil — as well as for the companies that serve them.

Massachusetts electricity rates, meanwhile, are among the highest in the United States, nearly double the national average.

It's against this backdrop that the Massachusetts Energy Marketers Association, which represents about 400 heating oil dealers, finds itself about to lose Mass Save rebates, which range from \$400 to \$800 per installation, as well as access to the popular no-interest HEAT loans, to subsidize oil system installations. (The council recommends studying the impacts on low-income households before changing the incentives for those customers.)

Heating oil companies argue that their customers pay into Mass Save via electric bill surcharges and should be able to get rebates to upgrade their heating systems. Ferrante said he worries the utilities that work with state officials on the program have no incentive to support his industry. He said his association intends to challenge the changes in court if they are finalized.

"We're under the microscope to be wiped off the map," Ferrante said.

He noted that many heating oil suppliers have taken steps to address environmental impacts, by shifting to biofuel blends that have much lower carbon emissions. For example, nearly 80 dealers participate in a state-run program to encourage the use of biofuel, primarily discarded cooking oil, that can be blended with standard heating oil; they receive incentives funded by the penalties electric utilities pay for falling short of renewable energy goals.

Among the participants: Cubby Oil & Energy. President Charlie Uglietto said nearly all of the Wilmington company's roughly 6,000 customers burn a 50/50 blend of petroleum and used cooking oil. He said it costs homeowners about \$50 more a year than unblended heating oil. A few customers use fuel made solely from discarded cooking oil.

From Uglietto's perspective, biodiesel is a more cost-effective way of addressing emissions than heat-pump installations, which state officials want prioritized in the new Mass Save plan.

"Neither the state nor Mass Save nor a lot of people recognize the value of liquid renewable fuels," Uglietto said. "Why are we making people buy \$25,000 heat pump installations when we can just change the fuel that goes into people's oil burners and achieve greenhouse reductions today for pennies on the dollar? I just don't get it."

Caitlin Peale Sloan, who heads Massachusetts policy efforts for the Conservation Law Foundation, said there isn't enough discarded cooking oil from restaurants to go around for the heating oil industry to solely rely on it as a solution.

Ending oil rebates is one of many proposed changes to the Mass Save program, which is regulated by the state and funded by surcharges on electricity and natural gas bills. They will now be used by the state's major electric and natural gas utilities as they formulate a plan for the next three years, with an eye toward incorporating climate benefits.

“We are really scrutinizing all our fossil fuel incentives and will be careful about which fossil fuel incentives that will be retained in the next plan. This is not just about heating oil,” said Patrick Woodcock, the state energy resources commissioner. “We think that heat pumps should be integrated across the state . . . It’s a technological breakthrough that Massachusetts will seize. It’s just a matter of time. We do think that time is now.”

Amy Boyd, a member of the efficiency council, said it and the utilities will hash out a final version by the end of October. She noted that heating oil customers could still use Mass Save funds for other efficiency measures, such as insulating their homes.

“Using ratepayer money to buy things that will keep fossil fuels around longer is wasting ratepayer money,” said Boyd, policy director at the Acadia Center, a climate-focused think tank. “I’m really glad that the EEAC is taking a stance on the need for electrification.”

But Emerson Clauss, co-owner of Allegiance Construction & Development in Northbridge, said the shift to electric heat still relies heavily on natural gas, the most prevalent fuel source for New England’s power plants. Clauss said he’s also troubled by the climate law’s net-zero language for new construction, because it could box out heating oil, propane, and natural gas as heating sources.

“More than half of our electricity comes from natural gas,” said Clauss, president-elect of the Home Builders and Remodelers Association of Massachusetts. “It sounds like we’re doing a great thing, moving in the right direction. But aren’t we just moving where the smoke is burned off?”