

National Energy and Utility Affordability Conference

**June 16 - 18, 2008
Denver, Colorado**

Deliverable Fuel vs Utility Customers

- Diversity of Marketplace
- No Obligation to Serve
- Interaction with Customer Base
- Competitive Marketplace
- Customer Loyalty

NYS Oil Characteristics

- 33% of households heat with oil/kerosene (2.3M households)
- Cost of home heating oil rose from average of \$1.66 in April 2004 to \$4.07 in April 2008; an increase of 145%
- In 2006, New York's reliance on foreign oil as a proportion of total petroleum was 89%, compared to 66% nationally
- Over \$60M per year of HEAP funds used to purchase oil/kerosene

HEAP Oil Buying Component

- Statewide Implementation (2007-2008)
- HEAP Vendors provide discounted fuel based on a # of pricing options:
 - Margin-Over-Rack (HEAP Only & All-Season)
 - Discount-off-Retail (HEAP Only & All-Season)
 - Price Protection Plans or Service Contracts
- Clean & Tune Program

HEAP Oil Buying Component Results

- Over 700 Vendors Participating
- Increased Buying Power of HEAP funds by \$6.7M annually
- Discounts of 7 – 15 cents per gallon
- Approximately 200,000 households served

Price Protection Plans have traditionally produced real savings for customers

- During the 2007-2008 heating season, HEAP customers who were on price protection plans likely would have saved money relative to those not on such plans.

Ave Dealer Posted Prices

Option A: MOR HEAP-only	\$3.42
Option B: MOR All-season	\$3.41
Option C: DOR HEAP-only	\$3.70
Option D: DOR All-season	\$3.56
Weighted Average	\$3.58

Ave MOR HEAP-only Program Prices

NYC	\$3.125
Buffalo	\$3.135
Newburgh	\$3.138
Binghamton	\$3.148
Syracuse	\$3.153
Albany-Rensselaer	\$3.155
Utica	\$3.162
Rochester	\$3.168
Long Island	\$3.202

Price Protection Plan Prices

	Max	Ave
Budget High	\$2.849	\$2.742
Budget Low	\$3.049	\$2.751
Fixed Price Low	\$3.099	\$2.734
Prebuy Low	\$3.099	\$2.644
Prebuy High	\$3.099	\$2.636
Fixed Price High	\$3.259	\$2.802
with highest removed	\$3.099	
Capped Price Low	\$3.290	\$2.882
Capped Price High	\$3.290	\$2.916

Note: "Low" and "High" refer to the lowest and highest price protection prices reported by dealers.

Clean & Tune Program

- NYSERDA funding available to participating dealers for Clean & Tune and minor repair work
- Provided as incentive to participating dealers
- Targeting HEAP households most in need of this service... and outside regular HEAP furnace R&R
- Goal to improve heating equipment efficiency, system longevity, and address health & safety issues

Clean & Tune Program

- NYSERDA offers participating dealers attractive equipment purchase incentives
- Training provided which qualifies for 6 Continuing Education Units (CEUs) for NORA accreditation

Clean & Tune Program Results

- 122 Participating Dealers
- 1822 Services Completed to Date
- 860 additional repairs
- 2% average increase in combustion efficiency
- Cost savings realized based on avoided service calls
- 13% of systems ‘red-tagged’ and referred to applicable programs

Clean & Tune Program Results

- 54 Combustion Analyzers purchased through Equipment Purchase Incentive
- Total cost - \$44,786
- NYSERDA incentive - \$20,948
- Equipment used across customer base = Market Transformation

Customer Education

- HEAP Program Rules inadvertently encourage negative behavior
- Will Call vs. Automatic Delivery
- System Maintenance
- Establishing on-going relationship with vendor

The least talked about – but most ironic - KEROSENE

- Used in the northeast where outdoor tanks are present
- Predominant fuel of mobile homes
- Most price volatile in extreme cold periods

Oil Efficiency Program on the Horizon

- Governor Patterson's Renewable Energy Task Force recommends Oil Efficiency Program
- Funding??
 - Attorney General's Settlement
 - Regional Greenhouse Gas Initiative (RGGI) sales

Emerging Fuels & Low-Income Customers

- Clientele that may benefit the MOST from a cleaner burning fuel due to significant reduction in maintenance costs & system longevity
 - NYS Residential Bioheat Tax Credit B20 (20 cents/gallon)
 - Low-Sulfur & Ultra Low-Sulfur Heating Fuel

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