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TALKING POINTS FOR 2007- 2008 OILHEAT

- On October 9, EIA releases a prediction of average cost related to household fuel expenditures for the coming Winter Season. The fuels in this report are Nature gas, Heating Oil, Propane, and Electricity. Oilheat is likely to be described as the highest predicted fuel to heat your home. The major reason for that is EIA's data compares fuels based on the region of the most predominant use. Therefore, heating oil is a northeastern fuel with its cold weather. Electricity is a southern fuel with warm weather, and low electricity prices. Thus, the comparisons are superficial and misleading. It does not take an EIA report to inform us that heating a home in Florida is cheaper than heating a home in Maine.
- The EIA predicts that the cost of heating this winter will be 5.8% higher for heating oil, and 5.0% for natural gas.
- Each year homeowners want to know when is the best time to "lock-in" via a price protected program, for the upcoming winter. Price protected programs are not without cost. Oilheat marketers must buy insurance, or "hedge" heating oil their customers want. The cost of hedging used to be approximately three cents per gallon, now it may be as much as eighteen to twenty cents per gallon, depending on the hedge. This increase is due to the volatility in the market and the number of new players. Price protection programs are not a gamble on the winter; they are merely designed to provide the opportunity for customers to know what their heating costs are in advance of the winter. An alternative is for customers to spread their payments out with an annual budget plan.
- For those who are looking to "pick" the right time to buy product, the last two years have seen heating oil prices lower in the winter than in the summer. For example, according to EIA the price of heating oil in August 2006 was \$2.51 per gallon whereas the price for heating oil in February 2007 (a very cold month) was \$ 2.39 per gallon. Thus, many customers would prefer to not lock in.
- Some recent attention has been focused on "low" heating oil inventory at the beginning of the season. According to API, total distillate (heating oil and diesel) inventory nationally is 91 % of where it was a year ago- 136 million barrels (mmbbls) for the week ending September 28, 2007 whereas it was 146.6 mmbbls for the week ending September 28, 2006. Heating oil inventory on the East Coast was at 33.5 mmbbls for the week endings September 28, 2007 Heating oil inventory on the East Coast is 90% of the seven year average.
- Homeowners are reminded that regardless of the fuel they use to heat their home they should have their heating system professionally inspected, and tuned-up, if necessary. A central heating system is no different than an automobile which needs periodic inspection and maintenance. Making sure your heating equipment is running at its peak efficiency can save you up to 5% annually on your heating bills. Homeowners should take other steps to ensure their homes are properly winterized, including; ensuring your attic is properly insulated,

caulk /weatherstrip around doors and windows, and install storm windows/doors. The money spent on weatherization pays benefits year-round since it reduces summer cooling costs as well.

- The best strategy continues to be conservation. NORA has completed a 160 page training guide “Efficient Oilheat, An Energy Conservation Guide” which is the foundation for the NORA Gold Certification. This program educates technicians on energy conservation strategies ranging from simple thermostat replacements to system redesign including boiler replacements and how to analyze the energy savings for consumers. It also includes information on how to explain these energy improvements to the customer. Working with customers, energy costs can be lowered by 20 -25 percent for many customers. Careful attention to energy conservation can cost effectively be achieved by nearly all consumers.
- NORA has developed oilheatamerica.com where consumers and the general public can visit to learn about the advances of Oilheat and use the interactive H.O.U.S.E. The interactive H.O.U.S.E. or Helping Oilheat Users Save Energy will guide the user room by room, from the attic to the basement, towards home energy efficiency with valuable tips on how to conserve energy and save money.
- Brookhaven’s reports that the level of energy savings from upgrading oil equipment is large- and for many systems will be in the 25% range. The Brookhaven results provide a strong argument that we need to continue to work to retrofit existing homes with modern oilheating systems to conserve resources.