

Testimony of Scott E. MacFarlane, MacFarlane Energy
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Joint Committee on Telecommunications, Utilities & Energy

Good afternoon Chairman Golden, Chairman Barrett and members of the Committee. My name is Scott MacFarlane and I'm one of the owners and operators of MacFarlane Energy in Dedham, Massachusetts. I'm also a member of the Board of Directors on the Massachusetts Energy Marketers Association and I'm also the Chairman of the Government Affairs Committee for the New England Fuel Institute, which represents the six New England states before lawmakers and regulators in Washington, DC.

Much like Chris' company, MacFarlane Energy has a long history of serving residential and commercial heating oil customers. Founded in 1946 by my grandfather, our company has established itself as one of the premier energy providers in the greater Boston area. We serve home and commercial customers in about 100 cities and towns, and we are especially proud of the number of customers we serve through the Low-Income Heating Energy Assistance Program – an audience that would be hit especially hard by high increases in heating oil prices caused by **Senate 1821** and **House 1726**.

I'd like to briefly provide a broader perspective on how these legislative proposals would negatively impact not just heating oil customers and wholesale suppliers of fuel in Massachusetts but also in the five other New England states.

Our industry is truly a global one since our two main distillate fuels – heating oil and diesel fuel – are bought and sold as commodities on the world's petroleum markets by wholesale suppliers in the region. To help keep prices for these fuels as low as possible for our customers, our company and other retailers may use complex hedging practices and contracts with our wholesalers.

Senate 1821 calls for regulators to “**Impose and collect the charges authorized pursuant to this chapter at the earliest possible point of distribution or sale within the commonwealth.**” This point of distribution will be at the wholesale level.

Our wholesale partners buy, store and sell large quantities of distillate fuels for resale to over 1500 heating oil retailers in New England. Many of these wholesalers have terminals not only in our state, but also in Connecticut, New Hampshire, Maine, Rhode Island, Vermont and New York. Having these terminals in all of these states is one of the strengths of our industry because supplies of heating oil and diesel can move easily from state-to-state to help meet the needs of customers.

Any increase in home heating and diesel prices because of **Senate 1821** and **House 1726** will result in higher distillate fuel prices at every wholesale terminal location that helps supply the Massachusetts market.

You can also be assured that heating oil customers in other states will feel the brunt of these price increases. Our association has many member companies who reside in Massachusetts but serve customers in nearby states. These companies will have no choice but to pass along the higher cost of fuel to out-of-state customers.

I want to close my remarks by building on Chris' testimony on the progress our industry has made in helping to improve air quality and reduce the use of fossil fuels.

One year from now, the six New England states will move in unison to one ultra-low sulfur distillate fuel for both heating and transportation purposes. At this time next year, all heating oil and diesel fuel will be just 15 parts per million sulfur – down from 500 parts per million two years ago and 2500 parts per million sulfur 4 years ago

Recently, our industry helped to enact a new national specification from the American Society of Testing and Materials – ASTM – that allows for the blending of renewable biofuels in home heating oil at levels up to 20%. This blend level has a significant impact on reducing carbon emissions.

And finally, on May 1 of this year our association launched the most extensive equipment rebate program in the country for heating oil customers. Using funds from NORA – the National Oilheat Research Alliance – which collects a fee the industry voluntarily pays on every gallon of heating oil – customers in Massachusetts can now receive a rebate for a new high efficiency oil-fired boiler or furnace and a new heating oil storage tank. In just six weeks, we have provided rebates to over 200 homeowners in Massachusetts.

On behalf of our association and our industry regionally, I urge this Committee and the legislature not to enact these legislative proposals.

Thank you for the opportunity to testify before your Committee.

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