1. Introduction

Background

In undertaking this study, the National Oilheat Research Alliance (NORA) asked Warm Thoughts Communications, Inc. to evaluate the current landscape of energy efficiency programs in selected states, in order to:

- Identify potential models that would work for the oilheat industry under the NORA mandate.
- Determine how the oilheating industry and NORA we might cooperate with existing state energy efficiency administrators.

Additionally, we were requested to deliver a list of recommendations for how NORA could use the funds earmarked for energy efficiency activities in a way that maximizes the energy efficiency provided to oilheat consumers.

Methodology

In conducting this research, we incorporated both primary and secondary research. The primary research for this study includes more than 20 interviews conducted with people who have the following profiles:

- Private energy efficiency program designers and administrators such as ICF, CSG, and CleaResult
- Program managers for energy efficiency programs within state organizations such as Mass Save, NYSERDA, Energize CT, Efficiency Vermont, and the New Jersey Clean Energy Program
- Professionals at national energy efficiency organizations and federal agencies such as ACEEE, the Department of Energy, and the Environmental Protection Agency
- Oilheat association executives in northeastern states
- Professionals in oilheat companies, including those who also provide energy efficiency services

The secondary research phase consisted of a thorough search of energy efficiency industry information that is in the public domain and is pertinent to the objectives of this study. This information includes the different types of efficiency programs currently offered, the evolution of the energy efficiency industry, how that impacts our current objectives, and expectations for the future direction of the industry.
Warm Thoughts Experience in Energy Efficiency

In addition to the interviews conducted and program reviews, we were also able to draw on our own significant experience with energy efficiency programs over the last four years. We helped launch an energy efficiency contracting division for a Fortune 1000 company, conducted multi-state research into attitudes of homeowners towards energy efficiency, orchestrated marketing programs for oilheat companies who have diversified into the energy efficiency space, ran workshops on effective energy efficiency promotion for ACI and ICF, and provided marketing and business consulting to a major program administrator for utility company energy efficiency programs. Warm Thoughts training programs are accredited under the BPI GoldStar Contractor training program, and have been conducted for Mass Save and other efficiency organizations. We have also written columns for Home Energy magazine and the BPI newsletter.

2. NORA and Energy Efficiency

The reauthorization of NORA included the following mandate:

(A) IN GENERAL.—The Alliance shall ensure that not less than 15 percent of the assessments collected for each calendar year under this title are used by qualified State associations or the Alliance to carry out programs to assist consumers—

(i) to make cost-effective upgrades to more fuel efficient heating oil systems or otherwise make cost-effective modifications to an existing heating system to improve the efficiency of the system;

(ii) to improve energy efficiency or reduce energy consumption through cost-effective energy efficiency programs for consumers; or

(iii) to improve the safe operation of a heating system.

(B) PLAN—

The Alliance shall, to the maximum extent practicable, coordinate, develop, and implement the programs and activities of the Alliance in conjunction with existing State energy efficiency program administrators.

(C) ADMINISTRATION.—

(i) IN GENERAL.—In carrying out this paragraph, the Alliance shall, to the maximum extent practicable, ensure that heating system conversion assistance is coordinated with, and developed after consultation with, persons or organizations responsible for administering—

(I) the low-income home energy assistance program established under the Low-Income Home Energy Assistance Act of 1981.
Challenges and Opportunities for Aligning NORA’s Interests and Energy Efficiency

The energy efficiency landscape is decentralized and varies significantly from one state to another, and even within states. While energy efficiency has become an important focus for government, utility companies, businesses and homeowners, the rate of growth and structure of the energy efficiency industry has developed unevenly. In some places there are organizations that coordinate and deliver programs statewide, in others it is a hodgepodge of utility, state, county, and community based programs with no consistency or coordination between them. Overlaying all of this are federal programs and incentives as well.

Because of the way energy efficiency programs have evolved, many are not currently “oilheat friendly.” Moreover, many of these programs have simply not performed optimally for a variety of reasons.

Despite this, there remains a strong case for NORA to embrace energy efficiency even where it not mandated:

- Embracing the pathway of efficiency will be supported by public policy organizations in oilheat country and will improve the image of our industry.

- A substantial amount of money and public “bandwidth” is being invested in improving energy efficiency. Residential energy efficiency work covers a broad range of activities designed to reduce energy use in homes, including insulation, smart meters, new generation of smart thermostats, peak demand management of heating and (especially) cooling systems, high efficiency furnaces, boilers and water heaters, advanced heating system controls, high efficiency light bulbs, etc. Many of these offer the opportunity for oilheating companies to expand their business lines in an effort to “own the home.” Since they have such strong relationships with customers, it stands to reason that they are in a good position to provide the customer with advice that will be heeded and help implement recommendations.

- Linking energy efficiency and oil is one of the best ways we fight the urge to convert. While recapturing the cost of conversion is risky and depends on long term relative cost of oilheat versus gas or electricity(20 year timeframe), energy efficiency improvements permanently reduce fuel bills while allowing customers to hold onto a fuel they feel comfortable with and fuel dealers they like.
NORA can play a key role in supporting the promotion of higher efficiency oil equipment and energy efficiency in general, help oilheat companies get better training and business intelligence to make them successful, and use energy efficiency to more positively position our fuel and industry. However, the nature of companies within our own industry, the complexities of the energy efficiency universe, and the actual funds that can be assigned through NORA to this task must all be taken into account in considering how to best accomplish this.

3. Working with State Administrators and Programs

Energy Efficiency in the Northeast

For this study, it was decided to focus our effort to a handful of states that are heavy users of heating oil. These states included Connecticut, Maine, Massachusetts, New Jersey, New York, Pennsylvania, and Vermont. In addition to being significant consumers of heating oil, many of these states are considered leaders in the energy efficiency universe. According to the American Council for an Energy Efficient Economy (ACEEE) 2014 State Energy Efficiency Scorecard, all of the states selected for this study rank in the top half of the United States based on its overall ranking system (see Chart 1).

Chart 1

<table>
<thead>
<tr>
<th>State</th>
<th>Overall Score (out of 50)</th>
<th>National Rank</th>
<th>Rank in E.E. Spending</th>
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</thead>
<tbody>
<tr>
<td>Massachusetts</td>
<td>42</td>
<td>1</td>
<td>4</td>
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<tr>
<td>Vermont</td>
<td>37.5</td>
<td>3</td>
<td>28</td>
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<tr>
<td>Connecticut</td>
<td>35.5</td>
<td>6</td>
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<td>New York</td>
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<td>7</td>
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<tr>
<td>Maine</td>
<td>22.5</td>
<td>16</td>
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<tr>
<td>New Jersey</td>
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<td>19</td>
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<tr>
<td>Pennsylvania</td>
<td>20.5</td>
<td>20</td>
<td>5</td>
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*Source: ACEEE 2014 Scorecard*

ACEEE’s 50-point scale is comprised of the following factors: Utility & public benefits programs & policy, Transportation policies, Building energy codes, Combined heat & power, State government initiatives, and Appliance efficiency standards. Four of the seven selected states rank in the top 10 of the United States. Massachusetts, Vermont, Connecticut, and New York are clearly very progressive in terms of energy efficiency policy, programs, and implementation. It is also interesting to note that while New Jersey and Pennsylvania rank highly in energy efficiency spending, the results for that expenditure do not reflect as highly as both states rank 19th and 20th in overall score nationally. On the other hand, Vermont and Connecticut rank 3rd and 6th in overall score while having the 28th and 15th highest spending respectively. Although the small size of these states could be a factor, it still is important to recognize that these two states are getting a high return for their energy efficiency spending.
Evolution of the Energy Efficiency Industry

Energy efficiency has been on the national radar for the last few decades as it became clear that saving energy was less expensive than creating more of it, particularly where electric generation is concerned. There are also environmental and national security benefits to increasing energy efficiency.

Despite this, energy efficiency programs have had a hard time gaining traction in delivering hoped for results, particularly where changes in consumer behavior are required. In the early days, there was much trial and error in figuring out how to increase public awareness, acceptance, and action. While many state and utility efficiency programs date back to the 1990’s it really wasn’t until the mid-2000’s that energy efficiency began to hit its stride. This time period marks the real beginning of a sustained and well-financed energy efficiency push. The energy efficiency funding is expected to increase over the foreseeable future regardless of whether you use the low-end or the high-end projection (see Chart 2).

Chart 2

Source: 2010 spending based on CEE (2012)
Energy Efficiency Programs – Funding and Structure

Whether funding is coming from government budgets via taxes or from rate-payer charges on utility bills, the public is providing the money used to incent greater energy efficiency activities in commercial buildings, residential housing, and multi-family housing.

Government funding is subject to political priorities and economic conditions that lead to inconsistent support, which in turn undermines both promotion and “contractor infrastructure,” particularly in the residential market. Much more consistent and significant are funds deriving from “system betterment charges” (sometimes referred to as “system improvement charges”) collected by utility companies. These are surcharges on customers’ utility bills designed to accelerate the replacement of older and less efficient heating and cooling systems, appliances, windows, and lighting. In addition to replacing inefficient products, these funds are also available to improve existing structures by adding insulation and weather stripping and sealing leaks.

These incentive programs fall into the following categories:

- Tax incentives that include personal tax credits, property tax incentives, sales tax incentives, and performance based tax incentives. Most of these are designed for commercial buildings.
- Grant programs which are generally federal or state funded. Often, these grants are directed at alternative or renewable energy.
- Rebate programs which can be state, municipal, or utility based.
- No-interest or low-interest loan programs, which may be state or utility based.
- Direct Install programs. This allows for some basic work to be done at the time that an energy audit is conducted. Typically it involves installing compact fluorescent or LED lights, or weather stripping and sealing the home/building.

Chart 3 (on the following page) indicates the number of programs offered under each category. What is evident from this chart is that rebate programs are the most popular by a wide margin and loan programs are the next most common program available. We also can see that New York leads the list of selected states with 49 different programs offered and Massachusetts following closely behind with 43 programs. The next tier is comprised of Pennsylvania and Michigan with 31 and 30 programs respectively. The third tier includes Vermont with 21, New Jersey with 20 and Connecticut with 19 programs. Maine rounds out the list in distant last place with 11 programs in effect.
New York, Massachusetts, Pennsylvania, and Connecticut offer a higher percentage of utility sponsored programs, while New Jersey, Vermont, and Maine offer more state programs.

It should be noted that the rebates, grants, and the amount of interest charged on loans generally have a low income component making the incentive significantly more substantial for those who qualify. Virtually all financial incentives are contingent upon a BPI-certified energy audit being conducted first. As you will see below, this hurdle, while understandable, also impedes participation by customers and contractors alike.

4. Obstacles to Full Oilheat Participation within Existing Energy Efficiency Programs

Our research revealed the following challenges that need to be taken into account as NORA, and the state oilheat associations that request these funds, strive to foster energy efficiency, use funds effectively, and coordinate with existing state administrators and low income programs.

- Insufficient and/or Inconsistent Funding Mechanisms

Programs that are funded with System Betterment Charges (SBC’s) that are surcharged on natural gas and electric bills have historically excluded oilheating consumers or been antagonistic toward competing fuels. In some cases utilities argue that this SBC money should not be used for oilheat
improvements because the funds didn’t come from oilheat consumers. There are exceptions where a more cooperative landscape exists (See Massachusetts and New York below).

In the absence of SBC funds, the best oilheat customers can usually do is access Regional Green House Gas Initiative (RGGI) funds. Connecticut and Vermont are two such states where this is the case. Unfortunately, this funding is usually too small to drive consumer behavior, especially given the high price tags of high-efficiency oilheat equipment, and they run out too fast to foster broader implementation. In New Jersey, funding for oilheat equipment replacement is from a Department of Energy grant, and suffers similar shortcomings.

- Political and Regulatory Antagonism toward Oil

In other cases, state administrators and/or government officials are openly antagonistic to oil and have a stated or unstated bias towards promoting other fuels. We see this most notably in Connecticut where the Governor’s office is openly hostile to the oilheat industry as a matter of policy. Additionally, in Connecticut, very few oilheat marketers have been allowed into Energize Connecticut’s Home Energy Solutions (HES) program. Presently, of the 27 companies participating in the HES program only three of them are oilheat marketers. This is the result of the organization opening the program to new companies once every two years and then setting very stringent selection criteria that effectively excludes most oilheat marketers. In Vermont, the efficiency organization Efficiency Vermont claims that getting sufficient records and cooperation from oilheat marketers has been the primary reason why it does not include oil in many of its energy efficiency initiatives.

Another example of this problem happened recently in Massachusetts when the state was very close to implementing a heating oil system betterment charge (SBC) of 2.5 cents per gallon, promoted by MEMA. This was to create a pool of money to support oilheat upgrades that would join an already existing electric and natural gas fund. This plan was ultimately scrapped, in large part because MEMA withdrew its support for the measure when it was learned that the oversight of the fund would be given to the Massachusetts Department of Energy Resources, an agency that has a history of being unsupportive to the oilheat industry. Evidently, this department has recently undertaken four separate projects that would erode the number of oilheat customers, and advance natural gas or renewable thermal energy.

Better News:

The landscape, however, is not completely bleak. Efforts within New York and Massachusetts give oilheat room for optimism.

First, while MEMA’s experience in pursuing an oil system betterment charge in Massachusetts offers a cautionary tale, what’s happening in New York is much more encouraging. According to reports, New York is in the process of adopting a “fuel neutral” system betterment charge program. Since virtually all residents are on the electric grid, all residents would pay to support a single fund that
would be shared by all fuel types. The current natural gas SBC in New York would be eliminated because there would be no reason to have segregated funds anymore. If this program goes through as expected, it would put oilheat marketers on a more equal footing in being able to provide energy efficiency services and incentives to their customer base. It could also serve as a roadmap for fuel associations to promote within their states.

Second, two of the largest and most successful state-wide energy efficiency organizations are Mass Save in Massachusetts and NYSERDA in New York. Both have mandated that their programs be “fuel blind.” They have recognized that in order to make real gains in energy efficiency, oilheat has to be part of the solution.

These organizations manage a broad array of energy efficiency programs, including significant rebates for oil fueled boiler and furnace replacement and financing options. These incentives are large enough to effectively move the needle with customers and have tremendously helped oilheat marketers (who sell high efficiency systems). With rebates that range from $1,500 to $5,000 depending on income levels ($1,500 is open to anyone) the price point for higher efficiency equipment gets close enough to make purchase easier. As reported in the American Home Comfort Study, the federal tax credit of $1,500 offered as part of the American Recovery and Reinvestment Act resulted in a significant up-tick in sales of high efficiency HVAC systems. However, when the tax credit was reduced to $500, the incentive was not enough for many buyers and the industry resumed selling more standard-efficiency systems.

- **Efficiency Standards**

Even where no such antagonism exists, oilheat often faces exclusion because of the way many agencies establish qualifications for rebates or loans. Generally these programs require that units reach AFUE standards beyond 85% (ENERGYSTAR standard) while others require the equipment to be modulating. Only a limited number of oilheating systems are modulating.

The widespread adoption of Ultra low sulfur heating oil will expand the type of equipment available in the United States and will undoubtedly add many high efficiency units to the oilheating industry available products. But for now, it is an objective barrier to entry in many programs. So in places like Maine, where oilheat units are not excluded, the reality is that most don’t qualify for rebates.

The preference for standards set by BPI also plays into this. BPI standards and methodology have been adopted by most agencies administering public energy efficiency funds. Many feel it has a large bias focusing on energy efficiency issues that are impacted by the building envelope, and pay far less attention to heating equipment, and controls, that can legitimately reduce fuel use.
• **Burdensome Regulations and Bureaucracy**

One critical obstacle that impedes success for most programs, regardless of fuel source, is the burdensome nature of the processes and record keeping needed for contractors and consumers to get rebates or loans. In interview after interview with contractors and program administrators alike, this issue was bought forward.

On one hand, it is completely understandable that governments or organizations providing funding will both need and desire strict accountability for the effectiveness of the efforts. However, the implementation of these standards and processes, the substantial paperwork requirements, the delays in getting payment, and the frequently changing standards all add significant cost and complexity under the best circumstances.

In New Jersey, for example, several oilheat dealers interviewed had entered into the state’s Clean Energy Program, which offered some of the most attractive rebates in the country for energy efficiency purchases. They have all dropped out, because the burdens “just weren’t worth it.” Rich Goldberg, Warm Thoughts Communications president, had insulation work done on his house rebated through the program. His contractor ultimately confided in him that 90% of the time, he will simply offer a 10% discount to customers in lieu of going through the rebate program, because of the difficulties to comply with the program. This was a common theme heard in a number of interviews.

• **BPI and Sales Challenges**

The preference towards using standards set by BPI creates its own challenges. BPI standards and methodology have been adopted by most agencies administering public energy efficiency funds. Many indicate that it focuses too much on improvements that involve the building envelope, with too little attention given to upgrading heating equipment and controls that can legitimately reduce fuel use.

The BPI accredited audit requirement itself raises challenges. As stated earlier, the audits are typically required to get access to state or utility money. However, such audits can cost as much as $500, which can equal or exceed the rebate or loan interest reduction amount. (In many states, the audit is still subsidized, but some are actively exploring ways to move to away from this.) It does not take a BPI audit to know that replacing a 35-year-old oil furnace with a modern one will cut the customers fuel use by 20-30%. But a complete BPI audit is required anyway to get access to funding.

Regardless of cost, the audit also makes the business model more challenging for all participating contractors. There is a limited number that can be done in a day (principally because of the time it takes to do a blower door test). Many customers don’t want the intrusion of the audit in their home.
Moreover, the conversion of audit report suggestions to actual energy efficiency purchases (A/EEP) has been disappointing across the board. There are several reasons for this, which include:

- If the audit was done for free, the customer may not have the true motivation to spend lots of money to improve energy efficiency in their home despite the availability of rebates.
- The aforementioned cost of the improvements.
- The auditors themselves are notoriously poor at “selling,” as are many of the contractors that are pursuing this work.

This last point deserves special emphasis. In the early stages of the energy efficiency movement, the goal was to separate the audit function from the contractor function. Officials feared that auditors might skew the results, in order to generate business. There was also a belief that the audit reports alone, and the potential money saving opportunities it uncovered, would be sufficient to motivate homeowners to act, especially when rebates were available.

In fact, this has proven to be the Achilles Heel of the energy efficiency effort. Unfortunately, when customers are faced with complicated solutions that they don’t fully understand they will tend to do nothing. Since auditors tend to be highly technical people with little training on how to “sell,” there are challenges getting work purchased even when they are allowed to “promote.” Frankly, the same is true for many of the small contractors (including fuel companies) who do the energy efficiency work.

The cost of proposed solutions, the lengthy lists of “approved” contractors, the lack of follow up, and the failure to strike while the iron is hot, in addition to poor salesmanship, have all contributed to the underperformance of most programs. They are not resulting in the expected reductions in kWh, therms, or gallons, because not enough people are actually acting on the advice they are getting.

Based upon interviews with energy efficiency program administrators, third-party implementers, and utility managers, there is virtually universal acceptance of the fact that insufficient sales training has been a persistent problem in delivering desired results. They also indicated that additional focus on sales and promotional approaches is required if they want to achieve the aggressive goals set for the future.

Therefore, efforts by NORA that place emphasis on improved sales and marketing skills regarding energy efficiency improvements among its member companies will find wide-spread agreement, support, and approval from the energy efficiency industry.
5. Challenges Facing Oilheat Marketers in Promoting Higher Efficiency Oil Systems and Energy Efficiency in General

In our interviews, and from our own extensive experience, we know that oilheat companies will need to address other shortcomings if they are to successfully reap potential rewards from energy efficiency efforts. Any NORA efforts should take these into account.

- Not all Oilheat Marketers Are On-Board with Energy Efficiency Initiatives

There are many companies that have embraced energy efficiency, and they service a significant portion of oilheating customers. In public forums, they have stated that their future depends on their fuel being perceived as modern, clean, and efficient. They know they need to be able to talk with customers about these options and provide money-saving solutions. However, this is not a unanimous view at this time.

- Energy Efficiency Orientation and Sales Skills are “Outside the Box” of Many Oilheat Marketers

At a recent session with 40 oilheat technicians and customer service representatives in Maryland, we asked participants to identify five ways their companies can improve energy efficiency and help save money. The entire group only came up with two.

Moreover, as the price point for higher efficiency systems and control is higher, better selling skills and training are needed to make the sale. Sales skills are not considered the biggest strength of the oilheat industry.

In order to get the true benefit that being associated with energy efficiency provides, NORA will need to orient and engage front line employees on how to discuss improving energy efficiency or reduce energy consumption through cost effective energy efficiency programs with consumers. They will need to be shown how energy efficiency dovetails with home comfort and connects to oilheat, and how to effectively demonstrate the financial benefit to the customer so they can implement appropriate solutions. Finally, NORA will need to help them understand how to turn energy efficiency into a core function of their business.
• **Low-Income Initiatives Are Outside of the Focus of Many Oilheat Marketers**

The statute emphasizes that in addition to state energy efficiency administrators, NORA efforts should be coordinated and developed after consultation with the people who are administering the Low-income Home Energy Assistance Act and the Weatherization Assistance Program. There are a few considerations that will also present hurdles in practical implementation:

*Much of the low-income community is served by companies that normally do not engage in equipment maintenance, sales and installation.* For that reason, low-income households will present a special challenge in outreach and implementation.

6. **Recommendations**

The analysis above identifies some hurdles for working within state programs, and for supporting an oil industry that has not fully embraced energy efficiency initiatives in the past. Additionally, NORA will have limited funds to use towards a large objective. In thinking through how to best utilize these funds, the following framework seems obvious. NORA would want to fund initiatives that:

- Meet the statutory requirements.
- Serves the needs of the oilheat industry and companies.
- Helps oilheat customers improve the energy efficiency of their homes.

However, one would argue that it should go a step further. NORA should look to achieve **maximum leverage of dollars spent**. Therefore, additional questions NORA should ask are:

- Will it help both oilheat companies and the industry evolve so that we can be more relevant going forward?
- Does it improve the perception of oil and oil companies, who are often perceived as old fashioned, expensive, and inefficient?
- Does it deliver real energy efficiency benefits to our customers in ways that makes our companies more profitable? If that self-interest component is not engaged, it will be hard to get participation.
While this may seem obvious, the implications are deeper. For example, it is certainly possible to use limited funds to set up rebate programs for purchasing high-efficiency boilers, or testing equipment. But how much leverage does this provide? Or, if NORA funds tune-ups for low-income homeowners that would certainly provide those homeowners an immediate benefit. But there are few lasting results and it is unlikely that the necessary routine tune-ups are unlikely to occur.

Some of the best options would seem to be those that teach our companies, employees and customers how to fish in energy efficiency waters. Here are some ideas that could accomplish this:

1. **Implement a NORA Sponsored Energy Efficiency Certification Program – EEA**

   NORA currently sponsors Gold and Silver Technician training, which sets a standard for technical competency and rewards oil companies who aspire to these standards with credentials they can use to market themselves.

   Similarly, we would recommend that NORA create a certification program for oilheat companies (and employees) to be recognized as **Energy Efficiency Advocates**. This approach has these potential benefits:

   - It focuses oilheat companies on the core competencies needed to effectively promote energy efficiency to oil customers, and to the broader market.
   - It will allow our companies to embrace and publicize their efforts to bring energy efficiency to customers, without being held hostage to the limitations of BPI certification. BPI certification is necessary for getting rebates from state and utility company funded
programs. But it is highly focused on insulation and the building, tends to downplay the impact of upgraded equipment, costs a lot of money and time, and its audit process can actually undermine profitable (and thus sustainable) movement of fuel companies into the energy efficiency space. Because many fuel companies equate energy efficiency work with BPI, they eschew it altogether, and are missing out on the rewards that a hybrid approach can bring.

- It is visible and easily understood by oversight bodies, the press, and the public, and provides a good umbrella for promoting our industry’s commitment to energy efficiency.
- It allows us to define the rules of the game, not the govt., utilities, BPI etc.
- In creating the standards, we can still reach out to state energy efficiency administrators, LIHEAP, and Weatherization agencies to get their input, without being handcuffed by their limitations.
- The term Energy Efficiency Advocate (EEA) will resonate with consumers, and therefore can tap into the fuel companies’ self-interest.
- It provides an umbrella for various training programs, tech, and sales support that NORA might create on a national basis.

An EEA certification could take the best practices found for homes that use oilheat in particular. There could be two levels of certification for companies—silver and gold. We would argue that this should be company based, rather than individual, because that will make it more attractive. However, certification levels could be influenced by a certain percentage of company employees who had gone through training (and received individual certifications). At a minimum, certification could take into account the following:

- Do they offer oilheat equipment that our industry would consider high efficiency?
- Do they offer a variety of controls or other equipment that save customers money (outdoor controls, indirect water heaters, modern thermostats, etc.)?
- Do they follow NORA Silver/Gold standards on how they do tune-ups?
- Actively promoting energy efficiency to its customers (using its website, newsletters, bill inserts, etc.) to some level of frequency.
- Have staff members (techs, auditors, sales people, CSR’s, etc.) participate in NORA sponsored EEA outreach and orientation (see below).
- We may want to consider including an aspect of this training that specifically deals with offering efficiency services to low income homeowners.
2. **NORA sponsored EEA Outreach and orientation programs:**

- **Technical Outreach and Orientation**

Full BPI certification of auditors is still required if companies want to play in the state/utility program rebate game and there are several schools associated with Oilheat Associations that offer this training. There is also a more abbreviated version that BPI offers called *Building Science Principles* that provides a solid base for those who are not conducting certified audits, but who may become more fluent in the technical aspects of energy efficiency for the home. NORA funding could potentially subsidize some of this training.

- **Non-Technical Outreach and Orientation**

Technical training, while valuable, is not sufficient to help companies speak the language of energy efficiency with customers, understand how to position oilheat in terms of energy efficiency desires, generate opportunities to sell more to their customers, or understand how to run their energy efficiency service businesses profitably, including what to offer, how to price and how to make money.

For energy efficiency to gain traction in our industry, and therefore to truly impact our customers and companies, fuel dealers need to learn how to play the energy efficiency game much more effectively than most currently do. This can also serve as a way to make sure that the interests of low income homes and weatherization prerogatives are taken into account and spread to our companies. NORA should support EEA outreach and orientation programs that provide consistent, effective support, and include:

- Lead generation and sales techniques focused on auditors and equipment sales people, to turn more audits and leads into actual jobs.
- Marketing and promotional approaches to increase opportunities by getting more inquiries, and position their company as energy efficiency experts.
- Customer service orientation on how to talk to customers about energy efficiency opportunities, the advantages of oilheat, and how to generate leads from existing customers.
- How to interface with low-income homeowners, and take advantage of state programs to help those customers.
- Business profitability orientation for companies who are pursuing diversification into energy efficiency contracting, and need a better play book to make the changes needed to succeed.

These programs should be delivered both in person and online.

One of the oilheat companies that have embraced energy efficiency most effectively is Robison Oil, located in Westchester, New York. According to their Vice President, David Fein, Robison now helps its customers reduce fuel consumption by almost 200,000 gallons every year.
According to David, "helping homeowners to save money, save energy and to live more comfortably in their homes have been goals of our company for over 30 years. Our success has depended largely on educating both our staff and homeowners to understand what it really takes to achieve these three goals. Our team needed to know how to address their skepticism, and help them to act in their own interest. However, once that was achieved, we are seeing cost effective improvements at our customer’s homes and the work we did has yielded a tremendous return for our customers.

“We utilize a whole home approach when presenting a boiler upgrade or other recommendations. Understanding that the home works as a system to ultimately save or lose energy is an important concept. But it only matters if we can communicate it properly. Our team can now present a range of options that includes high efficient boilers/furnaces, wifi-enabled thermostats, fuel smart hydrostats, pipe and/or duct insulation, variable speed blowers, ultra violet light cleaners, HEPA filtration, humidity control, highly efficient domestic water production, and more. But it takes a good deal of focus and training to get the whole organization thinking this way, and we certainly leverage whatever is available from state and local programs."

3. **NORA could also sponsor benchmarking roundtables for oilheat companies who are interested in expanding into energy efficiency programs.**

The challenges identified above can be handled much more effectively when companies are able to benchmark and learn from non-competitors who are also pursuing the same path. These groups, which might include 10-15 non competitors, would provide a forum for addressing sales, promotional, profitability and business practice challenges identified above. They also foster relationships that are invaluable for companies evolving to deal with new business models.

4. **Customer education about the connection between oilheat and efficiency**

The energy efficiency section of NORA authorization is intended to help customers reduce fuel use through cost effective energy efficiency programs, make cost effective modifications to existing heating oil systems, and improve safety. None of that can happen without better understanding on the part of our customers about the opportunities available. In fact, every state/utility program recognizes that consumer understanding is essential to motivating energy efficiency oriented change. We would argue that energy efficiency money focused on these objectives is fundable under this plank and not restricted by the consumer education limitations.

In fact, consumer education support would be used to help us fulfill other requirements, including publicizing appropriate state energy efficiency programs and low income programs.

There are several ways that this could play for oilheat companies:

- **Create bill inserts** that educate customers about available opportunities to upgrade their oilheat systems and connect with energy efficiency programs, including those that would
apply within their states. These bill inserts would also help oilheat customers understand how to safely operate their systems. They should be written in a way that positions the fuel company and industry as advocating improved energy savings through oilheat (see the propane industry’s current safety campaign as a model for how this can be leveraged to the industry’s benefit).

- Fund the creation of videos that can be given to oilheat companies to put on their websites. This would be educational to the oilheat customer, position oil in the most positive possible light, and could also include things that would fit the weatherization and safety aspects of the mandate.

- Create a focused, stand-alone website that acts as a clearinghouse of information directly linked to energy efficiency initiatives relevant to oilheat customers, unencumbered by tons of other oil info (this one takes longer explanation, but there are reasons associated with search ability, usefulness, etc. that make a stand-alone site preferable. The propane industry offers some models for this). This could also be the foundation for oilheat oriented social media initiatives connected to energy efficiency. For statutory purposes, we can link this to information connected to LIHEAP and Weatherization.

By creating such a site, we:

- Allow for direct interface with customers about energy efficiency
- Provide oilheat customers a unified and complete message that we want to deliver to them.
- Provide a single repository of information that can be used as a tool by the oilheat industry when working with customers and their own employees. It can be national in scope, but have sections for each state with state and local programs that would be favorable to oil, and a vailable to them.
- It could allow for oil companies to list themselves in different categories of energy efficiency work, which would also create potential business for our constituency.

5. Rebates

NORA should be wary of spending significant dollars on rebates for equipment or control purchases (with a couple of exceptions). As a rule, these rebates will satisfy a limited number of customers who actually use them. Additionally, if the rebates are not consequential they won’t alter behavior, and will simply be a transfer to customers who would have bought anyway. If they are consequential they will likely get exhausted quickly.

Here are some possible exceptions:

- If your state or utilities within your state have programs that are oilheat favorable, you might supplement it with NORA dollars to make it more meaningful. If so, however, your
companies will probably have to go down the BPI/audit path to get it though, which will restrict utilization.

- NORA money could be used to buy a large amount i.e.: 25,000 modern smart thermostats and provide them free to qualified customers (including, but not limited to, low income). This is a significant enough number to make an impact, and can be utilized across all states to generate some positive attention, connecting oil to modern ways to save money. A large purchase would also drive the cost of the product much lower.

Companies would be attracted to participate if they were paid for installation. Installation to low income homeowners who meet LIHEAP requirements could be subsidized to some degree. Installations to regular customers would be paid by them (but again, the cost of the thermostat would be covered).

**Advantages:**

- Complies with the statute
- Big enough splash to draw attention and create positive imaging if leveraged correctly
- Doesn’t compete with fuel dealers
- Can be installed during slower times (this should be a requirement)
- Might lead to more business for fuel dealers
- Could get manufacturer participation
- Positions the industry well

**Disadvantages:**

- Low-income component needs to have a screening process (although this could potentially be outsourced/coordinated with agencies)
- Have to choose which units to support in order to get bulk pricing and drive down costs

- Tune-ups for low-income homes: First, many of these units will not have been cleaned in years, and will take lots of time and involve the most scarce resource companies’ have- their techs. There is not much work likely to come as a result. So participation is likely to be low, especially among the fuel companies that are typically involved in association and NORA activities.

Wherever a rebate is provided, we should include an effort to measure whether said rebates actually influenced consumer buying behavior, or were simply “gifts.” This would be done by post installation research by a third party.
APPENDIX:

Traits of successful vs. unsuccessful programs run by utilities and state administrators

As NORA looks at models from the state and utility energy efficiency world, there are broad lessons we should keep in mind. The following lessons emerged from our discussion with energy efficiency participants, program designers, implementers, and administrators.

- The program must be sufficiently funded. When a program doesn’t have enough funding to meet demand and the program has to start and stop, it causes trade allies to consider the program unreliable and they will shy away from selling it to their customers. Note: this is one of the primary issues in the oilheat industry where energy efficiency rebates are dependent upon RGGI funds.

- Complexity and overly burdensome bureaucratic processes work against the success of a program. This is the most widely heard complaint regarding most of these programs.

- A program needs sufficient time to succeed. A new program takes time to build awareness and acceptance by the industry and customers.

- Marketing a program also takes time and needs to be sustained. Two common mistakes made are to not successfully market a program or to end the marketing effort for a program under the false idea that marketing is no longer needed for a program to be sustained.

- Deadline programs tend to work well. If there is some form of a schedule or calendar that is well publicized, the trade allies will work harder to close sales by the determined deadline. An open-ended program tends to not cause a sense of urgency in the sales process.

- Understand the importance financing plays in the decision to do energy efficiency retrofit projects. Financing at low or no interest for an extended period of time opens up a larger audience to energy efficiency activities. The will to do something is only enabled by a way to do something. Financing is one of the most important tools to accomplish this.
• Leverage partnerships when possible. When one entity implements a program, you have only the resources of that entity behind it. However, when there is a partnership behind a program, the resources behind that program are now greater. The correlation for NORA in this principle is that each state association will get its allocation of funds to use as they see fit. While decentralization of the process is a good thing in many respects, the funds may be more efficiently spent if there is some communication, collaboration, and coordination among associations when working together makes sense.

• The more that can be accomplished in a single trip, the more successful the outcome. Many lighting and weatherization programs are successful because these small improvements can be done at the time that an energy audit is being conducted. Getting the homeowner to start making changes right away generally helps pave the way for more opportunity to make bigger efficiency improvements.