

New Policy

EXPANDING ENERGY EFFICIENCY PROGRAMS TO COMMERCIAL/ INDUSTRIAL HEATING OIL

Policy summary: At present the electric utilities provide funding for heating-related efficiency measures in homes that use oil heat. There is no funding available for commercial and industrial buildings that use fuel oil for heating. Expanding the programs to such customers would yield significant cuts in energy use and GHG emissions.

Economy-wide GHG emissions reduced in 2020	0.1 million metric tons; 0.1%
MMBTU oil savings in 2020	230,000

Clean energy economy impacts: These programs would result in increased employment in efficiency audits and installation of efficiency measures and reduced spending on fuel oil imports, which keeps more money in the state and thereby helps to provide jobs throughout the Commonwealth's economy. Companies using fuel oil would see lower operating costs, which increase their ability to continue operating in Massachusetts.

Rationale: The exclusion of commercial and industrial (C/I) customers from oil heating efficiency programs is a significant missed opportunity for reducing energy use and GHG emissions. Given that heating oil is a relatively high-carbon fuel, and that the lack of programs in the past means that such buildings will typically have low efficiency levels, the savings both in energy and GHG should be relatively high per dollar of funds spent.

Design issues: At present there may not be legal authorization for the electric utilities to provide funding to C/I customers in the same way that they do for residential customers. If this is the case then other funding sources will be needed, such as RGGI funds.

GHG impact: Assuming that C/I customers participate at the same rate, relative to their total use of heating oil, as do residential customers at present and as projected for the future, we estimate savings of 0.1 million metric tons of CO₂ in 2020.

Other benefits: Non-CO₂ air pollutants from fuel oil will be reduced due to lower consumption, including reductions in SO₂, NO_x, and particulates.

Costs: Relatively small since C/I customers constitute only about one-quarter of total heating oil consumption in Massachusetts, with the rest being residential.

Equity issues: Heating oil customers do not pay into a specific efficiency funding pool, as do electricity and natural gas customers. However, in almost all cases they are also electricity ratepayers, and as with residential customers, if there are highly cost-effective efficiency opportunities available for heating-related measures, it can be argued that this is a good use of utility-administered efficiency funds. If other funding sources are used, equity considerations will depend on the source.

Legal authority: Needs further investigation, depending on anticipated sources of funds.

Uncertainty: Measures to improve the efficiency of building shells, heating systems, and heating distribution systems are well known and there is extensive experience with them, so there is little risk of not being able to achieve cost-effective energy and GHG savings.