



July 25, 2008



Energy Master Plan  
c/o Board of Public Utilities  
2 Gateway Center  
Newark, NJ 07102

**RE: Energy Master Plan Comments**

Dear Sir/Madam:

The proposed Energy Master Plan sets forth an ambitious goal for reduction of New Jersey's energy consumption. Throughout the development process, policy makers have emphasized that this document would reflect a dynamic approach to achieve these goals and continually stressed the Plan must encompass all customer sectors and all energy sectors. The agencies charged with formulation of this Energy Master Plan reached out to numerous stakeholders to assure the plan fulfilled the underlying requisite that energy use reduction would be realized by all energy consumers and that all energy providers would be engaged in the delivery of energy efficiency and conservation.

As a stakeholder representing the oilheat industry, the Fuel Merchants Association of New Jersey contributed constructively in the ensuing process hopeful our participation and our historic expertise in energy efficiency would assist policy makers in the development of a comprehensive and balanced approach to achieving energy efficiency and conservation on a unilateral basis. Unfortunately, our review of the Energy Master Plan leaves us completely disappointed.

FMA agrees that the overarching goal of reducing all energy consumption in the state by 20% by 2020 is important to "the assurance that New Jersey electricity and heating fuel customers will receive a reliable supply of electricity and heating fuels at a reasonable price, consistent with the State's environmental priorities." FMA also agrees that "energy efficiency and conservation offers the fastest and cheapest method to meeting the energy challenges." But this plan, through the action items enumerated, sets forth a policy which favors the regulated monopolized energy providers to the detriment of the independent energy industry in the State.

The oilheat industry has aggressively infused energy efficiency into the market place throughout its history. Today our customers consume 40% less fuel per household than in 1980. The oilheat industry has the technology to further reduce this consumption and submitted a detailed program concept for inclusion in the Energy Master Plan. While mentioned briefly within the document, the implementation appears to be "too difficult" and is subordinated to incumbent utilities' programs.

Simultaneously, the plan goes into great detail on the need for the utility to be paid more for delivering less energy, justifying the position that the consumer should pay a higher unit cost for energy while they consume less energy, "Reduced consumption reduces revenues, creating a disincentive for utilities to work aggressively toward energy efficiency and conservation."

The non-conventional fuel energy efficiency workgroup summary report set forth numerous concepts for engaging the over 500,000 "delivered fuels" customers in energy efficiency and conservation. With the exception of limited mention for the appliance replacement strategy, none are included. Further the program it refers to has been deemed to languish as regulators determine how to best structure the utilities' energy efficiency programs.

While the oilheat industry's programs fail to garner consideration, legislation has been passed to remunerate through the ratebase utility companies for selling less energy and regulations have currently been proposed by the NJDEP implementing RGGI that reward utilities if they switch consumers from oil heat to gas heat, while blatantly ignoring the admitted contribution of methane as a greenhouse gas.

The plan admits the utilities have been encouraged to sell more energy. The oilheat industry has encouraged energy efficiency for thirty years. Now, this policy document states we must reward the utility for encouraging efficiency through sharing their customers' energy savings. Simultaneously, the plan is silent on proactive concepts which incent oilheat users to save even more.

The oilheat industry is a free market energy supply industry comprised predominantly of small independently owned businesses. For over seventy-five years these business have been reliable comfort providers to the citizens of the State. These businesses account for over \$2 billion of economic activity.

The Energy Master Plan process invoked the participation of all energy providers so the process would encompass "all sectors and all customers." The policy set forth in the Energy Master Plan should be a roadmap which encompasses "all sectors and all customers" and not be a plan to favor the utilizes and jettison a viable, vibrant industry which contributes significantly the State's economy.

The Energy Master Plan should provide a roadmap where the proposal of the Oilheat industry is promulgated with the same vigor and enthusiasm as those of competing fuels so the State policy is truly consistent in its mission "to encompass all sectors and all customers".

Sincerely,



Eric DeGesero  
Executive Vice President