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Submitted via www.regulations.gov

Honorable Lee Zeldin
Administrator
United States Environmental Protection Agency
1200 Pennsylvania Avenue, N.W. (Mail Code: 1101A)
Washington, D.C. 20460

Re: Establishment of Public Docket and Listening Sessions on Implementation Challenges Associated with Clean Water Act Section 401 (Docket No. EPA-HQ-OW-2025-0272)

Dear Administrator:

The National Energy & Fuels Institute (NEFI) appreciates the opportunity to comment on the EPA's July 7, 2025 notice seeking input on Section 401 of the Clean Water Act. Established in 1942, NEFI is the nation's premier direct-to-member association representing wholesale and retail distributors of liquid heating fuels (e.g., heating oil) and related services companies. Most of our retail members, commonly referred to as "fuel dealers," are small, multigenerational family businesses that deliver warmth and comfort to millions of American homes.

We are closely monitoring the debate over Section 401 and evaluating its impact on our industry, especially its role in preventing or delaying the buildout of new natural gas pipelines in New York and New England. With respect to this matter, there is a recurring misconception used to justify these projects and the broader need for Section 401 reforms: that more natural gas is needed to displace so-called "dirty" home heating oil in the Northeast. Respectfully, this view is outdated and misleading. These comments serve to address this misinformation.

The Evolution of Oilheat

The transformation of our industry over the past decade represents one of the most successful environmental achievements in the energy sector, driven largely by private-sector innovation rather than government mandates. Since 2012, Northeast states from Maryland to Maine, where 85 percent of the nation’s home heating oil is used, averaging four billion gallons annually, have transitioned to ultra-low sulfur heating oil (ULSHO) with a sulfur content of 15 parts per million (ppm) or less. This shift has achieved a 99 percent reduction in sulfur content and sulfur dioxide emissions relative to earlier benchmarks, while effectively eliminating particulate emissions, which are primarily sulfate-based.

Research from Brookhaven National Laboratory confirms that ULSHO systems are engineered for "Zero Smoke" performance, rendering them roughly as clean as natural gas. Additionally, the dramatic sulfur reduction minimizes buildup within heating systems, promoting cleaner, safer, and more efficient operation. Modern high-efficiency liquid-fuel-fired systems dramatically outperform older equipment, offering potential fuel savings of 25 to 30 percent or more.

Our industry has also led the way in integrating renewable fuels into residential oilheat. Blending ULSHO with advanced biofuels such as biodiesel or renewable diesel lowers greenhouse gas emissions, supports American agriculture, enhances regional energy security, and diversifies the Northeast's energy mix. These fuels are compatible with existing infrastructure, enabling households and businesses to transition to cleaner energy without costly system conversions.

Equipment manufacturers have responded to these advances with remarkable innovation. Underwriters Laboratories updated its UL 296 Standard in 2022 to include liquid fuel-fired burners designed for use with biodiesel blends ranging from 20 to 100 percent. Major manufacturers, including R.W. Beckett Corporation and Carlin Combustion Technology, now offer burners compatible with up to 100 percent biodiesel or renewable diesel. Energy Kinetics has announced UL-listed burners for its full line of residential heat and hot water boilers, rated for 100 percent biodiesel (B100). These systems can utilize indoor fuel tanks where cold weather performance is not a concern. For outdoor installations, modern cold flow additives effectively address gelling concerns, countering outdated misconceptions about biodiesel reliability.

Beyond biodiesel, renewable diesel is gaining ground in our market, and innovative cellulosic feedstocks are advancing. For example, Ethyl Levulinate (EL), developed by Biofine Developments Northeast, is a net-negative emissions biofuel derived from waste biomass, including sawmill byproducts, forest residues, and the cellulosic fraction of municipal solid waste. This supports sustainable forestry management and reduces landfill waste. Taken together, these advanced fuels reflect the industry's ongoing innovation in leveraging existing infrastructure to achieve lower emissions, improved system reliability, and reduced energy costs.

Supporting American Agriculture and Rural Economies

Utilization of renewable liquid heating fuels by our industry helps ensure year-round demand for American biofuels, which supports farmers, creates good-paying jobs, and strengthens rural economies. When transportation-related use of biofuels drops in winter, our demand peaks, creating stable markets that keep biofuel producers and feedstock growers viable all year long. This countercyclical demand pattern provides essential economic stability for American agriculture at a time when farm incomes face significant pressure.

NEFI members are Main Street businesses deeply embedded in their communities. Some are so trusted, they literally hold keys to their customers' homes. They employ tens of thousands of good-paying American jobs including heating fuel delivery drivers and service technicians who show up in the worst weather conditions and are always ready to respond to a "no heat" call, whether it be at night, on weekends, or even Christmas or New Year's Eve.

Energy Diversity and Market Competition

NEFI recognizes the need for a diverse energy mix that includes all fuels and technologies, especially in the energy-constrained Northeast. Like the rest of the country, Northeast states can expect unprecedented growth in electricity demand due to data centers, artificial intelligence computing requirements, and the onshoring of manufacturing driven by the administration's trade policies. As a result, we expect that most additional natural gas capacity entering the Northeast through expanded pipeline infrastructure will likely be purchased and consumed by power

generators, technology companies operating data centers, and large commercial and industrial end users. The reality is that firms advocating natural gas pipeline expansion are primarily motivated by the need for more electrons, not home heating oil conversions.

We support removing unnecessary regulatory and permitting barriers that would allow Americans greater access to the fuels of their choice while enhancing energy security and reliability. Home heating oil can and should be part of that diverse energy mix. We urge support for a level playing field that allows all fuels and technologies to compete on their merits and ensures consumers have access to the energy that is right for their families.

Correcting Misconceptions in Policy Discussions

As the discussion of Section 401 moves forward and its role in Northeast pipeline expansion is reevaluated, we ask that the Administration and EPA consider the facts about today's heating oil: clean, renewable, and delivered by trusted local businesses. The characterization of heating oil as "dirty" or environmentally inferior is not merely inaccurate. It undermines farmers and businesses large and small that have invested billions of dollars in environmental and efficiency improvements, threatens to distort energy policy decisions, and misleads the 12 million Americans who rely on heating oil for warmth and comfort each winter.

When EPA evaluates the scope of Section 401 certification and considers how states assess water quality impacts, we urge the Agency to ensure that all energy sources are evaluated based on current technology and actual emissions profiles, not outdated assumptions. Modern liquid heating fuels have achieved dramatic reductions in particulate and sulfur emissions and continue to advance through renewable blending. These improvements should be recognized in any comparative analysis of energy options.

Furthermore, the heating oil industry's distributed storage model provides essential resilience to the Northeast energy system. With millions of households maintaining on-site fuel storage, our customers reduce strain on the electric grid during peak winter demand periods. This decentralized approach enhances energy security, particularly during extreme weather events when pipeline capacity constraints or power outages threaten other energy delivery systems.

Recommendations for Balanced Implementation

As EPA considers potential guidance or rulemaking regarding Section 401 implementation, we respectfully offer the following recommendations:

First, the Agency should ensure that Section 401 reviews are based on accurate, current information about all energy sources. Decisions based on outdated characterizations of heating oil and related technologies do a disservice to consumers and undermine market competition.

Second, EPA should recognize that energy diversity strengthens regional resilience and national security. Preserving access to multiple energy sources, including ultra-low sulfur heating oil and its renewable blends, protects consumer choice, embraces free market competition, and reduces systemic risk from overreliance on any single energy delivery system.

Third, any reforms to Section 401 implementation should consider impacts on small businesses throughout the energy supply chain. Our members and their employees deserve regulatory certainty that allows them to continue investing in cleaner technologies and serving their customers and communities.

Finally, we encourage EPA to support continued innovation in renewable fuel development. The success of biodiesel and renewable diesel in the heating oil market demonstrates that market-driven solutions can achieve significant environmental improvements without requiring costly infrastructure overhauls or stranding existing assets.

Conclusion

The transformation of the heating oil industry demonstrates that American innovation and small business ingenuity can deliver both environmental progress and energy security. As EPA shapes policy regarding Section 401 implementation, we encourage the Agency to base decisions on current technology and performance rather than outdated assumptions. We are not asking for special treatment, just accurate representation in these critical policy discussions and a seat at the table as the administration takes action to ensure a new era of American energy leadership.

In closing, NEFI looks forward to working with you to ensure Americans have access to safe, reliable, and affordable energy while supporting the small businesses that form the backbone of energy distribution in the Northeast.

Thank you for your consideration of these comments.

Sincerely,



James M. Collura
President & CEO