



## Statement of Policy Principles For the Advancement of Renewable Liquid Heating Fuels

On September 17, 2019, the heating oil industry gathered at its first annual summit in ten years. The agenda was focused on addressing decades of market attrition and responding to aggressive efforts to decarbonize the space heating sector at every level of government. To ensure a future for this industry and its mostly small, multigenerational family businesses and the tens-of-thousands of hardworking men and women they employ; and to provide greater customer choice and contribute to American energy and environmental security, summit participants ratified what is now known as the *Providence Resolution*.

The *Providence Resolution* ultimately pledges to deliver a net-zero (i.e., carbon-neutral) liquid heating fuel to consumers by 2050. It establishes two short-term benchmarks of a 15 percent reduction in greenhouse gas emissions by 2023 and 40 percent reduction by 2030. A version of this resolution was subsequently approved by nearly every state and local heating oil association in the nine-state Northeast.

Studies conducted by NEFI and NORA since the 2019 industry summit conclude *Providence Resolution* goals to be both feasible and achievable, primarily through utilization of higher blends of renewable fuels.<sup>1</sup> The success of this endeavor will be largely dependent on the efficacy of governmental policies designed to recognize and measure the reductions in carbon intensity that renewable liquid heating fuels provide, ensure adequate supplies of renewable liquid heating fuels, and encourage investments in related downstream infrastructure required to deploy these fuels into the heating oil market. This may require existing policies be reevaluated or new policies enacted at all levels of government.

The following principles for policy reform are designed to ensure industrywide success in pursuit of a net-zero liquid heating fuel by 2050 and, in turn, long-term competitiveness of the industry:

- 1. Collaboration.** Heating oil industry trade associations and advocacy groups at the national, regional, state, and local level must remain unified behind a shared vision and collaborate in good faith for the betterment of their members and the industry at large.
- 2. Harmonization.** State policies and related initiatives pursued throughout the industry should be harmonized to the greatest extent possible. Federal and multi-state (i.e., regional) policies should complement state policies and therefore be pursued in coordination with industry state associations.
- 3. Affordability.** Heating fuels are essential products that ensure the health and safety of American citizens. The heating oil industry (a) supports market-based climate policies that minimize cost impacts on consumers and small businesses and do not disadvantage our industry; and (b) opposes arbitrary taxes, including carbon taxes and fees and so-called “cap and invest” policies.
- 4. Competition.** Policies must be (a) fuel and feedstock agnostic and (b) performance-driven based on life-cycle greenhouse gas emissions. The industry should identify and support a fair life-cycle methodology for carbon scoring and insist that it is applied universally.
- 5. Incentivization.** Incentives should be created or built-in to existing policy frameworks that encourage investment into higher blends of renewable fuels and related infrastructure investments in the heating oil market. This includes tax policies and public and private grant programs. Market-based carbon reduction policies should be performance-driven and based on carbon intensity (as noted under Principle #4 above). Where such programs are established for other sectors, the heating oil industry, which can deploy low carbon fuels quickly and more cost effectively, should be allowed to generate renewable energy credits that assist these sectors in meeting their carbon reduction requirements.

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<sup>1</sup> *Roadmap to Success: Achieving a Net-Zero Carbon Future by 2050*, Kearney Consulting for the National Energy & Fuels Institute (NEFI), Oct. 2020 and *Heating Oil: Transitioning to Bioblends 2023-2050*, HIS Markit for the National Oilheat Research Alliance, August 13, 2020.