

# CONNECTICUT FUEL OIL CONSERVATION BOARD

## 2008 Oil Conservation Plan

Submitted for Public Comment  
October 29, 2008

### I. BACKGROUND

In January 2008, the Connecticut Fuel Oil Conservation Board (FOCB) convened for the first time. The Board was created through state legislation: PA 07-242 Sec. 116, as amended by June Sp. Sess. PA 07-1 Sec. 131 and June 11 Sp. Sess., PA 08-2 Sec. 7. The legislation will be codified at CT Gen. Stat. sec. 16a-22/.

An RFP was issued to solicit applicants for an entity qualified to administer and implement conservation and energy efficiency programs for fuel oil customers. The contractor, ultimately retained in October 2008, is The Resource Link, LLC.

The Board is currently advising and assisting “the program administrator in the development and implementation of a comprehensive plan. . . that implements cost-effective fuel oil energy conservation programs and market transformation initiatives for residential, commercial and industrial fuel oil customers.” The board is examining “opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or to otherwise coordinate programs targeted at saving more than one fuel resource. Coordination with existing energy efficiency programs is being reviewed. Plans for the remainder of 2008 and for calendar 2009 will be presented for review by the Energy Conservation Management Board (ECMB) and reviewed at a public hearing.

Based on reports from Community Action Agencies and the Connecticut Energy Efficiency Fund, the FOCB believes that at least 75 to 150 low income oil heat homeowners have been identified with inoperable, unsafe or extremely inefficient furnaces or boilers that must be replaced or upgraded to ensure these households have adequate heat this winter. Low income customers, a particularly vulnerable group in light of volatile oil costs, are in acute need of financial assistance to make these unit purchases and/or repairs. The board is prioritizing assistance to these households, and is developing an immediate plan to provide such assistance.

The plan before you addresses these emergency needs as well as the coordination of FOCB with numerous Connecticut energy efficiency programs currently in place.

## II. Low Income Heating and Hot Water System Program

### PROGRAM DESCRIPTION

To fund the replacement/upgrade of inoperable, unsafe or grossly inefficient oil heating and hot water systems for low income Connecticut oil heat customers who have income levels at or below 60% of the CT State median income (see Target Audience section below for complete eligibility requirements).

### PROGRAM OBJECTIVES

The program will be structured to take into account the following:

- *Coordinate with existing statewide application intake and assessment networks, including the CT Department of Social Services (DSS) intake network for energy assistance to determine eligibility for program inclusion*
- *Develop and implement a streamlined FOCB authorization process to enable a quick response in emergency situations*
- *Match the income eligibility of the highest level within the DSS energy assistance programs at 60% of the State Median Income to simplify administration of the program, more effectively coordinate with existing networks providing related assistance and leverage other assistance for program beneficiaries*
- *Capture and analyze data points to perfect the guidelines for oil heating system and/or hot water unit replacements which optimize oil energy savings in a cost effective manner*
- *Install ENERGY STAR heating and/or hot water units as frequently as practical to allow for data analysis to monitor cost benefit ratio for permanent inclusion in future program years*
- *Coordinate efforts with existing statewide programs that provide weatherization services to the same audience to fast track these program recipients for weatherization to treat these homes on a holistic approach, such as the Connecticut Energy Efficiency Fund (CEEF), Municipal utility and Community Action Agency programs*
- *Ensure that energy conservation education is a component of the weatherization program provided to the program participants*
- *Explore discounted bulk purchase of heating and hot water equipment directly from manufacturers – to stretch plan funds*

### TARGET AUDIENCE

Connecticut residents who want to be considered for participation in this program must meet the following requirements:

1. Status of resident – owner (there is no request for co-funding from owners at this time)
2. Housing type - Single family, owner occupied homes of 1-4 unit homes, where the owner permanently resides in one of the four units. All units will be included in the weatherization program.

3. Income and asset requirements – household income must be at or below 60% of the CT State median income and under the asset limits in the “2008/2009 Allocation Plan for the Low Income Home Energy Assistance Program Block Grant.” Income and assets shall be calculated as they are in this allocation plan.
4. Heating and hot water systems – units must be certified by licensed HVAC contractors as inoperable, unsafe, unrepairable and/or unable to attain a 65% AFUE. Priority will be given to inoperable units and those relied upon for domestic water use and where possible repairs would be too costly.
5. Heating Fuel type – oil, bioheat
6. Weatherization – participating households must agree to participate in a weatherization program that FOCB designates
7. Research – participating households must agree to participate in pre/post inspections and be responsive to customer surveys regarding this program and any related weatherization services

## **PROGRAM IMPLEMENTATION**

The most immediate and cost effective way to coordinate the funding and installation of these units is by piggy-backing with the current state low income energy assistance and CEEF programs. The Community Action Agencies (CAA) are responsible for the implementation of the CT Energy Assistance Program (CEAP) and US Department of Energy weatherization programs. The CEEF has low income weatherization programs that may be coordinated for this effort as well. The FOCB will work with DSS, the CAA’s and CEEF and municipal utility program administrators to coordinate the most streamlined application intake process and heating system replacement referral procedures.

The FOCB will request that the CAA’s and CEEF contact their existing backlog list of individuals who are in immediate need for unit replacements and request that these individuals immediately apply to their local CAA or CEEF program administrator for priority inclusion in this program, if they have not already done so.

## **PROGRAM MARKETING**

The FOCB is developing a marketing/educational plan for its overall energy conservation plans and intends to include this program in all future educational and marketing efforts, including the FOCB website, [www.ctfocb.com](http://www.ctfocb.com). Additionally, the FOCB will create the necessary educational and marketing materials required to get the word out about this program. These efforts will include piggy-backing on existing materials and the development of new materials. The Board will work with fuel banks, DSS, oil dealers, municipalities, and others as needed to introduce the program.

## **PROGRAM MEASUREMENT FOR COST-EFFECTIVENESS**

The FOCB will evaluate programs it develops and funds for cost-effectiveness and report this information to the state legislature on an annual basis. Programs included in the plan must be “evaluated as to cost-effectiveness by comparing the value and payback period of the program benefits to the program costs to ensure that the programs are designed to obtain fuel oil savings, the value of which are greater than the costs of the program.”<sup>1</sup>

Therefore, at this time, the FOCB plans to use the following approach to capture oil savings as an interim step, while developing the best approach for calculating cost effectiveness of measures:

- System replacements will be approved for units unable to achieve a 65% AFUE rating, red tagged and/or repairs would be closely aligned with the cost of a complete replacement.
- New units must have a minimum manufacturer's AFUE rating of 86% for boilers, 83% for furnaces. The difference between the initial AFUE, if the system is operable enough to get one and the new unit's AFUE upon final inspection will be used to develop an oil savings methodology.
- The replacement unit's energy savings will need to take into consideration the savings from overlapping installed weatherization measures, if any.
- The Board will continue discussions with current organizations performing oil energy saving research to develop the most accurate savings such as American Council for an Energy-Efficient Economy (currently doing a study for Pennsylvania on residential energy use and author of a 2006 study on oil savings for residential consumers)<sup>2</sup> and the National Oilheat Research Alliance, or NORA.

## **PROGRAM GOALS**

Based on the data provided by the Community Action Agencies, discussed in the Background section, it is the immediate intention of this plan to serve those on the waiting list first, up to 150 residents in 2008.

## **PLAN BUDGET**

\$1,500,000 is allocated to this program.

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<sup>1</sup> Connecticut General Statutes sec. 16a-22/ (d)(2)(2008 Supplement)

<sup>2</sup> ACEEE, “Reducing Oil Use Through Energy Efficiency: Opportunities Beyond Cars and Light Trucks”, January 2006 Report Number E061

### **III. Residential Oil Conservation Program Coordination**

#### **PROGRAM DESCRIPTION**

Throughout Connecticut, there are a host of energy efficiency programs in place which encompass multiple heating fuel types and are targeted to a wide variety of customer segments. The funding sources for these programs vary, such as electric system benefit charges, DOE grants, state dollars (OPM), etc. The FOCB has begun reviewing all these program efforts and evaluating them for possible coordination with FOCB program conservation goals

#### **PROGRAM OBJECTIVES**

To coordinate FOCB programs and leverage funding with other Connecticut based energy efficiency programs to provide oil heating and oil water heating customers with comprehensive conservation services and education. Successes of 2008 will be incorporated into the 2009 oil conservation plan.

#### **TARGET AUDIENCE**

Connecticut residents that have oil heat and/or oil hot water.

#### **PROGRAM IMPLEMENTATION**

The FOCB will work with the program administrators of these existing programs and evaluate the potential for oil savings when leveraging FOCB dollars. When program coordination can lead to more comprehensive cost-effective conservation, efforts will be made to develop streamlined paths to participation and reporting and invoicing procedures to effectively track measures installed and/or services provided.

Current energy efficiency programs being evaluated for coordination are:

CL&P WRAP

UI – UIHELPS

CL&P/UI – Home Energy Solutions (also includes gas companies)

OPM – Furnace rebate, upgrade and audit program

CT Housing Investment Fund – loans for home improvement

CAA/DSS – weatherization programs

CMEEC – weatherization programs of municipal utilities

#### **PROGRAM MARKETING**

The FOCB is developing of a marketing/educational plan for its overall energy conservation plans and intends to include all coordinated programs in future educational and marketing efforts, including the FOCB website, [www.ctfocb.com](http://www.ctfocb.com). Additionally, the FOCB will create the necessary educational and marketing materials required to generate public awareness of these coordinated programs and to provide oil dealers with marketing and referral materials. These efforts will include piggy-backing on existing materials and the development of new materials.

## **PROGRAM MEASUREMENT FOR COST-EFFECTIVENESS**

The FOCB will evaluate programs it develops and funds for cost-effectiveness and report this information to the state legislature on an annual basis. Programs included in the plan must be “evaluated as to cost-effectiveness by comparing the value and payback period of the program benefits to the program costs to ensure that the programs are designed to obtain fuel oil savings, the value of which are greater than the costs of the program.”<sup>3</sup>

## **PROGRAM GOALS**

The FOCB will determine program goals bases upon the potential goals attainable with each coordinated program.

## **PLAN BUDGET**

\$1,000,000 is allocated for 2008

## **CONCLUSION**

Requests for additional information and/or to submit additional comments should be directed to:

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<sup>3</sup> Connecticut General Statutes sec. 16a-22/ (d)(2)(2008 Supplement)