

Oilheat: Plentiful Supplies, Stable Prices

LARGE STOCKPILES

There are more than 50 oil producing countries and the United States is not dependent on any one country or region for its supply.

Oilheat retailers help manage a massive refining and distribution system that ensures U.S. adequate quantities of heating oil throughout each heating season.

U.S. heating oil stocks remain at historically high levels and the average price per gallon is well below what they were in the fall of 2008.

To prevent oil price spikes that would harm the economy, the U.S. Department of Energy established the Northeast Heating Oil Reserve in 2000. Containing 1,984,253 barrels of heating oil, the reserve serves as “emergency buffer” that can supplement commercial fuel supplies should the Northeast be hit by a severe heating oil supply disruption. In addition, more than 30 states also have their own emergency crude oil reserves.

HIGH VALUE

Heating oil actually costs less than it did in 1980 when adjusted for inflation, according to the U.S. Department of Labor, and serves about 23 million Americans in 8.6 million households.

Heating oil is also economically competitive because each gallon of heating oil contains approximately 139,000 units of thermal energy.

Compared to the Consumer Price Index, which represents the average prices consumers pay on a wide range of products, oilheat has increased about half as much as other products since the early 1980s. For example, medical costs have risen nearly 400 percent.

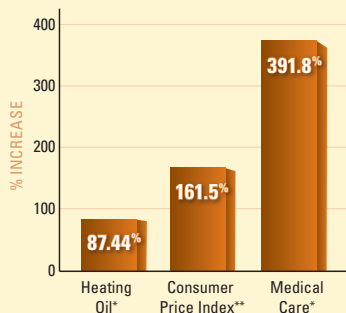
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30

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crude oil reserves

Price Increase % from
Early 1980s to Present



* Source: U.S. Department of Labor (Bureau of Labor Statistics)

** Source: Historical CPI, inflationdata.com



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Most oilheat customers use

80%

of their yearly fuel
in 2-3 months

BEATING VOLATILE PRICES

Most oilheat customers use 80 percent of their yearly fuel in only 2-3 months time, which can result in higher winter bills. Budget payment programs allow homeowners to spread out their oilheat bills into equal monthly payments throughout the year.

While many customers purchase their fuel at daily market rates, many oilheat retailers have put in place a variety of tools to give consumers predictable oilheat costs since prices can move up or down during the heating season; some customers use these tools to help control and predict their costs.

These cost controlling tools include:

- A fixed price that locks in a set price throughout the heating season
- A capped price that creates a maximum price per gallon that homeowners will pay
- A pre-buy option that allows consumers to purchase all or a set amount of their heating oil at competitive rates in advance of the start of the heating season

Equipment service or maintenance agreements or contracts also help consumers ensure optimal heating system performance while protecting them from expensive out-of-pocket repair costs throughout the heating season.

The Energy Communications Council is comprised of the New England Fuel Institute, the Delaware Valley Fuel Dealers' Association, the Empire State Petroleum Association, the Maine Energy Marketers Association, the Massachusetts Oilheat Council, the Fuel Merchants Association of New Jersey, Oil Heat Comfort of Long Island, the New York Oil Heating Association, Inc., the Vermont Fuel Dealers Association, and the Virginia Petroleum, Convenience, and Grocery Association, and is funded by the National Oilheat Research Alliance.

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