

**THE NATIONAL OILHEAT RESEARCH ALLIANCE
ACT OF 1999**

HEARING
BEFORE THE
SUBCOMMITTEE ON ENERGY AND POWER
OF THE
COMMITTEE ON COMMERCE
HOUSE OF REPRESENTATIVES
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THE NATIONAL OILHEAT RESEARCH ALLIANCE ACT OF 1999

WEDNESDAY, APRIL 5, 2000

HOUSE OF REPRESENTATIVES,
COMMITTEE ON COMMERCE,
SUBCOMMITTEE ON ENERGY AND POWER,
Washington, DC.

The subcommittee met, pursuant to notice, at 11:30 a.m., in room 2322, Rayburn House Office Building, Hon. Joe Barton (chairman) presiding.

Members present: Representatives Barton, Shimkus, Wilson, Bryant, Ehrlich, McCarthy, Sawyer, Markey, Boucher, Pallone, Wynn, and Strickland.

Staff present: Cathy Van Way, majority counsel; Jason Bentley, majority counsel; Elizabeth Brennan, legislative clerk; Sue Sheridan, minority counsel; and Rick Kessler, professional staff member.

Mr. BARTON. The subcommittee will come to order on the next hearing as soon as we get our witnesses in attendance. Members are strongly urged to stay for the next hearing.

If we could, if, Mr. Ehrlich and Mr. Shimkus, if y'all wish to converse with our past panel, if you will leave the hearing room so we can start this hearing.

Today we are going to hold a legislative hearing on H.R. 380, the National Oilheat Research Alliance Act, introduced on January 19, 1999, by Congressman Greenwood of Pennsylvania, a member of the full committee, not a member of the subcommittee.

I want to welcome our two panelists to the hearing on this legislation.

This bill, as introduced by Mr. Greenwood, would allow the heating oil industry to establish an oilheat check-off fee to fund research, development and consumer education programs related to heating oil. As was brought home to Members of Congress this past winter, heating oil plays an important role in keeping homes and businesses warm in the winter in many parts of the country, especially in the Northeast.

The purpose of the legislation before the subcommittee would be to give this industry greater resources to undertake research and development activities targeted at finding new and more efficient ways to use heating oil. Significantly, the bill which was proposed by the oilheat industry does not require the expenditure of significant amounts of Federal dollars.

I want the panelists to know and the members of the subcommittee to know that the chairman of the subcommittee, myself, has very serious reservations about this legislation. I really don't

see, if the heating oil industry wants to establish this type of fund, it needs Federal legislation to do so. If it is as widely supported by the heating and oil industry as it is claimed to be, there would be no need for legislation making contributions to the fund mandatory.

I am also concerned that the fee becomes another surcharge that will be passed on to consumers. Although the amount of the fee is small, it does raise the price of heating oil at a time when some consumers are having difficulty meeting the price that they already have to pay.

Finally, I would like to see as we take testimony what the assurances are that the money raised by the fee is going to be used as intended by the legislation. Recently, a Washington Post newspaper article highlighted the potential for abuse with these types of fees when there is not sufficient accountability. I understand supporters of the legislation are also concerned about the potential for abuse and that they are taking steps to address it.

Today's hearing is an important hearing. A fair number of members of the subcommittee and full committee on both sides of the aisle have cosponsored this legislation, and Congressman Greenwood has been very cooperative in trying to address some of the concerns that I have raised, and the primary reason we are holding the hearing is because Congressman Greenwood has been such an advocate of this legislation and has been very cooperative in trying to work out some of the concerns.

The chair would recognize Mr. Sawyer for an opening statement if he wishes.

Mr. SAWYER. Mr. Chairman, I appreciate the opportunity and will forego it.

Mr. BARTON. Would the gentleman from Illinois, Mr. Shimkus, wish to be recognized for an opening statement?

Mr. SHIMKUS. It is part of what I submitted for the first hearing.

Mr. BARTON. Gentleman from Maryland, Mr. Wynn, for an opening statement.

Mr. WYNN. Thank you, Mr. Chairman.

I am not going to make an opening statement, but I will say that I had a line of concerns similar to yours with respect to why this industry-based project needs a Federal imprimatur. So, with that, I yield.

Mr. BARTON. I thank the gentleman from Maryland.

The gentleman from New Jersey, Mr. Pallone, who I believe is a sponsor of the legislation, would you like to be recognized for an opening statement?

Mr. PALLONE. Thank you, Mr. Chairman.

Just briefly, as you mention, I am a cosponsor and supporter of the bill. The Act, the National Oilheat Research Alliance Act, would enable the oilheat industry to establish an industry-funded check-off program that supports industry research and development, safety training and consumer education without Federal funding. Just in my own district, we have about 815,000 households—that is State-wide, I should say—that use oilheat and about 215,000 occupied housing units in my district that use oilheat. And, of these, about 20 percent—they amount to about 20 percent of the total, and there are about 409 oilheat businesses that employ about

4,000 people. So I only mention these numbers because they represent substantial employment and heating consumption figures.

The legislation before us today would not require any support from the Federal Government. It is only enabling legislation. The NORA legislation, as I understand it, also is virtually identical to legislation that was unanimously passed by the House and Senate Commerce Committees in 1996. That is the Propane Education and Research Act that this is modelled after. And, of course, that Propane Act was subsequently enacted by Congress and signed into law. So I think they are using that as a model, and that certainly has served us well, and I think we could do the same for this industry and help them in their research efforts.

I would support the bill and thank you for the time, Mr. Chairman.

Mr. BARTON. I thank the gentleman from New Jersey.

Welcome, gentlemen. It is always the case that the second hearing or the second panel doesn't have the attendance that the first. Plus, we are beginning to push the lunch hour, but there is actually quite a bit of interest and support for the legislation that you two gentlemen are here to testify. So don't take the lack of panelists as a lack of interest.

We are going to put your statements in the record in their entirety. We will recognize Mr. Allen for 7 minutes to summarize his, and then we will recognize Mr. Woosnam.

So, Mr. Allen, we want to welcome you to the subcommittee. Your statement is in the record in its entirety, and you are recognized for 7 minutes to elaborate on it.

STATEMENT OF DON ALLEN, PRESIDENT, E.T. LAWSON AND SONS

Mr. ALLEN. Chairman Barton and members of the subcommittee, my name is Don Allen; and I appreciate this chance to testify in support of H.R. 380, the National Oilheat Research Alliance Act. I am President of E.T. Lawson, a company based in Hampton, Virginia, that distributes heating oil. I also serve as cochair of the legislative NORA effort and am Vice President of the Petroleum Marketers Association, our national trade association.

On behalf of PMAA and the heating oil industry, I am pleased to share with you our strong support for H.R. 380. The NORA legislation is modeled after the propane check-off program that was approved by this committee and enacted into law in 1996. Like the propane bill, H.R. 380 would allow for an industry-funded check-off program in which a small portion of the wholesale price of oilheat will be used to support activities such as research and development, safety, training and consumer education, all without Federal funding or involvement.

As in the case of the propane check-off, the NORA program will provide substantial benefits to our industry and its over 30 million consumers. NORA will promote energy efficiency and consumer and worker safety, all of which will help to lead to lower fuel costs and a cleaner environment. The NORA legislation also will create parity for our industry.

Unfortunately, the heating oil industrial, unlike our main competitors, currently does not benefit from a nationwide industry pro-

gram. By way of explanation, our industry is made up of over 7,000 small businesses that employ almost a quarter of a million workers. These businesses are small, family owned enterprises that compete against each other and other sources of fuel to meet the energy needs of millions of consumers. The diverse nature of our industry means that no single company or no 10 single companies or no 50 single companies has enough market share to fund these needs.

NORA is a fair, self-help measure that will enable our industry to compete on a level playing field with other energy sources.

As you know, Mr. Chairman, the House of Representatives passed a measure almost identical to H.R. 380 in the last Congress, but the Senate did not consider the legislation before the 105th Congress adjourned. The Senate has now unanimously approved NORA in this session of Congress. As the NORA legislation goes through the House the second time, it continues to have the support of virtually every local, State, regional and national trade association affiliated with our industry.

In addition to solid industry support, H.R. 380 has been endorsed by many notable third parties, including consumer, environmental and labor groups. H.R. 380 also has broad bipartisan support from 128 House cosponsors, including a majority of the members of this subcommittee.

In summary, NORA will help create a level playing field by providing the heating oil industry with the same type of programs that competing energy sources enjoy. The program requires no Federal funding and essentially no Federal involvement, and the bill will benefit consumers as well as the environment. Given the broad-based bipartisan support for H.R. 380 from both within and outside of our industry, we hope that the House of Representatives will act swiftly to pass this important legislation just as it did in 1998.

Thank you, Mr. Chairman, for holding this hearing and allowing me to share my support for this bill.

[The prepared statement of Don Allen follows:]

PREPARED STATEMENT OF DON ALLEN ON BEHALF OF THE PETROLEUM MARKETERS ASSOCIATION OF AMERICA AND THE NATIONAL OILHEAT RESEARCH ALLIANCE

Chairman Barton and Members of the Subcommittee, my name is Don Allen and I appreciate this chance to testify in support of HR 380, the National Oilheat Research Alliance Act. I am president of E.T. Lawson, a company based in Hampton, Virginia that distributes heating oil. I serve as co-chair of the Legislative Action Committee for the NORA Alliance, which is a coalition of marketers and distributors of heating oil who strongly support HR 380. I am also the regional vice chairman of the Petroleum Marketers Association of America (PMAA).

On behalf of PMAA and the heating oil industry, I am pleased to share with you our strong support for HR 380. To summarize, HR 380 will help our industry compete on a level playing field with other energy sources that already national, industry programs like NORA; it is a fair, self-help measure that requires no federal funding or basically no federal involvement; and it will provide important benefits to the millions of American consumers of heating oil and it will benefit the environment.

HR 380 Is Based on a Successful Law and Has Solid Support from Every Segment of the Heating Oil Industry and Respected Third Parties

The NORA legislation is modeled after the propane check-off program that was approved by this Subcommittee and the House Commerce Committee before being enacted into law in 1996. Using that program as a model, we have tried to provide as much flexibility as possible to those who will participate in the NORA check-off program.

Like the propane bill, HR 380 would allow for an industry-funded check-off program in which a small portion of the wholesale price of oilheat will be used to support activities such as research and development, safety, training, and consumer education—all without federal funding or involvement. As in the case of the propane check-off, the NORA program will provide substantial benefits to our industry and its millions of consumers. NORA will promote energy efficiency and consumer and worker safety that will help lead to lower fuel costs and a cleaner environment.

Our industry and legislators, including Chairman Bliley and Congressman Greenwood, have worked long and hard to craft a compromise, non-controversial bill. HR 380 is the product of these efforts. To reach a consensus on the NORA legislation, we have consulted representatives of every competing energy source, as well as both the U.S. Department of Energy and the Department of Justice.

As you know, Mr. Chairman, the House of Representatives passed a measure almost identical to HR 380 in the last Congress, but the Senate did not consider the legislation before the 105th Congress adjourned. The Senate has now unanimously approved NORA in this session of Congress.

As the NORA legislation goes through the House for the second time, it continues to have the support of virtually every local, state, regional, and national trade association affiliated with our industry including PMAA, 25 state trade associations, labor unions and many other industry groups. In fact, we have conducted surveys that show powerful industry support for an industry-financed check-off program. A professional polling firm conducted a nationwide survey of the industry in 1997 and found that 96% of the industry supports creation of a program like NORA. Our industry has long-held a strong desire to develop the means to support R & D, improve safety and training, and provide consumer education—all without unnecessary involvement of the federal government. The NORA check-off program is just the type of program that will accomplish our industry's objectives.

In addition to the strong industry support for NORA, HR 380 also has been endorsed by many notable third parties, including the Consumer Energy Council of America Research Foundation, the National Environmental Policy Institute, the Fiberglass Tank & Pipe Institute, and the International Brotherhood of Teamsters. HR 380 also has broad, bipartisan support from 128 House cosponsors, including a majority of the members of this Subcommittee.

NORA Will Support Parity for the Heating Oil Industry

Currently, the heating oil industry, unlike our main competitors, does not benefit from a nationwide industry program. Our industry is made up of over 7,000 businesses that employ almost 250,000 workers. These businesses are small, family-owned enterprises that compete against each other and other sources of fuel to meet the energy needs of millions of consumers. The diverse nature of our industry means that no single company has a large enough stake to fund such a program. NORA is a fair, self-help measure that will enable our industry to compete on a level playing field with other energy sources.

Oilheat's main competitors have long-benefited from nationwide industry programs that the federal government has either established or supported. These programs support many of the same activities that we hope to undertake under NORA. The Gas Research Institute (GRI), for example, conducts a variety of industry activities, including R & D, that are designed to benefit gas consumers and the industry. GRI, which was traditionally funded and supervised under the Federal Energy Regulatory Commission's regulatory authority, has been very successful at helping the natural gas industry meet its important needs.

Operation of the NORA Check-off Program

The NORA check-off program will support research and development, safety, training, and consumer education—all important activities that the oilheat industry greatly needs to address. These activities will help lower consumers' energy bills, and they will help create a cleaner environment.

Under HR 380, the check-off program will only go into effect if industry support is fully documented through the referendum process. After the legislation becomes law, a referendum will be conducted among oilheat retail marketers and wholesale distributors to authorize the creation of the check-off and the "National Oilheat Research Alliance" to manage the program for the industry. The industry organization will cover the costs of the referendum, although it will be reimbursed with check-off funds if the Alliance is established.

For the NORA check-off program to go into effect, two-thirds of those voting in both the retail marketer class and wholesale distributor class must vote their approval. The total volume of oilheat sold to consumers or the total volume of dyed distillate sold at the terminal rack during the previous year or other similar period

will determine the voting rights among retail marketers and wholesale distributors respectively. Once the NORA check-off is established, a majority vote of both classes can terminate the program. If individual states do not wish to participate in the program, they may opt out of it.

Following the approval of the industry, the qualified industry organization will select 61 members for the board of the National Oilheat Research Alliance. These members will represent all segments of the heating oil industry. No more than 11 Alliance members will be selected each year to serve as an Executive Committee which will manage the Alliance and coordinate the check-off operations.

The NORA program allows a small portion of the wholesale price of oilheat to be collected and used to fund key industry activities. H.R. 380 provides for an assessment of \$.0020 per gallon of dyed distillate or number one distillate.

NORA Will Provide Important Benefits for Our Industry, Its Consumers, and the Environment

The NORA program promises to provide direct benefits for our industry, its consumers, and the environment. HR 380 outlines several key areas of focus including research and development, safety, training, and consumer education needs.

In particular, check-off funds will support research and development of new technologies and more efficient equipment and appliances. It will also help our industry provide employee and consumer training and safety efforts, as well as key consumer outreach initiatives, including cooperative advertising with state associations and builder outreach.

Under NORA, our industry will be able to cooperate with top research facilities—including universities and laboratories—to develop ground-breaking technologies. In turn, NORA will help our industry by enabling members to share research discoveries with the market through information, new products, and new systems. Advances in areas such as fuels and fuel quality, venting systems, heat transfer technology, and system engineering will help to increase efficiency and improve equipment usage. In turn, both American consumers and oilheat companies will benefit from lower costs. As R & D leads to cleaner fuels and more efficient equipment, the environment will also benefit from NORA and the important advances that this program will pioneer.

In summary, NORA will help create a level playing field by providing the heating oil industry with the same type of program that competing energy sources enjoy, the program requires no federal funding and essentially no federal involvement; and the bill will benefit consumers, as well as the environment. Given the broad-based, bipartisan support for HR 380 from both within and outside of our industry, we hope that the House of Representatives will act swiftly to pass this important legislation, just as it did in 1998.

Mr. Chairman, thank you for holding this hearing and for allowing me to share our strong support for HR 380.

Mr. BARTON. Thank you, Mr. Allen, and thank you for being brief in your testimony. We appreciate that.

We would now like to recognize Mr. Woosnam. Your statement is in the record, and you are recognized for up to 7 minutes to elaborate on it.

STATEMENT OF DOUGLAS WOOSNAM, DIRECTOR OF PUBLIC AFFAIRS, ALLENERGY MARKETING COMPANY, LLC

Mr. WOOSNAM. Thank you, Mr. Chairman.

My name is Doug Woosnam. I live in New Hope, Pennsylvania.

I presently work for ALLEnergy Marketing Company. Our company's retail operations serve approximately 73,000 residential customers and seven of the Mid-Atlantic and Northeast States plus the District of Columbia. We deliver over 95 million gallons of home heating oil, 4 million gallons of propane and over 200 million gallons of gasoline, diesel and other petroleum products. We also market natural gas to homes and businesses from New Jersey to New Hampshire and operate wholesale terminals that provide supply to other retail heating companies in our region.

I am here to share our strong support for the NORA legislation, the National Oilheat Research Alliance Act, H.R. 380, and to thank my Congressman, Jim Greenwood, for sponsoring this important legislation.

We are also very grateful to Chairman Bliley for his continued support of our efforts and to you, Mr. Chairman, for holding today's hearing. We also appreciate the assistance that many members of this committee have pledged to H.R. 380, including the support of 17 subcommittee members who have cosponsored this legislation.

This bill represents the years of hard work that our industry has spent in developing an industry-financed program to support research and development, safety, consumer education and other key initiatives. Through the NORA program, our industry will be able to meet its most vital needs through its own efforts, with minimal government involvement and no government cost. We are enthusiastic about the benefits that the NORA program will provide for our industry and the 30 million Americans who use heating oil.

H.R. 380 is essentially identical to a bill that the House passed unanimously in 1998 after being considered by this subcommittee and the full Commerce Committee but which, unfortunately, was not considered by the Senate before the end of the 105th Congress. In November, 1999, the Senate considered and unanimously approved its companion version of the NORA legislation. Now that the Senate has acted, we are hopeful that the House of Representatives will take swift action to pass the NORA legislation once again.

The NORA program promises to benefit consumers in a number of ways. For example, one of the most important aspects of the NORA program is that it will enable our industry to fund important research and development efforts.

A 1997 report conducted by Brookhaven National Lab for the United States Department of Energy outlined a comprehensive research agenda for the development of more efficient burning equipment, more effective heat transfer technology and other similar activities. As the report notes, the innovations that will help result from our R&D efforts financed by NORA will help reduce consumers' fuel bills by increasing energy efficiency through better fuel quality and more efficient burners. The BNL report also points out that these advances in fuel efficiency will help create a cleaner environment.

As the National Environmental Policy Institute has also noted, NORA-financed research and development will lead to improved fuel quality, more efficient equipment and improved heat transfer devices, all of which will produce substantial environmental benefits.

NEPI is one of the many diverse organizations—including the Consumer Energy Council of America, labor unions, the propane industry and other industries and organizations—that have endorsed the NORA legislation.

As I have just noted, the NORA legislation has been endorsed by the Consumer Energy Council of America; and we are very pleased that the Nation's oldest public interest energy policy organization has recognized that NORA will lead to impressive benefits for consumers of heating oil.

In the area of consumer education, NORA-financed outreach will help consumers in a number of ways—a simple reminder to customers to tune up their equipment each year or notifying them of new technology improvements that could save them a significant amount of money. Obviously, safety and training activities focused both on the industry employees and consumers will also provide significant benefits to the consumer and the industry and all States in which oilheat is utilized.

With your permission, Mr. Chairman, I would like to include the Consumer Energy Council's endorsement letter into the record.

To conclude, we believe that H.R. 380 will create tangible benefits for our industry—more importantly, its consumers and the environment.

Thank you again, Mr. Chairman, for the opportunity to testify here today.

[The prepared statement of Douglas Woosnam follows:]

PREPARED STATEMENT OF DOUGLAS WOOSNAM, DIRECTOR OF PUBLIC AFFAIRS,
ALLENERGY MARKETING CO., LLC

Mr. Chairman and Members of the Subcommittee, I am Doug Woosnam, I live in New Hope, PA and I presently work for AllEnergy Marketing Co., LLC. Our company's retail operations serve approximately 73,000 residential customers in 7 of the Mid-Atlantic and Northeast states plus the District of Columbia. We deliver over 95 million gallons of home heating oil, 4 million gallons of propane and 200 million gallons of gasoline, diesel and other petroleum products. We also market natural gas to homes and businesses from New Jersey to New Hampshire and operate wholesale terminals that provide supply to other retail heating oil companies in our region.

I am here to share our strong support for the National Oilheat Research Alliance (NORA) Act, H.R. 380, and to thank my Congressman, Jim Greenwood, for sponsoring this important legislation. We are also grateful to Chairman Bliley for his continued support of our efforts, and to you, Mr. Chairman, for holding today's hearing. We also appreciate the assistance that many members of this subcommittee have pledged to HR 380, including the support of the 17 subcommittee members who have cosponsored this legislation.

Background of HR 380: Both the House and Senate Have Already Unanimously Approved NORA—But in Different Sessions of Congress

This bill represents years of hard work that our industry has spent in developing an industry-financed program to support research and development, safety, consumer education, and other key initiatives. Through the NORA program, our industry will be able to meet its most vital needs through its own efforts, with minimal government involvement and at no government cost. We are enthusiastic about the benefits that the NORA program will provide for the heating oil industry and the 30 million American consumers of heating oil.

HR 380 is essentially identical to a bill that the House passed unanimously in 1998 after being considered and approved by this subcommittee and the full Commerce Committee. Unfortunately, time ran out in the 105th Congress before the Senate could consider the legislation. In 1999, the Senate considered and then unanimously approved its companion version of the NORA legislation. Congressman Greenwood reintroduced his NORA measure in January and HR 380 now has 128 cosponsors, almost evenly divided between republicans and democrats from diverse geographic parts of the country.

NORA is Modeled on Established Law—The Successful Propane Check-off Program

HR 380 is nearly identical to the check-off program for propane which was enacted into law in 1996 (The Propane Education and Research Act of 1996 (PERA), Public Law 104284 (15 U.S.C. 6401, et seq.)). NORA is basically the same check-off legislation, with some slight modifications to account for the differences between the two types of fuel, and with some adjustments made to make the program more flexible. For example, the NORA check-off program is only intended to operate in the 24 states that have the highest levels of heating oil consumption. HR 380 calls for a referendum in each of these states in order to provide flexibility for those in the industry. If a state does not wish to participate in the NORA program, it can simply decline to conduct a referendum or it can defeat the referendum. In this way,

industry participants and individual states can determine whether or not they wish to be participants in the NORA check-off program.

The recent, substantial success of the propane check-off program provides further support for our view that the NORA program will help the heating oil industry provide direct, tangible benefits for consumers. After a vast majority of both the producer and retail marketer classes voted in favor of the propane check-off, the Propane Education and Research Council (PERC) went into effect in July 1997. After nearly three years in operation, the program continues to have overwhelming industry support, and for good reason. Funds from the propane check-off have been used to address many of the industry's most vital research, development, safety, training, and consumer education needs.

PERC has used assessed funds to support a number of programs, including, for example, the production and widespread distribution of an educational video that is designed to ensure compliance with new safety guidelines for the propane industry. The video illustrates how to safely satisfy the new guidelines for overfilling prevention devices (OPD) which are devices that are intended to improve customer safety. Through programs such as this one, the propane check-off program has provided great benefits to the industry and propane consumers. There is every reason to believe that the NORA check-off program would enjoy the same success.

NORA Will Support Vital Industry Needs, Including Research and Development Efforts, That Will Benefit Consumers and The Environment

One of the most important aspects of the NORA program is that it will enable our industry to fund much-needed research and development efforts. A 1997 report conducted by the Brookhaven National Laboratory for the U.S. Department of Energy outlines a comprehensive research agenda for the development of more efficient burning equipment, more effective heat transfer technology, and other similar activities. The BNL report identifies a number of fields of research that will help improve reliability, maintenance, and efficiency. In particular, the report identifies fuel quality research, equipment diagnostics-service tools, and venting research that would help improve equipment performance and efficiency. As the report notes, the innovations that will result from R & D efforts financed by NORA will help reduce consumers' fuel bills by increasing energy efficiency through better fuel quality and more efficient burners.

In fact, the BNL report concluded that the NORA program "will provide economic support to millions of American households by reducing fuel bills and thousands of small family businesses in the United States who will gain from having satisfied consumers and reduced operating costs." According to BNL, consumers will receive a high rate of return for each dollar spent since R & D will increase efficiency and improve heat transfer technology. Further, the NORA program will lower maintenance, repair, and service costs by improving training for service technicians. The BNL report also points out that these advances in fuel efficiency will help create a cleaner environment.

The National Environmental Policy Institute has also noted that NORA-financed research and development will lead to improved fuel quality, more efficient equipment, and improved heat transfer devices—all of which will produce substantial environmental benefits. NEPI is one of the many diverse organizations—including the Consumer Energy Council of America, labor unions, and the propane industry—that has endorsed the NORA legislation.

The endorsement of the Consumer Energy Council of America (CECA), which is the nation's oldest public interest energy policy organization, is especially important to us. CECA has recognized that NORA will lead to impressive benefits for consumers of heating oil. In the area of consumer education, for example, NORA-financed outreach will help consumers in a number of ways. A simple reminder to customers to have their equipment tuned up, or notifying them of new technology improvements, could save customers a significant amount of money. Obviously, safety and training activities (focused both on industry employees and on consumers) also will provide significant benefits to the consumer and the industry in all states in which oilheat is utilized.

To conclude, we believe that the NORA program contemplated in HR 380 will provide the best means for allowing our industry to finance research and development, training, safety and consumer information without the use of tax dollars or a government bureaucracy. In turn, these activities will create tangible benefits for our industry, its consumers, and the environment.

Thank you again, Mr. Chairman, for the opportunity to testify today.

Mr. BARTON. Thank you, Mr. Woosnam.

If this were not a democracy, I could say there is a quorum and move the bill right now. That wouldn't be fair.

I am going to recess briefly, go vote. I should be back within 10 minutes.

We are in recess for approximately 10 minutes. I would ask our witnesses to stay close to the hearing room because as soon as we get back we will try to have the questions.

[Brief recess.]

Mr. SHIMKUS [presiding]. Okay. We will call this hearing back into session.

I will begin with my 5 minutes of questioning, and we will see if any of my colleagues come back, and, if not, then we will be finished.

Really, I have a series of four questions that I would like for you both to address, and we will see how far I get along in the process.

First question, would you please explain how rural consumers of heating oil, including farmers and ranchers, would be affected by the NORA program?

Mr. WOOSNAM. This program is only designed to affect those people who consume the product for heating fuels. So a farmer who uses diesel for their tractors or equipment and other nonheating purposes would not be included, would not be affected, would not pay.

Mr. ALLEN. But those residents in rural areas who use home heating oil to heat would receive the same benefits as urban and suburban dwellers. They would receive benefits from the research and development that would create new products. It would be more efficient and better for the environment. They would receive benefits from the training that could be provided to small businesses that serve those rural farmers and ranchers. You know how small businesses are when it comes to training. There are no line items in their budget for that to consider that function. They will benefit just like our suburban and urban users.

Mr. SHIMKUS. Very good.

In the testimony that we had and some of the written testimony, it was stated that there is a substantial percentage of those in the industry who support the legislation that we have before us. Can you briefly tell me if you perceive any opposition and where that opposition is coming from?

Mr. ALLEN. Congressman, I have been involved in this for 6 years, and during that time we have gone around to 20 of the 24 States personally to promote this program, and in that time we have addressed concerns and put together a bill before you that, to my knowledge, at this point has no opposition either from within the industry or outside of the industry. It has been a long process and what today is before you is something that is broadly supported, as evidenced by the number of cosponsors on this committee and in the House.

Mr. SHIMKUS. And may be evidenced by the lack of people here.

Mr. Woosnam.

Mr. WOOSNAM. Just to support what Mr. Allen just said, I mean, we reached out to labor unions, again, the Consumer Energy Council, which I think is acknowledged as one of the most senior of consumer watchdog groups. Even our competition in the natural gas

industry has weighed in, and we believe that the product you have before you has been very well vetted, so to speak.

Mr. SHIMKUS. Give me a brief synopsis of how do we expect NORA funds will be spent.

Mr. ALLEN. Just as this legislation prescribes. The legislation says it will be used for research and development, develop new products, more reliable products and cleaner products. We have great needs, and we will do that. The legislation says that we can use it for training our infrastructure, for improving their safety practices.

As you know, there are 7,000 small family businesses who sell heating oil to the over 30 million American consumers. They vitally need the training that this bill would provide so we can compete in the 21st century. And then, finally, we have many publics that we must educate. We must educate architects, builders, regulators, people who deal with our business daily and our own consumer about the new oilheat we are going to create.

Mr. WOOSNAM. Again, I would support what Don said. One of our critical issues right now is finding qualified technicians, and NORA funds could be used to work with local technical institutes to establish training programs to bring new people into the marketplace, employees.

But the big thing I say is this is a consumer benefit because people will be better informed about the product they are using to heat their homes.

Mr. SHIMKUS. And knowing and understanding the make-up of this committee and having friends from the northeastern States—I was outside the room, so I don't know if the question of price fluctuations came up. How do you perceive NORA to be helpful in addressing heating oil concerns and price fluctuations? Of course, with the oil shortage or the restriction of importation or actually processing that OPEC has done, is this going to be helpful or harmful in this whole address to my colleagues in the northeastern States on the issue of price?

Mr. ALLEN. This legislation we view as a vehicle to prevent happening from what happened again. It cannot happen to our industry again. It destroys the confidence of our consumers within our industry. It destroys the confidence of our coworkers in what we do, and it destroys the financial aspects of a heating oil dealer. Your cash lines are exploded. Your margins are decreased. We cannot allow this to happen.

NORA, we think, can cause solutions to occur. My own particular company has used price protection for its consumers for 10 years. This last year my 8,000 customers experienced no price spike. There are countless other dealers like myself throughout the oilheat industry who have offered these programs. NORA, we think, can provide consumers the awareness of that choice. It can through education bring more dealers, train them in how to manage this type of program. These are the types of things we think NORA can do to prevent this from happening again.

Mr. WOOSNAM. I have nothing to add to Mr. Allen's statement.

Mr. SHIMKUS. Having none of my colleagues return, what I will do is leave the record open for the requisite number of days if they want to submit questions to you all.

And, with that, having no other members here and no other questions, I will adjourn this hearing.
[Whereupon, at 12 noon, the subcommittee was adjourned.]