

Maine lags on heating transition

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More than two years after fuel oil hit record prices, Maine has done very little to switch its homes and businesses to alternative heating systems, an energy consultant says.

The 2008 economic meltdown and the plunge in oil prices that followed have contributed to the inaction, said Gary Higginbottom of Portland. But a failure of alternative heat providers to refine their technologies, coupled with state government's focus on weatherization over fuel switching, also is setting Maine up for another crisis.

"Are we going to learn from 2008, or are we going to pretend it's not going to happen again?" Higginbottom asked.

In July 2008, heating oil prices brushed \$5 a gallon in some areas, and state officials rushed to plan winter warming shelters. The emergency eased when crude oil prices fell suddenly and sharply amid the global financial meltdown, just as the heating season began. Today, four in five Maine homes continue to heat with oil.

Maine's preparedness for another heating oil crisis will be the backdrop for a business forum today called "How will Maine stay warm?" The forum, which begins at 8 a.m. at the Woodlands Country Club in Falmouth, was organized by Higginbottom on behalf of the Environmental & Energy Technology Council of Maine.

The forum will include a panel discussion involving companies that develop or sell equipment using wood pellets, electric thermal storage, air-source heat pumps and geothermal energy, as well as oil and propane.

The session comes as the average heating oil price in Maine has paused at \$2.76 a gallon, according to the state's weekly survey, after a 19-cent run up since mid-September. Looking to cold weather, the federal Energy Information Administration is predicting that oil consumption in the Northeast will rise 5 percent compared with last winter, and prices will be up 8 percent, to \$3.06 a gallon.

But despite occasional price spikes, oil remains an affordable fuel that has compared favorably over the past 30 years with alternatives such as wood and electricity, said Jamie Py, executive director of the Maine Energy Marketers Association. It makes more sense to reduce oil consumption through weatherization and high-efficiency equipment, he said, than to drive people to unproven technologies.

"People are choosing oil heat because they like it," Py said.

The prospect that oil prices will jump as the economy recovers has many residents looking to switch fuels, Higginbottom said, but there are obstacles. The lingering impact of the recession is an obvious factor. Despite financial incentives, many people lack the money to make big-ticket purchases.

Natural gas is a cost-effective alternative today, but most Mainers don't live near supply lines. So a homeowner who must replace an old heating system faces a quandary, Higginbottom said. One choice is to spend, say, \$8,000 on a modern oil boiler or propane system. It will burn much less fuel than the old clunker, and the technology is proven. It's an improvement, even if petroleum skyrockets.

Another choice is to spend \$14,000 or so on a wood pellet boiler. Oil wouldn't be a worry, but pellet boilers are unfamiliar and questions remain about long-term cost and fuel delivery.

Issues of cost and unfamiliar or unreliable technology plague each of the alternative heating systems represented on today's panel, said Higginbottom, who has worked as a consultant to the pellet fuels industry.

"People say, 'I don't want to be a guinea pig,' " he said.

These issues are a challenge for Maine Energy Systems, the Bethel firm founded by Les Otten. The company sells and installs automated, European-made wood pellet boilers and has trucks that deliver pellets from Augusta south.

Two years ago, the company was selling systems to homeowners trying to beat the oil spike. Today, most sales are to businesses and institutions, typically in Canada and states with strong financial incentives for switching to alternative heat.

"Maine has the biggest potential problem and is doing the least," Otten said.

He acknowledged there's public unease with pellet boiler technology, a situation that benefits oil dealers.

"With oil, you know how it works, even if it has a very limited future," Otten said. "But it's comfortable, so you'll do it one more time."

Public perception is an obstacle that must be overcome, said Sam Zaitlin, president of Thermal Energy Storage of Maine. His company is starting to market heaters that use electricity to store heat in special ceramic bricks. The heaters are popular in Europe, and 100,000 are installed in the United States. Although storage heat is less expensive today than oil, Zaitlin said, people confuse it with costly electric-resistance heat.

Maine has been shortsighted in focusing so much attention on weatherization and so little on fuel switching, Zaitlin said. Roughly 400 million gallons of heating oil are burned each year in Maine. Cutting that by 20 percent in 10 years — a stated goal in Maine law — will still leave the state with the highest degree of oil dependency in the country, he said, and vulnerable to an economic crisis.

"For all the rhetoric, there's been a failure to recognize how close Maine is to the precipice," Zaitlin said.

Government is well aware of the vulnerability, but has a limited ability to mandate fuel switching, said John Kerry, the state's energy director. In the last Legislature, oil dealers successfully fought proposals that would have placed a surcharge on oil for energy programs, a revenue source long tapped for electricity.

"Fuel switching is a political non-starter for many groups," Kerry said. "You have to pick your battles."

Instead, Maine has taken advantage of a surge in federal dollars over the past two years for weatherization.

The next Legislature and governor will have to decide whether state government should do more to promote fuel switching, Kerry said, or leave Maine's oil exposure largely up to market forces.