

# Vermont Fuel Dealers Association disputes wisdom of banking on natural gas

by Alan Panebaker | November 7, 2011

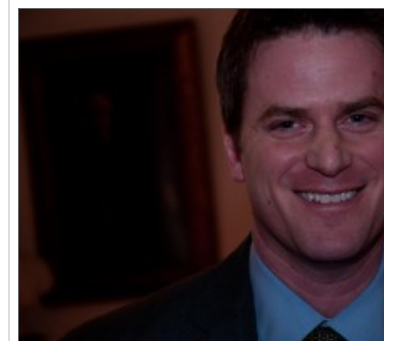
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The Vermont Department of Public Service has set an ambitious target for the state’s energy use: By 2050, consumers will derive 90 percent of the energy they use for transportation, electricity and heating fuel from renewables.

In the meantime, in a reality where heating and electricity require fossil fuels, the state and consumers have to pick their poison. The question is which one?

The Vermont Fuel Dealers Association, which represents about 300 companies that sell heating fuel and related services in Vermont, says the state’s Comprehensive Energy Plan promotes natural gas over other fuels. The plan supports the expansion of a natural gas pipeline to thousands of new customers south of Chittenden County as a means to reduce carbon emissions.



Vermont Fuel Dealers Association Executive Director Matt Cota

“It seems to me that the comprehensive energy plan needs to focus on local providers,” said Matt Cota, executive director of the Vermont Fuel Dealers Association.

Cota said the plan amplifies advantages that Vermont Gas Systems, the state’s only natural gas distribution company, already has over local fuel providers. Vermont Gas, unlike its competitors who distribute propane and heating oil, is regulated by the state like a utility.

The Public Service Board recently approved creation of an “expansion fund” that will allow the company to set aside \$4.4 million a year from ratepayers to defray the cost of extending a pipeline to the Vergennes and Middlebury market areas.

The fuel dealers claim, in a formal public comment, that extending the state’s natural gas infrastructure as far south as Rutland could lead to an energy security benefit. It also provides access to distribution of gas extracted from the Marcellus Shale in New York. The letter says the comprehensive plan “implies support for the controversial hydro-fracking shale drilling methods that could lead to groundwater contamination in New York.”

Not so fast, says Sarah Hofmann, deputy commissioner of the Vermont Department of Public Service. She says the energy plan supports the pipeline expansion, but access to natural gas from New York, Hofmann said, is “not even in the works.”

What is in the works, according to the plan, is support for increased use of natural gas for both heating — and possibly electricity generation. Currently, natural gas represents 6 percent of Vermont’s overall energy use, according to the Department of Public Service. Vermont Gas System serves more than 43,000 customers in the state. All of the natural gas comes from Canada, and customers use it mostly for heating.

Hofmann said gas from hydro-fracking is an option the state would consider as part of the plan if the price was right. The plan cites extraction technology, supply disruption, price volatility and greenhouse gas emissions as causes for concern. Natural gas, Hofmann said, is a cleaner resource than coal and other fossil fuels.

“We wanted to look at the whole picture,” Hofmann said. She said the goal is to provide more options for customers, which will hopefully mean lower costs.

Steve Wark, director of communications for Vermont Gas, said the public comments from the Vermont Fuel Dealers Association are an attempt by its competitors to take shots at a cheaper, cleaner form of energy.

Wark points to Department of Public Service statistics that show average costs for residential customers are cheaper for gas compared to fuel oil and electricity.

“Vermont Gas continues to work to serve Vermonters by providing clean and affordable fuel,” Wark wrote in an email. “We are currently 37 percent more expensive than heating oil and almost 50 percent below propane. For families that are struggling to pay their bills, it can make a big difference.”

He wrote that the company's recent expansion into Jericho reduced carbon dioxide and other greenhouse gas emissions as well as eliminating en trucks transporting fuel and reduced wear and tear on the states roads.

"The bottom line is that natural gas is well positioned to help Vermont lower its dependence on foreign oil and reduce greenhouse gas emissions, costing less," Wark wrote.

The Vermont Fuel Dealers Association asserts that the state's energy plan will put too much power in the hands of one Canadian entity. Vermont is owned by Gaz Metro, the Canadian corporation that also owns Green Mountain Power. Montreal-based Gaz Metro may control more than 70 p utility market share in the state if the Public Service Board approves a merger between Green Mountain Power and Central Vermont Public Serv

Cota said the association is also leery of the state's support for a small or mid-sized natural gas electric generation plant. Cota said the state shoul more on integrating local businesses into the energy plan.

"Vermont's heating fuel companies and their 3,000 employees could interpret the [Comprehensive Energy Plan] as a blueprint for putting them c business," he wrote.

The letter from the association was one of thousands of comments the agency received at the end of the comment period on the draft plan, whic 4.

State Rep. Tony Klein, D-East Montpelier, chair of the House Natural Resources and Energy Committee, said it's no surprise that groups are fighti protection for their interests as state officials shape plans for Vermont's energy future.

"It's a balancing act," Klein said.

While natural gas may be a transitional fuel that Vermont uses for heat and possibly electricity while it moves toward more renewable sources, t could present underlying inequities.

For example, Klein explained, if Vermont Gas Systems expands service into more populated areas that could result in fuel dealers servicing only t where gas is not offered. This limited service could result in higher prices for rural customers because fuel dealers would have to offer the same service to fewer customers.

For now, Department of Public Service employees are wading through the sea of comments received in the last few days of the comment period plan should be out in early December.

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