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Volatile year in heating prices

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Energy prices have been volatile, causing angst among Vermonters trying to decide earlier this year whether or not to lock-in heating oil prices for the winter.

The price for a gallon of heating oil hit \$4.65 in July, according to state data. Five months later, that price had fallen to \$2.87 a gallon, a 38 percent drop.

That means homeowners who signed "pre-buy" deals in the summer to purchase hundreds of gallons of heating oil at a set price, unfortunately, overpaid. (Unless prices skyrocket again during the contract period.) A typical three-bedroom home in Vermont burns about 800 gallons of heating oil during the winter.

This summer's pre-buys allowed people to lock-in a price per gallon "near \$4 or above," said Matt Cota, executive director of the Vermont Fuel Dealers Association. It was "an ugly coincidence" that the pre-buys were offered after the price of a barrel of oil had spiked, he said.

A barrel of oil sold for just under \$39 a barrel Tuesday on the New York Mercantile Exchange. Crude reached a record \$147.27 a barrel July 11.

Many oil dealers were reluctant to offer any pre-buy contracts, but "we were dragged into the market by consumer demand," Cota said, adding that customers were concerned prices would continue to rise.

In terms of heat output, the cheapest ways to heat a home are with wood products, coal and natural gas. The most expensive type of heat is generated by electricity, state data said. Contact Dan McLean at 651-4877 or dmclean@bfp.burlingtonfreepress.com
