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AGENDA

February 27, 2006

1 p.m. Board Meeting

Airport Hilton, Philadelphia, PA 866-886-5735, 8816810

- I. Introductions
- II. Approval of Minutes
- III. Financial Review
 - a. Draft Statement of Activities and Balance Sheet through December
 - b. Recommended Adjustments to 2006 Budget
 - c. 2007 Budget – State Grants
 - d. Development of 2008 Budget
- IV. Research and Development
 - a. Brookhaven/NYSERDA
 - b. Roadmap Developed December 1st and 2nd
 - c. Efficiency Project Update

Richard Sweetser
Tom Butcher
- V. Consumer Education Report
 - a. Planning Meeting March 22nd
 - b. Budgeting for 2007
- VI. Education and Training Report
 - a. Revisions to Database for Education Site
 - b. Revision for Silver Manual
- VII. Tank Program - Update
- VIII. Election of 2nd Vice Chairman
- X. New York's Long Island Chapter 2006 Grant Approval
Connecticut Fund Transfer Resolution
- XI. Remarks of Jack Sullivan
- XII. Adjournment

| Director | Company | State | Phone | Status |
|------------------------|--------------------------------------|-------|----------------|--------|
| Brett Adams | Adams Petroleum Co | ID | (800) 445-4088 | |
| Raymond Albrecht | NYSERDA | NY | (518) 862-1090 | |
| Don Allen | E.T. Lawson & Son Inc. | VA | (757) 722-1928 | |
| Nancy Allen | E.T. Lawson & Son Inc. | VA | (757) 722-3490 | |
| Mike Anton | Heating Oil Partners, LP | CT | (914) 304-1301 | |
| Debbie Baker | Crystal Flash Petroleum Co. | IN | (317) 879-2849 | |
| Richard Baran | Frame Oil | PA | (570) 454-3523 | |
| John Beckett | R.W. Beckett | OH | (440) 353-6237 | |
| Tom Berry | Berico Fuels, Inc. | NC | (336) 273-8663 | |
| Peter Bourne | Bournes Propane | VT | (802) 888-2611 | |
| Molly Brady | First Call Heating & Cooling | OR | (503) 231-3311 | |
| Jim Buhrmaster | Buhrmaster Energy Group | NY | (518) 382-0260 | |
| Donnie Burch | Burch Oil Company, Inc | DE | (301) 373-2131 | |
| Thomas Butcher | Brookhaven National Laboratory | NY | (631) 344-7916 | |
| Peter Carini | Champion Energy Corp. | NY | 914-576-6190 | |
| Ralph Carlo | Tracey & Son LTD | CT | (203) 777-5747 | |
| Joe Cavanaugh | Star Gas Partners, L.P. | CT | (203) 325-5472 | |
| Jon Day | Jacobus Energy | WI | (414) 359-0700 | |
| Tom Devine | Devine Brothers, Inc | CT | (203) 866-4421 | |
| Bob Durham | Anchor Oil Company | KY | (502) 241-4221 | |
| Charles Ermer | Palmer Gas Co. & Ermer Oil | NH | (603) 898-7986 | |
| Boyd Foster | Sunoco Inc. | PA | (610) 859-5780 | |
| Louise Giguere LeBlanc | Giguere & Marchand Oil Service, Inc. | MA | (508) 883-6010 | |
| David Glendon | Sprague Energy | NH | (603) 430-7239 | |
| Larry Goldstein | PIRF | NY | (212) 686-6470 | |
| Allison Heaney | Energy Conservation Group LLC | NY | 718) 353-7000 | |
| Gene Jacobus | Jacobus Energy | WI | (414) 359-1100 | |
| Barry Knox | Total Energy Solutions LLC | NH | (877) 436-9812 | |
| Brian Kottcamp | Shipley Energy | PA | (717) 848-4100 | |
| Will Lawes | Lawes Fuel Corp. | NJ | (732) 741-6300 | |
| Leonard Lipton | Lipton Energy | MA | (413) 443-9195 | |
| Richard Longacre | Farm & Home Oil Co. | PA | (215) 257-0131 | |
| Jon Madsen | Allied Washoe | NV | (775) 323-3146 | |
| Dave Martin | Webber Energy | ME | (207) 786-4288 | |
| Bill McKibbin | Henderson Oil Company | NC | (828) 693-3487 | |
| Ralph Mills | Abbott & Mills Inc | NY | (845) 561-0462 | |
| Mike Neish | Morgan Oil Corp | VA | (540) 364-1591 | |
| Ted Noonan | Noonan Energy | MA | (413) 731-3270 | |
| John Peters | Downeast Energy | ME | (207) 729-9921 | |
| Richard Phelps | Carrol Independent Fuel Company | MD | (410) 261-5360 | |
| Michael Romita | Castle Oil Corp. | NY | (914) 381 6500 | |
| Ron Sabia | Gulf Oil, Lp | MA | (617) 889-9089 | |
| Tom Santa | Santa Energy | CT | (203) 362-3332 | |
| Larry Scuder | Combind Oil Corp | NY | (718) 892-1500 | |
| Eric Slifka | Global Companies | MA | (781) 398-4257 | |
| Don Steward, Sr. | W B Steward & Son | NJ | (856) 845-9117 | |
| Jack Sullivan | NEFI | MA | (617) 924-1000 | |
| Jim Townsend | Townsend Oil Co | MA | (978) 927-0293 | |
| Denny Trautman | Suburban Propane | NY | (315) 385-4404 | |
| Kim Ullman | Ullman Oil Company | OH | (440) 543-5195 | |
| Rob Van Varick | Van Varick & Son, Inc | NJ | (973) 694-2776 | |
| Gene Waldman | Duck Island Terminal , Inc. | NJ | (800) 325-3835 | |
| Jack Woodfin | Woodfin | VA | (804) 730-5000 | |
| Jim Woodruff | E M Sergeant | MI | (269) 343-1363 | |
| Norman Woolley Sr. | Woolley Fuel Co. | NJ | (973) 762-7400 | |



MINUTES
November 8, 2006
10 a.m. Board Meeting
Holiday Inn, Linthicum, MD
866-886-5735, 8816810

I. Introduction

Mr. Jim Townsend called the meeting to order at 10:00 am and directed Mr. John Huber to call the roll. Mr. Huber called the roll and the following members of the Board were Present. Mr. Huber indicated a quorum was present.

| | | | |
|----------------|----------|---------|-------------|
| Raymond | Albrecht | Will | Lawes |
| Don | Allen | Jon | Madsen |
| Debbie | Baker | Dave | Martin |
| Carl | Benker | Ralph | Mills |
| Molly | Brady | Ed | Noonan |
| Ned | Bulmer | Doug | Quarles |
| Thomas | Butcher | Michael | Romita |
| Ralph | Carlo | Ed | Scott |
| Charles "Bill" | Ermer | Larry | Scuder |
| Boyd | Foster | Judy | Smith |
| David | Glendon | Don | Steward Sr. |
| Daryl | Hackman | Jack | Sullivan |
| Allison | Heaney | Jim | Townsend |
| Chris | Keyser | Norman | Woolley Sr. |

II. Approval of Minutes

Mr. Townsend moved that the minutes of the meeting held on August 21, 2006 be approved as submitted to the Board of Directors. The motion was duly seconded and approved.

III. Financial Review

Mr. John Maniscalco reported on the financials through September 2006, and the state allocations. Mr. Maniscalco described the poor weather, and indicated that the Executive Committee had reviewed the poor performance and had agreed that the budget needed to be downgraded. The revenue anticipated has been downgraded by \$1 million. He then reviewed the proposed budget for 2007. John Huber reviewed with the Board the comments that had been received. He indicated that DOE had expressed concern with the research and development funding in light of their suspended program.

The 3rd Quarter Financials indicated normal operation and the expenditures were as expected. Mr. John Huber commented that the “unrestricted net asset” projected is if the winter is normal. He warned the Board if this winter is warm and the collection does not meet the projected amount, the revenue will have to be downgraded further which will impact the unrestricted net assets.

The following motion was moved, seconded, and approved by voice.

The Board of Directors of the National Oilheat Research Alliance approves the Financial Report as submitted to the Board.

Mr. Maniscalco commented that the 2007 budget includes a substantial reduction in revenue. This is due to the conservation of oil, and the overall warmer winters we have had in the 2000's.

The following motion was moved, seconded, and approved by voice.

The Board of Directors of the National Oilheat Research Alliance approves the 2007 Budget as submitted to the Board.

IV. Research & Development

Mr. Carini reported that in light of the elimination of Department of Energy funding for Oilheat research and development, we have had to look into alternative places to conduct research. To that end, we visited with NYSERDA about a month ago. Mr. Peter Carini reported that NYSERDA building may be a location to move the appropriate staff from Brookhaven. The facility is very impressive, and the location would also solidify our working relationship with NYSERDA. Mr. Townsend commented that the NYSERDA building is being designed for liquid fuel research and thanked Mr. Carini for all his efforts.

Mr. Don Allen reviewed the agenda and purpose of the December 1 & 2 Summit. This meeting is to explore the future role of oil, bioheat and solar energy in America's Energy Future.

The projects that are underway are the following: Bock is developing a small water heater that will be very efficient and can also be used for space heating; North Carolina is working on developing a combination oil/heat pump; a revolutionary condensing furnace, and investigations of coal to liquids and how they could integrate with our fuel.

Mr. Huber reported on the efforts of Tom Butcher to develop an alternative method of assessing efficiency. The current AFUE system is inadequate because it does not do a good job on boilers and does not work for combined systems. Butcher's approach will look at actual demand and consumption.

V. Consumer Education Report

The Martin Agency reported on Internet Advertising and how successful it is. Their presentation included snapshots of ad placements on the web and data they have collected. The soybean interactive ad was the most successful in getting viewers to click through.

Primedia reported on the new OilheatAmerica website that was launched on September 7, 2006. Mr. Richard Rutigliano explained the challenges that NORA had to overcome to produce such a user friendly site. To date 31,397 Unique Visitors have been on this website since the launch on September 7, 2006.

VI. Education and Training Report

Mr. Huber reported on the status of the database for the Education Site. He presented how a company would sign up and how the company would appear in the search results and on a map. An invitation was extended to all attendees to stay after the meeting for a brainstorming to where this database should go.

The Silver Manual is being revised. The goal for this revision is to add color, diagrams, and pictures to illustrate topics. Bob Hedden showed the improvements that were being made in the new book.

VII. Vermont Fund Transfer Resolution

The National Oilheat Research Alliance has established strong partnerships with the states. Vermont has indicated a need to transfer funds between programs that it is operating.

The following motion was moved, seconded, and approved by voice.

Resolved: The grant request identified as CE-03-VT-001 is hereby decreased from \$22,476.21 to \$00.00 and that the grant request identified as ET-06-VT-001 is hereby increased by \$22,476.21.

Be it further resolved: That the President of NORA enters into a contract with the grant application identified in the grant application to effectuate the purpose of the grant.

VII. Tank Program

Mr. Jim Rocco's proposal to develop a methodology for cleaning up releases from heating oil spills was reviewed.

The following motion was moved, seconded, and approved by voice.

The Board of Directors of the National Oilheat Research Alliance approved the Tank Project Proposal by Mr. Jim Rocco and grants \$50,000 to continue this project.

VIII. Transition in Board Members in 2007

2007 is the first year that the Board will undergo substantial transition. The following will be new members in 2007.

Retail

Maine.....John Peters
Massachusetts.....Leonard Lipton
Vermont.....Peter Bourne
New York.....Joe Cavanaugh
Pennsylvania.....Brian Kottcamp
North Carolina.....Tom Berry
Virginia.....Nancy Allen
Ohio.....Kim Ullman

Five From Large States

Connecticut.....Thomas Devine
New York.....Jim Buhrmaster

Five at Large

Bill McKibbin

21 Wholesalers

Jack Woodfin
Eric Slifka
Richard Longacre
Walter Brickowski
Ted Noonan
Michael Anton

IX. Executive Committee Appointments

The following were elected to serve on the Executive Committee.

Chairman.....Jim Townsend
President.....John Huber
1st Vice Chairman.....Allison Heaney
Treasurer.....John Maniscalco

Ralph Carlo
Leonard Lipton
Gene Jacobus
Molly Brady
Jim Woodruff
Jim Buhrmaster
Larry Scuder
Will Lawes
Eric Slifka
Michael Romita
Dave Martin
John Beckett

X. Unfinished Business

There was no Unfinished Business

X. New Business

There was no New Business

XII. Next Meeting

The next Board Meeting will be on February 27, 2007 at Hilton Philadelphia Airport from 1pm to 4pm.

XVI. Adjourned

The meeting was adjourned

Respectfully Submitted,

Jack Sullivan
Secretary

National Oilheat Research Alliance
Statement of Activities
For the Month Ending December 31, 2006

| | YTD 2006 | % | YTD 2006 Budget | % |
|--------------------------------------|-------------|---------|--------------------|---------|
| COLLECTION REVENUES, NET: | | | | |
| Remittance Revenue * | 14,638,154 | 101.59% | 15,638,154 | 101.56% |
| Less: Assessments and Collection | (228,592) | (1.59%) | (240,000) | (1.56%) |
| Cash Available for 2006 | 14,409,562 | 100.00% | 15,398,154 | 100.00% |
| Total 2006 Revenue for Allocation | 14,409,562 | 100.00% | 15,398,154 | 100.00% |
| Projects and State Rebates: | | | | |
| Research and Development-Tanks | 637,862 | 4.43% | 637,862 | 4.14% |
| Education and Training | 662,862 | 4.60% | 662,862 | 4.30% |
| State Rebates | 11,502,558 | 79.83% | 11,502,558 | 74.70% |
| Consumer Education Production | 898,000 | 6.23% | 898,000 | 5.83% |
| Internet Communications | 1,000,000 | 6.94% | 1,000,000 | 6.49% |
| Total Grants and State Rebates | 14,701,282 | 102.02% | 14,701,282 | 95.47% |
| OPERATING EXPENSES: | | | | |
| Administrative Expenses: | | | | |
| Salaries and Consultants | 225,000 | 1.56% | 300,000 | 1.95% |
| Employee Taxes | 13,605 | 0.09% | 11,000 | 0.07% |
| Health Insurance | 16,450 | 0.11% | 15,000 | 0.10% |
| Retirement Plan | 19,055 | 0.13% | 19,200 | 0.12% |
| Rent and Telephone | 27,000 | 0.19% | 30,000 | 0.19% |
| Office Supplies | 8,875 | 0.06% | 15,000 | 0.10% |
| Equipment Maintenance | 3,998 | 0.03% | 5,000 | 0.03% |
| Insurance (D & O, L) | 24,098 | 0.17% | 30,000 | 0.19% |
| Dues, Memberships & Subscriptions | 5,917 | 0.04% | 20,000 | 0.13% |
| Public and Staff Travel | 32,416 | 0.22% | 45,000 | 0.29% |
| Meeting Expense | 25,000 | 0.17% | 35,000 | 0.23% |
| Legal | 29,305 | 0.20% | 50,000 | 0.32% |
| Bank Fees | 3,218 | 0.02% | 0 | 0.00% |
| Accounting Fees | 80,000 | 0.56% | 100,000 | 0.65% |
| Professional Travel | 4,416 | 0.03% | 20,000 | 0.13% |
| Total Administrative Expenses | 518,353 | 3.60% | 695,200 | 4.51% |
| Special Studies and Mailings | | | | |
| Printing Annual Report & Other | 56,265 | 0.39% | 40,000 | 0.26% |
| Postage/Special Mailings | 48,766 | 0.34% | 40,000 | 0.26% |
| Total Special Studies & Mailings | 105,031 | 0.73% | 80,000 | 0.52% |
| Other (Income)/Expenses: | | | | |
| Interest Income/Expense | (325,940) | (2.26%) | (40,000) | (0.26%) |
| Depreciation and Amortization | 2,368 | 0.02% | 5,000 | 0.03% |
| Other Income | (158,872) | (1.10%) | 0 | 0.00% |
| Other Expense | 100,432 | 0.70% | 0 | 0.00% |
| Total Other Expenses | (382,012) | (2.65%) | (35,000) | (0.23%) |
| TOTAL OPERATING EXPENSES | 241,372 | 1.68% | 740,200 | 4.81% |
| TOTAL EXPENDITURES | 14,942,654 | 103.70% | 15,441,482 | 100.28% |
| INCREASE/(DECREASE) IN NET ASSETS | (\$533,092) | (3.70%) | (\$43,328) | (0.28%) |

* Net of Refunds

National Oilheat Research Alliance
Statement of Financial Position
December 31, 2006

2006

ASSETS

CURRENT ASSETS:

| | |
|--|----------------|
| Cash and cash equivalents | \$4,574,155.44 |
| Assessments receivable, net of allowance | 5,170,323.92 |
| Prepaid expenses | 12,066.48 |
| | ----- |
| Total current assets | 9,756,545.84 |

| | |
|-----------------------------|----------|
| PROPERTY AND EQUIPMENT, Net | 4,203.02 |
|-----------------------------|----------|

| | |
|-------------------------|------------|
| Other assets | 508,477.29 |
| | ----- |
| Total noncurrent assets | 508,477.29 |
| | ----- |

| | |
|--------------|-----------------|
| TOTAL ASSETS | \$10,269,226.15 |
| | ===== |

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

| | |
|---------------------------|------------|
| Accounts payable | \$152.30 |
| Accrued expenses | 190,518.04 |
| | ----- |
| Total current liabilities | 190,670.34 |

OTHER LIABILITIES:

| | |
|---|--------------|
| Accrued state rebates | 4,876,700.81 |
| Accrued grants - research and development | 1,442,531.55 |
| Accrued grants - education and training | 252,571.73 |
| Accrued grants - consumer education | (167,687.00) |
| Accrued Internet Communications | 625,000.00 |
| | ----- |
| Total Other Liabilities | 7,029,117.09 |
| | ----- |
| Total liabilities | 7,219,787.43 |
| | ----- |

UNRESTRICTED AND RESTRICTED NET ASSETS:

| | |
|-----------------------------|--------------|
| Unrestricted net assets | 1,420,142.72 |
| Board designated net assets | 1,629,296.00 |
| | ----- |
| Total net assets | 3,049,438.72 |
| | ----- |

| | |
|----------------------------------|-----------------|
| TOTAL LIABILITIES AND NET ASSETS | \$10,269,226.15 |
| | ===== |

STATE GRANTS-1.2007...2.14.2007

| National Oilheat Research Alliance | | | | | | |
|---------------------------------------|--------------|-----------|------------|--------------|-----------|------------|
| STATE GRANT STATUS | | | | | | |
| For the Month Ending January 31, 2007 | | | | | | |
| | | | | | | |
| | | | | | | |
| | | Disbursed | Disbursed | Disbursed | Disbursed | |
| | APPROVED | in '04 | in '05 | in '06 | in '07 | REMAINING |
| CONNECTICUT | | | | | | |
| R & D '06 Grant | 54,709.00 | 0.00 | 0.00 | 24,377.85 | 0.00 | 30,331.15 |
| CONS-ED '06 Grant | 765,933.00 | 0.00 | 0.00 | 550,157.99 | 0.00 | 215,775.01 |
| E & T '06 Grant | 273,821.00 | 0.00 | 0.00 | 158,754.37 | 0.00 | 115,066.63 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR CONNECTICUT | 1,094,463.00 | 0.00 | 0.00 | 733,290.21 | 0.00 | 361,172.79 |
| IDAHO | | | | | | |
| E & T '03 Grant | 21,741.55 | 2,894.00 | 0.00 | 13,661.86 | 0.00 | 5,185.69 |
| CONS-ED '04 Grant | 16,380.49 | 0.00 | 0.00 | 0.00 | 0.00 | 16,380.49 |
| E&T '06 Grant | 16,402.26 | 0.00 | 0.00 | 8,907.23 | 0.00 | 7,495.03 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR IDAHO | 54,524.30 | 2,894.00 | 0.00 | 22,569.09 | 0.00 | 29,061.21 |
| INDIANA | | | | | | |
| CONS-ED '04 Grant | 101,262.75 | 90,697.04 | 0.00 | 9,589.62 | 0.00 | 976.09 |
| CONS-ED '05 Grant | 13,421.66 | 0.00 | 0.00 | 11,949.95 | 0.00 | 1,471.71 |
| CONS ED '06 Grant | 32,082.43 | 0.00 | 0.00 | 20,204.62 | 0.00 | 11,877.81 |
| E & T '06 Grant | 4,103.00 | 0.00 | 0.00 | 2,759.65 | 0.00 | 1,343.35 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR INDIANA | 150,869.84 | 90,697.04 | 0.00 | 44,503.84 | 0.00 | 15,668.96 |
| KENTUCKY | | | | | | |
| CONS-ED '06 Grant | 120,028.36 | 0.00 | 0.00 | 88,171.69 | 0.00 | 31,856.67 |
| E & T '06 Grant | 39,785.00 | 0.00 | 0.00 | 18,885.38 | 0.00 | 20,899.62 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR KENTUCKY | 159,813.36 | 0.00 | 0.00 | 107,057.07 | 0.00 | 52,756.29 |
| MASSACHUSETTS | | | | | | |
| R & D '04 Grant | 13,574.79 | 13,574.79 | 0.00 | 0.00 | 0.00 | 0.00 |
| CONS-ED '05 Grant | 398,790.50 | 0.00 | 137,516.95 | 261,273.55 | 0.00 | 0.00 |
| E & T '05 Grant | 105,643.59 | 0.00 | 38,608.00 | 67,035.59 | 0.00 | 0.00 |
| CONS-ED '06 Grant | 1,012,000.00 | 0.00 | 0.00 | 1,007,665.95 | 0.00 | 4,334.05 |
| E & T '06 Grant | 348,657.22 | 0.00 | 0.00 | 201,470.74 | 0.00 | 147,186.48 |
| | ----- | ----- | ----- | ----- | ----- | ----- |

STATE GRANTS-1.2007...2.14.2007

| | | | | | | |
|--------------------------|--------------|------------|------------|--------------|-------|------------|
| TOTALS FOR MASSACHUSETTS | 1,878,666.10 | 13,574.79 | 176,124.95 | 1,537,445.83 | 0.00 | 151,520.53 |
| | | | | | | |
| MARYLAND (MID-ATL) | | | | | | |
| E & T '03 Grant | 55,635.53 | 35,697.09 | 10,878.44 | 5,060.00 | 0.00 | 4,000.00 |
| CONS-ED '04 Grant | 510,926.61 | 385,280.64 | 23,036.52 | 102,609.45 | 0.00 | 0.00 |
| E & T '04 Grant | 13,692.15 | 0.00 | 13,692.15 | 0.00 | 0.00 | 0.00 |
| CONS-ED '05 Grant | 188,392.10 | 0.00 | 184,910.76 | 3,481.34 | 0.00 | 0.00 |
| CONS-ED '06 Grant | 578,577.59 | 0.00 | 0.00 | 415,728.39 | 0.00 | 162,849.20 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR MARYLAND | 1,347,223.98 | 420,977.73 | 232,517.87 | 526,879.18 | 0.00 | 166,849.20 |
| | | | | | | |
| MAINE | | | | | | |
| CONS-ED '05 Grant | 163,003.36 | 0.00 | 132,032.43 | 30,970.93 | 0.00 | 0.00 |
| E & T '05 Grant | 92,028.71 | 0.00 | 74,543.26 | 17,485.45 | 0.00 | 0.00 |
| CONS-ED '06 Grant | 411,460.80 | 0.00 | 0.00 | 200,000.00 | 0.00 | 211,460.80 |
| E & T - '06 Grant | 276,000.00 | 0.00 | 0.00 | 260,598.74 | 0.00 | 15,401.26 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR MAINE | 942,492.87 | 0.00 | 206,575.69 | 509,055.12 | 0.00 | 226,862.06 |

| National Oilheat Research Alliance | | | | | | |
|---------------------------------------|--------------|---------------------|---------------------|---------------------|---------------------|------------|
| STATE GRANT STATUS | | | | | | |
| For the Month Ending January 31, 2007 | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | APPROVED | Disbursed in '04 | Disbursed in '05 | Disbursed in '06 | Disbursed in '07 | REMAINING |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| MICHIGAN | | | | | | |
| CONS-ED '06 Grant | 79,985.00 | 0.00 | 0.00 | 61,686.90 | 0.00 | 18,298.10 |
| E & T '06 Grant | 46,975.00 | 0.00 | 0.00 | 20,070.15 | 0.00 | 26,904.85 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR MICHIGAN | 126,960.00 | 0.00 | 0.00 | 81,757.05 | 0.00 | 45,202.95 |
| | | | | | | |
| | | | | | | |
| NORTH CAROLINA | | | | | | |
| CONS-ED '05 Grant | 128,357.11 | 785.00 | 109,774.98 | 17,797.13 | 0.00 | 0.00 |
| E & T '05 GRANT | 32,678.14 | 787.00 | 27,394.97 | 4,496.17 | 0.00 | 0.00 |
| CONS-ED '06 Grant | 365,375.00 | 0.00 | 0.00 | 224,184.07 | 0.00 | 141,190.93 |
| E & T '06 Grant | 64,477.95 | 0.00 | 0.00 | 41,568.48 | 0.00 | 22,909.47 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR NORTH CAROLINA | 590,888.20 | 1,572.00 | 137,169.95 | 288,045.85 | 0.00 | 164,100.40 |
| | | | | | | |
| | | | | | | |
| NEW HAMPSHIRE | | | | | | |
| CONS-ED '05 Grant | 112,478.44 | 0.00 | 85,764.81 | 26,713.63 | 0.00 | 0.00 |
| E & T '05 Grant | 28,119.57 | 0.00 | 28,119.57 | 0.00 | 0.00 | 0.00 |
| CONS-ED '06 Grant | 308,879.00 | 0.00 | 0.00 | 203,139.71 | 0.00 | 105,739.29 |
| E & T '06 Grant | 70,113.00 | 0.00 | 0.00 | 50,784.93 | 0.00 | 19,328.07 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR NEW HAMPSHIRE | 519,590.01 | 0.00 | 113,884.38 | 280,638.27 | 0.00 | 125,067.36 |
| | | | | | | |
| | | | | | | |
| NEW JERSEY | | | | | | |
| E & T '05 Grant | 385,996.20 | 0.00 | 323,061.04 | 62,935.16 | 0.00 | 0.00 |
| CONS-ED '06 Grant | 822,338.91 | 0.00 | 0.00 | 535,419.92 | 0.00 | 286,918.99 |
| E & T '06 Grant | 218,145.00 | 0.00 | 0.00 | 147,634.14 | 6,011.64 | 64,499.22 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR NEW JERSEY | 1,426,480.11 | 0.00 | 323,061.04 | 745,989.22 | 6,011.64 | 351,418.21 |
| | | | | | | |
| | | | | | | |
| NEVADA | | | | | | |
| CONS-ED '04 Grant | 12,638.38 | 0.00 | 0.00 | 13,664.58 | 0.00 | (1,026.20) |
| E & T '04 Grant | 7,706.40 | 0.00 | 0.00 | 0.00 | 0.00 | 7,706.40 |

STATE GRANTS-1.2007...2.14.2007

| | | | | | | |
|------------------------|------------|-----------|-----------|------------|-------|------------|
| CONS-ED '05 Grant | 1,330.42 | 0.00 | 0.00 | 1,330.42 | 0.00 | 0.00 |
| E & T '02&'05 Grants | 11,237.60 | 10,000.00 | 0.00 | 0.00 | 0.00 | 1,237.60 |
| CONS-ED '06 Unassigned | 6,922.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6,922.00 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR NEVADA | 39,834.80 | 10,000.00 | 0.00 | 14,995.00 | 0.00 | 14,839.80 |
| | | | | | | |
| OHIO | | | | | | |
| E & T '04 Grant | 69,660.91 | 68,660.91 | 0.00 | 1,000.00 | 0.00 | 0.00 |
| E & T '02 & '05 Grants | 17,369.07 | 13,330.52 | 0.00 | 4,038.55 | 0.00 | 0.00 |
| CONS-ED '06 Grnt | 276,518.00 | 0.00 | 0.00 | 171,285.70 | 0.00 | 105,232.30 |
| E & T '06 Grant | 69,130.00 | 0.00 | 0.00 | 67,178.24 | 0.00 | 1,951.76 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR OHIO | 432,677.98 | 81,991.43 | 0.00 | 243,502.49 | 0.00 | 107,184.06 |
| | | | | | | |
| OREGON | | | | | | |
| CONS-ED '05 Grant | 16,504.32 | 0.00 | 16,504.32 | 0.00 | 0.00 | 0.00 |
| CONS-ED '06 Grant | 41,815.00 | 0.00 | 0.00 | 26,604.28 | 0.00 | 15,210.72 |
| E & T '06 Grant | 2,669.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,669.00 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR OREGON | 60,988.32 | 0.00 | 16,504.32 | 26,604.28 | 0.00 | 17,879.72 |

STATE GRANTS-1.2007...2.14.2007

| National Oilheat Research Alliance | | | | | | |
|---------------------------------------|--------------|------------|------------|--------------|-----------|------------|
| STATE GRANT STATUS | | | | | | |
| For the Month Ending January 31, 2007 | | | | | | |
| | | | | | | |
| | | Disbursed | Disbursed | Disbursed | Disbursed | |
| | APPROVED | in '04 | in '05 | in '06 | in '07 | REMAINING |
| PENNSYLVANIA | | | | | | |
| CONS-ED '05 Grant | 521,579.20 | 0.00 | 140,770.00 | 380,809.20 | 0.00 | 0.00 |
| E & T '05 Grant | 101,323.68 | 0.00 | 0.00 | 101,323.68 | 0.00 | 0.00 |
| CONS-ED - '06 Grant | 1,343,011.00 | 0.00 | 0.00 | 953,621.10 | 0.00 | 389,389.90 |
| E & T- '06 Grant | 336,076.00 | 0.00 | 0.00 | 200,000.00 | 0.00 | 136,076.00 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR PENNSYLVANIA | 2,301,989.88 | 0.00 | 140,770.00 | 1,635,753.98 | 0.00 | 525,465.90 |
| RHODE ISLAND | | | | | | |
| CONS-ED '05 Grant | 109,749.06 | 0.00 | 88,896.88 | 20,852.18 | 0.00 | 0.00 |
| E & T '05 Grant | 13,804.30 | 0.00 | 11,181.48 | 2,622.82 | 0.00 | 0.00 |
| R & D '06 Grant | 8,326.00 | 0.00 | 0.00 | 8,326.00 | 0.00 | 0.00 |
| CONS-ED '06 Grant | 212,485.00 | 0.00 | 0.00 | 211,975.00 | 0.00 | 510.00 |
| E & T '06 Grant | 112,237.00 | 0.00 | 0.00 | 87,377.18 | 0.00 | 24,859.82 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR RHODE ISLAND | 456,601.36 | 0.00 | 100,078.36 | 331,153.18 | 0.00 | 25,369.82 |
| VIRGINIA | | | | | | |
| E & T '03 Grant | 82,923.34 | 0.00 | 9,592.77 | 42,769.52 | 0.00 | 30,561.05 |
| CONS-ED '04 Grant | 380,777.08 | 323,711.67 | 18,063.08 | 39,002.33 | 0.00 | 0.00 |
| E & T '04 Grant | 95,194.27 | 52,176.91 | 17,172.36 | 0.00 | 0.00 | 25,845.00 |
| CONS-ED '05 Grant | 144,216.05 | 0.00 | 31,506.32 | 112,709.73 | 0.00 | 0.00 |
| E & T '02 & '05 Grant | 33,250.79 | 0.00 | 7,555.23 | 0.00 | 0.00 | 25,695.56 |
| CONS-ED '06 Grant | 373,276.00 | 0.00 | 0.00 | 260,805.41 | 0.00 | 112,470.59 |
| E & T '06 Grant | 84,731.00 | 0.00 | 0.00 | 0.00 | 0.00 | 84,731.00 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR VIRGINIA | 1,194,368.53 | 375,888.58 | 83,889.76 | 455,286.99 | 0.00 | 279,303.20 |
| VERMONT | | | | | | |
| CONS-ED '04 Grant | 192,660.00 | 117,110.17 | (580.16) | 0.00 | 0.00 | 76,129.99 |
| CONS-ED '05 Grant | 58,284.02 | 0.00 | 0.00 | 54,493.67 | 0.00 | 3,790.35 |
| CONS-ED '06 Grant | 139,233.00 | 0.00 | 0.00 | 131,368.42 | 0.00 | 7,864.58 |
| E & T '06 Grant | 79,346.21 | 0.00 | 0.00 | 79,346.21 | 0.00 | 0.00 |
| | ----- | ----- | ----- | ----- | ----- | ----- |

STATE GRANTS-1.2007...2.14.2007

| | | | | | | |
|-----------------------|------------|------------|-----------|------------|-------|-----------|
| TOTALS FOR VERMONT | 469,523.23 | 117,110.17 | (580.16) | 265,208.30 | 0.00 | 87,784.92 |
| | | | | | | |
| WASHINGTON | | | | | | |
| CONS-ED '04 Grant | 67,016.05 | 59,039.78 | 0.00 | 7,976.27 | 0.00 | 0.00 |
| CONS-ED '05 Grant | 26,359.56 | 0.00 | 18,100.00 | 8,259.56 | 0.00 | 0.00 |
| CONS-ED - '06 Grant | 65,531.20 | 0.00 | 0.00 | 32,718.17 | 0.00 | 32,813.03 |
| E & T - '06 Grant | 5,520.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,520.00 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR WASHINGTON | 164,426.81 | 59,039.78 | 18,100.00 | 48,954.00 | 0.00 | 38,333.03 |
| | | | | | | |
| WISCONSIN | | | | | | |
| CONS-ED '05 Grant | 24,091.68 | 0.00 | 19,514.26 | 4,577.42 | 0.00 | 0.00 |
| E & T '05 Grant | 8,033.07 | 0.00 | 0.00 | 8,033.07 | 0.00 | 0.00 |
| CONS-ED - '06 Grant | 86,595.71 | 0.00 | 0.00 | 58,019.13 | 0.00 | 28,576.58 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR WISCONSIN | 118,720.46 | 0.00 | 19,514.26 | 70,629.62 | 0.00 | 28,576.58 |
| | | | | | | |
| | | | | | | |

STATE GRANTS-1.2007...2.14.2007

| National Oilheat Research Alliance | | | | | | |
|---------------------------------------|--------------|--------------|------------|------------|-----------|------------|
| STATE GRANT STATUS | | | | | | |
| For the Month Ending January 31, 2007 | | | | | | |
| | | | | | | |
| | | Disbursed | Disbursed | Disbursed | Disbursed | |
| | APPROVED | in '04 | in '05 | in '06 | in '07 | REMAINING |
| ESPA (NEW YORK) | | | | | | |
| E & T '03 Grant | 62,200.80 | 58,114.00 | 0.00 | 4,086.80 | 0.00 | 0.00 |
| CONS-ED '04 Grant | 2,035,867.49 | 1,677,914.35 | 88,432.45 | 10,000.00 | 0.00 | 259,520.69 |
| E & T '04 Grant | 510,014.96 | 184,862.09 | 20,000.00 | 39,320.20 | 0.00 | 265,832.67 |
| CONS-ED '05 Grant | 554,988.30 | 0.00 | 45,171.75 | 374,696.00 | 0.00 | 135,120.55 |
| E & T '05 Grant | 353,160.90 | 0.00 | 211,328.00 | 0.00 | 0.00 | 141,832.90 |
| CONS-ED '06 Grant | 146,316.00 | 0.00 | 0.00 | 9,739.15 | 0.00 | 136,576.85 |
| E & T '06 Grant | 67,284.00 | 0.00 | 0.00 | 17,300.00 | 0.00 | 49,984.00 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR ESPA | 3,729,832.45 | 1,920,890.44 | 364,932.20 | 455,142.15 | 0.00 | 988,867.66 |
| NYOHA | | | | | | |
| CONS-ED '06 Grant | 706,785.00 | 0.00 | 0.00 | 319,120.60 | 9,786.26 | 377,878.14 |
| E & T '06 Grant | 81,956.00 | 0.00 | 0.00 | 45,686.33 | 0.00 | 36,269.67 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR NYOHA | 788,741.00 | 0.00 | 0.00 | 364,806.93 | 9,786.26 | 414,147.81 |
| EASTERN | | | | | | |
| CONS-ED '06 Grant | 157,659.00 | 0.00 | 0.00 | 0.00 | 0.00 | 157,659.00 |
| E & T '06 Grant | 92,593.00 | 0.00 | 0.00 | 92,593.00 | 0.00 | 0.00 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR EASTERN | 250,252.00 | 0.00 | 0.00 | 92,593.00 | 0.00 | 157,659.00 |
| WESTERN | | | | | | |
| CONS-ED '06 Grant | 95,856.00 | 0.00 | 0.00 | 0.00 | 0.00 | 95,856.00 |
| E & T '06 Grant | 27,036.00 | 0.00 | 0.00 | 0.00 | 0.00 | 27,036.00 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR WESTERN | 122,892.00 | 0.00 | 0.00 | 0.00 | 0.00 | 122,892.00 |
| CENTRAL | | | | | | |
| CONS-ED '06 Grant | 130,478.00 | 0.00 | 0.00 | 115,630.94 | 0.00 | 14,847.06 |
| E & T '06 Grant | 59,446.00 | 0.00 | 0.00 | 37,316.00 | 0.00 | 22,130.00 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR CENTRAL | 189,924.00 | 0.00 | 0.00 | 152,946.94 | 0.00 | 36,977.06 |

STATE GRANTS-1.2007...2.14.2007

| | | | | | | |
|--------------------------|---------------|--------------|--------------|--------------|-----------|--------------|
| HUDSON VALLEY | | | | | | |
| CONS-ED '06 Grant | 225,495.00 | 0.00 | 0.00 | 139,962.20 | 0.00 | 85,532.80 |
| E&T '06 Grant | 33,695.00 | 0.00 | 0.00 | 33,695.00 | 0.00 | 0.00 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR HUDSON VALLEY | 259,190.00 | 0.00 | 0.00 | 173,657.20 | 0.00 | 85,532.80 |
| | | | | | | |
| LONG ISLAND | | | | | | |
| '06 Grant - Unassigned | 41,298.00 | 0.00 | 0.00 | 0.00 | 0.00 | 41,298.00 |
| CONS-ED '06 Grant | 419,693.00 | 0.00 | 0.00 | 280,495.82 | 0.00 | 139,197.18 |
| E & T - '06 Grant | 162,406.00 | 0.00 | 0.00 | 109,510.51 | 0.00 | 52,895.49 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTALS FOR LONG ISLAND | 623,397.00 | 0.00 | 0.00 | 390,006.33 | 0.00 | 233,390.67 |
| | | | | | | |
| TOTALS FOR NY STATE | 5,964,228.45 | 1,920,890.44 | 364,932.20 | 1,629,152.55 | 9,786.26 | 2,039,467.00 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | | | | | | |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| TOTALS FOR REPORT | 19,495,331.59 | 3,094,635.96 | 1,932,542.62 | 9,598,471.12 | 15,797.90 | 4,853,883.99 |
| | ===== | ===== | ===== | ===== | ===== | ===== |



Logical Convergence of Heating Oil, XTL and Solar Thermal Energy

Richard Sweetser
Research and Market Transformation Director



On November 30th we Heard from Outsiders
About Energy

BIOHEAT

Presented by
Paul Sweetser
Director, Partnership Affairs
BIO ENERGY

HEADWATERS

Energy Security from Coal
Market Development Update for
Coal-to-Liquid Fuels Projects

John H. Ward
National Oilheat Research
Alliance Briefing
December 1, 2006

**Innovation in the
Home Building Industry**

Michael Luzier
President

Solar Thermal Home of the Future

For: The National
Oil Heat
Research Alliance
December 1, 2006
By: John Archibald
American Solar, Inc.

**Technological Baseline of Oil Heat and its Evolution in
the Future Energy Picture**

Tom Butcher
Brookhaven National Laboratory
December 2, 2006

eurofuel

European Oil Heating Policy Perspectives

NORA Convergence Meeting, Arlington VA,
1st December 2006

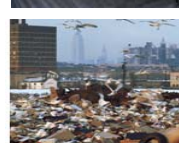
DESIGNS FOR MILITARY APPLICATIONS

Army Power and Energy System
Design Considerations
for the
21st Century Tactical Battlefield

John J. Minkley
RDE-CEC
"Technology to the warfighter's aid"



On December 1st we Discussed Among Ourselves
About Energy



A Bridge to a
Sustainable
Future

Efficiency
Renewables
Alternatives



The Result

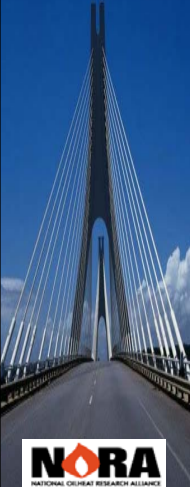

2007
Industry Strategic Plan
NATIONAL OILHEAT RESEARCH ALLIANCE




A Bridge to a Sustainable Future
Efficiency, Renewables,
Alternatives

A Bridge to a Sustainable Future

Efficiency
Renewables
Alternatives

The Result



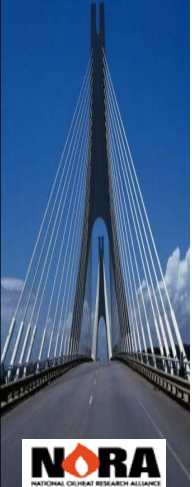

"THE OILHEAT INDUSTRY IS UNIQUELY POSITIONED TO DELIVER TO HOMEOWNERS, BUSINESSES AND INDUSTRY LIQUID FUELS AND FUEL BLENDS OF THE FUTURE. INVESTMENT IN THESE FUELS OF THE FUTURE WILL PLACE AMERICA IN THE FOREFRONT OF ENERGY SECURITY AND SUSTAINABILITY.

SUSTAINABLE LIQUID FUELS ARE ONE KEY ELEMENT OF OUR STRATEGIC PLAN TO PROVIDE THE INDUSTRY, ITS CUSTOMERS AND THE NATION AT LARGE WITH NEW AND EXCITING APPLIANCES, ENERGY SOLUTIONS, AND BUSINESS MODELS. WE ARE INDEED PLEASED TO OFFER OUR INDUSTRY'S VIEW OF THE FUTURE."

JAMES TOWNSEND, NATIONAL OILHEAT RESEARCH ALLIANCE CHAIR.

A Bridge to a Sustainable Future

Efficiency
Renewables
Alternatives

The Plan

1. Executive Summary

The Oilheat industry is entering a period of transformation that will allow it to grow. The industry faces a wealth of opportunities and challenges. Globalization, energy deregulation, environmental issues, and new technologies require that Oilheat companies reevaluate their existing business strategies. New business models will be required for future success and survival. In particular, the Oilheat industry must forge strategic alliances to position itself for market success by providing innovative products and services, offering unique technology solutions, delivering superior value to customers, setting new standards of efficiency and environmental protection, and maintaining competition and profitability.

Strategic Goals

The Oilheat industry has identified five strategic goals that are critical to achieving its vision. The goals respond to the trends and drivers shaping energy markets and to the needs of customers, shareholders, and the public.

Technology Growth

- Fuel Pathway
- Core Technology Pathway
- New Technology Pathway

Business Model Transformation for the Future

- Increasing the variety and quality of Oilheat services for the existing customer base
- Reduce operating and other costs
- Transformation for the future: i.e. the internet

Public Policy and Regulatory Improvement


- Improve Energy Efficiency Rating Standards
- Tax incentives to encourage change outs of existing boilers, furnaces and storage tanks
- Tax incentives to encourage ULS and XTL fuels
- International collaboration and technology sharing

Public Awareness

- Policy makers, media, manufacturers, dealers and consumers need to understand and support the industry's Strategic Vision.



Strategic Alliances

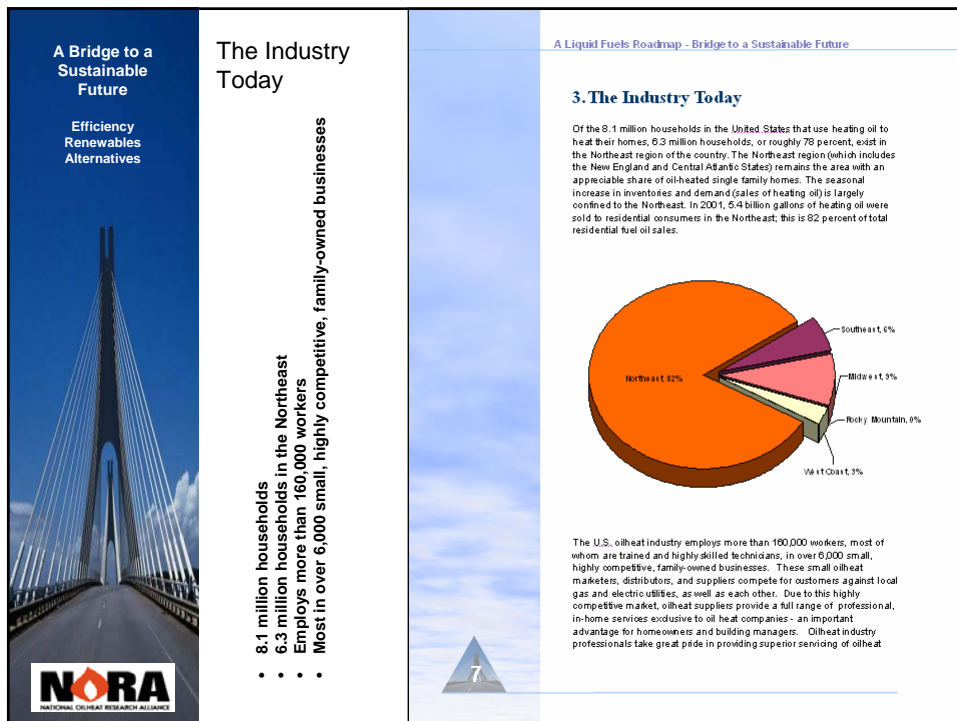
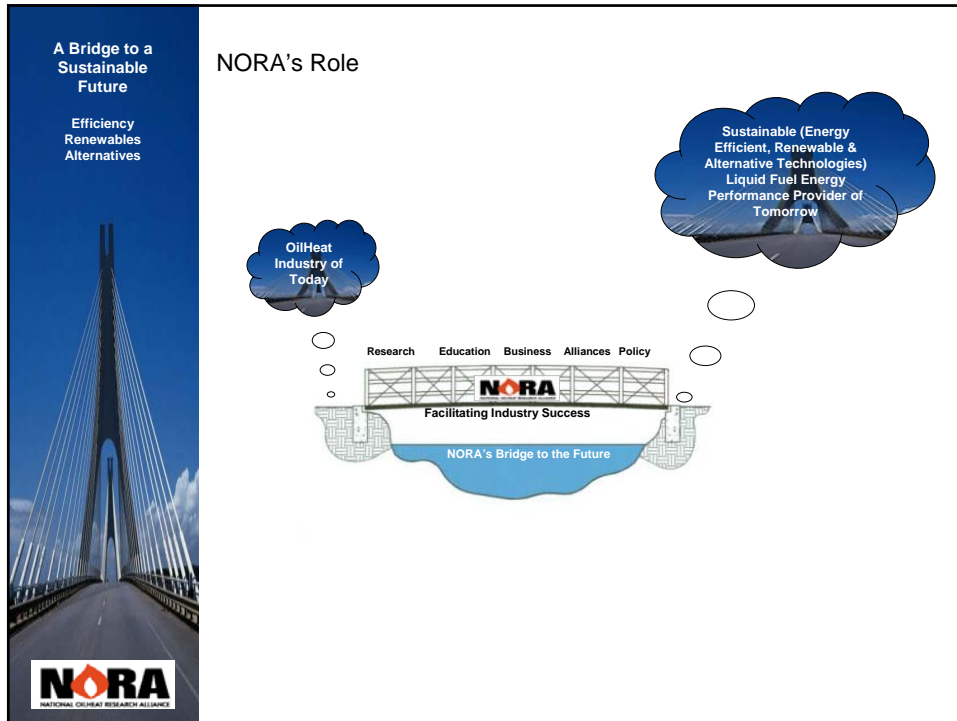
- Strengthen alliances that support the industry vision



Bioenergy is a means to heat our homes, to fuel our vehicles, to power our factories



James Townsend, former head of the Central Intelligence Agency



A Bridge to a Sustainable Future

Efficiency
Renewables
Alternatives

The Industry Today

The oilheat industry historically markets a commodity over which it has limited control - of the source, quality, price, and availability.


The industry has managed to be a clean, cost-efficient supplier of premium indoor comfort to over 8 million homes in the United States, but it has seen continuous erosion of market share since 1960.

equipment. Whether it is the middle of the night or in below-freezing temperatures, servicemen are always available to diagnose and fix problems. Building on this customer service philosophy, the oilheat industry is striving to maintain and build their market share, as well as move into new niche markets.

Historically, the chemical nature of heating oil in atmospheric combustion has yielded a long-standing efficiency advantage over propane and natural gas in the same types of equipment. Furthermore, electricity was expensive for heating and the moderate air temperature supplied by heat pumps is not perceived as being comfortable. Oil for heating was part of a larger world oil market, which established heating oil as a cheap source of energy in its core markets.

Today's energy markets are quite different. Fuel price volatility provides continuing price shocks at the gas pump, as well as, for home energy such as heating and air conditioning bills. Technology has also changed with natural gas and propane condensing furnaces and boilers providing increased efficiency. As a result these competing condensing gas heating appliances have claimed the efficiency high ground. Heat pumps have responded to some of the comfort challenges and ground source heat pumps are considered state-of-the-art technology. Oil's natural price advantage has declined and the future poses many questions.



The oilheat industry is at a critical turning point. It historically markets a commodity over which it has limited control - of the source, quality, price, and availability. The industry has managed to be a clean, cost-efficient supplier of premium indoor comfort to over 8 million homes in the United States, but it has seen continuous erosion of market share since 1960.



Declining Oilheat Residential Market Share

A Bridge to a Sustainable Future

Efficiency
Renewables
Alternatives

The Rise of Alternatives

BLUETEC

Enter the 2007 Mercedes-Benz C320 Bluetec, an E-Class sedan powered by the cleanest-burning diesel engine in the world - clean enough to certify it in all 50 states.

ULTRA-LOW SULFUR HIGHWAY DIESEL FUEL
(15 ppm Sulfur Maximum)

Required for use in all model year 2007 and later highway diesel vehicles and engines.

Recommended for use in all diesel vehicles and engines.

New Liquid Fuel Blends

A Liquid Fuels Roadmap - Bridge to a Sustainable Future

4. Key Trends and Drivers

Fuel Oil in Transition

Enter the 2007 Mercedes-Benz C320 Bluetec, an E-Class sedan powered by the cleanest-burning diesel engine in the world - clean enough to certify it in all 50 states.

The advent of Ultra Low Sulfur (ULS) Fuel is revolutionizing the auto industry. Diesels are 30 percent more efficient than gas engines, and unlike gas-electric hybrids, which get better fuel economy in city driving, diesels are equally efficient on the highway.

"This really, I think, is a whole new direction this market can take," DaimlerChrysler's chairman and chief executive, Dr. Dieter Zetsche, said at the North American International Auto Show. DaimlerChrysler says Bluetec [ULS Diesel and SCR catalyst] is so clean it can meet emissions regulations in all 50 states, including California, Massachusetts, Maine, New York and Vermont - where diesels aren't currently sold because they can't meet emissions standards.

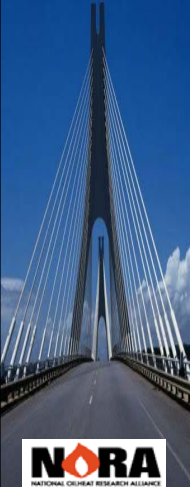
Heating oil exhibits similar dramatic emissions reductions when sulfur is removed. ULS Diesel will become the transportation standard diesel fuel in 2009/2010. This will offer the Oilheat industry an opportunity to begin a transition toward economically providing clean heating solutions and provide consumers an easy link between their car and heating system.

Liquid Fuels of the Future - BTL, GTL, WTL & CTL.

Crude oil is not the only source of fuel oil. Biodiesel, which is produced from oil-producing plants such as oilseed rape and soy, opens up yet another option for using diesel fuel derived from a renewable resource. Using gasification processes conducted in a targeted manner, synthetic fuel oil can be made from biomass waste matter; experts refer to this as BTL (biomass-to-liquid) fuels. Natural gas, which today is usually burned off unused in the offshore extraction of crude oil, could be used in the production of GTL (gas-to-liquid) fuels. Even solid waste can deliver a form of synthetic crude oil WTL (waste-to-liquid). Finally, the nation's most abundant energy resource - coal - can produce synthetic fuel oil using gasification processes delivering CTL (coal-to-liquid) fuels.

A Bridge to a Sustainable Future

Efficiency
Renewables
Alternatives



NORA
NATIONAL OILHEAT RESEARCH ALLIANCE

Energy Efficiency & Bioenergy

Household energy efficiency is projected to increase which will lead to a continued reduction of heating and hot water fuel use.

It is clear that increasing energy use opportunities for liquid fuels and expanding business opportunities for oil dealers is essential for the future.

BIOHEAT

Bioenergy has captured the attention of Congress and the media too. The industry fully supports the move toward B2-5 fuels and after full regulatory approval for B-5 will initiate research on higher blends.

The oilheat industry is uniquely positioned to deliver to American homeowners, businesses and industry, the liquid fuels and fuel blends of the future. Investment in these fuels of the future will place America in the forefront of energy security and sustainability.

Energy Efficiency and Home Fuel Use

The graph at the right is from DOE's Buildings Energy Data Book on Residential Sector Energy Consumption.

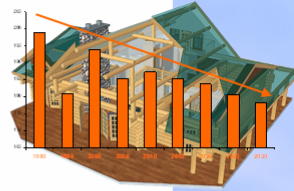
Household energy efficiency is projected to increase which will lead to a continued reduction of heating and hot water fuel use.

It is clear that increasing energy use opportunities for liquid fuels and expanding business opportunities for oil dealers is essential for the future.


The Rising Importance of Bioenergy

The Biodiesel industry is growing at an exciting pace. In 1999 there were 600,000 gallons of Biodiesel produced in America and in 2005 this jumped to 75 million gallons. This year there are 88 Biodiesel plants in production 88 plants with a capacity of 580 million gallons exist, ramping up to 151 total plants with capacity of 1,080 billion gallons. Anticipated sales are expected to reach 400 million in 2007, 1.0 billion in 2010, with capacity of 2.0 billion available.


Senator Joe Lieberman honored Devine Brothers Inc. and Energy Inc. as Joe's Heroes for their pioneering use of an alternative home heating oil blend that combines conventional oil with biofuel. These two Connecticut companies are the only two in the state that supply a biofuel blend for home heating purposes. Biofuel is made from treated soybean oil blended with conventional home heating oil at a ratio of 5% biofuel, 95% heating oil to produce alternative home heating oil that can be burned in a conventional oil furnace without any equipment.



Residential Energy Use per Home 1980 - 2030



Santa

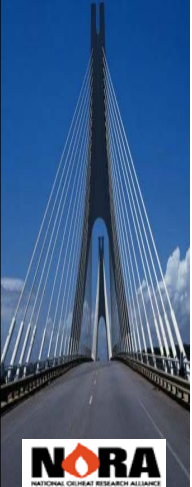


Santa Energy
Bridgeport, CT

10

A Bridge to a Sustainable Future

Efficiency
Renewables
Alternatives



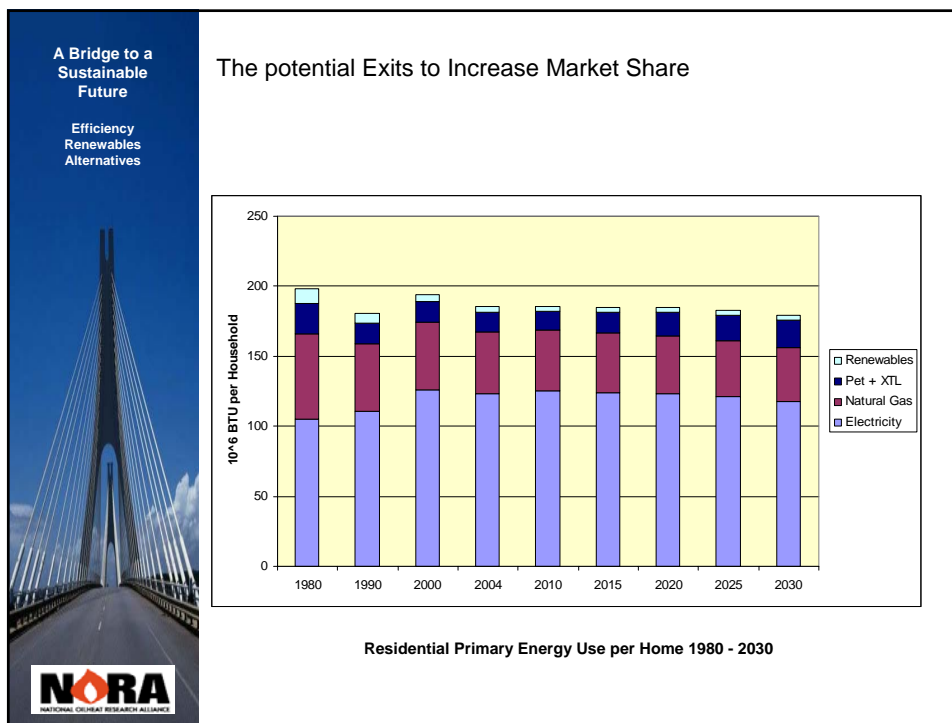
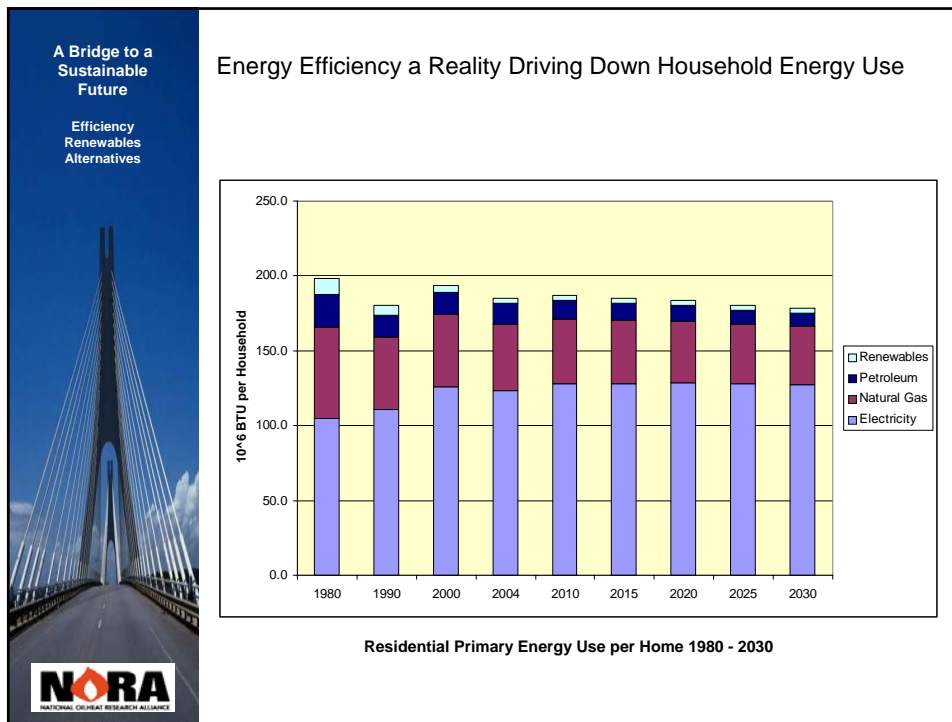
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NATIONAL OILHEAT RESEARCH ALLIANCE

2004 Heating Oil Market Share

| | Natural Gas | Fuel Oil (1) | LPG | Other | Renew. Energy | Primary Electric | Primary Total | Percent |
|---------------------|-------------|--------------|-------------|-------------|---------------|------------------|---------------|-------------|
| Space Heating (5) | 4.70 | 1.13 | 0.29 | 0.21 | 0.41 | 2.19 | 8.94 | 23.2% |
| Lighting | | | | | | 6.79 | 6.79 | 17.6% |
| Space Cooling | 0.01 | | | | | 4.19 | 4.20 | 10.9% |
| Water Heating | 1.69 | 0.19 | 0.05 | | 0.05 | 1.77 | 3.75 | 9.7% |
| Refrigeration (6) | | | | | | 2.78 | 2.78 | 7.2% |
| Electronics (7) | | | | | | 2.05 | 2.05 | 5.3% |
| Cooking | 0.47 | | 0.03 | | | 0.81 | 1.31 | 3.4% |
| Wet Clean (8) | 0.07 | | | | | 0.96 | 1.03 | 2.7% |
| Ventilation (9) | | | | | | 1.01 | 1.01 | 2.6% |
| Computers | | | | | | 0.66 | 0.66 | 1.7% |
| Other (10) | 0.37 | 0.02 | 0.27 | 0.05 | 0.09 | 1.81 | 2.61 | 6.8% |
| Adjust to SEDS (11) | 0.80 | 0.22 | | | | 2.32 | 3.33 | 8.7% |
| Total | 8.13 | 1.57 | 0.63 | 0.26 | 0.55 | 27.33 | 38.46 | 100% |

1) Includes (1.45 quad) distillate fuel oil and (0.12 quad) residual fuel oil.

1.45 quads / 38.46 quads = 3.8% primary energy of the building



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The Industry's Vision for the Future

By 2012, the industry will establish B5 Bioheat™ as the fuel of choice where clean, renewable, affordable, safe, and reliable energy is required. The industry will capitalize on Bioheat's distinct advantage as a portable fuel to provide customers with exceptional service, value, and flexibility. The industry will be recognized as the bridge to the energy future where Gas-to-Liquids, Bio-to-Liquids, Waste-to-Liquids and Coal-to-Liquids will offer America domestic sustainability for centuries to come. The Oilheat industry will be acknowledged as highly customer focused, reliable, innovative, progressive, and environmentally friendly. Oilheat companies will set new standards of customer service within the energy industry that others will strive to achieve.

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Strategic Goals

- **Technology Growth**
 - Fuel Pathway
 - Core Technology Pathway
 - New Technology Pathway
- **Business Model Transformation for the Future**
 - Increasing the variety and quality of Oilheat services for the existing customer base
 - Reduce operating and other costs
 - Transformation for the future: i.e. the internet
- **Public Policy and Regulatory Improvement**
 - Improve Energy Efficiency Rating Standards
 - Tax incentives to encourage change outs of existing , boilers, furnaces and storage tanks
 - Tax incentives to encourage ULS and XTL fuels.
 - International collaboration and technology sharing
- **Public Awareness**
 - Policy makers, media, manufacturers, dealers and consumers need to understand and support the Industry's Strategic Vision.
- **Strategic Alliances**
 - Strengthen alliances that support the industry vision

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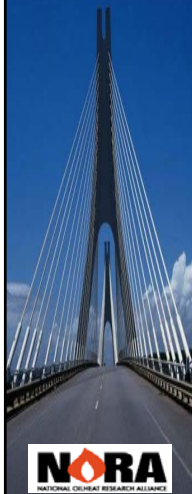
Portfolio 5-Year Investment Plan

- Industry investment is required to improve core technologies and business practices through cost effectively increasing energy efficiency, increase utilization of lower sulfur fuel as economic factors provide consumer acceptance and enhance energy service capabilities of the industry.
- The portfolio further includes a significant technological and business shift toward:
 - new sustainable liquid fuels
 - cost effective, 90+, ultra-high efficiency systems
 - new technologies and applications
 - and whole system, energy service practices
 - The research portfolio ranges between three to four million dollars per year during the five-year planning period.

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Fuel Pathway | \$500 | \$750 | \$750 | \$500 | \$500 |
| Core Technology Pathway | \$1,000 | \$1,000 | \$1,000 | \$500 | \$500 |
| New Technology Pathway | \$1,500 | \$2,000 | \$2,000 | \$2,000 | \$2,000 |
| Annual Research Investment | \$3,000 | \$3,750 | \$3,750 | \$3,000 | \$3,000 |

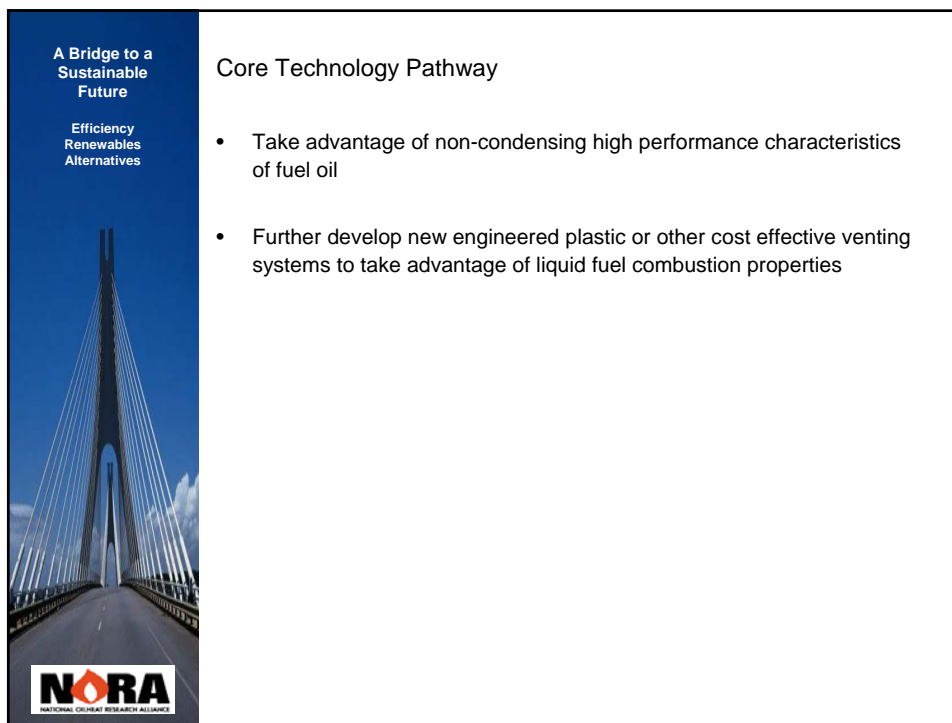
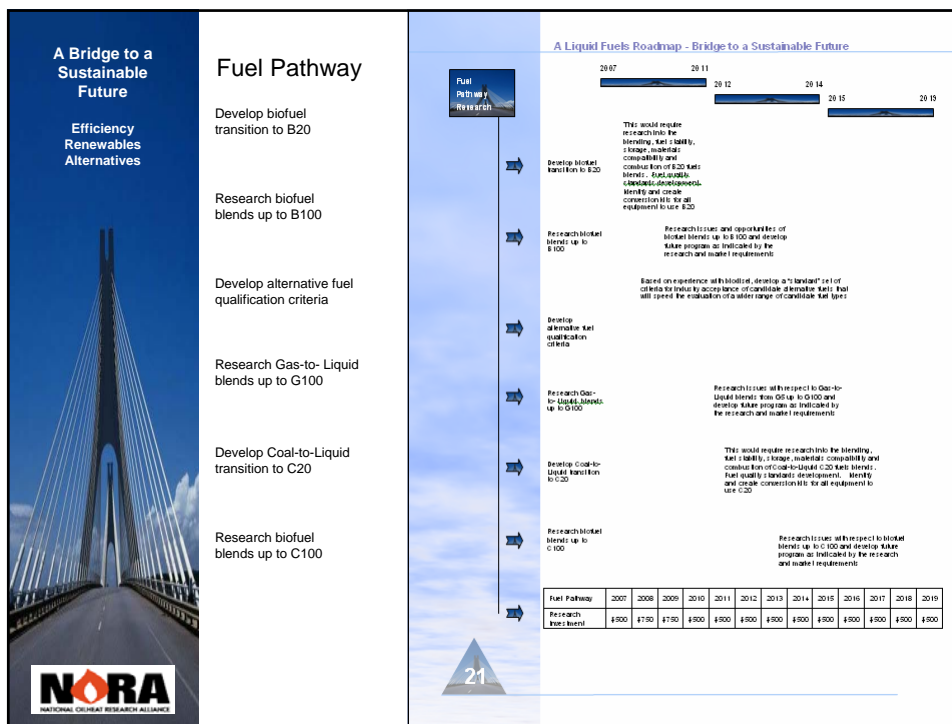
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Future

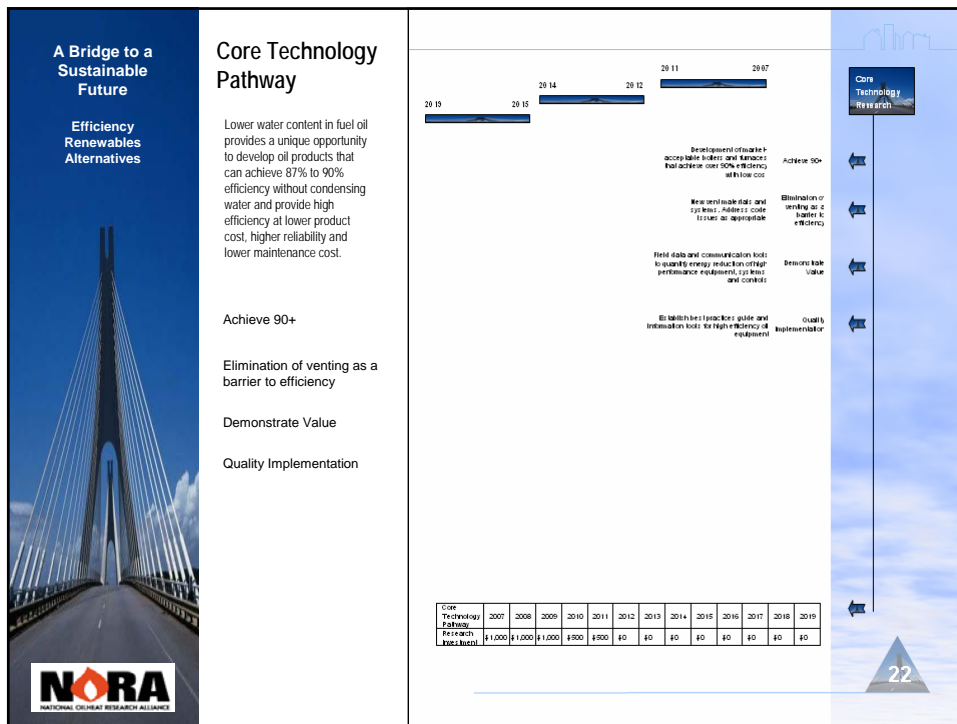
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Fuel Pathway


- Develop biofuel transition to B20
- Develop B20, CTL20 (Coal-to- Liquid), GTL20 (Gas-to- Liquid) transitions at the right time
- Identify and create conversion kits for all equipment to use (B20, CTL20, GTL20)





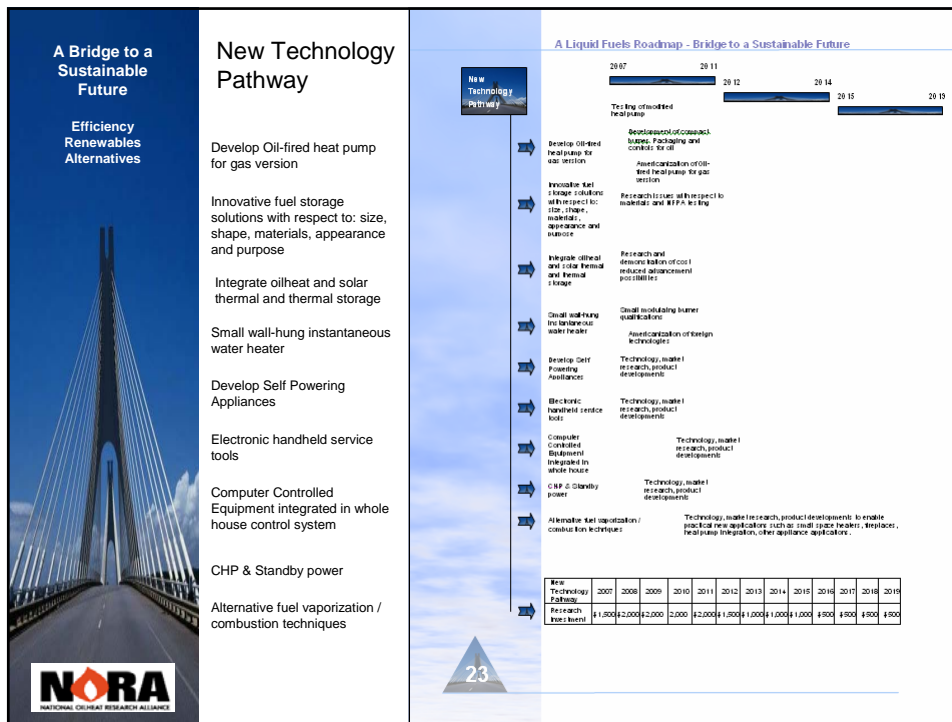
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New Technology Pathway

- The advent of clean and sustainable fuels opens the door to apply these new fuels to a broader base of end-use technologies.
 - Oil-fired heat pump
 - Innovative fuel storage solutions with respect to: size, shape, materials, appearance and purpose
 - Integrate oilheat and solar thermal and thermal storage
 - Small wall-hung instantaneous water heater
 - Ancillary products: patio heaters, fireplaces, etc.
 - Electronic handheld service tools
 - Self Powering Appliances
 - Computer Controlled Equipment integrated in whole house control system
 - Combined Heat and Power systems
 - Standby Electric Generation



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Business Model Transformation for the Future

- Household energy efficiency is projected to continue to increase which will mean a continued reduction of heating and hot water fuel use. It is clear that increasing energy use opportunities for liquid fuels and expanding business opportunities for oil dealers is essential for the future.
- Increasing the variety and quality of Oilheat services for the existing customer base
- Reduce operating and other costs
- The Internet is rapidly increasing the speed of information exchange, changing the way business is conducted, and reshaping how products and services are delivered. Energy services are no exception. Consumers will use the Internet to choose energy services and specific sources of supply. Prices will become transparent to consumers and brand recognition may become more important for marketing purposes.

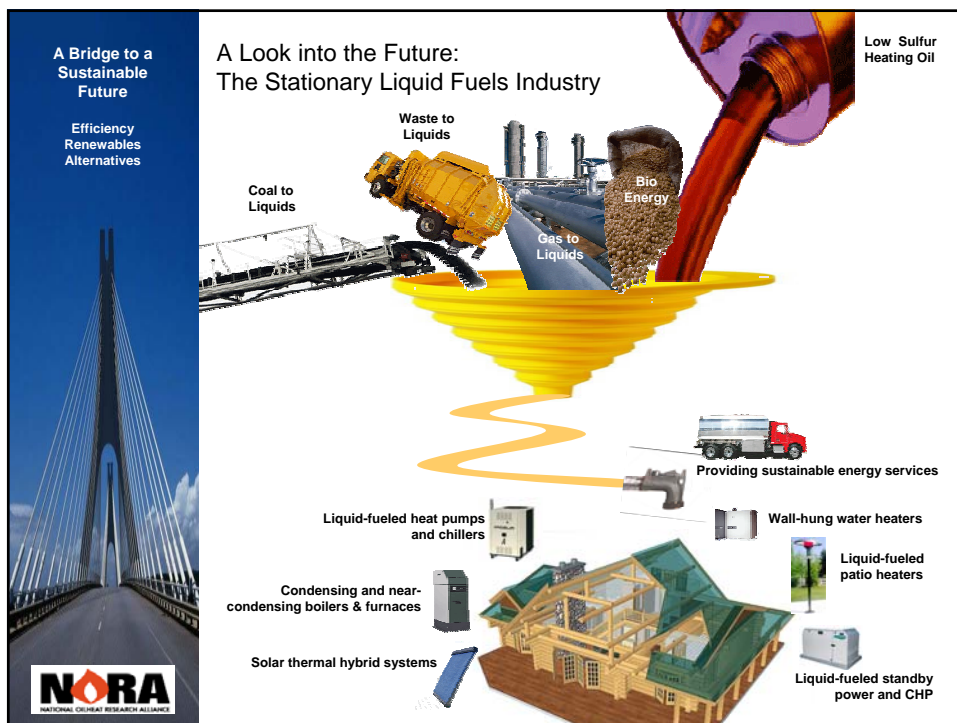
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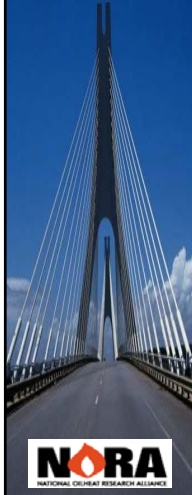
Public Policy and Regulatory Improvement

- The liquid fuels industry must increase collaboration in areas of mutual benefit and create standards and regulations that properly present the energy efficiency and economic impact of heating and cooling appliances. The industry must take advantage of all the resources available to it, including government and international programs. Specific priorities include:
 - **Improve Energy Efficiency Rating Standards**
 - **Tax incentives to encourage change out of existing oil-fired boilers and furnaces with new oil-fired boilers and furnaces**
 - **Tax incentives to encourage change out of existing in-ground storage tanks**
 - **Tax incentives to encourage ULS and XTL fuels.**
 - **International collaboration and technology sharing**



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Imagine the Industry's Future

Where

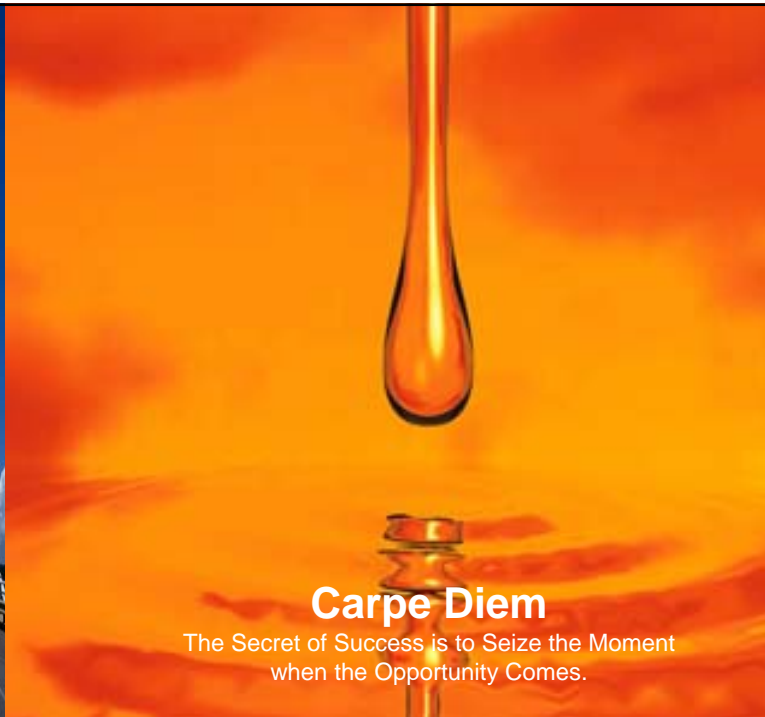
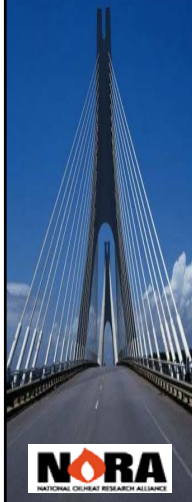
- households will use less oil for heating
- but, will use oil for energy needs other than just heating, and
- a portion of the oil will be renewable

and where Oilheat

- contributes to reducing dependence on imported oil
- helps reduce Greenhouse Gas Emissions
- is the residential energy leader
- is the Most Environmentally Friendly Home Fuel

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Carpe Diem

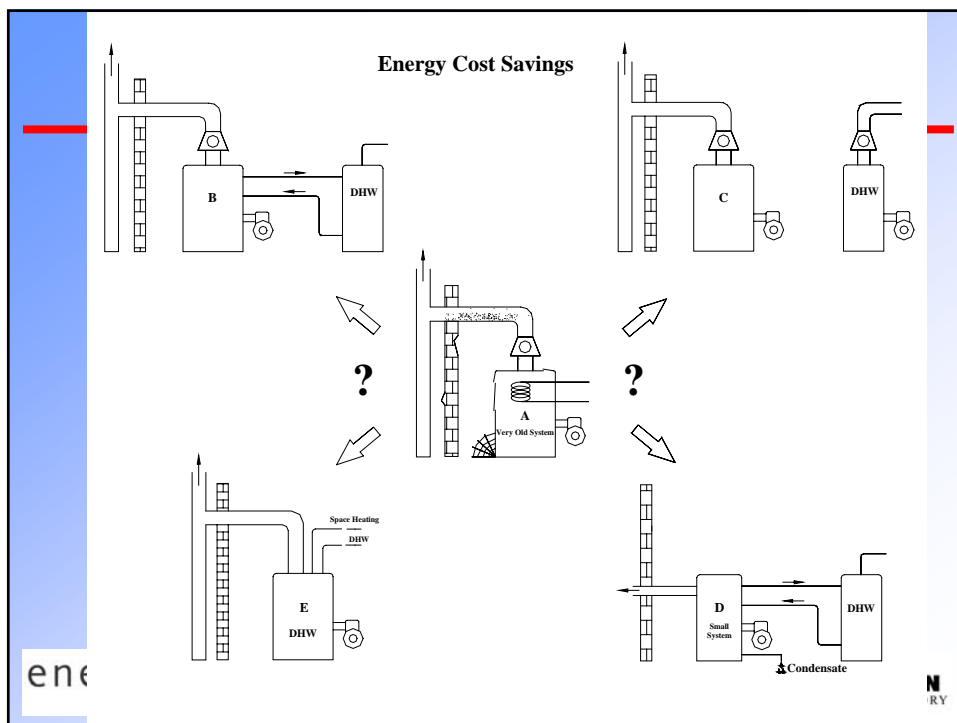
The Secret of Success is to Seize the Moment
when the Opportunity Comes.

The Performance of Integrated Hydronic Heating Systems

Tom Butcher

National Oilheat Research Alliance
Board of Directors Meeting
February 27, 2007

Dr. Thomas A. Butcher
Building 526
Brookhaven National Laboratory
Upton, N.Y. 11973
Tel. (631) 344 7916
butcher@bnl.gov



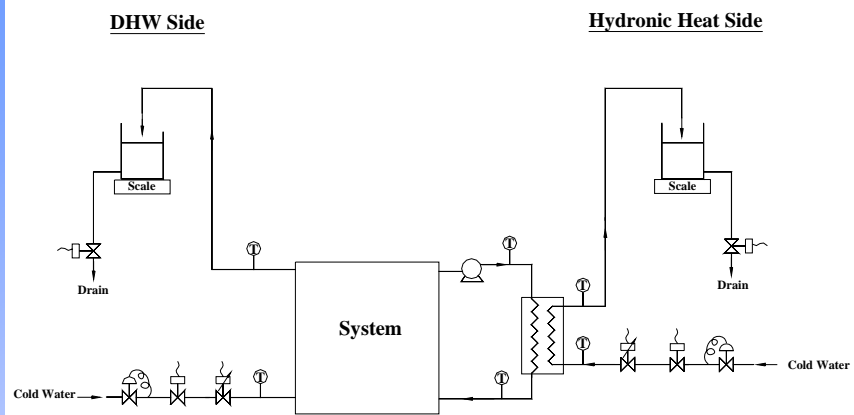
Objectives

- Compare annual fuel use of different combination systems
- Systems to include boilers, water heaters, storage tanks and control concepts. Oil and gas –fired.
- Impact of oversize decisions
- Consideration of jacket and near-boiler piping losses, location dependent
- Consideration of electric power
- Understanding sources of losses

Units planned for tests

1. Cast iron, oil-fired boiler, severely oversized, fixed temperature, tankless coil
2. Cast iron, oil-fired boiler, slightly oversized, with indirect tank
3. Cast iron, oil-fired boiler, slightly oversized, with indirect tank, with outdoor reset control
4. Cast iron, oil-fired, well-insulated boiler with indirect tank
5. Steel, oil-fired, thermally purgable control with indirect tank
6. Water heater - dual use, oil-fired
7. Combi-system, oil-fired
8. Condensing oil boiler
9. Cast iron, gas-fired with atmospheric burner, heat only, with outdoor reset
10. Cast iron, gas-fired with atmospheric burner, boiler and separate water heater
11. Old boiler removed from field
12. Modulating, condensing gas boiler

Test Arrangement



e

EN
LABORATORY

IR-2

BROOKHAVEN NATIONAL LABORATORY

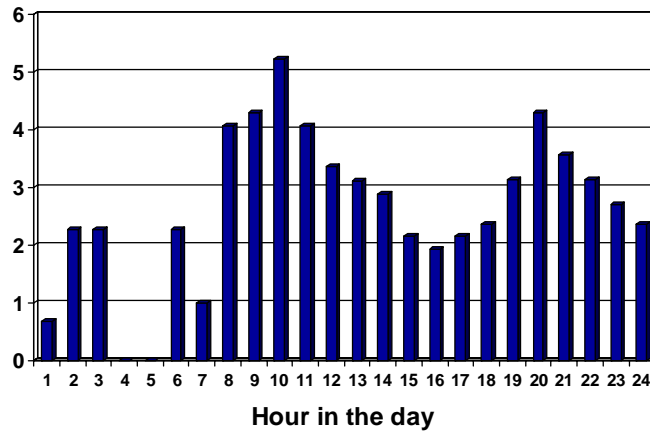
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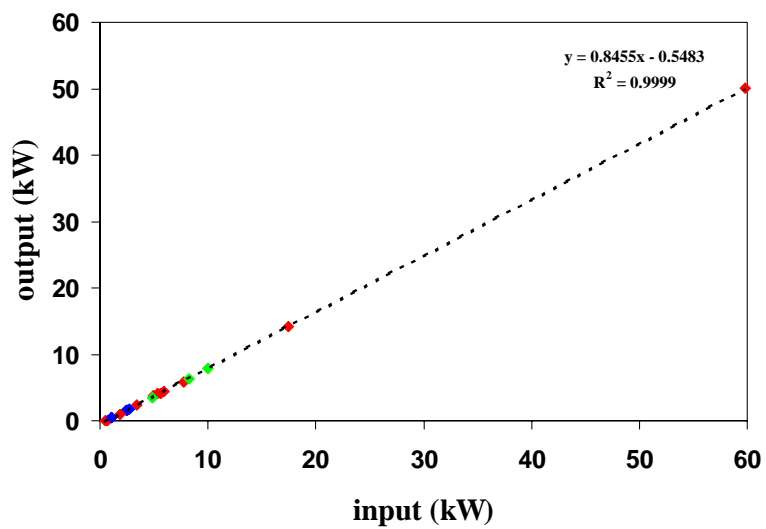
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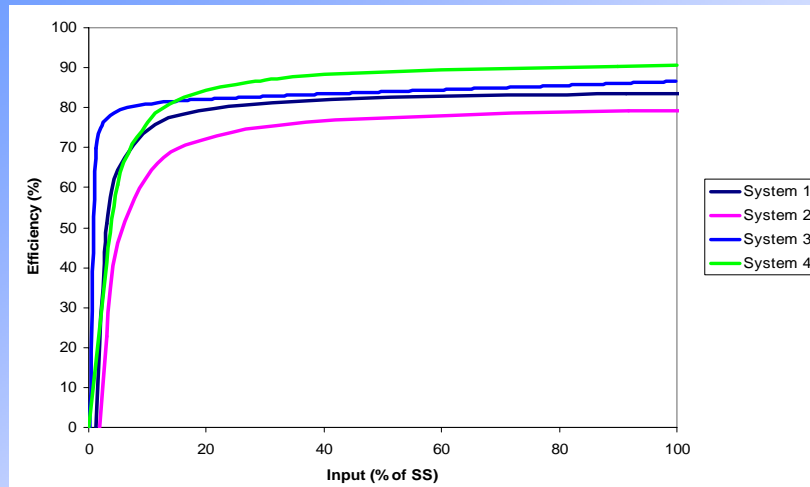
Daily distribution of hot water use (Gallons/hour)



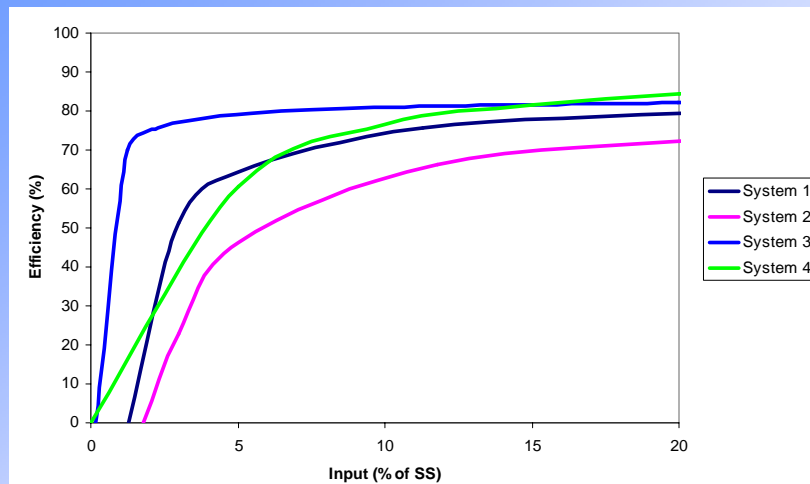
CI boiler with tankless coil



Comparison of four systems



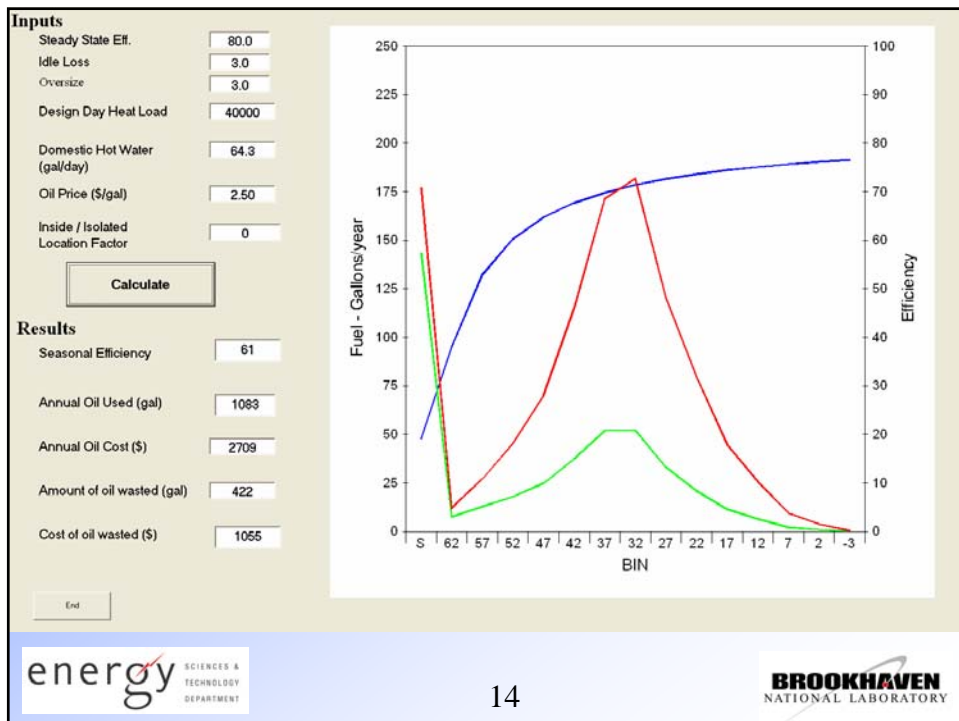
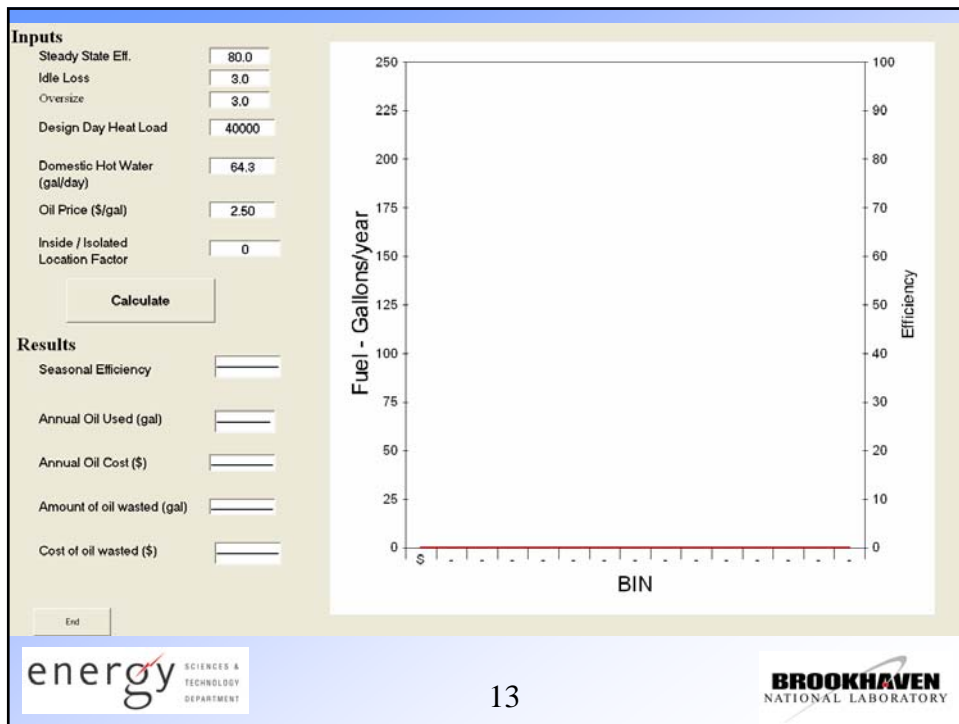
Comparison of four systems



Systems Tested

| Number | Fuel | System |
|--------|------|---|
| 1 | Oil | Cast iron boiler with tankless |
| 2 | Oil | Cast iron boiler with indirect |
| 3 | Oil | Steel boiler with indirect and thermal purge |
| 4 | Oil | Condensing boiler with indirect |
| 5 | Oil | Well insulated cast iron boiler with indirect |
| 6 | Oil | Water heater used for space heating and DHW |
| 7 | Oil | Combi-system |
| 8 | Gas | Atmospheric with tankless |
| 9 | Gas | Atmospheric water heater |
| 8+9 | Gas | Gas boiler + water heater |
| 10 | Oil | Old Cast iron boiler |
| 11 | Gas | Modulating, condensing |

| Number | Fuel | System | Thermal Efficiency | Idle Loss |
|--------|------|---|--------------------|-----------|
| 4 | Oil | Condensing boiler with indirect | 92 | 1.5 |
| 5 | Oil | Well insulated cast iron boiler with indirect | 87.5 | 0.6 |
| 3 | Oil | Steel boiler with indirect and thermal purge | 86.5 | 0.15 |
| 1 | Oil | Cast iron boiler with tankless | 83.7 | 1.2 |
| 6 | Oil | Water heater used for space heating and DHW | 81.5 | 1.2 |
| 7 | Oil | Combi-system | 79.5 | 0.8 |
| 2 | Oil | Cast iron boiler with indirect | 78.4 | 2.1 |
| 9 | Gas | Atmospheric water heater | 74 | 0.65 |
| 10 | Oil | Old Cast iron boiler | 73.8 | 2 |
| 8 | Gas | Atmospheric with tankless | 72.5 | 1.7 |



| Number | Fuel | System | Thermal Efficiency | Idle Loss | Ann. Eff. |
|--------|------|---------------------------|-----------------------|--------------|--------------|
| 3 | Oil | Steel / Thermal Purge | 86.5 | 0.15 | 85.7 |
| 5 | Oil | Well Insulated / Indirect | 87.5 | 0.6 | 84.2 |
| 4 | Oil | Condensing / Indirect | 92 | 1.5 | 83.7 |
| 1 | Oil | CI with Tankless | 83.7 | 1.2 | 77.6 |
| 6 | Oil | Water Heater | 81.5 | 1.2 | 75.5 |
| 7 | Oil | Combi-system | 79.5 | 0.8 | 75.4 |
| 2 | Oil | CI with Indirect | 78.4 | 2.1 | 69.8 |
| 9 | Gas | Blr + WH | | | 66.6 |
| 10 | Oil | Old | 73 | 2 | 66.1 |
| 8 | Gas | Atmospheric w coil | 72.5 | 1.7 | 65.2 |

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BROOKHAVEN NATIONAL LABORATORY

| Number | Fuel | System | Thermal Efficiency | Idle Loss | Ann. gal |
|--------|------|---------------------------|-----------------------|--------------|-------------|
| 3 | Oil | Steel / Thermal Purge | 86.5 | 0.15 | 816 |
| 5 | Oil | Well Insulated / Indirect | 87.5 | 0.6 | 827 |
| 4 | Oil | Condensing / Indirect | 92 | 1.5 | 830 |
| 1 | Oil | CI with Tankless | 83.7 | 1.2 | 895 |
| 6 | Oil | Water Heater | 81.5 | 1.2 | 921 |
| 7 | Oil | Combi-system | 79.5 | 0.8 | 923 |
| 2 | Oil | CI with Indirect | 78.4 | 2.1 | 1005 |
| 9 | Gas | Blr + WH | | | 1060 |
| 10 | Oil | Old | 73 | 2 | 1064 |
| 8 | Gas | Atmospheric w coil | 72.5 | 1.7 | 1065 |

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BROOKHAVEN NATIONAL LABORATORY

Old Oil Upgrade

| Number | Fuel | System | Thermal Efficiency | Idle Loss | % Savings |
|--------|------|---------------------------|--------------------|-----------|-----------|
| 3 | Oil | Steel / Thermal Purge | 86.5 | 0.15 | 23.3 |
| 5 | Oil | Well Insulated / Indirect | 87.5 | 0.6 | 22.3 |
| 4 | Oil | Condensing / Indirect | 92 | 1.5 | 22.0 |
| 1 | Oil | CI with Tankless | 83.7 | 1.2 | 15.9 |
| 6 | Oil | Water Heater | 81.5 | 1.2 | 13.4 |
| 7 | Oil | Combi-system | 79.5 | 0.8 | 13.3 |
| 2 | Oil | CI with Indirect | 78.4 | 2.1 | 5.5 |
| 9 | Gas | Blr + WH | | | 0.4 |
| 10 | Oil | Old | 73 | 2 | 0.0 |
| 8 | Gas | Atmospheric w coil | 72.5 | 1.7 | -0.1 |

Next

- Modulating gas boiler
- Report
- Communication piece
- Water heater – STAC
- Additional lab studies and field verification
- Standards support

RESOLUTION G-1

Oil Heat Comfort Corp. Inc. has submitted a grant application to cover 2006 Consumer Education. This grant has been reviewed and was found to provide sufficient detail to meet the requirements of the law, that there is commitment to comply with the title in using the requested funds, that the grant has been made public and not received adverse comments, and will directly benefit the Oilheating industry.

Be it therefore resolved: That the NORA Board approved a grant to the Oil Heat Comfort Corp. Inc. for \$36,186, of which \$41,298.00 will be used for consumer education. This sum includes an administrative fee within the Board specified amount.

Resolution A1

National Oilheat Research Alliance from its inception has considered the state associations to be one of the strongest forces in the Oilheat industry and the effective use of their resources will help advance the goals of NORA.

The Board in compliance with the internal budget adjustments has decided to approve this grant.

Resolved: The grant request identified as RD-06-CT-001 is hereby decreased from \$54,709.00 to \$00.00 and that the grant request identified as CE-06-CT-001 is hereby increased by \$54,709.00.

Be it further resolved: That the President of NORA enters into a contract with the grant application identified in the grant application to effectuate the purpose of the grant.

THIS IS A SPECIAL CLEARANCE OF CONSUMER ITEMS SHOWN BELOW FROM THE NORA PRODUCTS STORE. THE ITEMS ARE FREE OF CHARGE.

FORM effective
02-21-07

You can order as many of each of the items below as you'd like (while supplies last) as long as you prepay all shipping and handling charges. Select the item(s) you want, and indicate how many PACKS you want, not individual pieces. Each PACK contains 100 pieces.

Proceed to add up and compute your total as if you were paying for all items. Then compute handling rate as shown, and place in box on Line D. STOP. WRITE A CHECK FOR AMOUNT IN BOX D. ONLY AND MAIL WITH SHIPPING INFO. OR FAX FORM WITH CREDIT CARD INFO. TO 1-866-924-1200.

NO. OF PACKS TOTAL \$ DUE PER ITEM

CONSUMER DIRECT ITEMS

These six consumer information items are designed to assist Oilheat dealers in communicating to customers, while emphasizing the value of Oilheat as a home energy resource.

This is a screen resolution PDF. For better visibility, visit www.norastore.org and link to consumer products. (Do not order via the Internet if you want the items free of charge. Shipping and handling must be prepaid.)

| | | | |
|---|--|--------|--|
|  | <input type="checkbox"/> NORA-ES "EFFICIENCY" STATEMENT STUFFER. EXPLAINS WHY IT'S IMPORTANT TO MANAGE HIGH HEATING COSTS. (PAIR OF 100) | \$3.00 | |
|  | <input type="checkbox"/> NORA-B "BUDGET" STATEMENT STUFFER. TELLS CUSTOMERS WHY IT'S IMPORTANT TO MANAGE HIGH HEATING COSTS. (PAIR OF 100) | \$3.00 | |
|  | <input type="checkbox"/> NORA-EP "EFFICIENCY" POST CARD. EXPLAINS THE COST-SAVING BENEFITS OF OILHEAT. (PAIR OF 100) | \$3.00 | |
|  | <input type="checkbox"/> NORA-CP "CONSERVATION" POST CARD. PROMOTES THE ADVANTAGES OF OILHEAT. (PAIR OF 100) | \$3.00 | |
|  | <input type="checkbox"/> NORA-BDH "BUDGET" DOOR HANGER. TELLS CUSTOMERS WHY IT'S IMPORTANT TO MANAGE HIGH HEATING COSTS. (PACK OF 100) | \$4.00 | |
|  | <input type="checkbox"/> NORA-QAB "Q&A" BROCHURE. ANSWERS TO THIS SEASON'S MOST COMMON CONSUMER QUESTIONS ABOUT ENERGY COSTS AND WAYS TO CONSERVE. | \$4.00 | |

CLEARANCE ITEMS: Add up your total; show here in box and complete form below up to and including Line D.

Please Note: Orders shipped outside the Continental USA may be subject to additional shipping costs and will be charged accordingly.

PROCEED TO TOTAL \$ COST FOR ALL ITEMS ORDERED / LINE A

Please check your math. Thank you.

Massachusetts and Virginia Companies Only. Add In Sales Tax. LINE B

Massachusetts = total x .05; Virginia = total x .05

SUB-TOTAL: LINE C

ADD IN AT THE FOLLOWING RATE FOR HANDLING/FULFILLMENT: LINE D

IF YOUR TOTAL \$ COST ON LINE A IS: \$0 up to \$25... add in \$7.⁰⁰; over \$25 up to \$50... add in \$14.⁰⁰

All orders over \$50, add in \$10.⁰⁰ plus 15% of sub-total (example: for \$100 order, add in \$25.⁰⁰)

YOUR TOTAL AMOUNT DUE: LINE E

MAKE YOUR CHECK PAYABLE TO: NORA FULFILLMENT CENTER - Post Office Box 314, Watertown, MA 02471-0314

MAIL PAYMENT WITH ALL PAGES OF THIS FORM. MAKE A COPY FOR YOUR RECORDS. COMPLETE THE "SHIP TO" DATA IN ITS ENTIRETY.

Your Name _____

Company _____

Street Address (no P.O. Boxes, please) _____

City, State, Zip _____

Phone _____ Fax _____ Email _____

IF YOU WISH TO PAY BY CREDIT CARD: MC, VISA ONLY IF PAYING BY CREDIT CARD, MAIL FORM OR FAX TO: 1-866-924-1200

Name on Card _____

Authorized Signature & Date _____

Card Type: ☐ MC ☐ VISA ☐ AMEX Your Direct Line Phone Number _____

Card Number _____ Card Expiration Date _____