

Heating Oil Policy Overview

USDN/BEI

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City of Seattle

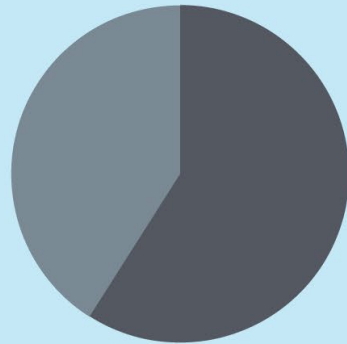
Introduction

- Seattle's Climate Action Plan has a target to reduce GHG emissions in the residential sector by **32%** by 2030
- Mayor Durkan's Climate Strategy: identify opportunities to accelerate oil conversions to heat pumps, prioritizing low-income households
- Approx. 15-18k oil heated homes in Seattle; phasing out oil by 2030 represents an **8-9%** reduction in total building sector emissions, and **16-18%** in the residential sector.
- OSE started Oil Conversion Rebate Program in 2017. Successful mid-stream model.
 - More than 550 homes converted since 2017
 - Active contractor participation
 - Low admin costs
 - Leveraged manufacturer/distributor funds and marketing resources

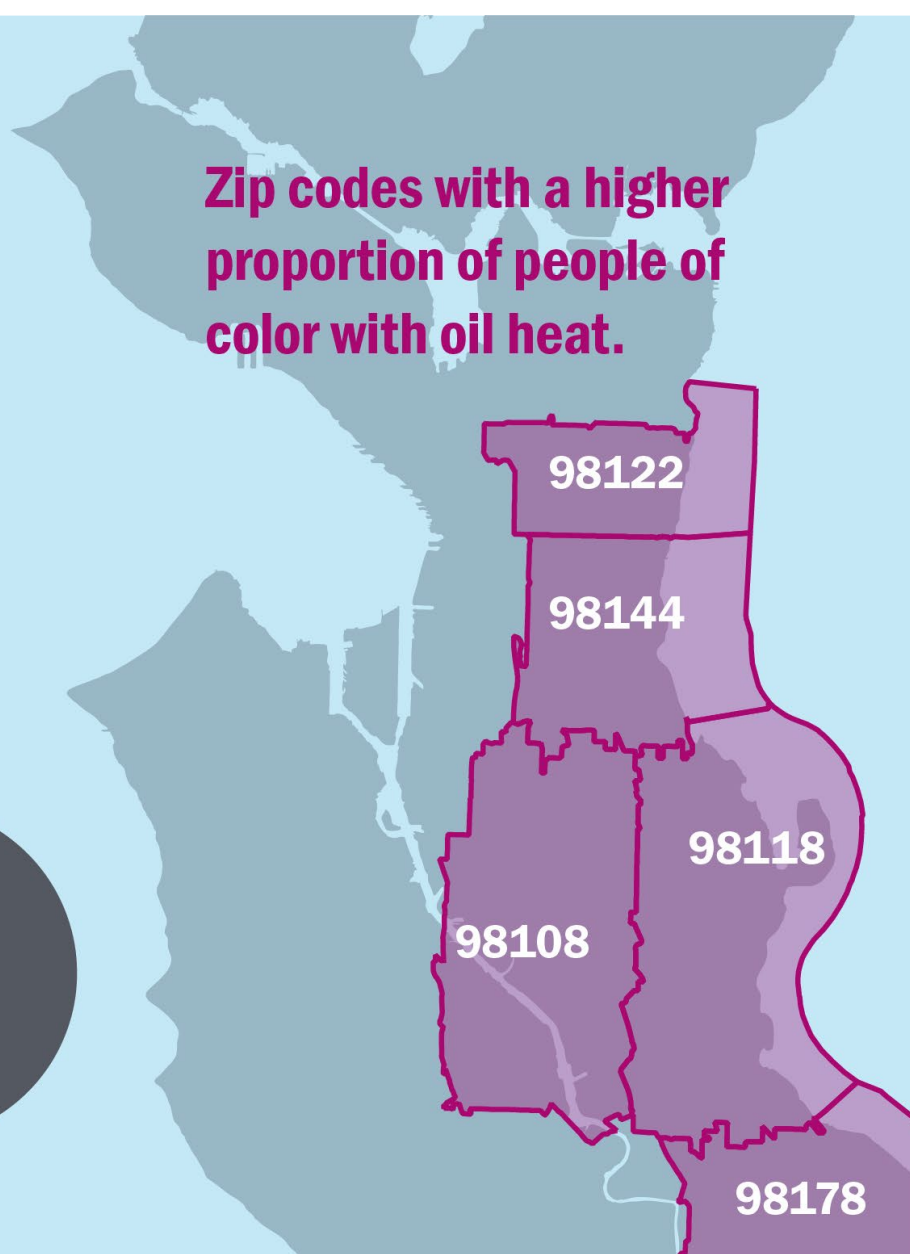


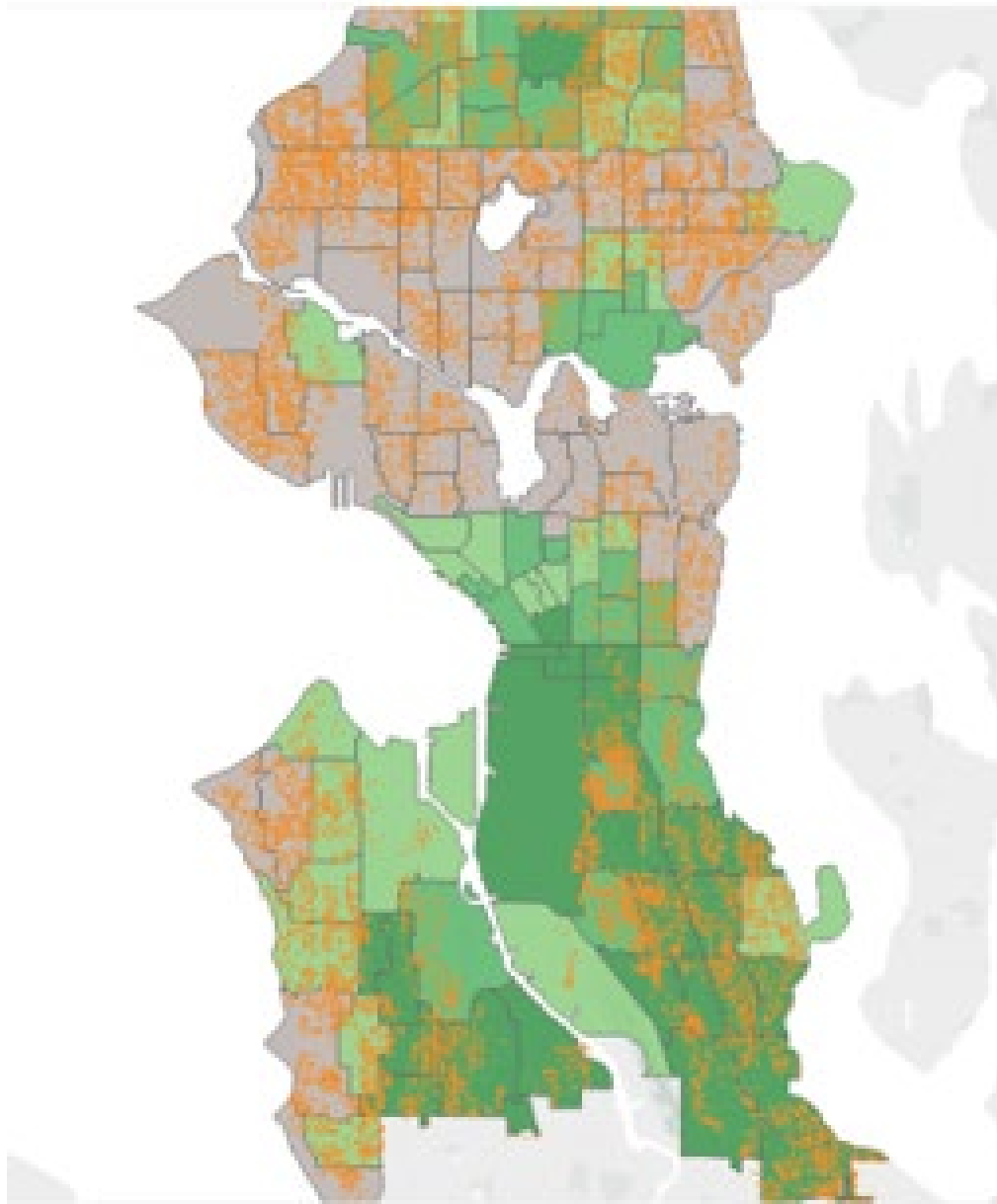
There are approximately **15,000–18,000** oil heated homes in Seattle. Of that, about **1,100** are **low-income** households who participate in the City Light Utility Discount Program.

Out of the 1,100 households, **almost 60%** are elderly.



Zip codes with a higher proportion of people of color with oil heat.





Overlay of oil heated homes with City of Seattle's Race and Social Equity Index.

<https://www.seattle.gov/Documents/Departments/OPCD/On-goingInitiatives/SeattlesComprehensivePlan/FinalGrowthandEquityAnalysis.pdf>

Green= Highest risk communities

Index includes: Race, socioeconomic, education and health disparities

Policy goals

- **Accelerate** oil conversion to clean heating (all homes by 2028)
- **Increase the equitable adoption** of electric heat pumps, thereby reducing carbon pollution, overall energy use and heating bills
- **Prevent future oil leaks** minimizing future environmental damage, cleanup costs, groundwater contamination, and economic burdens to households
- **Provide a pathway for households with lower incomes** to be eligible for Office of Housing/Seattle City Light weatherization services (insulation, air-sealing, etc.)
- **Support oil dealer workforce transition** to heat pump technology



Policy Components

- Impose a heating oil tax \$0.236/gallon on oil dealers (effective Sept 1,2020)
- Estimated \$8.3 million from taxes will help mitigate the impact of oil on climate and prevent future hazards of leaks
- Prioritize oil conversion for low-income households – pay 100% of costs of converting for 1,000 households
- Expand existing rebate program for heat pumps – 1,700 rebates to non low-income households
- Invest some tax revenue to support workforce training – oil dealer transition and/or access to trades for women and POC



Households with lower incomes

- Fully fund conversions for 1,000 income-eligible households (Includes approx. 175 renters)
- Delivery of program in partnership with Office of Housing
- Electrification creates pathway for access to City Light/Office of Housing weatherization services available to electrically heated homes (insulation, air-sealing, etc.)
- Reimbursement on City Light account to mitigate anticipated tax burden

Example: Mary pays about \$1,700/year to have her 500-gallon oil tank filled for the year (based on \$3.40/gallon). With a heat pump that is more than twice as efficient, she can expect to save at least 50% on heating costs. She also participates in the Utility Discount Program (UDP) and receives a 60% discount-reducing her annual heating costs to \$340 - saving her more than **\$1,300 per year** on heating costs.



Opportunities/Challenges

- Heat pump technology still relatively new to homeowners. Promoting cooling is key
- Initial cost of heat pump expensive (\$15k avg). Many homes need electric panel upgrade and sometimes asbestos mitigation
- Fossil gas (“natural gas”) has reputation as cheap, clean and good for environment
- New challenge in short term: oil prices have plunged
- Underground oil tanks – many households are not registered for free state insurance (PLIA). New law transitions to grant/loan program
- Opportunity to apply model statewide - expand to fossil gas, propane?



Thank you!

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