



March 11, 2014

Co-Chair Paul R. Doyle
Co-Chair David A. Baram
Senator Kevin D. Witkos
Representative Dan Carter

General Law Committee:

We are submitting testimony in **opposition to S.B. 299**, AN ACT
ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT
GUARANTY FUND.

The Connecticut Energy Marketers Association (CEMA) represents 576 petroleum marketers and their associated business in Connecticut. CEMA members employ over 13,000 people in our state.

Since the passage of the heating oil dealer registration law in 2000, our association has worked cooperatively with the Department of Consumer Protection (DCP) and the Office of the Attorney General (AG), to adopt practices that maximize protections for consumers and minimize the administrative and financial impact on local family owned businesses.

Our industry understands the issue you seek to address, but we believe that it can be accomplished another way. The creation of a guaranty fund and a tax of \$3,900 per HOD is not a solution – it may even provide incentive for consumers to chase “to good to be true” prices with the knowledge that it is backed up with a fund to protect them. It may also provide unscrupulous dealer’s incentive to go out with offers that they will never be able to honor.

The cost of a guaranty fund will punish hundreds of hard working family owned businesses and drive up the cost of fuel to consumers

We are here today to ask that you work with us to implement a seasonal moratorium that would prohibit HOD’s from offering prepay contracts during the heating season. The small number of failures that we are aware of all have a couple of things in common:

1. They do not follow the law to obtain and maintain a futures/forwards contract to secure their oil for their customers;
2. When they run out of cash to pay their bills they sell prepay contracts for the next year, when they are in the middle of a heating season.