



January 31, 2023

State of Vermont  
Energy Committee

Via Email

Dear Members of the Energy Committee,

We are very concerned about the Affordable Heat Act and its impacts on our customers and supply security in Vermont. Following are the issues we expressed last year (with the Clean Heat Standard) that are still valid and should be taken into consideration when evaluating this legislation.

In addition to Retail Fuel Operations located in Brattleboro, Woodstock, and St. Johnsbury VT, Dead River Company is the operator of a wholesale rail terminal in Rockingham VT located on the Vermont Rail System. This terminal supplies significant quantities of propane to customers throughout Vermont and Northern New England by two distinct means of conducting business:

- DRC provides propane for its own proprietary retail residential and commercial customers in Vermont, New Hampshire, and Massachusetts.
- DRC also provides throughput services for several suppliers who sell propane to other retailers in the marketplace. In this case, DRC processes rail cars of propane through the terminal on behalf of other suppliers and does not participate in the sale to the customer/retailer. Those customers in turn resell the propane throughout New England.

In reviewing the Affordable Heat Act, we are not at all clear on how the program would be administered or who is the responsible obligated party: terminal operator, wholesaler/supplier, or retailer. Once propane leaves our terminal, if it is not going to a DRC location we have no control over its ultimate destination. The product could either land directly into Vermont, land in another state, or land in another state then be brought back into Vermont via retail delivery vehicles. Based on these different scenarios, identifying the obligated party and administering/enforcing the program becomes cumbersome and problematic.

Additionally, we have significant concerns with unanticipated consequences on prices and, more importantly, supply security. Should propane suppliers determine the Affordable Heat Act to be too burdensome, they may leave Vermont and choose to supply Vermont energy needs from outside the state. This would undoubtedly mean additional propane transport trucks on the roads going greater distances to procure energy supplies at greater costs to the consumer. During this time of driver shortages and periods of intense winter demand, Vermont's security of supply would certainly be at risk.

Dead River Company also has concerns about compliance with cross border trade. What will be the enforcement mechanism to ensure compliance with product imported into Vermont? DRC will, of

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course, comply with all rules and regulations, however, it may be competitively disadvantaged if others do not.

In addition to the Rockingham Terminal, Dead River Company also operates a distillate rail terminal in North Walpole NH that supplies heating oil, kerosene, and diesel to wholesale and retail customers in New Hampshire and Vermont. We have similar concerns with this operation as stated above: who is the obligated party and what are DRC's administrative burdens?

Thank you for your consideration and please feel free to reach out to me if you have any questions.

Alan Dorr, Jr

A handwritten signature in blue ink that reads 'Alan Dorr, Jr'.

Vice President  
Wholesale & Supply