

## Oil dealers hoping biodiesel opens the front door again

After years of losing ground to natural gas, oil industry hopes to ride a green wave

Portland Business Journal - May 4, 2007

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Cathy Cheney | Portland Business Journal  
Noah Cook delivers biodiesel heating oil to homes in the Portland area.

Local oil dealers say they've found the trump card they need to curtail decades of losing residential heating customers to natural gas. The ace up their sleeve: biodiesel.

"We've been steadily losing market share for 20-plus years," said Molly Brady, president of Portland-based First Call Heating and Cooling Co. and a board member of the Oregon Petroleum Industry. "We are trying to regain a foothold."

A little more than 400,000 local households used natural gas in 1995, according to a book of statistics put out by Oregon's Public Utility Commission. That grew to more than 600,000 by 2005.

Roughly 125,000 Oregon households used oil heat in 1990, according to the Alexandria, Va.-based trade group the National Oilheat Research Alliance. By 2000, oil heat only warmed 100,000 Oregon homes. The national organization based that estimate on an extrapolation of census data. No more recent information is available.

Around the first of this year, exhausted by decades of losing customers to natural gas, the state's oil dealers started working with a public relations agency to regain market share.

The dealers now have a Web site -- [OregonOilHeat.com](http://OregonOilHeat.com) -- as well as refrigerator magnets, handouts and brochures that argue for keeping oil heat. A lot of the effort is aimed at Realtors, who oil dealers say often encourage homeowners to convert to gas before putting homes on the market.

But the new business flocking to oil dealers may have nothing to do with the campaign.

Now that the tipping point on sustainability has passed, consumers are more interested than ever in using biofuels to heat their home.

"Having biodiesel become available has been wildly popular," Brady said. "We have people deciding not to convert because they have biodiesel as an option now. We've even had people convert from gas to biodiesel."

Any home heating system that runs on oil can run on B20 -- a biodiesel mixture that contains 80 percent petroleum and 20 percent "green stuff" -- without a conversion. Consumers wishing to use B99, which only has 1 percent petroleum, need to have their furnace serviced before making the switch.

First Call started delivering biodiesel last year and has already made 500 deliveries. Portland-based Star Oil Co., one of the first local businesses to sell biodiesel for use in home heating systems, has between 1,500 and 2,000 residential customers using the fuel.

"We're able to be a full-on renewable, which natural gas is not," said Mark Fitz, operations manager for Star Oil. "We'd expect to see heating oil see a resurgence as a competitive fuel. It's not going to take off like natural gas did in the early '90s, but we'll see growth."

Biodiesel isn't that much more expensive than its fossil-fuel predecessor, Fitz said. His company can fill a 400-gallon tank with traditional heating oil for \$960. Using B20 raises the price to \$1,024. Pure biodiesel costs \$1,032.

Biodiesel has the added benefit of being produced in the state, Fitz said.

"If you're worried about your carbon footprint and buying energy from overseas, and if you want to support Oregon's economy, you can buy pure biodiesel for heating oil."

Despite the new business for oil dealers, gas companies aren't worried too much about losing market share.

"It's such a small niche market right now," said Phil Damiano, director of new construction for Portland-based Northwest Natural Gas Co., which has more than 400,000 customers in the metro area.

Gas will remain more popular than oil -- or biodiesel -- because it's available around the clock and it costs less, Damiano said.

"Oil prices are very volatile," he said. "They fluctuate quite a bit."

Natural gas is also cleaner than most of the biodiesel being used for home heating, said Valerie White, a spokeswoman for Northwest Natural.

"The general consensus is any time you're getting away from traditional oil, it's a good thing. To that end, natural gas does have a lighter carbon footprint than any fossil fuel. And that includes biodiesel."

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