

Boiler Facts

Taking a good look at the Industry...



by George Carey

This is certainly an interesting time for the heating industry. With oil trading on the stock market at \$150 per barrel in July (fortunately, that has come down quite a bit over the last few months), the stock market collapse this fall, the credit crunch in the financial markets, the unstable situation in the Middle East and the Presidential election with its potential impact on domestic drilling and refining, the oilheating industry is going through some very tenuous times.

“Alternative energy sources” are all the rage right now. It has been advertised all over the radio and TV, it has been discussed extensively throughout the presidential election and it’s not going away. This change in our industry is probably not a bad thing, whether we like it or not, but to stick your head in the sand and simply hope for the “good old days” is foolhardy. People NEED heat and want to be comfortable...the industry needs to recognize we are in the *comfort* business, not simply the oil business. What are you doing to stay relevant, to educate your customers, to keep your service technicians capable? Now, more than ever, is the time to improve and differentiate yourself from the competition.

I get an email/newsletter every week from Dan Holohan’s website, heatinghelp.com. He emails it to his subscribers and each newsletter contains all kinds of interesting information, usually related to the heating industry. (Anyone can sign up, just go to www.heatinghelp.com).

In one of his recent email blasts, there was an article from the UK regarding fuel efficiency. The article described how existing heating boilers needed to be upgraded to a much higher efficiency rating when the homeowner needed a new boiler. And this was all mandated by the government. The article went on to describe an interesting phenomenon that was taking place over there...people were actually using just as much fuel as before because they were keeping the space temperature higher than they did with the older, less efficient boilers.

The people apparently reasoned that if they had to buy these more expensive boilers and these boilers burned fuel more efficiently, why not keep the house at a more comfortable temperature? And so they did...with the results being more comfort *and* more fuel usage. Kind of interesting, huh? I don’t think the government was anticipating that people would burn that same amount of fuel with the high efficiency equipment. When I read this, it made me think about our heating systems over here and how we operate them.

Do you remember the oil embargo of the mid ’70s? Do you remember how the country responded? The theme was *conservation*; the national highway speed limit was reduced to 55 mph. The cars piled up in the gas lines, allowed to purchase gas that day based on whether the date corresponded to the oddness or evenness of one’s license plate number. President Carter was seen wearing a sweater during the fireside chats, convincing everyone to turn down their thermostats.

With the price of heating your home and filling your car’s gas tank leading the six o’clock news every night, homeowners today are aware of what it takes to heat their house and they are looking for ways to save money. What’s interesting is they are looking for ways to save money on their heating bill—while maintaining their current comfort level! The majority of the people don’t want to turn down their thermostats, maintaining a cooler space temperature.

So what are you doing to educate your customer about the options that are available? One easy option is to offer a weather-responsive reset control to any hot water boiler. By simply adding this control, you can provide, on average, 12-15% savings on fuel consumption. And that is based on maintaining the normal space temperatures. Imagine if they decided to compromise a bit of their comfort and lowered the space temperature a few degrees? They could save even more on consumption. (A friend of mine who owns and operates a smaller oil company came up with an informational flyer that he mailed out to a very specific custom-

er base—those who had hydronic heat and who paid their bills! He did this over the summer, and his installation department has been busy ever since installing reset controls to all the customers that responded. He was amazed at the response to a simple mailing...but these customers were looking for help!)

Another interesting thing that is happening in this unstable heating oil market is the gas utilities are getting even more aggressive, promoting “oil to gas” conversions.

What are you doing to convince your customers to stay with oilheat and not convert? You can present statistics which show that, over a 5 year or 10 year average, oilheat is less expensive than natural gas. You can also show that this current pricing imbalance is an anomaly and that it will return to the more normal pricing structure. [Editor’s note: as of this writing, oil prices have dropped precipitously—crude was priced at a little over \$62 a barrel.]

I think one area the oilheating industry does not do a good job of promoting is the level of service and expertise most oilheating companies can provide. As a whole, the oil industry has to promote this advantage, to emphasize that they can maintain their customers’ heating systems more effectively than the alternative, especially as heating systems and their controls become more sophisticated.

One of the knocks against an oil-fired system has been that it requires an annual cleaning and that a natural gas-fired heating system doesn’t require annual maintenance. While in the past that may have been true, with the proliferation of mod/con boilers, the landscape is changing. Those high efficiency, modulating and condensing gas-fired boilers do require an annual cleaning. And that’s not a bad thing; it’s just something you need to be aware of. The homeowners who have purchased these new boilers need a service contract of some sort with a heating company, one that is capable of providing the necessary expertise in maintaining this piece of equipment.

In my mind, that is an advantage for the oil industry. Oil companies have pro-

vided this type of service for years and as equipment and control technology has advanced, the oil industry has kept pace...they've had to, just to keep their customers' equipment operating properly! So don't be bashful in promoting your company's service capabilities; it can be what sets you apart from your competition.

While on the subject of keeping your current oil customers on oil, there is a concern from homeowners about their oil tanks. They take up space, they are unsightly and a lot of them could be considered "environmental ticking time bombs."

And I can understand some of those concerns, especially the part about the

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age of most of these oil tanks. In some parts of the country, the gas utility companies are offering free removal of this tank when the conversion takes place. I think there should be a way of offering your customer a *free* upgrade to a new oil tank, perhaps even one of the modern style tanks. I am not sure how to cover

the expense of this undertaking, but I think it is something the oil industry should look into. If you had the ability to provide a brand new, modern looking storage tank at no charge to your customer, that would go a long way toward maintaining that customer as an oil customer. And that would be good for the industry and everyone involved.

If you have any comments or questions please email me at gcarey@fiainc.com or call me at 1-800-423-7187.

P.S.: I want to wish a Merry Christmas and a Healthy and Happy New Year to all of our *OILHEATING* subscribers. May the heating season be healthy and prosperous for every one of you!