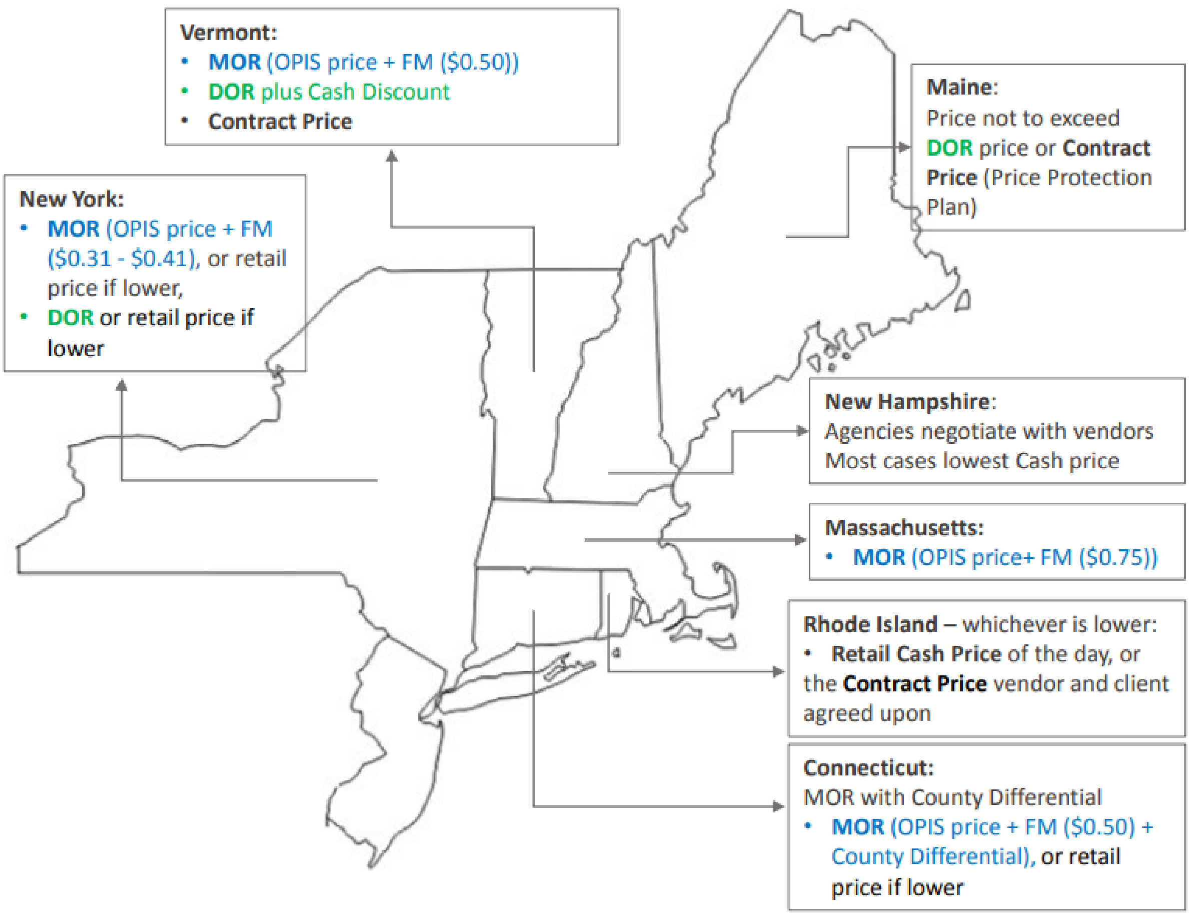
What Other States are Doing



Source: [Energy Vendor and Local Administering Agency Agreements | The LIHEAP Clearinghouse (hhs.gov)]

Different CEAP Pricing Models:

Margin Over Rack (MOR) - The MOR model of reimbursement is basing the wholesale oil price on the "rack," or terminal price, to which a fixed margin is added. The fixed margin is designed to cover expenses from the terminal to the final point of sale.

Discount Off Retail (DOR) – Under the DOR model, vendors agree to be paid the daily retail price at the time of delivery, less a certain amount per gallon discount.

Retail Price: Price charged by the vendor on the day of delivery

Retail Cash Price: Price charged by the vendor when the customer pays cash, usually lower than retail price

Contract Price: Price to be paid during the season, but charged by the vendor and agreed upon at the beginning of the season

Some states have limitations on the amount of fees their vendors can charge

Deliverable Fuel – Additional Details on Other State Approaches

Below is information on LIHEAP deliverable fuel payment approaches in several states identified in relation to Program Year 2023-2024.

Massachusetts

The Margin Over Rack ("MOR") pricing method is used by local Administrating Agencies (LAA's) to purchase #2 fuel oil from local dealers on behalf of their clients.

Dealers receive either the MOR price (based on OPIS data) or their current posted price for the delivery date, whichever is less. Oil vendors are required by their vendor agreement to submit delivery tickets with their current retail price. This information is entered into each Local Administering Agencies' database. The software programs used by LAAs are designed to compare the retail price of oil and the MOR price for the date of delivery. The lesser of the two is paid to the vendor. The difference between the two is considered the savings generated or leveraged resources.

The price posted each day is used for the pricing of deliveries made the following day.

Vermont

The MOR price is calculated and posted by the Office of Fuel & Utility Assistance and is based on the Vermont Fuel Assistance Rack Price (VFARP). The VFARP for oil, kerosene/ULSD and propane will be determined each day and will be calculated based on averages or "weighted" averages of daily rack prices (OPIS) and then adding a $.50 margin. The VFARP will be posted beginning October 31 on the Office of Fuel & Utility Assistance website: http://dcf.vermont.gov/benefits/fuel-assistance/rack. The VFARP will be posted each day and is applicable to fuel deliveries the following day.

Alternatively, the Supplier agrees to apply at the time of delivery a discount off retail (DOR), which is a fixed discount of $0.15 per gallon off the Supplier's daily posted retail price, in addition to the Supplier's regular cash or prompt payment discount. Under a DOR agreement, any taxes associated with the Supplier's distribution of fuel may be included in the Supplier's daily-posted retail price or itemized, as long as those pricing practices are in accordance with Federal and State law, and the method chosen is applied consistently among all customers

Fuel suppliers who are certified and wish to decertify from the Fuel Program at any time or make a once-a-year change between MOR and DOR pricing agreements at any time, including during the winter heating season, must provide the Fuel & Utility Office with 30 days written notice of their intent to decertify from the Fuel Program or make a one-time pricing agreement change.

New York

NY operates a fuel buying component intended to expand the buying power of LIHEAP dollars by obtaining a lower than retail price for LIHEAP purchased oil, kerosene and propane. This discounted price materially enhances the purchasing power of LIHEAP eligible households.

Attached link to New York's Vendor Document that outlines the Margin Over Rack (MOR) and the Discount Off Retail (DOR) options HEAP Vendor Agreement - Deliverable Non-Utility Services Component (ny.gov).

- **Of Note:** For every gallon of heating oil delivered to an eligible household the home energy supplier will charge against that household's LIHEAP benefit the lesser of:
    - The home energy supplier's normal price for heating oil for that customer on the date of delivery (i.e., the price the customer would have been charged in the absence of this program, with any adjustments for normal or promotional discounts or pricing), or
    - The MOR LIHEAP Only Heating Oil Program Price, which will be calculated by adding a margin of 35 cents to the previous day's average rack price for your designated terminal or for your selected terminal if your company has opted to use a non-OPIS terminal.

Maryland

Payments to Suppliers

Local Administering Agencies (LAAs) issue LIHEAP payments to non-utility fuel suppliers that have signed the Energy Supplier Agreement with the state. **The payment is for the total benefit amount, minus 3%** (except for those customers in crisis status); however, the energy supplier is required to give the customer credit for the entire benefit as stated on the EDS. Payment checks and copies of the EDS are mailed together to the supplier. LAAs shall generate and reconcile the Duplicate Payment Report every Monday by close of business.

Rhode Island

The vendor agrees to charge the lower of:

1. The vendor's daily posted price per gallon on the day of delivery, or

2. Any price per gallon agreement the vendor and client entered into.

New Hampshire

The Supplier will charge the eligible household, in the normal billing process, any difference between the actual cost of the home energy and the amount of the payment made by a community action agency as Subgrantee of the State of New Hampshire Fuel Assistance Program. The Supplier is required to apply any discounts for “prompt payment” if they use a variable pricing structure.