225 CMR 14.00
Renewable Energy Portfolio Standard (RPS) Regulation

BIOMASS ENERGY RULEMAKING
OUTLINE OF REGULATORY CHANGES

Massachusetts Department of Energy Resources

April 27, 2012

Regulatory Topic	Section 225 CMR 14	Prior to Rulemaking	Draft Regulation May 3, 2011	Proposed Final Regulation	Discussion/ Justification
Carbon Reduction Criterion	05(1)(a)7f(3), and Guideline	No criterion	50% reduction by 20 yrs. All fuels assumed to be Residues, subject to quick carbon decay function.	50% reduction by 20 yrs. Fuels separated into Residues and Thinnings, with distinct carbon decay functions based on Manomet Report.	This change addresses the appropriate criticism raised by environmental stakeholders on the GHG accounting method offered in the initial draft of the Guideline, which accompanied the draft regulation. The modification brings the GHG accounting in line with the Manomet science.
Eligible Woody Biomass Fuel	05(8)(a)3-6, and Guideline	No restrictions	Categorical exclusion to C&D wood. Forest derived biomass restricted to 0% to 40% (of weight of harvested forest products) depending on soil quality conditions.	Categorical exclusion to C&D wood. USDA NRCS soil database used to designate all regional soils as "good" or "poor" quality. All Residues must be retained on poor soils, 25% must be retained on good soils. For all soils, up to30% (of weight of harvested forest products) can be removed. Harvest sustainability criteria added for all forest-derived biomass.	This modification is based on further work with USDA to identify the best, "user-friendly" soil database available to the forestry industry. The change also provides better rules for assuring residue/nutrient retention for poor soils, while enabling more thinning for biomass and forest management in all soils. Change also adds sustainability criteria for all biomass harvesting. These changes are of interest to the environmental stakeholders concerned with protecting poor soils, and to forest owners seeking markets for thinning material.
Fuel Certificates – Eligible Fuel and Carbon Accounting	05(8)(a)1-2; 05(8)(d)	Not applicable	Fuel Certifications used to enforce and verify Eligible Fuel delivered to Generation Units	Fuel Certifications used to enforce and verify Eligible Fuel delivered to Generation Units, and distinguishes between Residues and Thinnings. Electronic registry and trading of Certificates established. Generation Unit annual compliance with GHG reduction criterion based on ownership of Residue and Thinning Certificates.	Modification adds necessary details to accurately certify and track Eligible Fuel and differentiate between residues and thinnings. The change also accommodates the market need for fuel aggregators which may co-mingle woody materials from eligible and non-eligible sources. While the certificates adds some additional regulatory requirements on foresters, harvesters, and generation units, the electronic registry and DOER outreach will provide streamlined procedures and sufficient training.

Annual Compliance of Generation Units with Carbon Accounting	05(8)(d)	No annual compliance obligation	Unit demonstrates ability to make GHG reduction threshold in its SQA.	Unit demonstrates ability to make GHG reduction threshold in its SQA. Unit must file Annual Compliance Report to DOER demonstrating carbon accounting based on Overall Efficiency and Certificates (Residues and Thinnings). Under-Compliance provisions and fee established for Units not meeting GHG reduction threshold. Fees paid to CEC, overseen by DOER, for the purposes of 1) investing in biomass Residue supply infrastructure, and 2) tree planting.	Modification provides important oversight by DOER to assure biomass units meet the GHG reduction threshold. The reporting is straightforward and based on GHG accounting provided in the Guideline and the electronic record of Certificates. Rules provide for units that are under-complying with the threshold to meet compliance after paying a fee based on REC-revenue, but require that they meet full compliance over time. Any fees are used to support the market development of residue biomass materials, or tree planting.
Overall Efficiency	05(1)(a)7f(2); 05(8)(c)	No efficiency criterion	½ REC starting at 40% Efficiency, increasing to a full REC at 60% Efficiency.	½ REC starting at 50% Efficiency, increasing to a full REC at 60% Efficiency. For Units qualified as Advancement of Biomass Conversion Generation Units, starting Efficiency for ½ REC is reduced to 40%.	The increase in Overall Efficiency will further improve the use and GHG benefits of biomass fuel. The allowance for emerging technologies is important to biomass developers bringing new, but more risky, project designs to the market.
Grand-parenting of Previously Qualified Units	05(8)(e)	Not applicable	Units must meet all regulatory provisions beginning in CY 2015.	Units must meet all regulatory provisions beginning in CY 2016. (Extended one year due to delay in promulgating final regulation.)	The extension to 2016 recognizes the delay in the promulgation of the regulation.
Program Verification and Impact Review	05(8)(b)	No provision	Advisory Panel established to review and verify tracking of Eligible Fuels. Forest Impact Assessment performed every 5 years.	Advisory Panel established to review and verify tracking of Eligible Fuels and of Fuel Certificates on fuel market and GHG accounting. Forest Impact Assessment performed every 5 years, with additional details of scope.	With the modifications to expand the use of Biomass Certificates, the Biomass Fuel Registry system, and the requirement for annual compliance by generation units, the scope of the Advisory Panel was expanded to provide review and comment on the efficiency and effectiveness of these additional provisions.