

December 3, 2020

Ms. Samantha Meserve

Deputy Director, Renewable and Alternative Energy Division

Massachusetts Department of Energy Resources

100 Cambridge Street, 10th Floor

Boston, MA

Dear Ms. Meserve,

Erving Paper Mills has been operating since 1905. Our factory employs 130 people and runs 24/7/360. Each day we recycle twelve trailer loads of New England office waste in order to produce the base paper for bath tissue, napkins and toweling, all essential items. This recycling activity plays a critical role in Massachusetts’s green economy. Erving competes in a world market against international suppliers and domestics on a playing field where our product is a commodity and business goes to the lowest cost producer. Prior to our investment in CHP, high energy costs had kept us on a knife’s edge of financial performance. With CHP in place along with the AECs, we’ve become more able to meet our two fundamental objectives which are to earn enough to re-invest in our equipment in order to keep it current and to pay our employees a proper wage – all in the name of keeping our plant operating.

For decades prior to 2015, we burned a truck each day of #6 oil and input about 45,000,000 kWh of electricity each year in order to churn out our finished product. In 2014, we made the largest investment that we’ve ever made, installing a natural gas powered 5.4MW CHP turbine, which came online in December of 2015. The financial analysis used to justify the investment relied on AECS to ensure a reasonable return. Without the AECS, the payback on the project was over 7 years, an investment with a payback like that is not one that we would have made, but with the AECS, the investment made financial sense and we decided to go forward and the investment has been positive. Since our initial investment, the DOER has added additional technologies into the program without a corresponding increase in the Obligation, which has led to oversupply and the low-price situation we find ourselves in now.

As a result of the CHP project, each year we relieve the power grid of 40,000,000 of those kWh, reduce our CO2 impact by 16,000,000 lbs and our SO2 impact by 632,000 lbs. That is the equivalent of removing more than 6,500 cars off the road since our project started. These reductions combined with our core business of waste paper recycling, bring huge positive impacts to the greening of Massachusetts. But with the AECS market failing, our investment is looking far less attractive and our market competitiveness is challenged. Frankly, if we’d known the DOER was going to change the rules in the middle of the game, allowing the AECS market to freefall, we likely would not have made the investment. We feel as though we were misled.

We strongly urge DOER to introduce a mechanism, such as the one recently developed by the DOER for the Clean Peak Energy Standard, that will ensure a price that will support those of us who rely on AECS revenue to remain competitive and retain jobs.

Sincerely Yours,

Erving Paper Mills



Morris Housen

Chairman of the Board