



Blake A. Banky
President
Newport Biodiesel
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Samantha Meserve
Deputy Director of Renewable and Alternative Energy
Division of Massachusetts Division of Energy Resources
100 Cambridge Street
Boston, MA 02114

RE: 2020 APS Minimum Standard Review Comment

Dear Samantha,

Thank you for the opportunity to comment on the MA APS Program. I will spare you a lengthy prologue and get right to providing my inputs.

Objective -

The MA APS program's *initial* success has developed into *overwhelming* success. Congratulations. The task at hand is to make changes to the program so as to reduce greenhouse gas (GHG) emissions beyond what was initially contemplated.

The incentive provided by the APS program has resulted in an oversupply of Alternative Energy Credits (AECs) to the point that the AEC prices are pushing down to a \$0 valuation. Since the objective of the program is to reduce GHGs at an acceptable cost, **this is a demand problem, not a supply problem.**

If the program is not amended in some fashion, the AEC value will pin near zero, which will cause a meaningful number of AEC suppliers to reduce their participation in the program. Potential GHG reduction at an acceptable cost will be lost.

Suggested Solutions Designed to Increase Demand –

- Increase the obligation on the Load Serving Entities within the regulatory authorization.
- Through legislation, create an obligation for Natural Gas and Heating Oil.
- Through legislation, consider replacing the MA APS Program with a Low Carbon Fuel Standard (LCFS) program modeled after California.

Additional Suggested Changes –

- Until demand can be increased, limit the overall quantity of AECs allowed to a point that models the AEC value to price near \$15/AEC. All suppliers of volumes onto the program would be haircut on a pro-rata basis. Note that this suggested change is somewhat cosmetic in that suppliers will view their receipts from the program on a per unit of renewable product submitted, not on a per AEC allocated basis. Nonetheless, improving the optics can buy time while changes are made to increase the AEC obligation.

- Increase the Liquid Biofuel 20% cap at the expense of Combined Heat and Power (CHP). Liquid Biofuels have a better GHG reduction impact, which is the objective of the program.
- Increase the minimum bio blend hurdle from 10% to 20%. By doing so, aggressive blenders will continue to blend to their current levels and less aggressive blenders will increase their blends in order to get over the higher hurdle. This will result in further reduction of GHGs. Also worthy of note is that higher bio blends are consistent with the current direction of the heating oil industry, as per the NEFI Providence Resolution.

Additional Comment –

I know that some are advocating for broadening the eligible feedstocks for biodiesel on the program. Such a change should only be considered in the event other changes to the MA APS program are made to the point that AEC demand overwhelms supply. To do so now would only create a higher supply of submitted volumes and a lower reduction in GHGs per obligated AEC. In short, this is not the time to be seeking this change.

Closing Note -

Some make statements that MA DOER needs to 'fix' the program. I disagree. The program is an overwhelming success and now is an opportunity to convert that success into yet more GHG reduction beyond what was initially forecasted. Again, congrats.

Sincerely,

A handwritten signature in black ink, appearing to read "Blake A. Banky". The signature is fluid and cursive, with the first name being the most prominent.

Blake A. Banky
President