

**June 17, 2016**

**Comments from the Massachusetts Energy Marketers Association at Public Hearing #2 on the  
Massachusetts Department of Energy Resources Draft Regulations and Guidelines for  
Renewable Thermal Energy Credits for Biofuels Under the Commonwealth's Alternative  
Energy Portfolio Standard (APS)**

Good afternoon. My name is Michael Ferrante and I'm the President of the Massachusetts Energy Marketers Association that represents the home heating oil industry statewide. Joining me today to provide additional testimony are members of our association and our national partner in our industry's collective efforts to promote and advance the use of renewable biofuels in Massachusetts. Our speakers include Howard Peterson, Peterson Oil Service, Worcester; Christopher LeBoeuf, Falmouth Energy, Falmouth; Gene Gebolys, World Energy, Boston; and Ray Albrecht, National Biodiesel Board, Jefferson City, Missouri.

Our organization wants to thank the Massachusetts General Court, the Department of Energy Resources (DOER) and the Executive Office of Energy and Environmental Affairs for their combined work in passing the enabling legislation for renewable thermal technologies under the APS program and for drafting 225 CMR 16:00 and the code's accompanying guidelines. We applaud state government for recognizing the importance of encouraging the use of renewable fuels at the consumer level to accelerate our mutual goals for advancing environmental, air quality and energy efficiency improvements.

I want to stress that the comments our team offers today on the draft documents are proffered in the true spirit of cooperation. Our comments are not in any way, shape or form meant to delay or sideline the state's process for final implementation of these vitally important documents. Our position is quite the contrary. Our industry is most eager to see the renewable thermal energy credit program up-and-running as soon as possible, and as an overall statement, we are generally supportive of the draft documents as issued by DOER.

**About MEMA**

The Massachusetts Energy Marketers Association, established in 1955, is a 300-member statewide organization representing every sector within the home heating oil industry including retail heating oil companies, wholesale terminal owners and operators who are responsible for bringing heating oil and diesel fuel to the Commonwealth from worldwide sources, heating and cooling equipment manufacturers and state certified oil heat service technicians.

Our association is also the official overseer for allocating funds collected by the National Oilheat Research Alliance (NORA) that are spent in Massachusetts to advance industry education and training; consumer awareness and marketing of oil heat technology and renewable biofuels; advancement of energy efficiency programs, equipment and methods; and research and development on clean fuels and high efficiency equipment.

Before providing specific comments on the draft APS regulation and guidelines, it's vitally important to summarize the significant strides the heating oil industry has made over the past 12 years in Massachusetts to improve the environmental, health and safety characteristics of the fuel we deliver to our Bay State customers. Our members voluntarily contribute to the state's efforts to reduce carbon emissions, improve heating equipment efficiency in homes and buildings, and continue to be a crucial part of the energy landscape in Massachusetts and the region.

### **Cleaner Fuel**

I have personally been involved with biofuel, and in particular biodiesel or biomass based diesel called Bioheat when it is blended into heating oil, since 2002. As far back at 2004, our association sourced funds from the National Oilheat Research Alliance (NORA) to conduct one of the first combustion tests on biodiesel blended with low sulfur heating oil on home heating systems in a laboratory setting at the New England Fuel Institute in Watertown, Massachusetts. Since that time, NORA and the National Biodiesel Board (NBB) have spent nearly \$7 million on advancing Bioheat accessibility and use through technical training, additional research and development and direct marketing and advertising to both the retail heating oil dealer and the heating oil consumer.

Despite that in 2010 the DOER suspended the Clean Energy Biofuels Act (Chapter 206 of the Acts of 2008), which called for incremental blends of 2-5% (B2-B5) of biodiesel in both heating oil and diesel fuel, the heating oil industry has steadily and voluntarily embraced biodiesel blends in heating oil sold statewide.

In December 2014, the heating oil industry played an integral role in securing a 20% (B20) biodiesel blend standard for heating oil from the American Society of Testing and Materials (ASTM). In addition to these high blend Bioheat ratios, all heating oil in the Commonwealth is now rapidly transitioning to containing ultra-low sulfur content as the result of a 2014 Massachusetts Department of Environmental Protection (DEP) regulatory change (310 CMR 7.00) that received broad support from our association and the heating oil industry. Under the rule, all heating oil now must contain no more than 500 parts per million (ppm) of sulfur. In 2018, when the measure is fully implemented, all fuel must then contain no more 15ppm of sulfur.

According to a comprehensive report issued last year by NORA to the U.S. Congress, Bioheat blends containing as little as 2% up to 20% biodiesel with ultra-low sulfur heating oil “are lower in Greenhouse Gas Emissions (GHG) than natural gas “over their full life cycle.

I will be submitting a copy of this report – ***Developing a Renewable Biofuel Option for the Home Heating Sector*** -- with our written testimony.

### **Energy Efficiency & Emissions Reductions**

Due primarily to the heating oil industry’s aggressive replacement of older oil-fired heating systems with newer, higher efficiency oil-fired heating equipment, homes using heating oil in Massachusetts have seen residential energy efficiency improvements of as much as 30%. Not only are these improvements substantially reducing home heating costs but they are also leading to dramatic environmental impact improvements.

### **Heating Oil & the Energy Landscape**

The heating oil industry in Massachusetts provides thousands of jobs, contributes heavily to the state’s economy, is crucial to providing energy to over 900,000 homes and thousands of businesses, and is a key component in helping to produce power for electricity generation statewide.

### **225 CMR 16:00 & Supporting Guidelines**

- Our organization welcomes the **two-year review** process DOER has proposed for these regulations. We believe this will provide the Department and its stakeholders a fairly short but important time period to review all aspects of the program in order to seek improvements.
- Our organization is highly supportive of the state’s references and requirements that biofuels for this program meets the product specifications cited in **ASTM D6751 and ASTM D396**. We suggest that the state add one more ASTM reference to the draft guidelines and that is the newly enacted specification cited earlier for B6-B20 biofuel blends in heating oil. The specification is ASTM D396 – 15C. A copy of this specification will be submitted with our written testimony.
- With respect to the definition of **Eligible Liquid Biofuel**, we would like to point out that this wording is somewhat restrictive and could be problematic. Limiting eligible liquid biofuels to those “derived from organic waste feedstocks that originate in a jurisdiction with an organic waste disposal ban in place” doesn’t reflect the fundamental, real-world feedstock procurement and production process of biofuel suppliers right here in Massachusetts, in neighboring states or anywhere else in the world.

Establishing new requirements which are uncommon to the industry are likely to have the effect of limiting supply, reducing competition and increasing cost. That said, we do support the intent behind DOER's proposed definition and believe the intent can be efficiently addressed.

- The Commonwealth's overall efforts to reduce greenhouse gas emissions are much in line with the federal Fuel Standard and with California's Low Carbon Fuel Standard. States including Washington, Oregon, Minnesota and others are now mirroring those already well-established regulations to support their own in-state climate change focused programs. The federal EPA under the Federal Renewable Fuels Standard has painstakingly defined advanced biofuels, those that reduce life cycle greenhouse gas emissions by 50% or more. Rather than trying to replicate work that has been widely reviewed and was years in the making, we urge the DOER to adopt the federal definition of **Advanced Biofuels** as its standard for Eligible Liquid Biofuels.
- Under section 6 vii, we are supportive of DOER's proposed reliance on higher levels of biofuel blending such as the **20% "by volume"** cited in the CMR, but advise that the goals of the program are likely to be better served by allowing blends compliant with ASTM D396 – 15C (those between 6% and 20%) to also qualify, as well as on a proportional basis as "Eligible Liquid Biofuel."
- Most retail heating oil companies do not have on-site storage tanks to maintain their fuel supply. These retailers rely on the large wholesale operations located in places like Revere, Braintree, Springfield, Providence, RI and Portsmouth, NH for product pick-up. In order to accommodate the infrastructure now in place at these wholesale suppliers of home heating oil and biofuel, we suggest that DOER provide **for a wider range** of blend levels so that the APS renewable thermal program will be accessible to as many suppliers and as many consumers as possible.
- In the Guideline on Biomass, Biogas and Biofuels under Section 11, Liquid Biofuels, our association respectfully requests additional information and clarification regarding the objectives and methods envisioned for the proposed **Biofuels Suppliers List**. A highly detailed system has already been established and is already a part of daily biofuels commerce, which maintains a list of Advanced Biofuel suppliers. Suppliers on that list are required to maintain detailed annual reporting to remain on the list.

The EPA's Moderated Transaction System (EMTS) is maintained by the EPA under regulations promulgated under the federal Renewable Portfolio Standard and may well serve as a readily available solution to meeting the assumed but not explicitly stated objectives in the proposed regulations.

**Summary:**

In closing, we want to thank you for the opportunity you have given us today to provide comments on these very important and innovative draft regulations and guidelines. We look forward to working cooperatively with DOER to help promulgate these final regulations as soon as possible.

Collectively, we in the heating oil and biofuels industries want to thank you for the hard work and tremendous progress to date and we stand ready to help DOER make the relatively modest refinements necessary to make this program overwhelming successful for the citizens of the Commonwealth, and bring us all an important step closer to meeting our carbon reduction goals. Thank you.