



Submitted via email to [thermal.doer@state.ma.us](mailto:thermal.doer@state.ma.us)

August 7, 2017

Massachusetts Department of Energy Resources  
100 Cambridge St., Suite 1020  
Boston MA 02114

Re: APS COMMENTS

To Whom It May Concern:

On behalf of New England Wood Pellet LLC, thank you for the opportunity to submit these comments on MA DOER's proposed draft alternative portfolio standard regulations.

New England Wood Pellet (NEWP) is the largest manufacturer of wood pellet fuel in the northeast U.S., with facilities in NH, NY and PA. NEWP was the first pellet fuel manufacturer in the country to be independently audited and certified in compliance with the Pellet Fuels Institute quality standard.

We thank DOER staff for their diligent work to promulgate regulations that are consistent with the statutory direction as prescribed by M.G.L. Chapter 25A, Section 11F1/2(a) and (b). It has been three years since this legislation was enacted, and it is time to move forward. It was three years before legislation was enacted that DOER first commissioned a study of renewable thermal technologies (issued in 2012), and an evaluation of the addition of thermal to the APS (issued in 2013). This process clearly identified high efficiency, low emission, modern wood heat as a desirable component of the Commonwealth's long-term renewable energy and greenhouse gas emission reduction strategy. Representatives of the modern wood heating industry and communities of interest have worked closely with DOER to come to this day. As a reminder, The Executive Office of Energy and Environmental Affairs is firmly on record supporting this policy, including the addition of woody biomass, per testimony of Undersecretary of Energy Bobbi Kates-Garnick on July 16, 2013, in which she stated: *"The bill, with modest changes, is consistent with the findings of the report on adding renewable thermal to the APS that EEA filed with the Legislature at the end of 2012 and would provide a key incentive necessary to support our strategies to grow emerging industries in efficient heat pumps, solar hot water and sustainable biomass heating."* We ask DOER to remain firm in its resolve to implement this statute. We note that there remains opposition to certain renewable thermal technologies qualifying for alternative energy credits as explicitly allowed in the statute. We suggest that opponents be advised by DOER to seek a legislative remedy, rather than try to delay the implementation of these rules any further, or seek amendments that render them impractical or too costly to implement.

We have three issues we wish to raise with respect to the draft rule:

1. Include a means for pellet fuel manufacturers to qualify for Biomass Suppliers List without segregation and chain of custody verification of wood feedstocks that may not meet sustainability criteria, especially when vast majority of fuel is derived from feedstocks that do meet sustainability criteria.

NEWP's Jaffrey NH plant currently supplies bulk wood pellet fuel to residential and commercial wood pellet boiler installations in Massachusetts, through one of several authorized distributors. We fully intend to take steps to qualify for DOER's Biomass Suppliers List, so that our fuel can be used by generators who seek to qualify their heat output for alternative energy credits.

Our fuel is manufactured from a blend of primary and secondary wood product manufacturing residues (e.g. sawdust and chips from sawmills, and furniture, flooring, millwork and cabinet manufacturers), and "bole" chips from harvested low grade wood harvested during the course of forest management operations on public and private lands. Non-forest-derived residues represent 75-100% of our feedstock, depending on time of year and whether the plant is operating at capacity.

The contractors that supply bole chips to us are located in MA and NH. We are confident these operations will nearly always meet the sustainability criteria through licensed forester attestation. However, there will likely be some volume harvested from operations that do not involve a licensed forester or will not otherwise qualify. This volume of feedstock will likely be less than 5% of our total feedstock in any given year. NEWP's Jaffrey plant has a capacity of 85,000 tons per year. Thus, when running at capacity, 80,750 tons will be sourced from wood that is expected to meet MA DOER's sustainability criteria (on a percentage basis), and only 4,250 tons may not meet these criteria.

NEWP purchases approximately 5,000 truckloads of wood annually from all sources, when running at capacity, or about 20 per day. We will not be in a position to operationally segregate non-complying wood from the vast major of our feedstock that will meet sustainability criteria. It is completely unfeasible for us to segregate and store bulk pellet fuel manufactured from complying wood from fuel that may include non-complying wood so that we can verify chain of custody down to the ton.

The original draft rule (June 2016) included vague language referencing a "Mass Balance" approach to deal with just this situation. As we interpreted the language at that time, we understood that as long as the quantity of fuel sold to qualified MA biomass thermal generators in any given year did not exceed the quantity of fuel sourced from wood that meets sustainability criteria (on a percentage basis, which we will be happy to document), the fuel would be in compliance and the generators could qualify their heat output for AECs (assuming they meet all other requirements of the regulation).

The current draft rule removes the reference to "Mass Balance" approach, and is entirely unclear on this issue. **We urge DOER to clarify that pellet fuel manufacturers seeking qualification on DOER's Biomass Suppliers List need only demonstrate that they sell less fuel annually to MA APS qualified generators than the equivalent volume manufactured annually from sources that meet DOER's sustainability criteria.** Our concern is that a couple hundred loads of non-complying wood annually, out of the 5,000 truckloads we purchase, will potentially disqualify all of the fuel because we are operationally incapable of segregating our wood handling, blending, fuel manufacturing, and bulk pellet storage. As a point of reference, NEWP sold approximately 2,000 tons of bulk pellet fuel to MA residential and commercial consumers in 2016, and aside from a small volume distributed from a Maine manufacturer, we are the

only PFI certified wood pellet fuel manufacturer within economic trucking distance to Massachusetts at this time.

We would be pleased to host a tour for MA DOER staff to our Jaffrey facility so that you can gain a better understanding of the importance of this issue. This issue will not be unique to pellet fuel manufacturers but probably will also pose challenges from suppliers of wood chip fuel as well.

2. Restore eligibility of "small" biomass systems for pre-minting of alternative energy credits.

The June, 2016 draft of the APS regulations included a provision whereby "small" biomass thermal systems (then defined as <300,000 btu/hr) could qualify for "pre-minting" of alternative energy credits. This provision has now been removed for "small" systems, now absorbed into the "intermediate" sized system and defined as <1MMbtu/hr. We ask you to please restore a "small" category of system (e.g. 300,000 btu/hr), and allow for pre-minting of alternative energy credits as is allowed for other qualifying thermal technologies. Otherwise the benefits of the APS thermal provision will be impractical to access for homeowners, small businesses and other small commercial or institutional building owners who choose modern wood heating.

3. Treat woody biomass combined heat and power at least as favorably (if not more favorably) than natural gas.

Natural gas combined heat and power APS incentives are based on a tiered structure in combination with the annual efficiency level (HHV). Natural gas CHP begins to receive alternative energy credit qualification at 60% annual efficiency. Under the current draft rule, biomass CHP must meet a minimum 75% output efficiency in order to qualify. It is reasonable to expect that CHP technology, whether fueled by natural gas or biomass, should be subject to an output efficiency requirement, but it should be the same requirement regardless of fuel. We ask DOER either to lower the minimum efficiency biomass CHP must achieve to 60% or increase the minimum efficiency natural gas, a non-renewable fuel, must meet to the 75% so that DOER's rules do not create a discriminatory double standard.

Sincerely,



Mark R. Wilson  
Chief Executive Officer