



July 28, 2017

Attention: Samantha Meserve
Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

RE: Comments on 225 CMR 16:00: Alternative Energy Portfolio Standard (APS)

The Massachusetts Energy Marketers Association (MEMA) is the state trade association representing retail heating oil companies; wholesale suppliers of heating oil; diesel fuel and biofuel; biofuel producers and distributors; and home and commercial heating equipment manufacturers.

On behalf of our Board of Directors, I want to thank the Department of Energy Resources (DOER) for their continued work on **225 CMR 16:00** and related documents in order to assist the Commonwealth in reaching goals established by the Global Warming Solutions Act and advancing innovative, renewable energy options.

Our association has a noteworthy track record of working to grow biofuel use within the heating oil sector in Massachusetts. In 2004, our association utilized funds from the National Oilheat Research Alliance (NORA) to conduct one of the first laboratory combustion tests on biodiesel blended with low sulfur heating oil. Since that time, NORA, MEMA and the National Biodiesel Board have collectively spent nearly \$7 million in Massachusetts to advance Bioheat/biofuel accessibility and use through technical training, supply chain improvements, additional research and development and direct marketing and advertising to the retail heating oil dealer and the heating oil consumer. Additionally, MEMA has worked on a number of legislative, regulatory and fuel specification projects over the years to help advance the use of biofuels.

Comments:

225 CMR 16:00: Alternative Energy Portfolio Standard (APS)

In 16:05 (j) Cap on the Available Number of Attributes for Generation Units Using Eligible Liquid Biofuel, MEMA requests that DOER increase the total number of “Attributes minted to Generation Units using Eligible Liquid Biofuel” in each “Compliance Year” from “may not exceed 20%” to “may not exceed 40% of the total projected annual compliance obligation for the Compliance Year, in which they are generated.”

We recommend this change for the following reasons:

An independent review of the Alternative Energy Credit market in Massachusetts supports our request for an increase in the allotted percentage of credits generated through Eligible Liquid Biofuels. Here are some of our findings:

- In Vintage Year 2016, the AEC market was close to 1,000,000 credits short of the total obligation for Load Serving Entities (LSEs). At the current CHP market average for AEC generation, this figure represents a shortage of close to 140 MW of CHP capacity.
- With the currently proposed regulations, Eligible Liquid Biofuels can participate in 20% of the AEC market going forward. This dictates that by 2019 CHP capacity would have to increase by over 110 MW to meet the remaining 80% obligation for AEC credits.
- Considering current CHP projects in various stages of construction in Massachusetts, including the MIT facility (22MW in late 2019 and 22MW in late 2020), generation of AECs by CHP will still be some 70 to 80 MW short of capacity by 2022 to meet AEC obligations.
- Participation of Eligible Liquid Biofuels at 40% of the AEC market would not interfere with the pace of CHP installations in Massachusetts. This 40% figure would still accommodate close to 90 MW of CHP capacity installation between the years 2017 to 2022.

If the intent of the regulations is to increase the use of Eligible Liquid Biofuels, a raise in quota to 40% would be needed for the following reasons:

- The currently proposed regulations of 20% AEC participation would support approximately 12 million gallons of Eligible Liquid Biofuels per year being used in useful thermal applications in Massachusetts. The amount of current supply would cover this proposed obligation. Too many AECs will be created and the market would not support the prices needed to attract more participation.
- An increase to 40% for AEC participation for Eligible Liquid Biofuels would allow the needed “room” for expansion of this vital market.

Also in 16:05 (j) Cap on the Available Number of Attributes for Generation Units Using Eligible Liquid Biofuel, given the seasonal volume of heating oil that will be blended with Eligible Liquid Biofuel and delivered during the key heating months of November, December, January, and February; we urge DOER to reexamine all of the language in this section pertaining to calculating “the annual and per quarter number of Attributes available” in a given “Compliance Year”, and the percentages of how those “Attributes” are allocated “for a given quarter” or “allocated on a pro-rata basis.” Essentially, the bulk of “attributes” for the heating oil industry on an annual basis will be accumulated in quarter one and quarter four of any given calendar year.

In 16:05, under the definition of (I) Eligible Liquid Biofuel Suppliers List, we request that DOER add language that provides relief from the “approved Quality Assurance Plan” for small producers of biofuel in Massachusetts. We suggest an exemption for biofuel suppliers who produce less than a million gallons per year.

Having to comply to the Quality Assurance Plan requirement will be a significant financial hardship for companies like Massachusetts-based Cape Cod Biofuels and other small producers who are helping to grow the biofuel market and are producing fuel that meets the ASTM specifications cited in 225 CMR 16:00.

Comments:

Guideline on Biomass, Biogas and Biofuels for Eligible Renewable Thermal Generation Units

In **Section 5 – Greenhouse Gas Reduction**, letter **C – Generation Units Using Eligible Liquid Biofuel and Bio-oil**, we commend DOER for modifying the **Guideline** to accept the “standards for advanced biofuels under the Federal Renewable Fuel Standard (RFS) program.”

As MEMA stated in testimony to DOER on the initial draft of **225 CMR 16:00** in June of 2016, following sophisticated analysis and data development the Federal EPA implemented the RFS seven years ago and defined advanced biofuels as those that reduce life cycle greenhouse gas emissions by 50% or more.

By accepting and referencing the RFS, DOER is in sync with federal regulations as it relates to advanced biofuels and biomass-based diesel. In doing so, DOER will ensure that Massachusetts has an efficient, well run APS program that allows for a competitive marketplace while ensuring that the Commonwealth is getting the broadest array of biofuels that have been vetted for environmental benefit by the federal government.

It would be helpful however, for DOER to add some language from **Section 5**, letter **C** to **Section 12 – Eligible Liquid Biofuels**. In Section 12, following the sentence: “As stated in 225 CMR 16.05(1)(a)(6)(a)(vii)” insert the following:

“All Eligible Liquid Biofuel and bio-oil are required to meet the standards for advanced biofuels under the Federal Renewable Fuel Standard (RFS) program as stated in **Section 5**, letter **C** of this guide.”

Training Sessions on Final Regulation & Guidelines

Given the complexities of this new APS regulation and accompanying guidelines, MEMA strongly suggests that once the final regulation, guidelines and related forms are approved by state government officials, DOER, in coordination with MA DEP and the MassCEC, should develop and execute at least 2 training sessions for those seeking to participate in the APS program for Eligible Liquid Biofuel. The training sessions could be in the form of webinars.

Thank you for the opportunity to provide written comments. Our association stands ready to further assist DOER in final implementation of 225 CMR 16:00 and related documents.

Respectfully submitted,

Michael Ferrante, President, Massachusetts Energy Marketers Association.