



August 7, 2017

Massachusetts Department of Environmental Resources
100 Cambridge Street
Boston, MA 02114

Dear Sirs:

Newport Biodiesel, Inc. is the only biodiesel producer in Rhode Island and one of several small producers in the New England region. We have been in existence for just over 10 years and we currently produce slightly more than 5 Million gallons of ASTM D6751 certified biodiesel per year. Our feedstock is exclusively used cooking oil that we collect from more than 3200 restaurants throughout New England and purchase from various suppliers in the region. We are fully in support of 225 CMR 16.00 and, when the rules have been finalized, we will certainly apply to seek Qualification as an Eligible Liquid Biofuel Supplier.

We appreciate the efforts of the MASS DOER to create an Alternative Energy Portfolio Standard that includes biodiesel as an Eligible Biomass Fuel. For many years the heating oil industry in New England has been on tenuous ground, but BioHeat, particularly with higher blends of biodiesel, creates a much cleaner fuel that can compete with fossil fuels and provides a way forward for the future. This program will encourage heating oil distributors to utilize biodiesel, thereby creating a cleaner fuel with significantly less Greenhouse Gas Emissions (GHG).

We have several comments regarding the proposed rules:

1. We fully support the definition for Eligible Liquid Biofuel which states that the liquid fuel must be derived from organic waste feedstocks. This provision ensures that the program gets the most GHG reduction per dollar invested. For example, biodiesel made from used cooking oil typically reduces GHG by 86% compared to petroleum diesel, whereas other feedstocks that still meet the 50% requirement for Advanced Biofuels do not provide as high a level of GHG reduction. Furthermore, this provision helps the program to support regional biodiesel producers, since all of the New England producers generate biodiesel from used cooking oil. It also helps to eliminate imported soybean based biodiesel from Argentina that is currently undercutting domestic biodiesel production.

2. We also support the minimum of 10% blends of biodiesel. Although encouraging higher blends by setting a higher minimum could perhaps result in higher blending, the program would run a significant risk of low participation, as very few distributors currently blend at rates materially more than 10%. There is nothing in the program that prohibits distributors from using higher blends, so one could expect that in the future, distributors who are participating in the program will move toward higher percentages of biodiesel in order to take full advantage of the program.
3. We would suggest that the DOER eliminate the requirement for a Quality Assurance Plan (QAP) issued by EPA. Many producers, both large and small, do not have such a program for various reasons. We would suggest that the same objectives can be achieved by simply stating that in order to qualify for the Eligible Liquid Biofuel suppliers list; a producer must be registered in the EPA's Renewable Fuel Standard (RFS2) program and must verify that they produce biodiesel from organic waste feedstocks. The EPA Moderated Transaction Program (EMTS), that is part of the RFS program, requires a producer to generate quarterly reports that provide specific information on the number of gallons produced and the feedstock used. This quarterly report could easily be forwarded to the DOER which would allow the state to easily track the required data. As part of the RFS, there is an annual attestation procedure that verifies the validity of these reports. It would then be necessary for the distributor to demonstrate that he purchased biodiesel produced by an Eligible Liquid Biofuel Supplier and document the blend that he sold to the end user.
4. The cap on the Available Number of Attributes for Generation Units Using Eligible Liquid Biofuel seems very restrictive at the specified 20% level for biofuel and 80% for Combined Heat and Power (CHP). An independent review of the Alternative Energy Credit market by Kevin Bedford indicates that a 40% cap for biofuel would not affect the AECs market negatively and would provide an opportunity for expansion of the biodiesel market while still providing the CHP market a sufficient AECs allocation for their forecasted generation of AECs.
5. Finally, we do not believe that it is necessary to limit the number of AECs sold on a quarterly basis. The other AECs currently in the market do not have such a restriction and by limiting the number of AECs sold per quarter it could mean that distributors and aggregators might have to wait for additional quarters before being able to sell their AECs. We favor a free and open market for AECs that encourages participation in the program.

Thank you for the opportunity to submit comments on the program. We look forward to participating in the near future.

Robert Morton
Chairman of the Board
Newport Biodiesel, Inc.