August 23, 2021

Attn: Samantha Meserve
Deputy Director of the Renewable and Alternative Energy
Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

Re: APS Straw Proposal Comments

Dear Mrs. Meserve:

Kolmar Americas, Inc. ("Kolmar") and its wholly own subsidiary American GreenFuels, LLC ("American GreenFuels") thank the Massachusetts Department of Energy Resources ("DOER") for the opportunity to comment on the Alternative Energy Portfolio Standard Straw Proposal, dated July 20, 2021 (the "Straw Proposal'). As a significant supplier of Eligible Liquid Biofuel (as defined at 225 CMR 16.00), Kolmar appreciates DOERs proposal to alter elements of the Massachusetts Alternative Portfolio Standard ("APS") to increase the usage of low-carbon Eligible Liquid Biofuels like the biodiesel produced by American GreenFuels. Kolmar and American GreenFuels submits these comments in support of several proposals presented in the Straw Proposal as well as few additional changes that would improve the efficacy of the APS in immediate greenhouse gas reductions by promptly driving increase usage of Eligible Liquid Biofuel.

I. About American GreenFuels

American GreenFuels is a biodiesel production facility located in the Port of New Haven, Connecticut. American GreenFuels produces biodiesel from a variety of feedstocks, predominately used cooking oil and other waste oils. With a nameplate capacity of 40 million gallons annually, American GreenFuels is the largest biodiesel production facility in New England and a significant contributor to the Massachusetts APS program.

II. About Kolmar

Kolmar is a marketing, trading, and manufacturing company, whose products range from oil, oil derivatives, gas, gas products, petrochemicals, renewable fuel feedstocks, renewable fuels, and blended diesel fuels. Kolmar has been marketing biodiesel since 2008 and owns biodiesel production assets in New Haven, CT (American GreenFuels, LLC), and Port Arthur, TX (American GreenFuels Texas, LLC). Kolmar's extensive experience in the renewable fuels market place ranges from production to import, export, and domestic trading of a wide variety of renewable products including ethanol, biodiesel, renewable diesel, and renewable petrochemicals and includes engagement with regulatory regimes both within the United States and internationally. Such regimes include the federal Renewable Fuel Standard, low carbon fuel standards in California, Oregon, and British Columbia, and various programs in the European Union consistent with its Renewable Energy Directive (the "RED" directive). Kolmar is a deeply vested in the success of the renewables industry.

III. Kolmar Supports the One-Time Increase of the 2023 Minimum Percentage and the Increase of the ACP From $24.76 to $40.00

Kolmar applauds DOER's proposal to both increase the minimum APS obligation and increase the ACP for non-compliance. Both of these proposed changes promote the stated 2021 APS Goals of prioritizing the most greenhouse gas emission reductions for the least cost and providing a balanced market to facilitate a stable incentive and drive technology adoption and market development. By adjusting the minimum percentage for 2023 and increasing the ACP, DOER will be driving the adoption of more energy efficient and low-carbon technologies in the short-term future. Kolmar applauds these moves due to the time-value benefits of the greenhouse gas emission reductions today, versus theoretical future reductions. As climate scientists have detailed, the release of carbon dioxide does not have a one time, detrimental effect. The heating associated with each emission

releases over 100 years—making each emissions reduced today exponentially more valuable than the exact same reduction in greenhouse gases in the future. This important point illustrates the need to promote technologies like biodiesel, which have the ability to achieve significant greenhouse gas reductions now—with a huge impact on the world's climate change future.

Biodiesel produced by American GreenFuels reduces greenhouse gas emissions by up to 93%, according to an independent certifying body, and biodiesel on average reduces greenhouse gas emissions by 86%. Given the 'drop-in' nature of the fuel and the ease of displacing petroleum diesel on a gallon for gallon basis, these significant reductions in greenhouse gas emissions represent an efficient avenue to Massachusetts achieving its greenhouse gas emission reduction goals in the heating sector. Kolmar addresses elsewhere in these comments ways to ensure the proposed expansions of the APS program best promotes the expansion of biodiesel and other Eligible Liquid Biofuels usage in the State.

IV. DOER Should Alter Eligibility Requirements and Exclude From the Cap on the Available AECs for Biofuel Generation Units Intermediate and Large Renewable Thermal Users of Eligible Liquid Biofuel

To incentivize intermediate and large renewable thermal energy users to embrace Eligible Liquid Biofuels as a low-carbon alternative to fossil fuels, Kolmar recommends DOER do two things: (i) provide an alternative to the metering requirements for such users, such as a conservative formula for greenhouse gas savings similar to the one for residential users, and (ii) remove intermediate and large renewable thermal energy users from the Cap on the Available AECs for Biofuel Generation Units. The purpose of these changes is to accelerate the adoption of Eligible Liquid Biofuels by larger consumers of energy. The obstacles these consumers face to adoption are (i) the upfront capital costs of metering compliance and (ii) the lack of foreseeability regarding AEC revenue.

The first obstacle can be overcome by providing an alternative compliance mechanism to metering. The use of a formula, similar to the one used for residential consumers, would meet this objective. Further, this formula could be a conservative calculation to avoid the over-generation of AECs. Intermediate and Large Renewable Thermal Energy Users would then still be incentivized to conduct metering in order to ensure the appropriate (and larger) number of AECs are generated. In the meantime, though, the upfront cost of metering will not disincentivize such users from switching to Eligible Liquid Biofuel.

The second obstacle can be overcome by removing such users from the Cap on the Available AECs for Biofuel Generation Units. Because of the currently manner of operation of the cap, users of Eligible Liquid Biofuel do not know how many AECs they will be receiving until well after the Eligible Liquid Fuel is utilized for heating. This makes it difficult to plan and predict a return on investment. This is particularly true with intermediate and large users. By removing such users from the cap and providing a simple metering alternative, forecasting expected revenue from AEC generation will become a much simpler process for such users—especially if DOER follows through with the 2023 increase in APS obligation and the adjustment of the ACP value. A higher blend-level requirement could even be instituted for such users—as several current Large Renewable Thermal Users utilize high level blends of up to 99% Eligible Liquid Biofuel.

These changes would ensure the APS program is promoting exactly the sort of technology changes envision by the DOER and ensure Eligible Liquid Biofuel goes to the best end-uses.

V. DOER Should Increase the Proposed Cap on the Available AECs for Biofuel Generation Units for 2023 to Promote Increased Usage of Eligible Liquid Biofuel

Kolmar encourages DOER to increase the proposed Cap on the Available AECs for Biofuel Generation Units for 2023 to incentivize additional usage of Eligible Liquid Biofuels. With the proposed one-time increase of 2% and the expected phase-out of CHyP unit eligibility, the 2023 AEC market should be capable of both incentivizing adoption of new technologies while at the same time providing additional support for Eligible Liquid Biofuel usage beyond the proposed apx. 460,000 AEC cap. While Kolmar understands DOER instituted the cap on Eligible Liquid Biofuel AEC generation to ensure biofuels did not crowd out or displace other technologies, Kolmar urges DOER to not arbitrarily limited AEC generation of Eligible Liquid

Biofuels and in circumstances where increasing such cap does not adversely affect the ability of APS program to adequately incentivize other technologies to allow for growth in Eligible Liquid Biofuels – and allow our industry to help DOER more rapidly meet its greenhouse gas reduction goals.

VI. Conclusion

Kolmar appreciates DOER's consideration of these comments and hopes DOER will find them beneficial to the formulation of the proposed changes to the relevant regulations. Please do not hesitate to contact me directly, at 203-873-2051 or at e.petersen@kolmar-americas.com if you have any questions or wish to discuss these recommendations.

Sincerely,

Elias Petersen
Associate General Counsel
Kolmar Americas, Inc.