

16 August 2021

Response to the 225 CMR 16.00 Straw Proposal  
Alternative Portfolio Standard  
Mass DOER

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Dear DOER,

On behalf of Maine Energy Systems, thank you for the opportunity to share some thoughts regarding possible adjustments to the Alternative Portfolio Standard. As you can well imagine, we are most familiar with 225 CMR 16.00 as it applies to wood heating, thus we will largely limit our feedback to this technology sector.

We believe in renewable energy and the value of setting high expectations for programmatic eligibility. However, with the erosion of AEC pricing we must now weigh the value of continuing to participate in the Commonwealth's program. To be market influential, AEC prices must stabilize and increase in value. We thus applaud the proposed regulatory adjustments as we believe they will achieve this important goal.

**Recommendation 1:** ACP change and obligation bump

We support adjusting the alternative compliance payment to \$40 and adding 2% to the annual LSE obligation. While this change may add burden to ratepayers it is absolutely necessary to establish a meaningful AEC price structure. Importantly this action places the APS in regional parity with other states; without regional equivalence the green industry and its carbon gains will gravitate to other, more lucrative state marketplaces.

**Recommendation 2:** Gas-fired CHP eligibility glide-path

We support the adoption of the proposed CHP eligibility reductions provided that they are specific to non-renewable CHP facilities. From our position we have found it puzzling that the DOER has continued to offer equivalent eligibility to gas-fired CHP facilities. Clearly this technology is statutorily allowed, as the benefits of combining heat and power should be recognized. That said this technology's AEC production is out of proportion with its benefit to the Commonwealth and it has oversupplied the AEC market. By consequence AEC pricing has been profoundly chilled grievously impacting the financial viability of more renewable options. Balance is needed to ensure the adoption of the most renewable RTGUs.

Please note that we are concerned that the proposed language was not sufficiently explicit to assure renewably-fueled CHP facilities of exemption from this rule change.

**Recommendation 3: Adjusting metering thresholds**

One of the challenges of employing and regulating a European-developed technology is simply one of measurement units. For the vast majority of global installations RTGUs are categorized by Kilowatt output; this fact is evidenced in most manufacturer model nomenclature. On a more basal level, it is also simpler to describe systems as smaller number designations (200Kw vs. 682,400Btu).

It is unfortunate that 300Kw boilers (Gould Farm) which are 2.3% over the 1MMBtu benchmark have been obliged to be outfitted with BTU-meters, a requirement that significantly added to both the cost and complexity of the system. None the less, it is critical that APS technologies be accurately metered to assure defensible eligibility for AECs. We therefore propose raising the delineation (and all applicable accounting calculations) between fuel-metered and heat-metered wood fired thermal RTGUs be aligned with the MassDEP eligibility point of 3MMBtu's.

We also, would like the DOER to consider classifying residential pellet boilers/furnaces as non-metered and thus eligible to be awarded pre-minted AECs. When the APS was first designed this approach was considered but rejected sighting concerns regarding the need to provide ongoing fuel sustainability assurances. Now that the APS has been operational for 6 years it seems reasonable that the DOER should be able allay these initial fears as there is now significant evidence from local pellet mills that their feedstock is more than adequate (+10x) to meet sustainability requirements. Please note that APS eligible pellet systems must receive their fuel via a blower truck....these trucks fill directly at the mill.

**Recommendation 4: 50% carbon reduction in 20 years**

We commend the DOER's commitment to accelerating the Commonwealth's decarbonization and the subsequent positive impacts on climate change. Accordingly, we support the new expectation that APS technologies align with the RPS and demonstrate a 50% reduction in GHG emissions within 20 years.

**Recommendation 5: Forest-derived fraction**

We support the elimination of the requirement that eligible woody biomass fuel be composed of +30% forest derived material. While this requirement is easily achieved by the regional pellet mills and dry chip purveyors, it has resulted in both a regulatory burden and a messaging challenge for the wood heating industry. To date it appears that this expectation has been met largely through the utilization of mill waste (sawdust, slabwood etc.), a pattern that is unlikely to change. Please see below for a related recommendation.

**Recommendation 6: New fuel category**

To better reflect the actual composition of APS eligible woody biomass fuel and its subsequent GHG reductions, we further recommend that a forth fuel category be established in 225 CMR 16.05k. To meet this new category IV the fuel must be (at a minimum) 95% Forest Derived Residues, Non-forest Derived Residues, and Forest Salvage. As such this fuel would be eligible to displace Natural gas, electric resistance, propane, fuel oil #6 & #2.

**Recommendation 7: Full SAF definition**

We can appreciate the challenge DOER faced as it sought to find a definition of sustainability with respect to forestry; as a concept it has been broadly interpreted by various stakeholders. None the less the DOER has adopted the definition (or more accurately part of the definition) as penned by the Society of American Foresters. The SAF state that

“Sustainable Forestry Management is an evolving concept with several definitions” including recognition that a sustainably managed forest must take account of current and future economic and social functions.

We therefore propose that the DOER use the full definition as written by the SAF. It is as follows: the stewardship and use of forests and forest lands in a way, and a rate, that maintains their biodiversity, productivity, regeneration capacity, vitality, and potential to fulfill, now and in the future, relevant ecological, economic, and social functions at local, national, and global levels, and that does not cause damage to other ecosystems – note criteria for sustainable forestry include (a) conservation of biological diversity, (b) maintenance of productive capacity of forest ecosystems, (c) maintenance of forest ecosystem health and vitality, (d) conservation and maintenance of soil and water resources, (e) maintenance of forest contributions to global carbon cycles, (f) maintenance and enhancement of long-term multiple socioeconomic benefits to meet the needs of societies, and (g) a legal, institutional, and economic framework for forest conservation and sustainable management.

**Recommendation 8: Biofuel change**

To best ensure that the APS remains an undersubscribed market we support the decision to freeze Liquid Biofuels at 460,000 AECs/yr. and require that eligible blends to be a minimum of B20.

**Recommendation 9: APS vs MassSave**

Naturally, we are disappointed to see the DOER is proposing that future RTGUs choose between the APS and MassSave. That said, we can appreciate that funding is limited and in light of the proposed changes AECs will become more valuable. While we had wished to see a refunding of a program similar to that offered by the MassCEC this policy change will at least put all technologies on an equal footing.

We in the wood industry appreciate the initiative this rulemaking represents. However, we wish the subsequent changes could be made more expeditiously. Should the formal rulemaking process proceed more quickly than forecast, we would greatly appreciate it if some of the more notable changes be made at the time of promulgation instead of waiting until Q1 of 2023.

Thank you for this opportunity to provide the DOER some feedback on the current 225 CMR 16.00 via the Straw Proposal. We are confident that this program, with some subtle adjustments can continue to facilitate renewable heating initiatives across the Commonwealth.

Sincerely,



Leslie B. Otten  
Founder and CEO