**Eligible Liquid Biofuel**

Sprague has concerns regarding the eligible liquid biofuels component of the APS draft legislation. The RFS2 eligibility as governed by the Environmental Protection Agency has gone through years of extensive analysis to create, monitor, and administer the approved pathway provisions. These pathway approvals are the corner stone of fuel quality and the commercial market for renewable fuels. However, the draft APS regulation requires fuels must meet “Renewable Fuel Standard (RFS2), 40 C.F.R. §§ 80.1400-80.14.74, and must verify that they produce biodiesel from organic waste feedstock’s”. While we agree with meeting the RFS2 standard, Sprague disagrees with the narrow pathway for organic waste feedstock’s. In addition, the current statue does not appear to allow for a commingled product of a used cooking oil and other types of biodiesel. This type of commingling is standard operating procedure for both producer and blender in the United States. By not allowing commingled product of potential qualifying and non-qualifying feedstocks, this may greatly limit the availability of fuels and ultimately raise the cost of the Rec’s.

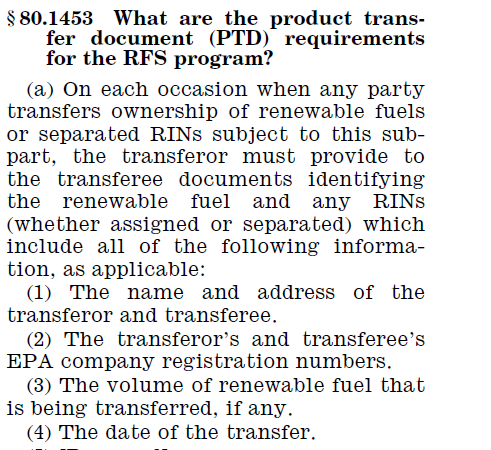
Another concern stems from the lack of avaiblity for this type of fuel in New England. The collection of used cooking oil is one of the highest cost, least efficient methods for creating biodiesel. Currently there are only three small regional producers who can produce this fuel on any type of scale and all are located outside of Massachusetts. The lack of available production, coupled with the narrow definition of qualifying fuel, may limit the ability of all stakeholders to participate in the thermal recs market. This limitation could have unintended consequences in the competitive market of heating oil supply.

**Product Labeling**

Sprague believes in order to be eligible for receiving thermal recs the blend percentage of biodiesel should be listed on the product transfer document for two separate but important reasons:

1) ASTM and the EPA regulations require it. The ASTM specification for heating oil is D–396. This specification allows up 5% of qualified ASTM 6751 biodiesel to be blended in the fuel. Any heating oil with bio content over 5% no longer meets the definition for heating oil and the fuel should be labeled as a B-blended fuel. Bio content between b6-b20 is a different heating oil quality (ASTM of 7467) and requires biodiesel content disclosure.

In addition, the labeling the bio content will also will also keep Massachusetts program in line with the current EPA regulations that govern the blending of renewable fuels (see below). The EPA requires that the amount of renewable fuel (above 5%) be disclosed on the product transfer document, or in this case, the delivery receipt to the consumer. Some have argued that this EPA regulation does not apply to resellers. We disagree with this position and believe that RFS 80.1453 is clear and unambiguous. Even if for some reason DOER believes the EPA rules do not apply to companies who deliver to the consumer, the Commonwealth would certainly be following a best practice principal by requiring labeling.



<https://www.gpo.gov/fdsys/granule/CFR-2010-title40-vol16/CFR-2010-title40-vol16-sec80-1450>

2) Another important reason for labeling is the energy content of the fuels. The heating oil currently used in Massachusetts has an average British Thermal Unit (BTU) per gallon energy content of 138,000. Biodiesel by contrast has 118,000 BTU’s per gallon. This 20,000 BTU per gallon (or 15%) difference per every gallon is material. Consumers have the right to know the content level renewable fuel and heating oil they are paying for given that BTU difference.

If the Commonwealth is offering the opportunity to obtain Thermal Rec’s by the selling of biodiesel, and these thermal recs have the potential to be commercially valuable, it is a reasonable expectation that the sale generating the recs should be clearly labeled as to the content of the qualifying renewable fuel to the consumer. This will help ensure product integrity through the chain of custody and eliminate the incentive for indiscriminate blending practices to occur. Finally, it will clearly outline to the consumer the exact product they are purchasing in terms of b10, b15, b20, to the closet 5% level.

It is hard to think of a justifiable reason why the percentage of qualifying biodiesel over the ASTM threshold of 5% should not be on the product transfer document for the consumer in order for the dealer to be eligible to receive thermal recs. This will bring transparency that we would argue is one of the keys for this program to be a success.