



Bruce R Lisle  
President & CEO

**VIA EMAIL [Samantha.Meserve@state.ma.us](mailto:Samantha.Meserve@state.ma.us)**

June 30, 2016

Department of Energy Resources  
100 Cambridge Street, Suite 1020  
Boston, MA 02114

ATTN: Samantha Meserve

**RE: Comments on the MA APS Renewable Heating  
and Cooling Draft Regulations**

Dear Ms. Meserve:

Energex, based in Pennsylvania with wood pellet plants there and in Lac-Mégantic, Québec, is the second largest fuel supplier in the New England region and one of the founding companies that opened up the wood pellet market in the Northeast in the early 1990's. We supply a significant amount of fuel to Massachusetts consumers. Both of our facilities are certified under the Pellet Fuel Institute's Standards Program. As Founder of the company, I'm proud that we have been supplying the Northeast with millions of tons of this renewable, sustainable, and carbon neutral fuel since our Québec plant first opened in 1981. We would like to comment on two specific issues: fuel standards and sustainability.

**Fuel Standards.** The draft regulation correctly references that fuel can be "demonstrated" by certification through either PFI's Premium Grade Standard or ENPlus's A1 classification. These two standards represent most of the world's pellet production, but ENplus is not a factor in the North American domestic wood pellet market, so these comments address the PFI's standard. PFI's fuel standards has been used in the marketplace since the 1980's and have matured through industry consensus into the most rigorous, third party tested standard and certification program in the world, far exceeding any requirements of the ENplus standard. The draft regulation requires a Moisture Content <6% that deviates from the PFI standard of <8%. In addition the regulation requires a minimum Calorific Value of >8,000 btu/lb and an ash content of <1% .

The effect of this draft regulation is it is creating a new "Massachusetts" standard which will confuse the marketplace.

**Energex Corporation**

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PFI's standard for moisture was established with decades of pellet production experience at the table. Most pellet producers can be <6% but experience dictates that a certain margin is required for moisture due to the "Mother Nature" nature of wood and production requirements. A less than <8% wood pellet fuel provides a perfectly acceptable, clean burning fuel.

A minimum Calorific Value of >8,000 btu/lb creates a new standard. The PFI Standard does not specify a Calorific Value, only allows for its disclosure. We assume the draft regulation is thinking about an "as received" value. The Bone Dry Calorific Value of wood varies by species from approximately 8,000 to the upper 9,000's with the variance to "as received" being moisture. One of the reasons PFI did not specify a Calorific Value, is that all fuel will fall in this range with the variance being the species and moisture dependent. This is truly the "Mother Nature" characteristic of wood pellet fuel.

A no greater than 1% ash content is extremely limiting. Most pellet producers in the US domestic market use wood residues from primary and secondary wood processing as feedstock materials. These materials are generally "white" wood without any bark and can produce a PFI Premium Grade fuel. The industry's roots are collecting these waste materials which were historically land filled, buried or burnt. Over time this waste material has found higher valued added markets such as short fiber paper, MDF, wood flour, plastic lumber and others. As such, the demand and cost for these materials has increased, wood pellet fuel is at the bottom of this food chain. The residue market was severely squeezed in 2007/2008 when the new housing market plummeted. PFI has two other fuel classifications, Standard and Utility, the differentiation being ash content. These classifications do not have the market penetration that the Premium grade does as there currently seems to be enough Premium Grade fuel to satisfy demand. Over time, pellet appliances, both room heater and central heaters, will be designed to handle higher ash fuels. There are many higher ash handling units currently in the market, but they are outnumbered by the low ash units. In speaking with a representative from your department at Heating the Northeast a year ago, one of the goals of the department was forest management in the Western/Northwestern side of Massachusetts. This area is saturated with low grade wood in unmanaged stands. In order to use this type of material, the pellets will be greater than 1% ash. Burning a greater than 1% ash pellet can be done cleanly, so don't use the regulation to stymie innovation and market development.

**Sustainability.** As the majority of the wood pellet industry's feedstock material is procured as a waste product of primary and secondary wood processing, confirming a chain of custody is practically impossible. Even when many primary and secondary wood processing are looking for certified sustainable wood, the regions in the Northeast are populated by small woodlot owners, not some of the massive land tracts found elsewhere. The cost of certifying a small lot is prohibitive to most of these owners. As our society has developed over the years, good forest management practices have found their way into small woodlots. So from a scale of forest management that goes from mowing down the rainforests to sustainable forest management, we see the later being the prevalent practice. The wood pellet industry is a partner in forest management taking non-merchantable materials that were historically left in the woods to rot and emit methane and CO<sub>2</sub>, or providing fuel for forest fires.

Other materials prohibited in the draft regulation are already addressed in the PFI standard. They are not allowed in certified fuel.

In summary, I urge the department to not create a new "Massachusetts" standard. Open the market to fuels that are above Premium in regards to ash content. Please follow the PFI Standard that has been adopted and followed by the majority of the capacity in the marketplace. We all have the common goal of clean air, please encourage this renewable energy, and don't inhibit it.

Sincerely,

ENERGEX CORPORATION

A handwritten signature in blue ink, appearing to read "Bruce R Lisle", with a long horizontal flourish extending to the right.

Bruce R Lisle  
Founder & CEO