



August 20, 2021

To: Massachusetts Department of Energy Resources  
Attention: Darchelle Petion

Subject: APS Straw Proposal Comments

From: Michael Ferrante | Massachusetts Energy Marketers Association

### **Overview**

With nearly 300 members, the Massachusetts Energy Marketers Association (MEMA) represents the heating oil and liquid biofuel industry statewide. Since it was revised in 2014, the association has been a steadfast supporter of the Alternative Energy Portfolio Standard (APS) program to accelerate the use of renewable liquid biofuel in heating oil and assist the Commonwealth in reaching its “clean energy goals by increasing energy efficiency and reducing the need for conventional fossil fuel-based power generation.”

72 of the 78 biofuel distributors currently participating in the APS program are members of MEMA, and 20 of the biofuel suppliers and wholesalers involved in the program are members. The long-term success and viability of the APS program is a top priority to the association’s members and the nearly 700,000 heating oil customers they serve in Massachusetts.

MEMA is grateful to MA DOER for allowing our association the opportunity to provide comments on the APS Straw Proposal. Our association also wants to thank MA DOER’s staff; specifically, Samantha Meserve, Eric Steltzer and David Lutes for their dedication and hard work to manage and improve the APS program, and for their accessibility to stakeholders.

### **1) Minimum Blend Percentage**

Given the average blend levels of liquid biofuels in the APS program since 2018, MEMA supports MA DOER’s proposal to increase the minimum blend percentage for all eligible liquid biofuels from 10% (B10) to 20% (B20). This provides validation to the entire liquid biofuels supply and distribution chain, and heating oil users that higher blends of ASTM-approved biofuels are compatible with home heating oil systems, reduce greenhouse gas emissions and are reasonably priced compared to traditional heating oil.

## 2) Reducing the Cap on Liquid Biofuels

Given the extensive climate change laws and policies in Massachusetts including the 2008 Global Warming Solutions Act, the Clean Energy & Climate Plan for 2030, the 2050 Decarbonization Roadmap, the recently enacted state law setting next generation climate policy, and Governor Baker's recent Executive Order (*No. 594 Leading by Example: Decarbonizing and Minimizing Environmental Impacts of State Government*), it seems incongruous that DOER is proposing a reduction in the cap on liquid biofuels in 2023 from 20% to 14%.

The reduction is also difficult to understand given the amount of Alternative Energy Certificates (AECs) that will become available if DOER's proposed phase down of natural gas Combined Heat & Power (CHP) systems garners regulatory approval.

Liquid biofuel, the second largest renewable technology in the APS program, has provided and will continue to provide significant greenhouse gas reductions across the Commonwealth, and given that DOER is seeking to "prioritize the most greenhouse gas emission reductions for the least cost" doesn't it make eminent sense to increase and not decrease the cap on liquid biofuels?

MEMA is extremely cognizant of the Commonwealth's multi-faceted efforts to eliminate fossil fuel use statewide in favor of electrification by 2030. Accomplishing this goal will be most challenging and there are notable uncertainties with respect to overall costs of electrification to consumers, (especially low income and environmental justice communities), widespread acceptance of an expensive technology that performs poorly in cold weather, and the long-term impact this policy will have on electricity prices and electric grid performance.

The Clean Energy & Climate Plan for 2030 targets the conversion of "one million" fossil fueled furnaces and boilers over the next nine years. The plan also cites "decarbonized fuel blending" for heating oil equipment" as a pathway for achieving climate change mitigation goals. Further, as a "metric" for this initiative the plan suggests "consistent with diesel fuel for the transportation sector, fuel oil blended to achieve ~ 20% reduction in carbon intensity by 2030."

The APS program can and should be a more significant and influential force behind the Commonwealth's efforts to reduce greenhouse gas emissions, and liquid biofuels – given their immediate impact on reducing these emissions – should play a more dominant role in the APS program. As NBB has proposed, our industry would welcome an APS program that is uncapped for the use of biodiesel. However, MEMA recommends the following for MA DOER's consideration.

Much like what Governor Baker is trying to accomplish through Executive Order No.594 with fossil fuel reduction benchmarks for state buildings beginning in 2025, MEMA proposes that MA DOER increase the cap of liquid biofuels in 2023 and then set declining caps moving forward to achieve more noteworthy reductions in greenhouse gas emissions statewide.

2023	30% on liquid biofuels
2024	25% cap on liquid biofuels
2025	20% cap on liquid biofuels
2026	15% cap on liquid biofuels moving forward to 2030

### 3) Expanding Feedstock Eligibility

For many years, our association has been advocating for Massachusetts energy and environmental officials to adopt the list of broader biofuel feedstocks that have been approved by the U.S. Environmental Protection Agency under the Renewable Fuel Standard (RFS).

We support comments submitted to MA DOER on the APS Straw Proposal by the National Biodiesel Board (NBB) stating, *“To further strengthen the move towards a “low carbon future” for Massachusetts, MA DOER should expand the feedstock eligibility within the APS in 2022 to include the feedstocks designated for advanced biofuels in the federal RFS (i.e., the feedstocks identified in Table 1, 40 C.F.R. §80.1426 for advanced biofuels, such as soy-derived biomass-based diesel and other qualified feedstocks).”*

Further, as NBB indicated, *“MA DOER already relies on the RFS for the definition of Eligible Liquid Biofuel Supplier List in 225 CMR 16.00 and should endeavor to adopt the following RFS definition for feedstocks.”*

“Feedstock” shall mean soybean oil, canola oil, oil from annual cover crops, algal oil, biogenic waste oils, fats, and greases, camelina sativa oil, distillers corn oil, distillers sorghum oil, and commingled distillers corn and sorghum oil, provided that the commissioner may, by rules and regulations, modify the definition of feedstock based on EPA’s potential future modifications of Table 1 of 40 C.F.R. § 80.1426, and which has generated a RIN in compliance with the federal RFS program.

Our association also supports NBB’s comments to MA DOER stating:

*“Since EPA’s original analysis in 2010, several subsequent studies have been conducted on biodiesel. The most recent, conducted in 2018 by Argonne National Laboratory, the federal leader on the life cycle emission from transportation fuels found that:*

*“Relative to the conventional petroleum diesel, soy biodiesel could achieve 76% reduction in GHG emissions without considering induced land use change (ILUC), or 66-72% reduction in overall GHG emissions when various ILUC cases were considered.”*

*Expanding feedstock eligibility in the APS program will also help ensure that supplies of liquid biofuel are sufficient to meet the needs of the program and reduce petroleum with the immediacy that is being recommend by IPCC.*

*NBB has many members who participate in the California Low Carbon Fuel Standard and that policy initiative attracted biodiesel producers and supply to the West Coast. The development of additional East Coast state policies will send market signals that will attract biodiesel back into the New England market in abundance.”*

It is also important to note that three key heating oil states; New York, Connecticut, and Rhode Island; have implemented biofuel mandates for home heating oil. All these states have adopted the federal RFS definition for biofuel feedstocks.

#### **4) The 2008 Act Relative to Clean Energy Biofuels**

As we have requested in prior written comments and discussions with MA DOER’s APS staff, Governor Charlie Baker, Lt. Governor Karyn Polito, and MA DOER Commissioner Patrick Woodcock, our association maintains that reinstatement of the 2008 Massachusetts biofuel mandate for both home heating oil and diesel fuel is crucial to ensuring the Commonwealth achieves its statutory requirements to reduce greenhouse gas emissions.

The failure to implement the mandate’s 2010 requirements has truly been a decade of missed opportunity to reduce greenhouse gas emissions and transition heating oil to a cleaner, renewable product. MA DOER should prioritize reinstating the mandate and pursue the necessary rulemaking to do so in 2022.

#### **5) Heat Pump Eligibility**

Our association has made it very clear to state lawmakers, the Secretary of Energy & Environmental Affairs, the MA DOER Commissioner, and the Energy Efficiency Advisory Council that we strongly oppose the concerted effort to convert heating oil and propane heated homes to electric heat pump technology. Our members sell, install and service the technology and they are intimately familiar with the costs associated with this heating and cooling option. As a drop-in, lower cost heat source, liquid biofuels present a much more sensible option to immediately reduce greenhouse gas emissions.

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However, MEMA believes that DOER's proposal requiring that small air and ground source heat pump systems that provide full heat displacement will not be eligible for APS credits if they receive a Mass Save incentive is a fair approach for utility ratepayers who fund both the APS program and the Mass Save program.

Thank you once again for the opportunity to provide comments on the APS Straw Proposal. Our association looks forward to working with MA DOER as the rulemaking process for a revised 225 CMR 16.00 continues in 2022 and 2023.

Respectfully submitted,

*Michael Ferrante*

Michael Ferrante | President

Massachusetts Energy Marketers Association  
36 Jonspin Road | Suite 231 | Wilmington, MA 01887  
Tel: 781-365-0844 | Fax: 781-365-1420  
[www.massenergymarketers.org](http://www.massenergymarketers.org)