



April 28, 2023

TO: Massachusetts Department of Environmental Protection
SUBJECT: Clean Heat Standard

On behalf of the Massachusetts Energy Marketers Association, which represents the heating oil industry across the state and has done so for sixty-eight years, I submit the following comments to the Massachusetts Department of Environmental Protection (DEP) on their **Discussion Draft Regulation and Stakeholder Discussion Document Program Design** for a Clean Heat Standard (CHS) for the Commonwealth.

Overview

Since the early 1950's the heating oil industry has provided warmth, comfort and outstanding service to homes and businesses across Massachusetts and has strived to and succeeded in improving the energy efficiency of heating oil equipment and the environmental impact of its liquid fuel.

And for more than fifteen years, the heating oil industry in Massachusetts has consistently demonstrated that it is cognizant of the impacts of climate change to our environment and our citizens; and is committed to being a partner with state officials to find workable, economical, and sensible solutions to reduce greenhouse gas emissions (GHG) statewide.

For example, the industry supported the legislative debate and final passage in 2008 of the Global Warming Solutions Act, the Green Communities Act, and the Clean Energy Biofuels Act, which was never implemented for questionable reasons and could have provided significant GHG reductions in both the thermal and transportation sectors.

Further evidence of the industry's commitment to state-supported climate change, environmental and energy efficiency programs; as well as programs to aid the low-income and environmental justice (EJ) community is significant.

The industry has been, and continues to be, a member of the Department of Energy Resources' (DOER) Energy Efficiency Advisory Council (EEAC). The industry was a lead voice in DOER's promulgation of regulations for the Alternative Energy Portfolio Standard (APS), and since 2018, almost 80 retail companies have participated in the APS program by delivering low carbon, renewable "eligible" liquid biofuel to tens of thousands of homes and businesses statewide.

And the industry has proven it is the backbone for fuel delivered at a highly discounted rate to Low Income Heating Assistance Program (LIHEAP) qualified customers.

Despite this laudable cooperative work by the heating oil industry, state energy and environmental officials and Beacon Hill lawmakers have done everything in their power to spearhead the extinction of the heating oil industry.

As cited, state officials scuttled the implementation of the 2008 Clean Energy Biofuels Act and squandered more than a decade's worth of carbon reductions for home heating oil and on-road diesel fuel.

And even though New York, Rhode Island, Connecticut, California, and Oregon, along with the U.S. Environmental Protection Agency recognize soy-based biofuel as an advanced feedstock, the DOER's APS program fails to embrace soy-based biodiesel despite empirical evidence supporting the GHG reduction capabilities of the feedstock.

Additionally, state lawmakers, regulators and the EEAC have favored electric heat pumps as the panacea for climate change mitigation even though heat pumps are very costly to install, very costly to operate, and perform poorly in cold winter temperatures. The heating oil industry stands by these claims because hundreds of retail heating oil companies in Massachusetts install, and service electric pumps and many retailers are part of Mass Save's Heat Pump Installer Network.

Furthermore, as opposed to supporting the accelerated use of readily available, renewable biofuels that have an immediate impact on reducing carbon emissions, the DEP, and others in state government favor electric heat pumps even though they are powered by an electric grid with no commercially defined plan for producing power from totally renewable energy sources.

DEP's **Discussion Draft Regulation and Stakeholder Discussion Document Program Design** for a CHS represents the latest effort by Massachusetts officials to eradicate the heating oil industry.

Comments on DEP's Documents

- Describing a CHS as a "cost-effective policy tool" (Page 1 of the **Stakeholder Discussion Document Program Design**) is disingenuous. A CHS is nothing more than an escalating tax on fossil fuels to encourage "electrification" and eliminate fossil fuels for the thermal sector. The escalating tax will have a dramatic impact on homeowners and businesses across Massachusetts.

- Furthermore, DEP's statement on page 3 of the **Stakeholder Discussion Document Program Design** that "any incremental program costs will be spread widely across consumers in Massachusetts," given that "energy suppliers, not individual energy customers, are subject to the credit purchasing requirement," is false. Like all fuel taxes, the cost will be passed along to the consumer. The reporting requirements being considered by DEP for both wholesale energy suppliers and retail companies are very burdensome, and if promulgated will add additional administrative costs for these companies that will be passed on to consumers.
- On page 4 of the **Stakeholder Discussion Document Program Design**, the suggestion that "heating energy suppliers might also be required to demonstrate the conversion of approximately 3% of their customers to electric heat each year," is unacceptable to our association. The association has already met with legal counsel on this matter to investigate the legality of DEP's efforts to enact such a mandate.
- Regarding "obligated parties" for delivered fuels (heating oil and propane) under a potential CHS, retail heating oil and propane companies should be the designated obligated parties as opposed to wholesale liquid fuel and propane suppliers. Although the universe of wholesale liquid fuel and propane suppliers is smaller than retail companies in Massachusetts and neighboring states, wholesalers do not know the final destination of heating oil and propane gallons once they leave the terminal gate.
- The DEP's statements on page 6 of the **Stakeholder Discussion Document Program Design** regarding limiting credit generation only for "bioenergy that is manufactured from waste feedstocks, "and DEP's continued reluctance to allow soy-based biofuel to help Massachusetts reduce carbon emissions because it is a "crop-based" biofuel with "significant and highly uncertain indirect land use and emissions impacts," is most puzzling given existing, nationally-recognized research on this subject.
- How is it that Massachusetts officials continue to ignore the science supporting the use and effectiveness of advanced biofuel feedstocks including soy-based biofuel? And how is it that Massachusetts continues its intransience of this subject when nearby states with biofuel mandates (CT, NY & RI) do not limit feedstock eligibility, and California and Oregon, the unquestionable leaders for a Low Carbon Fuel Standard, allow for soy-based biofuel in their programs?
- Further, because of this insular view on biofuel feedstocks, Massachusetts has chosen to thwart its ability to make measurable progress in reducing GHG emissions in the thermal sector. As evidence of this fact, DEP should consider the data compiled in April 2023 by Diversified Energy Specialists (DES), a Wilmington-based aggregator for the DOER's APS program.

- DES calculated the minting of liquid biofuels Alternative Energy Certificates (AECs) for the APS program in Q3 & Q4 of 2022 and found that liquid biofuels minted 163,094 AECs, the lowest minting since 2018 and far below the Q3 & Q4 cap of 239,937.
- DES also documented how liquid biofuel generation has looked in the APS historically.
 - **2017 Retroactive:** 419,578 (cap at 408,082) – 14.1M gallons B100
 - **2018:** 292,748 (cap at 421,779) – 9.8M gallons B100
 - **2019:** 557,616 (cap at 434,300) – 18.7M gallons B100
 - **2020:** 678,078 (cap at 464,483) – 22.8M gallons B100
 - **2021:** 475,893 (cap at 469,410) – 16.0M gallons B100
 - **2022:** 392,364 (cap at 479,874) – 13.1M gallons B100
- The DES data clearly demonstrates that limiting the APS program to only waste-feedstocks such as used cooking oil (UCO), a feedstock that is not scalable, and will not have a meaningful impact on GHG reductions for Massachusetts moving forward. The APS program and a potential CHS must expand feedstock eligibility to displace hundreds of millions of gallons of heating oil, vastly improve GHG reductions, and demonstrate that state officials are committed to finding every available pathway to mitigate climate change.
- Much like DEP’s illogical support for only biofuel produced from waste feedstocks, the DEP’s suggestion that it might not embrace the GREET model for applying credit values and GHG emissions calculations for a potential CHS is unscientific. The GREET model is the state-of-the art method for full life-cycle analysis for transportation and heating fuels, advanced biofuels, and the electric grid and DEP should not create a “simpler system appropriate for Massachusetts’ focus on electrification.” (Page 6 of the **Stakeholder Discussion Document Program Design.**)
- A potential CHS must be technology neutral and any attempt by DEP to assign zero emissions to electricity does not account for the full life cycle of electric heat pumps. Electricity’s carbon footprint and its impact on the environment in Massachusetts must be scored along with all other energy sources that fall under a CHS.
- Retail heating oil companies and wholesale liquid fuel suppliers sign fixed price contracts for supplies of heating oil eighteen months in advance. An escalating CHS tax on heating oil will have an impact on this standard industry practice for businesses and consumers alike.

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