

PALMER RENEWABLE ENERGY

October 30, 2015

Judith Judson, Commissioner
Department of Energy Resources
100 Cambridge Street
Boston, MA 02114

Dear Commissioner Judson,

We appreciate the opportunity to offer comment on existing Department of Energy Resources regulations as part of the Baker Administration's regulatory review process. We would like to call your attention to problematic regulations limiting biomass energy's inclusion in the Renewable Portfolio Standard (RPS). Specifically, we are requesting that 225 CMR 14.00 be amended to omit all references to energy efficiency requirements for biomass facilities. A red-lined version of the regulations with our suggested changes is attached here for your reference (see 225 CMR 14.05(1)(a)7.f.iii and 225 CMR 14.05(8)(c)).

The incorporation of energy efficiency standards in these regulations raises a number of concerns for us, namely that the standards are nearly impossible for electricity-only biomass facilities to meet, were calculated based on faulty assumptions, and are crushing a once-thriving green energy industry at a time when the Commonwealth should be encouraging the development of alternative energy sources. These energy efficiency standards for biomass are strictly regulatory in nature, not statutory. They do not advance the renewable energy goals of the Department or of the underlying legislation, the Green Communities Act of 2008. Massachusetts has become an outlier in how it approaches biomass, in comparison not only to other states, but also to the federal government and other nations around the world. Massachusetts' treatment of biomass fails to reflect the overwhelming consensus that biomass is a valuable green energy resource. This places the Commonwealth at a competitive disadvantage. Governor Baker's intent in initiating this regulatory review process was to identify and correct provisions, like the one in question, that needlessly harm the Massachusetts economy. We believe our proposed changes align with the Governor's vision.

Despite the regulatory climate, we at Palmer Renewable Energy believe in the promise of biomass energy production to positively impact our communities and the environment. We continue to move forward with our proposed biomass-to-power project in Springfield, an \$150 million project that will create 200 construction jobs and employ approximately 50 permanent workers. The facility is projected to use 1200 tons per day of fuel of clean non-contaminated non-forest woody material to produce 38 MW of power. We would welcome a reconsideration of energy efficiency standards for biomass inclusion in the RPS as a strong

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statement of the Baker administration's commitment to a truly diverse and balanced energy portfolio.

I. Current Standards

225 CMR 14.05(8)(c) requires that biomass plants meet a 40% energy efficiency minimum standard in order to be eligible for the Renewable Portfolio Standard (RPS). While combined heat and power (CHP) systems may achieve this standard, it is virtually impossible for electricity-only generating units. In other words, it effectively disqualifies conventional biomass from receiving any incentives intended to encourage the development of renewable energy sources. Even biomass facilities that comply with the fuel supply sustainability requirements are ineligible for the RPS, which is why we are asking for all energy efficiency standards to be removed. No other renewable energy source in the RPS has been encumbered with anything resembling this energy efficiency requirement.

II. Rules Based on Faulty Assumptions

The regulations lack a meaningful public health, safety, or environmental rationale for their stringency. The energy efficiency standards were born mainly out of the findings of the Manomet Center for Conservation Science's *Biomass Sustainability and Carbon Policy Study*, which was prepared for DOER in 2010. The Manomet study, however, focused narrowly on modeling carbon emissions with units using forest-harvested wood for fuel. The results of the study are simply not relevant for units that rely on forest harvest byproducts and waste wood, as do the vast majority of facilities in New England. It is not effective public policy to make rules for an entire industry based on a study that only applies to a narrow slice of producers.

III. Massachusetts is an Outlier

With its reliance on the Manomet study, Massachusetts has been an outlier in its regulatory approach to biomass. While approximately 29 other states have RPSs that qualify biomass as a renewable fuel, none have instituted the overly stringent requirements imposed by DOER's regulations. In addition, the regulations are out of step with federal requirements. The EPA's Clean Power Plan rules, released in August 2015, clearly view biomass as a valuable resource for achieving carbon pollution reduction goals, allowing states to use biomass to meet state-specific reduction requirements. EPA greenhouse gas reduction policy discounts emissions from biomass, with the reasoning that biomass is likely to have minimal or no net atmospheric contributions of biogenic carbon dioxide emissions as long as the biomass is produced sustainably. The European Union has also embraced biomass as a way to diversify Europe's energy supply and create growth while lowering emissions. In fact, in 2012, biomass accounted for two-thirds of all renewable energy consumption in the E.U. Like the EPA, the E.U. considers biomass to be carbon-free.

IV. Rules Undermine Intent of Green Communities Act

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Rules disqualifying biomass from the RPS are contrary to the intent of the Legislature and to common sense. The Green Communities Act of 2008 was passed to encourage the development of the Commonwealth's nascent renewable and alternative energy resource industries. "Low-emission biomass power conversion technologies" were explicitly named as a renewable electricity-generating source to be included in the RPS Class I and Class II. Energy efficiency standards are not included in the legislation, and it was nowhere contemplated by the Legislature that RPS inclusion would be limited to CHP facilities. The focus on CHP facilities is especially puzzling considering that the Green Communities Act was intended to promote renewable electricity-producing sources – not heating sources. DOER's rulemaking has had the effect of disqualifying an energy source from the RPS that was explicitly included by the Legislature.

IV. Necessity for a Diverse Energy Portfolio

The urgency to develop renewable and alternative energy resources has only grown in recent years. The Commonwealth's increasing reliance on natural gas as nuclear power and coal facilities come offline, coupled with ever-rising electricity costs, is an immense cause for concern. That is why we have been gratified by Governor Baker's call for a "combo platter" approach as the best way to both control staggering electricity costs and to meet greenhouse gas emissions goals. Massachusetts needs a truly diverse renewable energy portfolio, because wind and solar alone cannot meet our needs. Other sources like biomass will be vital to meeting the Commonwealth's goals.

We respectfully request that DOER take this regulatory review period as a chance to reevaluate the need for energy efficiency standards for biomass. While these standards may have been intended to protect our forests and control carbon emissions, in reality they achieve little but to punish a once-thriving renewable energy industry. Biomass can still play an important role in securing the Commonwealth's renewable energy future, if it is not held back by wrongheaded regulation.

We look forward to having an opportunity to meet with you to discuss in greater detail the science, data, and economic analysis behind our proposed changes. Please feel free to reach us at: 617-423-0028.

Thank you.

Sincerely,

David Callahan
President, Palmer Renewable Energy

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