



New England Fuel Institute

THE NEW ENGLAND FUEL INSTITUTE

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Your Comment Tracking Number: **1k1-8zbc-y7i8**

October 18, 2017

Air and Radiation Docket and Information Center,
Environmental Protection Agency, Mail Code: 2822T
1200 Pennsylvania Ave. NW.,
Washington, D.C. 20460.

Docket Number: EPA-HQ-OAR-2017-0091

Renewable Fuel Standard Program: Standards for 2018 and Bio-mass Based Diesel Volume for 2019; Availability of Supplemental Information and Request for Further Comment

VIA ELECTRONIC SUBMISSION

Background:

The New England Fuel Institute is a regional association of small businesses engaged in the sale and delivery of heating oil to commercial and residential customers across the six-state New England region. In addition, many NEFI members sell, install and service heating and cooling equipment for both commercial and residential applications. More than two million homes and businesses across New England rely on NEFI members for their heating and cooling needs. NEFI, and the heating oil dealers it represents are actively involved in the production, distribution and promotion of next generation renewable biofuel blended heating oil that lessens the region's dependence on imported fuel while achieving significant reductions in greenhouse gas emissions.

Comments:

NEFI is deeply concerned that the agency is considering a reduction in the 2018 and 2019 renewable volume obligation (RVO) for biomass based diesel as outlined in the supplemental information notice published in the Federal Register. *82 Fed. Reg. 46174 (Oct. 4, 2017)*. Although heating oil is not subject to the RVO requirements, Renewable Identification Numbers (RINs) are generated from heating oil and bio-mass based diesel (BMBD) blends which in turn can be sold or traded to meet RVOs for other types of fuel subject to the Renewable Fuel Standard (RFS) blending mandates. The inclusion of heating oil under the RFS created a very strong market in the Northeast

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for BMBD blended heating oil which in turn helps ongoing industry efforts to remake heating oil into a greener, more renewable fuel for the 21st century. Reducing the RVO for biomass based diesel would cause severe economic harm to the heating oil industry, burden consumers with higher prices and have a negative impact on the regional environment.

Economic Harm to the Heating Oil Industry

First, a decrease in the volumetric blending mandate for bio-mass based diesel fuel would reduce the demand for RINs and lower their value. The heating oil industry relies on RIN value to offset the price differential between heating oil and biodiesel in order to make blending economically viable. If RIN prices fall due to reduced demand, a corresponding reduction in the incentive to blend would occur and lead to a rise in the cost of BMBD blended heating oil, and perhaps render environmentally friendly BMBD blends no longer economically viable. A reduction in blending mandates would also lower or eliminate altogether anticipated returns on investment for the purchase of equipment and infrastructure necessary to blend, store and transport biodiesel blended heating oil.

Increasing Costs for Consumers

Second, reducing the RVO would lead to higher prices for the millions of customers who rely on BMBD blends for their residential and commercial heating needs. According to the Department of Energy, 80% of households heated by oil in the United States are located in the Northeast and purchase about 5.1 billion gallons of heating oil annually. Approximately 65% of these customers use BMBD blends, and would see a significant increase in their annual heating costs if the RVO for biodiesel is reduced. The RFS mandate, together with the now expired \$1.00 per gallon biodiesel blending credit, created a powerful incentive to blend biodiesel into heating oil. Most of the value gained from both programs was passed down to consumers in the form of lower costs per gallon. A large portion of these customers are working class and low income families living in suburban and rural areas where no natural gas lines are located. These customers rely on heating oil as a low cost alternative to electric heat. Reducing the RVO mandate for biodiesel would impose significantly higher costs on these families, many of whom are already struggling to keep their homes warm during the long Northeast winter season.

Harming the Environment

Third, reducing the RVO for biodiesel would reverse the heating oil industry's successful transformation of heating oil into a greener, cleaner, more renewable fuel that benefits the environment. The Northeast region is nearing the end of a multi-year transition to ultra-low sulfur heating oil. It is estimated that blending ultra-low sulfur heating oil with 20% biodiesel will reduce greenhouse gas forming carbon emissions by 15%, asthma inducing particulate matter (soot) by 10%, and acid rain causing sulfates by 20% with no increase in smog creating nitrogen oxide emissions. The environmental and public health benefits of heating oil blended with biodiesel are significant. Consumers are becoming increasingly aware of these environmental and health benefits and want to see higher biodiesel blends in home heating oil delivered to their homes.

Conclusion:

For these reasons, NEFI opposes EPA's use of its general waiver authority to reduce the 2018 and 2019 RVO for bio-mass based diesel fuel. NEFI supports increases in the biodiesel RVO as deemed necessary by producers, suppliers and major blenders to ensure the growth of biodiesel blended heating oil in the regional market without adversely affecting consumer prices.

Thank you for the opportunity to comment on this important issue. Please feel free to contact me at (703) 281-6600 or by email at mark@nefi.com for questions or additional information

Sincerely,

A handwritten signature in black ink that reads "Mark S. Morgan, Esq." The signature is written in a cursive style.

Mark S. Morgan, Regulatory Counsel

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