



February 4, 2021

To: Massachusetts Energy Efficiency Advisory Council (EEAC)

From: Michael Ferrante | Massachusetts Energy Marketers Association

Subject: Opposition Comments to EEAC Proposals on Residential Existing Buildings

As a non-voting member of the EEAC, I submitted written comments to the EEAC on December 17, 2020 in opposition to recommendations presented to the EEAC on December 15, 2020 that were detailed in the **Consultant Team Residential Existing Buildings Workshop Brief**.

Based on information presented during the EEAC virtual meeting on January 19, 2021, I submit the following additional comments objecting to the changes outlined in the **DRAFT – Revised 2022-2024 EEAC Three-Year Planning Workshops 1-4 Recommendations** regarding Mass Save incentives and the HEAT loan for residential heating oil customers. The Massachusetts Energy Marketers Association (MEMA) opposes the following recommendations:

- “Recognizing climate goals and the market transformation that has occurred with respect to fossil fuel systems, update current fossil fuel space heating incentives to limit incentives only to technologies and installations where clear cost-effective savings remain.”¹
- “For market rate customers, cease incentives and HEAT loans for oil-fired heating equipment as of January 2022; handle as custom measure, especially for multifamily buildings.”²
- “Phase out fossil fuel water heating incentives. Cease incentives and HEAT loans for oil and propane water heating equipment by January 2023, using a phased approach if necessary, to support an orderly market transition.”³
- “INCOME ELIGIBLE: Increasing heat pump installations and introducing new measures.”⁴

¹ DRAFT – Revised 2022-2024 EEAC Three-Year Planning Workshops 1-4 Recommendations, January 19, 2021

² DRAFT – Revised 2022-2024 EEAC Three-Year Planning Workshops 1-4 Recommendations, January 19, 2021

³ DRAFT – Revised 2022-2024 EEAC Three-Year Planning Workshops 1-4 Recommendations, January 19, 2021

⁴ DRAFT – Revised 2022-2024 EEAC Three-Year Planning Workshops 1-4 Recommendations, January 19, 2021

These recommendations to the EEAC by the Program Administrators (PAs) are based on what MEMA maintains is a false assumption, i.e., that the next 3-year energy efficiency plan for the gas and electric utilities that direct the Mass Save program can help “customers utilize energy more efficiently and reduce greenhouse gas emissions by increasing electric usage through the adoption of state-of-the-art cold climate air source heat pumps.”⁵ MEMA also believes that these recommendations are discriminatory and deny equal access to energy benefits to low- and-moderate income residents of the Commonwealth who own or rent homes that have space or water heating systems using fuel oil.

Our Association & the Heating Oil Industry

The Massachusetts Energy Marketers Association (MEMA), established in 1955, is the state trade association representing over 300 companies in all sectors of the heating oil industry including retail distributors of heating oil, renewable liquid biofuel, and propane; wholesale suppliers of heating oil and renewable biofuel with large fuel storage and distribution operations statewide; and producers of B100 – 100% liquid biofuel.

MEMA is a member of the National Energy & Fuels Institute (NEFI), and the National Oilheat Research Alliance (NORA). MEMA also partners with the National Biodiesel Board (NBB) on many initiatives to promote and increase the use of renewable liquid biofuel in heating oil and diesel fuel nationwide.

Over 800,000 residential properties of all kinds currently use heating oil and propane for space heating and hot water production statewide. The residents of these homes, including tens of thousands low-income residents receiving fuel assistance, benefit from the highest level of customer service from more than 400 retail home energy suppliers across the state. These companies constantly strive to improve the efficiency of their customers heating systems through new equipment installations and incentives provided by the Mass Save program and HEAT loan assistance.

A Commitment to Reduce Carbon Emissions

The heating oil industry in Massachusetts is committed to being a partner in helping energy officials and policy makers mitigate the impact of climate change by working towards a goal of net-zero carbon emissions by 2050. The industry has made and continues to make great progress in reducing carbon emissions by delivering renewable liquid biofuel or Bioheat® fuel to homes and businesses statewide.

Bioheat® fuel is the only home energy source that is currently having an immediate impact on reducing greenhouse gas emissions in Massachusetts and other key heating oil states.

⁵ Consultant Team EEAC Residential Existing Buildings Workshop Brief, December 15, 2020

Bioheat® fuel is a drop-in, turn-key fuel that is currently being delivered in Massachusetts at blends as high as 50% (B50). This renewable fuel is not exhibiting any operational issues with heating oil customers, it requires no heating system modifications and can be as economical as traditional heating oil.

In Massachusetts, the Alternative Energy Portfolio Standard program (APS) under the state's Department of Energy Resources has been highly successful in helping to incentivize biofuel blends in heating oil. Over a two-year period, following the implementation of the APS program in January 2018, the program has seen retail distributor participation grow from a handful of companies to 78 companies today across the Commonwealth. Compared to traditional heating oil, the APS biofuel blends delivered to tens of thousands of heating oil customers across the state has cut CO2e emissions by millions of pounds.

Opposition: DRAFT – Revised 2022-2024 EEAC Three-Year Planning Workshops 1-4 Recommendations

The recommendations to the EEAC aim to use electric rate payer energy efficiency funds to erode the heating oil and propane industry in Massachusetts by limiting and eventually phasing out Mass Save support for oil-fired equipment as of January 2022 and redirecting those incentives to convert heating oil and propane heated homes to electric heat pump technology.

MEMA maintains the PAs have overstepped their authority with these recommendations, are attempting to restrain trade in the Commonwealth, are misusing electric rate payer funds paid by heating oil and propane users and are endeavoring to remove a consumer's right to choose the heating source for their home and family.

The EEAC recommendations fail to recognize the collaborative work the heating oil industry has done over the years with the Mass Save and HEAT loan programs to improve energy efficiency in thousands of customer's homes across the state with the installation of new, high efficiency heating equipment. Further, the EEAC fails to acknowledge the importance of continuing this collaborative work to achieve cost effective, timely energy efficiency measures.

The recommendations are unfair and discriminatory and will have a significant adverse impact on low- and moderate-income households and the environmental justice community.

The current Environmental Justice ("EJ") Policy of the Massachusetts Executive Office of Energy and Environmental Affairs ("EOEEA"), which was signed January 31, 2017, applies to the EEAC as a component of the Division of Energy Resources. Several important provisions in the EJ Policy are relevant here.

First, in the EJ Policy, “Environmental Justice” is defined as “the equal protection and meaningful involvement of all people and communities with respect to the development, implementation, and enforcement of energy, climate change, and environmental laws, regulations, and policies **and the equitable distribution of energy and environmental benefits and burdens**” (emphasis added). “Energy Benefits” are defined in the EJ Policy to mean “access to funding, training, renewable or alternative energy, energy efficiency, or other beneficial resources disbursed by EEA, its agencies and its offices.” The incentives and HEAT Loans for oil and propane water heating equipment are “Energy Benefits,” and the selective elimination of the distribution of those benefits is clearly inequitable.

Second, in the EJ Policy, “Equal Protection” is defined as “**protection of all groups of people**, including all federal and state protected classes under Title VI of the federal Civil Rights Act of 1964, 42 U.S.C. Section 2000d et seq. and M.G.L. Chapter 151B, regardless of income, ethnicity, class, handicap, race, color, religious creed, national origin, sex, gender identity, sexual orientation, genetic information, or ancestry **from** an unfair burden of environmental hazard from industrial, commercial, state and municipal operations or **limited access to** natural resources, including green space (open space) and water resources, and energy resources, including **energy efficiency** and renewable energy generation.” The incentives and HEAT Loans for oil and propane water heating equipment provide opportunities for low-and-moderate income residents to obtain improved “energy efficiency,” and the selective elimination of those incentives results in a denial of equal protection from “limited access” to those benefits.

MEMA also maintains that new oil-fired home heating systems merit continued support from Mass Save and the HEAT loan program because they operate at very high efficiency; utilize clean, renewable Bioheat® fuel; and are a superior alternative to electric heat pumps in terms of installation costs, whole-house performance and long-term operational costs.

Data culled from information available through the Massachusetts Clean Energy Center (MA CEC) from 2014-2019⁶ indicates that air source electric heat pumps are very expensive to install and are typically installed only as a supplemental source for heat because heat pumps perform poorly in cold climate conditions.

According to the MA CEC data, the average cost to install a single electric heat pump in a residence averaging 1500 square feet of living space is \$20,428. Further, the MA CEC data indicates that 92.8% of the homeowners who received a MA CEC rebate for the electric heat pump installation retained their main heating fuel equipment due to the heat pumps’ inability to thoroughly heat the home during the winter season.

Not only are electric heat pumps expensive to install, but they are also expensive to operate. On February 1, 2021, a Falmouth, Massachusetts homeowner posted the following on-line.

⁶ Massachusetts Air-Source Heat Pump Installations 2014-2019, Diversified Energy Specialists, November 19, 2019

“Our bill is insane this month! We have heat pumps we just got installed this summer and I expected our bill to be down this year. Our usage is up but so is the cost per kWh. Has anyone switched energy (electric) suppliers?”⁷

Additionally, research conducted by Kearney Consulting’s indicated that, “Proponents of electrification tout air-source heat pumps as a low carbon solution for the home energy sector. However, while air-source heat pumps (using an average electricity mix) release lower CO₂ per unit of heat delivered to the household (only 57 kg of CO₂), almost all of this (56 kg) consists of abiogetic (non-renewable) emissions that in fact contribute to climate change.”⁸

MEMA calls upon the EEAC to reject the recommendations regarding phasing out and elimination of the rebate incentives and HEAT loans for oil and propane water heating equipment. This is a discriminatory denial of equal access to “Energy Benefits” distributed in the Commonwealth and relies upon an inaccurate presumption about the efficacy of air-source heat pumps, particularly for low-and moderate-income residents

Respectfully submitted,
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⁷ Social media post on nextdoor.com, February 1, 2021

⁸ Kearney Consulting, *Achieving a Net-Zero Carbon Future by 2050*, October 2020