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Susan Bernstein - Mass. Proposes Biomass Energy Regulations

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In early May, the Patrick Administration issued proposed final amendments to the Renewable Portfolio Standard ("RPS") regulations that would require large wood-burning (biomass) electricity generators to meet strict greenhouse gas ("GHG") emission standards; and permit smaller more efficient biomass plants to earn state-sanctioned clean energy financing, known as Renewable Energy Credits ("RECs"). The regulations, to be reviewed by a legislative committee before final rules are issued and become effective, are intended to ensure that only the most energy efficient wood-burning electricity generating plants will benefit from RECs. According to Administration officials, studies found that large scale biomass-fired electricity facilities would result in a 3% increase in carbon emissions, when compared to coal-fired electric plants. The regulations intend to offer RECs only to electricity generators that help meet the State's GHG Reduction targets. The proposed requirements will direct biomass plants to provide lifecycle GHG emissions analyses and to demonstrate emissions reductions of at least 50% over 20-years. Industry and environmental groups have weighed-in on the potential impact of the proposals. The industry groups have said the regulations will mean that the five (5) existing biomass facilities will have a hard time meeting the new requirements, while losing access to the full RECs, which will make them financially unviable and severely limit the development of new wood-burning facilities. The environmental groups have said the result of the proposed regulations will be to prevent those biomass facilities operating at less than 40% efficiency from receiving access to the full RECs, with only those facilities with 60% efficiency ratings or higher earning full credits. It is anticipated that the final regulations will be issued sometime during the Summer of 2011.

Susan Bernstein is an attorney at law, Needham, Mass.

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