



Advanced
Biofuels
Association



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October 26, 2021

The Honorable Nancy Pelosi
Speaker of the U.S. House of Representatives
United States Capitol
Washington, DC 20515

The Honorable Chuck Schumer
U.S. Senate Majority Leader
United States Capitol
Washington, DC 20510

The Honorable Steny Hoyer
U.S. House Majority Leader
1705 Longworth House Office Building
Washington, DC 20515

The Honorable Dick Durbin
U.S. Senate Majority Whip
711 Hart Senate Office Building
Washington, DC 20510

The Honorable James Clyburn
U.S. House Majority Whip
274 Cannon House Office Building
Washington, DC 20515

Dear Speaker Pelosi, Leaders Schumer and Hoyer, and Majority Whips Durbin and Clyburn:

As you finalize clean energy provisions for inclusion in the forthcoming reconciliation package, we ask that you consider the role biodiesel and other renewable fuels are playing to reduce greenhouse gas emissions in the space heating sector.

Our industries and associations are working collectively to reduce greenhouse gas emissions in American homes and businesses through the production, sale, and use of renewable liquid heating fuels. Together, our organizations represent producers of renewable fuels, retail and wholesale marketers, manufacturers of home heating appliances and equipment designed to utilize these fuels, and the many thousands of hardworking professionals that sell, install, and service residential heating systems.

85% of the five million homes that use liquid fuels for heat and comfort each winter are in the Northeast region from Maryland to Maine.¹ Many retailers that serve these homes are now delivering Bioheat[®] Fuel, which is heating oil blended with biodiesel, an advanced biofuel with 74% lower greenhouse gas emissions on average than conventional petroleum.² Bioheat Fuel is produced from an array of sustainable feedstocks, including recycled cooking oils and fats and surplus vegetable oils. There are ten biodiesel producers in the Northeast with a combined annual capacity of 155 million gallons. Their production supports nearly 5,000 full-time jobs, \$175 million in annual wages, and \$1.2 billion in yearly economic activity.³ Biodiesel production supports 13% of the value of every bushel of U.S. soybeans.⁴

Other advanced biofuels such as renewable diesel may also be used to supplant conventional heating oil. Cellulosic biofuels are being developed for space heating applications, including ethyl levulinate (EL), a net-negative carbon heating fuel produced from sustainably harvested wood products, municipal solid waste, and forestry and agricultural residues.⁵ In July, the town of Lincoln, Maine announced plans to locate a multi-phase EL refinery at a former mill site, which promises to create an initial 200 new jobs with the potential to create 2,000 more over time.⁶

Renewable liquid heating fuels support local economies and provide an immediate, low-cost, and low-carbon solution to consumers. They provide small multi-generational family businesses, once referred to as “heating oil dealers,” the opportunity to enhance their competitiveness while helping to address climate change. These fuels utilize existing storage and distribution infrastructure and, with minor modifications, work seamlessly in existing appliances to deliver immediate reductions in greenhouse gas emissions – all at little to no additional cost to the consumer.⁷ In other words, heating oil customers can help fight climate change without costly conversions of their entire home heating systems to other fuels.

Many states now recognize the role renewable liquid heating fuels are playing to help meet ambitious carbon reduction goals. Connecticut, New York, and Rhode Island have enacted laws requiring biodiesel blends in home heating oil.⁸ Massachusetts is working to strengthen its current incentive program that rewards heating oil distributors for delivering blends of at least 10% biodiesel.⁹ Other Northeast states are considering similar policies.

Congress can support renewable liquid heating fuels and help ensure the success of related state policy initiatives by including the below measures in the reconciliation package:

- 1. Establish long-term certainty for renewable fuel tax incentives to ensure continued growth and adoption of these fuels in the heating sector.**
- 2. Allow modern and efficient biofuel-compatible heating appliances to qualify for the bolstered Section 25C tax incentive for installation of energy efficient residential property.**
- 3. Support downstream biofuel infrastructure investments by including at least \$1 billion for “Biofuel Infrastructure and Agriculture Product Market Expansion” in the House Agriculture Committee’s portion of the reconciliation package.**

Inclusion of these measures in the forthcoming reconciliation package will help Main Street heating fuel businesses compete in the new energy economy and support American farmers and renewable fuel producers. The double-punch of more efficient appliances and greater adoption of renewable liquid heating fuels will deliver immediate and cost-effective solutions that can help achieve the president’s goal of a 50% reduction to economywide greenhouse gas emissions by 2030.

Thank you for your consideration.

Sincerely,

Advanced Biofuels Association
National Association of Oil & Energy Service Professionals
National Biodiesel Board
National Energy & Fuels Institute
Oilheat Manufacturers Association

cc: The Honorable Katherine Clark, Assistant Speaker of the House
The Honorable Richard Neal, Chair, House Committee on Ways and Means
The Honorable Ron Wyden, Chair, Senate Committee on Finance
The Honorable David Scott, Chair, House Committee on Agriculture
The Honorable Debbie Stabenow, Chair, Senate Committee on Agriculture, Nutrition, and Forestry
The Honorable Frank Pallone, Jr., Chair, House Committee on Energy and Commerce
The Honorable Joe Manchin, Chair, Senate Committee on Energy and Natural Resources

¹ U.S. Census Bureau, *American Community Survey (ACS)*, Fuel Oil Use by Occupied Housing Units, Five-Year Avg. (2013-2017). Percent (%) of homes is calculated as a percentage of total state occupied housing units. For the purposes of this letter, "Northeast is defined as: New England, Delaware, Maryland, New Jersey, New York, North Carolina, Pennsylvania, West Virginia, Virginia, and the District of Columbia.

² Argonne National Laboratory; U.S. Department of Energy, Alternative Fuels Data Center, https://afdc.energy.gov/vehicles/diesels_emissions.html.

³ National Biodiesel Board, LMC International, "Economic Impact of the U.S. Biodiesel Industry," 2019.

⁴ StoneX (Intl FC Stone), NBB Static Biodiesel Shock, Nov. 2019.

⁵ A Biofine Developments Northeast Inc and EarthShift Labs 2019 GREET analysis shows EL reduces emissions by over 100% in heating applications.

⁶ July 29 Mill Site Announcement, Town of Lincoln, Maine, July 29, 2021. Online at <https://lincolnmaine.org/july-29-mill-site-announcement>. Read the NEFI press release at <https://nefi.com/news-publications/recent-news/negative-carbon-heating-fuel-coming-soon-us-homes>.

⁷ National Oilheat Research Alliance, *Developing a Renewable Biofuel Option for the Home Heating Oil Sector: A Report to Congress, State Governments and the Administrator of the Environmental Protection Agency*, May 2015, p.18.

⁸ On July 12, Connecticut Governor Ned Lamont signed HB6412, a bill to require a 5% biofuel blend (B5) in all heating oil by 2022, 10% blend (B10) by 2025, 15% blend (B15) by 2030, 20% blend (B20) by 2034, and 50% blend (B50) by 2035. July 13, Rhode Island Governor Daniel McKee signed H5132A, increases the current B5 blend requirement for all heating oil to B10 by 2023, B20 by 2025, and B50 by 2030. New York state law currently requires a B5 for all heating oil sold in New York City, Nassau, Suffolk, and Westchester counties. A bill (S3321A/A7290) currently awaits Governor Cuomo's signature that expands the requirement statewide in 2022 and increases the requirement to B10 by 2025 and B20 by 2030.

⁹ 225 CMR 16.00