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May 12, 2022

Via Electronic Filing

Draft Scoping Plan Comments
NYSERDA
17 Columbia Circle
Albany, NY 12203-6399

Re: Climate Leadership and Community Protection Act Draft Scoping Plan

To Whom It May Concern:

Global Partners LP (Global Partners) appreciates the opportunity to present comments on the Climate Leadership and Community Protection Act (CLCPA) Draft Scoping Plan. As one of the Northeast's largest independent suppliers, and operators of liquid energy terminals, as well as fuel stations and convenience markets, reliability and quality service is key to everything we do. We are proud to support the communities where we live and work. Our efforts to be a good neighbor began more than 75 years ago, when our company began delivering home heating oil – door to door – in the neighborhoods around Greater Boston.

Since then, our products and service area has evolved, and today we are a key supplier of traditional and renewable fuels to New Yorkers through our terminal locations in Albany (Global Albany and Global Erie Boulevard), Glenwood Landing (Global Glenwood), Inwood (Global Inwood), and New Windsor/Newburgh (Global Newburgh, Global Cargo, Global Newburgh North, and Global Newburgh South) as well as over 300 fuel stations and convenience markets. These terminals and retail locations are key energy distribution hubs in New York. In addition, Global Partners contributed nearly \$820M in taxes last year and employs approximately 300 people within New York. As such, we believe Global Partners is uniquely positioned to provide commentary concerning New York energy policy and help the state meet its climate goals.

Global Partners agrees with the CLCPA stated goal to reduce greenhouse gas (GHG) emissions in an equitable manner. Energy Transition (transition), or the shift from fossil-based energy systems to those based on renewable energy, is important to solving the environmental challenges of the day. We would like to comment on CLCPA's policy paradigm and specifically on several elements of the plan addressing transportation, buildings, and bioenergy products to provide feedback that we believe could be helpful in quickly reducing emissions in a cost-effective and equitable manner. Generally, we believe that transformative change is best accomplished through performance-based programs that avoid specific technology choices. Open

competition to deliver the cleanest energy sources at the lowest cost will help to minimize the burden on New Yorkers during this transition, especially those with lower incomes. Prescriptive policies that try to pick the technologies of the future may eliminate more cost-effective choices that meet GHG emissions goals. In this spirit, the Scoping Plan should encourage performance-based programs to the maximum extent possible to avoid harming New Yorkers.

Recent testimony concerning “The Clean Future Act: Driving Decarbonization of the Transportation Sector,” articulated six principles¹, five² of which we believe would help guide New York toward success in achieving its climate change goals in a cost effective and equitable manner within the transportation and heating sectors:

- Science should be the foundation for transportation climate policies – Any effort to improve transportation energy’s emissions characteristics requires an accurate accounting of the lifecycle carbon intensity associated with particular fuels and technologies. This analysis should include everything from acquisition of natural resources, engine and battery manufacturing, tailpipe emissions, and vehicle end-of-life consequences. It should also be regularly updated so that policy is nimble enough to adjust to efforts to innovate and improve the environmental characteristics of different alternatives. Additionally, every sector of the economy should assume a burden of reducing carbon emissions.
- Establish performance goals without mandating specific technologies to allow for the benefits of innovation and technology development – Sound policy must recognize that the state of technology can change rapidly, and tie incentives to technologies’ lifecycle environmental attributes rather than the underlying technology itself. No one solution will decarbonize transportation energy and policies should incentivize multiple technologies. What policymakers think is the best solution today may be surpassed by subsequent ingenuity and innovation. Sound policy should not stifle innovation by mandating specific fuel solutions. Instead, policy should set performance goals and let the market – guided by consumers – innovate to find the best way to meet those goals.
- Develop competitive market incentives to ensure a level playing field and provide long-term consumer benefits – As described in more detail below, fuel retailers today are best positioned to provide alternative sources of transportation energy – including EV charging stations – because we are fuel agnostic and have a keen understanding of consumer preferences and tendencies. Fuel retailers have strategically located themselves where

¹ The Clean Future Act: Driving Decarbonization of the Transportation Sector, Hearing before the Subcommittee on Energy, of the House Committee on Energy and Commerce, 117th Cong. (2021) (testimony of AJ Siccardi).

² One of the six principles is that national policy should preempt state policy to avoid a patchwork quilt of programs, which we agree would likely be more efficient. The national political environment, however, makes environmental policy compromise difficult at best. Therefore, states should move forward to enact policies to tackle environmental challenges.

refueling demand is greatest and they compete with one another on price, speed, and quality of service. Moreover, fuel retailers offer the security and amenities that consumers demand regardless of the type of fuel their vehicle consumes. Fuel retailers have made investments in renewable fuels and existing alternative fuel incentives allow retailers to offer lower carbon fuels to consumers at a price at which they are willing to purchase them.

- Harness existing infrastructure to help commercialize new technology, maximize diverse investments, and achieve near-term and long-term emission reduction goals. It is far less expensive to leverage existing infrastructure than create entirely new supply chains and infrastructure. To the extent environmental objectives can be achieved by harnessing existing, especially retail fuel outlets, customers will more seamlessly gravitate to new types of fuels and vehicles. American companies have spent more than sixty years building out a refueling infrastructure system that optimizes logistics and maximizes customer benefits. Deployment of new technology that complements this infrastructure will (all else being equal) be less expensive and thus more likely to generate customer loyalty.
- Ensure fair treatment so that all households are not forced to subsidize alternative energy users – Fundamental tenets of fairness dictate that users of transportation energy pay for that energy and related infrastructure. It is patently unfair and inequitable for policymakers to force most households to subsidize the refueling costs for EV drivers. When utilities rate-base their EV infrastructure investments, however, it raises the monthly utility bills for all of a particular rate class, even though the benefits are confined to a small group of users. Vehicle owners should pay the costs of powering their own vehicles in order to create a market system that will keep energy prices down and avoid regressive charges. Moreover, it is imperative that highway infrastructure funding comes from all highway users, and not just those that rely on a particular technology.

Clean Fuels Standard

With these principles in mind, we agree that the creation of a Clean Fuels Standard (CFS) and incentives for the development of clean fuel infrastructure (T12) are some of the most impactful actions that can be taken to reduce GHG emissions. As transportation emissions have emerged as the second leading source of GHG emissions within the state, it is crucial that New York implement a policy that both incentivizes rapid change and does not focus on a single technology as a silver bullet. Most importantly, this type of policy enables early and substantial reductions of emissions, which yields outsized benefits due to the Time Value of Carbon. In a nutshell, “emissions are cumulative and because we have a limited amount of time to reduce them, carbon

reductions now have more value than carbon reductions in the future”³, which is similar conceptually to the benefits of early investments and compound interest. Therefore, policies that enable encourage immediate emissions that utilize existing infrastructure, i.e., CFS-style programs, are critical elements to smart climate policy.

California’s Low Carbon Fuel Standard program (LCFS) is a great model for incenting early reductions and generally a case study in smart transportation climate policy design. As California’s Air Resources Board notes, between 2011 and 2018, “almost 3.3 billion gallons of petroleum diesel have been displaced by clean, low-carbon alternatives” and the program has resulted in a reduction of a “total of 47.1 million metric tons of climate-changing gases.”⁴ It is important to not dismiss the potential benefits of low carbon and renewable liquids in energy transition: the bulk of California’s successful GHG reductions from the transportation sector is from the use of biofuels, beating the benefits of electrified cars, trucks and buses by 3:1.⁵ If the goal is to reduce GHG emissions, especially on a rapid timeline, this technology neutral approach is a proven and capable tool that allows the use of infrastructure we have today.

In addition, CFS can be supplemented through incentives such as grants and low-cost loans similar to those provided by the U.S. Department of Agriculture’s Higher Blends Infrastructure Incentive Program (HBIIP)⁶ that can speed up the introduction of critical supporting infrastructure. For example, Global Partners is in the process of installing higher biodiesel level blending capabilities at 7 of its terminals (including 3 in New York), partially due to HBIIP. Zero emissions crediting embedded within clean fuel programs such as LCFS⁷ can also be an effective way of promoting the development of low carbon infrastructure. This is particularly the case for hydrogen, which is less well developed than fast charger infrastructure for EVs.

Equity

We disagree, however, with some transportation strategies within the Draft Scoping Plan that would create disparities between Zero Emission Vehicles (ZEV) and other types of vehicles. Higher registration fees and variable pricing/parking policies subsidize higher income communities at the expense of those less well off⁸. Providing preferential parking spaces to expensive ZEVs and charging higher registration fees for lower cost ICE vehicles that are more

³ Strain, L. (2020, April 18). *The Time Value of Carbon*. Retrieved April 25, 2022, from <https://carbonleadershipforum.org/the-time-value-of-carbon/>

⁴ Clegern, D. (2019, May 16). *Cleaner fuels have now replaced more than 3 billion gallons of diesel fuel under the Low Carbon Fuel Standard*. Retrieved April 25, 2022, from <https://ww2.arb.ca.gov/news/cleaner-fuels-have-now-replaced-more-3-billion-gallons-diesel-fuel-under-low-carbon-fuel>

⁵ Reid, K. (2019, May 19). *California's GHG Transport Reductions From Renewable and Biodiesel*. Fuels Market News. Retrieved April 25, 2022, from <https://fuelsmarketnews.com/bulk-of-calif-ghg-transport-reductions-from-renewable-diesel-biodiesel/>

⁶ U.S. Department of Agriculture, Rural Development. (2022, April 25). Higher Blends Infrastructure Incentive Program . Retrieved April 25, 2022, from <https://www.rd.usda.gov/hbiip>

⁷ California Air Resources Board . (2021, August 19). LCFS ZEV Infrastructure Crediting . Retrieved April 25, 2022, from <https://ww2.arb.ca.gov/resources/documents/lcfs-zev-infrastructure-crediting>

⁸ Fuels Institute Electric Vehicle Council . (2021, June). *EV Consumer Behavior* . Retrieved from <https://www.fuelsinstitute.org/Research/Reports/EV-Consumer-Behavior/EV-Consumer-Behavior-Report.pdf>

likely to be owned and purchased by less well-off communities is in direct conflict with the equitable goals stated in the Draft Scoping Plan and CLCPA. Consumers that choose and can utilize more expensive options should not be subsidized by those that cannot afford to do so, especially when there are more cost-effective strategies to reduce GHG emissions.

Policies such as mileage-based user fees could be part of the solution. These proposals have numerous challenges to tackle but should be considered to ensure adequate funding is available for transportation infrastructure development and maintenance. Making sure that all users pay for the impacts on shared infrastructure creates a level playing field between various low carbon options. Most importantly, these sorts of policies are consistent with equitable goals embedded within CLCPA.

Building Codes & Product Emissions

Building and product emissions are another important sector to address within the Draft Scoping Plan. As part of the “Agriculture and Forestry” strategy section, the state proposes (AF21) to “Develop a Sustainable Biomass Feedstock Action Plan and Expand the Use of Bioenergy Products.” One of the strategy components is to incentivize non-petroleum fuel products. These programs may benefit from being able to “opt-in” to a Clean Fuels Program as they are also reducing the consumption of fossil fuels like the CFS. Precedent for opt-in products exists at the Federal level under the RFS and CA LCFS with Sustainable Aviation Fuel⁹, which are generating a lot of investment interest. Incentives to decarbonize products could send a valuable market signal that encourages the innovation and entrepreneurship necessary for change.

In addition, the state proposes (B1 & B2) to “Adopt Advanced Codes for Highly Efficient, All-Electric, and Resilient New Construction” and “Adopt Standards for Zero Emissions Equipment and the Energy Performance of Existing Buildings.” As building emissions are the largest source of GHGs within New York, addressing this sector is critical to decarbonization efforts. It would be prudent, however, to enact a performance-based standard that enables market competition. Specifically, green hydrogen could become a significant contributor to decarbonization efforts as well as certain types of biofuels like EL¹⁰, Renewable Natural Gas, and others that offer superior GHG emissions benefits to electrification as carbon negative products. One such example of a potential contributor to cost-effective emissions reductions is a collaboration¹¹ between the National Oilheat Research Alliance (NORA)¹² and the Connecticut Energy Marketers Association (CEMA)¹³ on the demonstration of an alternative approach involving the conversion of an existing oil-fired heating system to 100% biodiesel and local installation of solar PV:

⁹ Ghatala, F. (2020, April). Sustainable Aviation Fuel Policy in the United States: A Pragmatic Way Forward . Global Energy Center. Retrieved April 25, 2022, from https://atlanticcouncil.org/wp-content/uploads/2020/04/AC_SAF_0420_v8.pdf

¹⁰ EL is biomass-derived ethyl levulinate, being commercially developed by Biofine Developments Northeast as a zero-carbon heating fuel

¹¹ Devine, M., & Herb, C. A. (2022, April 25). Clean Energy Demonstration Project.

Biodiesel is a heating fuel with properties very similar to current heating oil. It can be derived from a range of sources including soybeans, other oil-crops and waste oil. The life-cycle GHG reduction of biodiesel, relative to petroleum heating fuel, depends on the source. For waste oil sources the reduction in GHG emissions has been estimated at 90%, leading to strong but not complete elimination of these emissions. The PV system to be installed will be sized to be greater than the annual home demand which leads to a net annual transfer of power from the home to the grid. Using the current grid GHG “score” which includes a combination of generation sources, this net export from the home to the grid offsets the small GHG emissions of the biodiesel, leading to a net zero emission case, which offers substantial benefits:

- The GHG reductions can be achieved now and do not depend on the future conversion of the grid to renewable sources;
- Some upgrades to the grid distribution system may be avoided;
- The homeowner investment in their heating system required to convert to B100¹⁴ are much smaller than the investment required for heat pumps¹⁵;
- This approach is fully compatible with hydronic heating systems which are used in roughly 50% of the current oil-heated homes in the Northeast;
- This approach does not require significant investments in the heating system that would inhibit later conversion to heat pumps as the grid becomes really renewable.

Presently, CEMA is in the process of selecting a site for this demonstration at an existing oil-heat home. These options could be viable and useful, particularly in areas that are not well and economically served by adequate transmission capacity.

Conclusion

In summary, we look forward to helping New York move forward with decarbonization plans that account for the unique concerns, market dynamics, infrastructure, and resources of its local communities to affect positive environmental and economic change. The state can lead impactful change that will allow companies, such as Global Partners, to help meet the energy and environmental needs of consumers by maximizing the use of performance-based programs. If we focus on only one solution, we are going to miss out on opportunities and we are not going to meet our GHG emission reduction targets in the necessary timeline.

¹⁴ B100 burners are under review but not yet UL approved.

¹⁵ According to NORA, per unit heat pump installation costs range from ~\$10,000-\$12,000 for replacing an outdoor unit in a home with central ducted A/C with adequate duct size to ~\$25,000 or more for a home that does not currently have central ducted A/C and needs to add multiple ductless heat pumps or install a ducted system. On the other hand, converting an oil-fired heating system to B100 may cost ~\$1,000 to change the burner, filter, and some lines.

Thank you for the opportunity to present our views and experience. Please contact us if you have any questions.

Cordially,

A handwritten signature in blue ink, appearing to read "Catie EK", with a long horizontal flourish extending to the right.

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