

December 20, 2021

Via Electronic Filing

CEP 2022 Public Comments
c/o Vermont Department of Public Service
112 State Street
Montpelier, VT 05620-2601

Re: Draft 2022 Comprehensive Energy Plan

Dear Commissioner Tierney,

Global Partners LP (Global Partners) appreciates the opportunity to present comments to the Vermont Department of Public Service on the draft 2022 Comprehensive Energy Plan. As one of the Northeast's largest independent owners, suppliers, and operators of liquid energy terminals, gasoline stations and convenience stores, reliability, quality, and community are 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. These efforts continue through our active giving program, which enhances good works in communities across the Northeast. Today, Global Partners owns, controls, or has access to one of the largest liquid energy terminal networks in New England and New York. We source and transport petroleum products and renewable fuels through our network and we are a leading wholesale distributor of liquid fuels in New England and New York. Global Partners is also a leader in moving the industry toward more sustainable biofuel and renewable liquid energy products.

We serve the energy needs of Vermonters through our terminal location in Burlington (Global Burlington) and 99 convenience stores and supplied locations while employing over 400 employees (including part-time) across the state. Global Burlington is a key distribution hub and the only bulk liquid energy products terminal located in the state. Global Burlington can accept bulk shipments of refined product by rail, and features a three-lane truck rack, which offers: diesel, ethanol, gasoline, heating oil, and kerosene. As such, we believe Global Partners is uniquely positioned to provide commentary concerning Vermont energy policy and help the state meet its climate goals.

Energy policy in Vermont:

Global Partners generally supports the principles of Vermont's State Energy Policy¹, which focuses on ensuring that the energy needs of Vermonters are met “in a manner that is adequate, reliable, secure, and sustainable; that ensures affordability and encourages the State's economic

¹ 30 V.S.A. § 202a

vitality”² while also meeting state greenhouse gas emissions reductions³ in a way that is consistent with the Vermont Climate Action Plan.⁴ Our view is that these aims are best accomplished through performance-based programs that avoid specific technology choices. Open competition to deliver the cleanest fuels at the lowest cost will help to minimize the burden on Vermonters during this transition. Prescriptive policies that try to pick the technologies of the future may eliminate the option of more cost-effective choices to meet GHG emissions goals, thus harming Vermonters. Performance-based policies seem more in line with the spirit of Vermont’s CEP, which we believe should be encouraged through the CEP. Performance-based policies have been shown to be effective in reducing GHG reductions. For example, 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

Moreover, prescriptive policies that pick one technology over another can adversely affect certain populations. Global Partners believes that there should be a special emphasis on pursuing the State’s objectives in a manner that does not disproportionality place costs on those least able to afford it. Regulated utilities are seeking to convince regulators that they should be able to increase monthly charges to all their ratepayers, regardless of income, to fund investment in EV infrastructure, which will impose costs on those with already stretched budgets. Another example of a policy lacking in equity is the elimination registration fees for someone that purchases an expensive electric vehicle while imposing them upon someone that purchases a low-cost used ICE vehicle. Consumers that choose to 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.

The President of Metroplex Energy, Inc. recently testified on behalf of the National Association of Convenience Stores, The National Association of Truckstop Operators, and the Society of Independent Gasoline Marketers of America before the U.S. House Committee on Energy and Commerce, Subcommittee on Energy concerning “The Clean Future Act: Driving Decarbonization of the Transportation Sector,” and articulated several principles⁶ that we believe would help guide Vermont toward success in achieving its climate change goals in an equitable manner within the transportation and heating sectors:

1. 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

² 30 V.S.A. § 202a

³ 10 V.S.A. § 578

⁴ 10 V.S.A. § 592

⁵ Reid , Keith. “California’s GHG Transport Reductions From Renewable and Biodiesel.” *Fuels Market News*, The Diesel Technology Forum , 19 May 2021, <https://fuelsmarketnews.com/bulk-of-calif-ghg-transport-reductions-from-renewable-diesel-biodiesel/>.

⁶ 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).

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.

2. 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.
3. 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 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.
4. 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.
5. Set consistent, uniform national policy so that (i) the market has certainty to help it invest, and (ii) state policies do not create inconsistent or counterproductive measures – Federal policy should be designed to lower the cost of alternative fuels to make those sources of transportation energy more competitive with petroleum-based fuels. This is the only way to ensure that consumers will gravitate toward low carbon technologies. Although some state incentive programs adopt this approach, others have vacillated between different approaches in a way that does not allow private market participants to plan long-term investments in alternatives. These inconsistent policies are ultimately self-defeating and should be avoided.

6. 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.

While we agree with the recommendation that there should be a uniform national policy, we do not believe that efforts to mitigate GHG emissions should wait for Federal action. The United States is a large and diverse country with many and often strongly differing views on energy policy, which may make progress elusive. States in the Northeast, like Vermont, should move forward with decarbonization plans that account for the unique concerns, market dynamics, and resources of their local communities to affect positive environmental and economic change. The Northeast can lead impactful change that will allow companies, such as Global Partners, to help meet the energy and environmental needs of consumers by utilizing the above principles. If we focus on only one solution, we are going to miss out on opportunities.

Clean Heat Standard (CHS)

Specifically concerning the recommendation of a CHS, Global Partners believes that clarifying compliance obligations and building in optionality for emissions reductions would help ensure program success and increase the impact of Vermont's actions beyond its borders. First, the point of obligation should be placed on the entity that brings fuel into Vermont whether they are a wholesaler or retailer. This structure avoids compliance uncertainty for stakeholders and may galvanize earlier action by clarifying responsibility for emissions reductions. For example, a dealer could load up in another state (or country) and drive across the border to sell product that avoids CHS if CHS is only targeted at larger operators (like wholesalers and terminals). Clarity will also enable better supplier planning, which will be critical for delivering appropriate fuels to the state sooner rather than later.

Second, flexibility in credit acquisition and eligible measures is an important design consideration that should expand rather than limit emission reduction opportunities. Obligated parties should be able to source credits from other obligated parties and not just end users. For example, a company that has operations within Vermont should be able to lower the carbon intensity of its operations at its complex or develop offset projects elsewhere within the state to diminish, eliminate, or go carbon negative and produce credits for the market. In addition, many low carbon fuel programs, such as California's Low Carbon Fuel Standard, enable emissions reductions in the petroleum supply chain to qualify for the generation of credits, which is driving significant innovation in the fuels market. Vermont should consider similar policy design and allow projects that diminish the carbon intensity of petroleum products outside the state that are ultimately used within Vermont to qualify for credit generation as well. This concept supports

the Vermont Global Warming Solutions Act of 2020 goal to diminish “those emissions outside the boundaries of the State that are caused by the use of energy in Vermont.”⁷ Since much of the energy that is consumed within Vermont is produced outside state boundaries, developing a framework to encourage the reduction of emissions throughout the entire supply chain would help meet State goals. Public policy designed to address similar concerns elsewhere is already transforming global supply chains, which Vermont could also encourage. Finally, early overcompliance should be incentivized through multiplier credits. Early emissions reductions are more impactful when accomplished sooner rather than later due to the Time Value of Carbon.⁸ In other words, due to the cumulative effects of carbon, emissions reductions today are a better mitigation tool than far off plans. Thus, utilizing existing infrastructure as discussed above is an essential tool in GHG emissions reductions policies. Vermont should engage with those who make up the liquid fuel infrastructure to craft policies and incentives, so the state can efficiently reach its ambitious 2030 GHG emission reduction targets, as they cannot be met through electrification alone.

In summary, taking the above discussed environmental policy principles, compliance certainty, and flexible policy design into account will result in better environmental outcomes, which is a shared goal for all of us.

Contact

Thank you again for your consideration of our views and experience. If you have any questions, please do not hesitate to contact me at jonathan.hackett@globalp.com.

Thank you for your consideration.

Cordially,

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⁷ Vermont Global Warming Solutions Act of 2020

⁸ Marshall, Liz, and Alexia Kelly . *The Time Value of Carbon and Carbon Storage: Clarifying the Terms and Policy Implications of the Debate*. World Resources Institute , Oct. 2010, https://files.wri.org/d8/s3fs-public/time_value_of_carbon_and_carbon_storage.pdf.