



Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Mary Beth Tung, Director

TO: Members, House Economic Matters Committee
FROM: Mary Beth Tung – Director, MEA
SUBJECT: HB0561 - Renewable Energy Portfolio Standard - Wastewater, Thermal, and Other Renewable Sources
DATE: January 29, 2021

MEA POSITION: FAV

House Bill 561 will allow the generation of renewable natural gas (RNG) to qualify for Renewable Energy Credits (RECs) under the Renewable Portfolio Standard (RPS), not only when they are used to generate electrons, but also for other common useful forms of energy. In order to qualify under the current structure of the RPS where thermal or mechanical energy is the ultimate goal, RNG must first be converted to electric energy, and then to thermal or mechanical energy. This is inefficient.

Pipeline-grade RNG utilized to generate electricity for export to the electricity grid results in a fuel use efficiency of approximately 33% when line losses from electricity transmission and distribution are taken into account. This means that nearly two-thirds of the energy content of RNG utilized in this manner is lost to the environment rather than successfully captured and utilized to offset traditional thermal demand. However, onsite combined heat and power (CHP) systems operate at efficiencies well-above 33%; on average between 60-80%. At times the efficiency may be even higher depending on how much thermal output is captured and used.

These high efficiencies result because CHP systems capture the thermal energy released when fuel is combusted and apply it to thermal loads at the facilities where they are installed. This thermal energy is normally wasted in traditional combustion systems used to generate electricity. This means that more energy content of the RNG is used resulting in a greater offset of demand for fossil-based fuel.

The technologies that would be eligible to produce RECs in House Bill 561 are consistent with the goals of the RPS under PUA §7-702; helping to reduce greenhouse gas emissions and offsetting carbon-fueled electricity generation. For these reasons, MEA urges the committee for a **favorable report**.