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March 2, 2022

The Honorable Chairman C.T. Wilson
The Honorable Vice Chair Brian Crosby
The Honorable Jason Buckel
Maryland General Assembly, House Economic Matters Committee
Room 231 House Office Building
Annapolis, MD 21401

Re: HB 1085 – Favorable with Amendment to Definition of Thermal Biomass System

Dear Chairman Wilson, Vice Chair Crosby, and Delegate Buckel:

I am writing in support of House Bill 1085 with an amendment to the definition of a “thermal biomass system” to be included in our State’s Renewable Energy Portfolio Standard (RPS). This bill makes a small but important change to current law so that food waste, animal manure including poultry litter, and qualified biomass are de-linked rather than requiring they be blended. The bill will allow each source of feedstock individually to be used to fuel a thermal biomass system and be eligible to participate in the Renewable Energy Credit (REC) market.

Please consider an amendment to the Annotated Code of Maryland Public Utilities Article, Section 7-701(r)(2) to read, “(2) is used in the State **OR IS CONNECTED WITH THE DISTRIBUTION INFRASTRUCTURE SERVING THE STATE**; and”. This would add clarity and consistency with existing language in Public Utilities Article, Section 7-704(a)(2) which states, “Energy from a Tier 1 renewable source under §7-701(s)(1), (5), (9), (10), or (11) of this subtitle is eligible for inclusion in meeting the renewable energy portfolio standard only if the source is connected with the electric distribution grid serving Maryland.”

The Fiscal and Policy Note for HB 1085 makes the point in its Small Business Effect section that, “as of 2020, there were no thermal biomass systems in Maryland. However, the bill may lead to the construction, operation, and eventual supply chain support of such facilities by small businesses.” In preparation for our business to become operational here in Maryland, language in this bill should reference our State’s natural gas distribution system. This is akin to our electric distribution system that is referenced for eligible Tier 1 renewable sources to feed into the PJM Interconnection grid. Our state and region are making significant investments to expand natural gas infrastructure to serve the needs of area customers, and changes to HB 1085 will track with this infrastructure modernization in an important way.

There is an opportunity in this legislation to promote in-state economic development by incentivizing renewable energy companies to locate and grow in Maryland. We ask that renewable energy diversity remain viable, and that any legislation working to incentivize more renewable energy projects and expand the market for renewable energy credits include qualifying biomass, poultry litter-to-energy, and thermal energy from biomass. Renewable energy diversity is what is needed as we transition away from fossil fuels toward net-zero carbon goals.

CleanBay Renewables implements anaerobic digestion and nutrient recovery technologies to recycle poultry litter and create renewable energy at utility scale. To effectively address environmental challenges now, Maryland’s RPS needs to include diverse solutions and resources that can start working together today and affect measurable change quickly. Our technology presents Maryland with the opportunity to divert an abundant byproduct of local farms, create the sustainable





and baseload clean energy our state needs, and improve the health of local air, soil, and water. We also create a natural fertilizer that can replace synthetic fertilizers here and throughout the Chesapeake Bay watershed.

At full capacity, each CleanBay facility can recycle more than 150,000 tons of poultry litter each year and generate 750,000 MMBTU of sustainable renewable natural gas, the amount of energy used by about 11,000 homes each year; reduce greenhouse gas emissions by up to 1,000,000 tons of CO2 equivalent which is comparable to taking more than 200,000 passenger cars off the road each year, while providing our state and businesses with new ways to meet environmental regulations and low-carbon fuel standards; and produce 100,000 tons of organic, controlled-release fertilizer with added humic acid to address overall soil health and relieve nitrate and phosphorous runoff.

We are grateful for your ongoing validation of alternative renewable energy sources and your recognition that our state's agricultural sector can contribute to our renewable energy mix. We support the fact that HB 1085 could incentivize more diverse thermal biomass systems to locate in Maryland and generate renewable energy and RECs that can be used and retired here.

The certainty of a tradable REC commodity will help attract commercial financing which is difficult to secure for rural economic development purposes in general, and especially for new types of agricultural businesses including capital intensive renewable energy projects. RECs derived from the agricultural sector can help drive market dollars and speed access to capital to areas where traditional financing is scarce. Our type of renewable energy facility at utility scale can cost over \$500 million to develop, will employ more than 25 full-time employees with quality, high paying jobs; and includes more than 200 construction jobs for about 18 months of site work which means area economies can be impacted in a meaningful way.

We look forward to working with you to be certain that agriculture, environment, and business interests are heard and reflected in upcoming legislation. Thank you for your leadership bringing HB 1085 to a vote. Please consider our favorable amendment to HB 1085 to clarify that a thermal biomass system is one that is either used in state or **is connected with the distribution infrastructure serving Maryland.**

Sincerely,

Thomas Spangler
Executive Chairman, CleanBay Renewables