



Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Jeannie Haddaway-Riccio, Secretary
Allan Fisher, Deputy Secretary

Bill Number: House Bill 11

Short Title: Renewable Energy Portfolio Standard – Tier 1 Renewable Source – Alterations (Reclaim Renewable Energy Act of 2022)

Department's Position: Oppose

Explanation of Department's Position

HB11 would make ineligible any Renewable Energy Credits (RECs) derived from biomass generated anywhere within the PJM grid, which includes Maryland. According to a 2020 Maryland PSC's report, biomass sources accounted for about 35% of the RECs used to comply with the Maryland RPS. **Excluding biomass from the Maryland RPS will remove a clean and low-cost resource and will put upward pressure on REC prices and perhaps consumer electricity costs.**

Further, the bill would permanently halt current efforts to create incentives for developing renewable thermal uses from wood and other biomass. The thermal sector is the largest component of Maryland's total energy usage and has the least incentives for developing renewable applications.

The Renewable Portfolio Standard (RPS) acknowledges wood as a good choice for renewable thermal energy because it is an abundant, inexpensive, price-stable, clean, and locally purchased energy source. With currently available technology such as pyrolysis, facilities can save 40 to 70% on fuel costs. Pyrolysis is not incineration - it is energy derived from the decomposition of organic materials. **Wood fuel is locally produced and locally sourced, which means jobs and economic benefits are also local.**

Markets for woody biomass enable forest improvement, retention, and restoration critical for meeting state goals for water quality, forest health, and long-term carbon sequestration. Markets would also capture wood from urban waste streams (e.g., tree removals, recycled construction, and manufacturing wastes), converting a cost center into a new source of revenue. This bill would work against a financially viable path for that advance in sustainable environmental management.

Maryland has strict regulations that limit emissions and require efficient technology; filtered emissions and reused waste heat are used to achieve higher efficiencies and meet air quality standards. Studies have found that over the lifecycle, bioenergy can achieve emission reductions of greenhouse gasses by over 80% compared to fossil fuels.¹ Modern wood systems have, at a

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minimum, 80% output efficiency. These high efficiencies combine with low fuel costs for the system to pay for itself typically in 10 years or less. The use of wood energy for thermal applications offers one of the most cost effective means of offsetting carbon emissions.²

For any additional information, please feel free to contact our Legislative and Constituent Services Director, Bunky Luffman.

1. "Life Cycle Analysis of Renewable Fuel Standard Implementation for Thermal Pathways for Wood Pellets and Chips". Report prepared for Biomass Thermal Energy Council by Life Cycle Associates. June 2021.
2. Air Emissions From Modern Wood Energy Systems. 2007. Biomass Energy Resource Center, Montpelier, VT.