



March 4, 2022

The Honorable C.T. Wilson
Chairman, Maryland House Economic Matters Committee
House Office Building, 6 Bladen Street
Annapolis, Maryland 21401

Opposition to House Bill 11 –Renewable Energy Portfolio Standard – Qualifying Biomass

Mr. Chairman and Committee Members:

Thank you for the opportunity to submit comments regarding House Bill 11-Renewable Energy Portfolio Standard – Tier 1 Renewable Source – Alterations (Reclaim Renewable Energy Act of 2022). Domtar fully supports the Maryland Renewable Energy Portfolio Standards (“RPS”) program in its current form and a long-term goal of 100% renewable energy. The Maryland RPS (“MD RPS”) along with the other PJM¹ RPS programs are leading the way into the renewable future by supporting a diverse and growing renewable generation portfolio. Through active participation in the MD RPS, Domtar has been serving Maryland ratepayers since 2014.

Domtar’s opposition to HB11 is based on the following:

- Unlike wind and solar, biomass-based generation is available 24 hours a day;
- Most of the biomass energy in the MD RPS is fueled from residuals left over from higher-value production processes. Not using these renewable resources for energy production is equivalent to simply throwing away other recyclable materials;
- Excluding biomass from the MD RPS increases the likelihood that biomass will be landfilled or left “on the ground” where decomposition produces greenhouse gasses such as methane that are 21 times more virulent² than atmospheric carbon dioxide, and combustion with exhaust through modern pollution control equipment is always preferable to landfilling, natural decomposition or open burning alternatives;
- Biomass as a source of energy is carbon neutral;
- The REC market is just starting to settle down to a new normal since the legislative changes made last year, the continual “tweaking” of the MD RPS causes extreme volatility that only benefits speculators that have no interest in providing renewable

¹ The Pennsylvania, New Jersey and Maryland power pool

² https://www.ghgprotocol.org/sites/default/files/ghgp/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf

energy or in serving Maryland ratepayers, in fact, the market speculators only take money out of the program which only increases costs for ratepayers; and

- It ignores the environmental benefits of the 2.6 million acres of Maryland forests and the millions of forested acres growing in Maryland's air and watersheds.

Increasing Costs to Maryland Ratepayers

Prompt REC pricing for Maryland Tier I RECs went from \$11.35/REC at the start of last year's legislative session to \$22.85/REC when the current session started. This doubling of price was accompanied by significant price volatility. This price uncertainty makes it difficult for renewable developers that must justify long-term business cases to investors and optimize long-term financing rates. Worse yet, the volatility invites speculative traders that only take money out of the system and raise rates for Marylanders without providing the first electron of renewable energy.

The Maryland RPS is working

Under current market conditions wind generation in the Maryland RPS is increasing by more than 600,000³ MWh per year. Any further changes or cost increases are not necessary to incentivize development and will only increase costs to Maryland ratepayers.

Eliminating a diverse source of renewable electricity from Maryland ratepayers

Wind and solar only generate energy during a handful of hours each day. Unlike wind or solar, biomass-based generation is available during all hours of the day and night. Wind seldom peaks when Maryland electric load is highest and solar generation almost never peaks when Marylanders need it most. Having a diverse renewable generation portfolio that includes biomass along with wind and solar is the most efficient and cost-effective way to meet the around-the-clock renewable needs of Maryland's ratepayers.

Ignores the environmental benefits of millions of expanding forests in Marylander's watershed and airshed.

The Domtar mill that supplies renewable generation into Maryland's RPS program represents roughly one million acres of growing, expanding forests that have been sustainably managed for many decades. These forests are diverse in age and species mixes and provide Marylanders with cleaner air and cleaner water along with providing many other environmental and societal benefits. The growth of these forests exceeds removals by a factor of 2.20 and 1.56⁴ where values greater than 1.0 indicate healthy forests that are actively sequestering atmospheric carbon. Our mills and the wise use of our mill residuals are an integral part of the natural environmental process that is sequestering atmospheric carbon. The processing of raw wood also reduces forest decomposition of organics and greatly reduces methane emissions that are known to be 21 times more potent than equal amounts of carbon dioxide in trapping heat in the atmosphere. Removing wood-waste-solids

³ Wind generation in the MD RPS was 1,464,138 MWh in CY15 and 4,473,946 MWh in CY20, (1,464,138 MWh – 4,473,946 MWh) / 5 years = 601,962 MWh/year.

⁴ Forest2Market and US Forest Service Inventory and Analyses programs

and other mill residuals from the Maryland RPS only makes it more challenging and more costly for our industry to sustain these forests and threatens the many environmental benefits these forests provide.

For these reasons and many others, Domtar stands in opposition to HR 11.

Who we are

Domtar is a leading provider of communication, specialty and packaging papers, market pulp and absorbent hygiene materials. We are the market leader in North America in uncoated freesheet papers (your typical office writing and printing papers) with 8,800 employees serving more than 50 countries around the world.

Please do not hesitate to reach out to me at Steve.Thomas@Domtar.com should you have any questions or call me at (803)802-8110.

Sincerely,



Stephen (Steve) R. Thomas, PE
Senior Manager, Energy Programs