



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

Bill Number: Senate Bill 903

Short Title: Renewable Energy Portfolio Standard - Qualifying Biomass and Thermal Biomass Systems

Department's Position: Support

Explanation of Department's Position

Senate Bill 903 clarifies that certain forms of wood, food waste, and animal manure are individually eligible for thermal renewable energy credits under the Renewable Portfolio Standard (RPS) as authorized sources for thermal biomass systems, regardless of the relative mix. This will facilitate more options for renewable energy that support sustainable forestry practices while keeping a low carbon footprint. The current statute authorizes Thermal Renewable Energy Credits (TRECs) as Tier I credits for mill residue, precommercial soft wood thinning, slash, brush and yard waste, however it does not authorize the use of natural wood waste associated with forestry management. In the absence of this authorization, management of forests has slowed and natural wood waste is being sent to landfills.

The 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.

Wood is commonly 80-85% efficient for thermal uses, and governed by strict Maryland Department of Environment performance-based air quality regulations. Many other states have incorporated wood for thermal into their energy portfolios, motivated by keeping energy prices low and stable while accelerating their reductions of greenhouse gas emissions.¹ Recent analysis by the US Forest Service indicates that thermally led wood energy projects are a cost-effective greenhouse gas abatement option.²

Maryland's Greenhouse Gas Emissions Reduction Act Plan relies heavily on forest management and wood products as carbon sinks. Forests are the largest carbon sink in Maryland, and without

¹ <https://www.cesa.org/wp-content/uploads/Renewable-Thermal-RPS.pdf> Other states providing Thermal RECs for systems using wood fuels include: AZ, MA, ME, NC, NH, OR, VT, WA, WI.

² [Carbon Benefits of Sustainably Sourced Wood Energy](#). October 2019. USDA Forest Service, Wood Education and Resource Center, Princeton, WV.

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good forest management, forests can rapidly become a source rather than a sink.³ The IPCC calls for accelerating forest management and markets for wood products to attain climate goals, and specifically encourages an increased use of wood energy to retain and expand forest area.⁴

The annual supply of wood residues in Maryland could support an estimated 1 million TRECs over time which equates to a small percentage of the total pool of RECs within the PJM region and would have little effect on REC pricing in the market. Conversely, the financial value of TRECs to an individual facility would be highly significant, and enable another option for renewable energy and carbon reduction.

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

³ Maryland Greenhouse Gas Reduction Act: 2030 GGRA Plan. February 2021. p.110

⁴ *Climate Change and Land. An IPCC Special Report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems.* August 2019. Intergovernmental Panel on Climate Change.