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SB0146

January 25, 2024

TO: Members of the Senate Energy, Education and the Environment Committee

FROM: Nina Themelis, Director of Mayor's Office of Government Relations

RE: Senate Bill 146 - Renewable Energy Portfolio Standard – Eligible Sources – Alterations (Reclaim Renewable Energy Act of 2024)

POSITION: Letter of Information

Chair Feldman, Vice Chair Kagan and Members of the Committee, please be advised that the Baltimore City Administration (BCA) would like to provide the following **letter of information** regarding Senate Bill (SB) 146.

Maryland's Renewable Portfolio Standard (RPS) has an explicit goal to "recognize and develop the benefits associated with a diverse collection of renewable energy supplies. The State's RPS Program does this by recognizing the environmental and consumer benefits associated with renewable energy." Through Maryland's RPS, electricity suppliers are required to meet a minimum amount of renewable energy within their sales. Renewable Energy Credits or RECs, which are classified as Tier 1 or Tier 2 can be traded or purchased by suppliers to claim those credits. REC payments function as subsidies for renewable energy generation and relate to energy output. The bill removes waste to energy and refuse to energy facilities as eligible for such subsidies under Maryland's RSP.

The removal of waste to energy and refuse to energy from Tier 1 of the renewable energy credits would not have a known direct financial impact on the City of Baltimore considering the waste to energy facility located within the City, the Wheelabrator facility, is privately operated. However, if the removal of these credits were to cause that facility to close, Baltimore City finances and operations as they relate to waste management would likely be significantly affected. The City of Baltimore is currently facing an estimated \$100M deficit for Fiscal Year 2025. The BCA remains committed to its long-term waste diversion efforts and in ensuring that the future of waste disposal and diversion centers around mutually shared sustainability goals.

The Baltimore City 10 Year Solid Waste Management Plan was recently updated and adopted in November 2023. This plan outlines the steps the Administration seeks to take in reducing waste and encouraging waste diversion. In combination with the 10 Year Solid Waste Plan, the Department of Public Works (DPW) recently outlined its priorities for the six-year Capital Improvement Program (CIP). Some components of that plan include improvements to the Eastside Transfer Station, with a total projected cost of \$23.5M and an estimated timeline to

completion of three years. There is a remaining funding gap of \$16.5M to complete this project and the City has secured \$2M between a previous state grant and City funding programmed into the CIP.

Co-located at the Eastside Transfer Station will be the Solar-Powered Scalable Composting Facility. The City was awarded an EPA SWIFR Grant of \$4M for this facility. This project will result in 12,000 tons of organic materials being diverted from landfill and incineration streams; thus, annually reducing 6,000 tons of greenhouse gas (GHG) emissions. The facility will be designed to scale up as operational and organic collection demands increase, to a maximum capacity of 24,000 tons per year. This is the first of four (4) composting facilities planned to be developed in the City.

Additionally, we are expanding capacity at the Quarantine Road Landfill. CIP funds have been set aside each year to prepare for the expansion of the Quarantine Road Landfill by creating additional landfill cells on an adjacent acquired landfill property, and by increasing the height of the landfill. The cost for this expansion is currently estimated at \$99M. Full buildout of the landfill will increase capacity to accept waste to 2048, provided the City's agreement with WIN Waste remains in place until 2031. One of the first steps toward this expansion is to relocate Quarantine Road (and related utilities) that cuts between the two landfill properties. Road relocation construction will begin in FY25, with the first landfill cell construction beginning in FY26 and completed in FY28.

The BCA is also in the planning phases for several long-term capital investments including the construction of a Construction and Demolition Recycling Center. Construction and demolition debris accounts for 35% of the waste disposal stream, presenting a great opportunity to divert this material for reuse, recycling, and repurposing. It would reduce reliance on incineration or landfilling, saving disposal costs and landfill space. The rough estimate for this facility is approximately \$25M.

As mentioned above, the City is also planning for an additional three (3) composting facilities to be located at various locations around the City, with each facility having the capacity to accept and manage 24,000 tons of organics per year. Assuming that these facilities could be sited on land owned by the City, the estimated cost is \$8M per facility.

The BCA remains committed to waste diversion efforts and in reducing overall carbon emissions within the City. For the above reasons, the BCA respectfully submits this **letter of information** regarding SB146.