



ASSOCIATION OF FOREST INDUSTRIES, INC.

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SENATE BILL 549

RENEWABLE ENERGY PORTFOLIO STANDARD – THERMAL BIOMASS SYSTEMS
(Senator Hershey)

February 23, 2021

SUPPORT WITH AMENDMENTS

The Honorable Delores G. Kelley
Honorable Members of the Senate Finance Committee

The Association of Industries (AFI) and the Maryland Forests Association (MFA) – Maryland’s two leading voices for the State/s forest community, inclusive of landowners, sawmills, loggers, and primary/secondary manufacturers – support Senate Bill 549 with amendments intended to clarify certain wood-related definitional terms per “qualifying biomass” under Maryland’s current RPS law.

The intent of the Act is to clearly help promote thermal biomass energy which, as currently defined in statute, has not influenced a responsive market. AFI and MFA, et al, recognize that without lifting the existing restrictive “primarily” language – meaning 51% of the fuel mix for thermal biomass systems must be derived from “animal manure, including poultry litter” – there will likely never be a market for thermal biomass systems under Maryland’s RPS law.



This issue was before the Western Maryland Task Force. AFI/MFA submitted these same amendments to the Task Force during its 2020 Interim deliberations, *not in specific amendment form, but embodied in the bill’s text for ease of viewing.* We have been advised the Task Force would support our suggested amendments if introduced.

AN ACT concerning

Renewable Energy Portfolio Standard – Thermal Biomass Systems

FOR the purpose of authorizing certain biomass systems primarily fueled with qualifying biomass other than animal manure to be eligible for renewable energy credits; altering the definition of “thermal biomass system”; and generally relating to the renewable energy portfolio standard and thermal biomass systems.

BY repealing and reenacting, with amendments,

Article – Public Utilities

Section 7-701(a) and (r) and 7-704(i)

Annotated Code of Maryland

(2020 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, with amendments,

Article – Natural Resources

Section 7-701(r)

Annotated Code of Maryland

(2020 Replacement Volume and 2019 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Public Utilities

7-701.

(a) In this subtitle the following words have the meanings indicated.

(l) (1) “Qualifying biomass” means a nonhazardous, organic material that is available on a renewable or recurring basis, and is:

(i) Waste material that is segregated from inorganic waste material and is derived from sources including:

1. Except for old growth timber, any of the following forest-related resources:

A. mill residue, except sawdust and wood shavings;

B. [precommercial soft wood thinning] SILVICULTURAL PRODUCTS DEFINED IN §5-101 OF THE NATURAL RESOURCES ARTICLE ;

C. [B slash] NATURAL WOOD WASTES AS DEFINED IN REGULATION;

[D. brush; or

E. yard waste]

2. a pallet, crate, or dunnage;

3. agricultural [and silvicultural sources], including tree crops, vineyard materials, grain, legumes, sugar and other crop by-products or residues; or

4. gas produced from the anaerobic decomposition of animal waste or poultry litter; or

(ii) a plant that is cultivated exclusively for purposes of being used at a Tier 1 renewable source or as a Tier 2 renewable source to produce electricity.

(2) “Qualifying biomass” includes biomass listed in paragraph (1) of this subsection that is used for co-firing, subject to § 7-704(d) of this subtitle.

(3) “Qualifying biomass” does not include:

(i) unsegregated solid waste or postconsumer wastepaper; or

(ii) an invasive exotic plant species.

(r) “Thermal biomass system” means a system that:

(1) uses **AS FUEL**:

(i) [primarily] animal manure, including poultry litter, and associated bedding to generate thermal energy; [and]

(ii) [Food waste or] qualifying biomass [for the remainder of the feedstock];
OR

(iii) **FOOD WASTE**;

(2) is used in the State; and

(3) complies with all applicable State and federal statutes and regulations, as determined by the appropriate regulatory authority.

7-704.

(i) (1) Energy from a thermal biomass system is eligible for inclusion in meeting the renewable energy portfolio standard.

(2) (i) A person that owns and operates a thermal biomass system that uses anaerobic digestion is eligible to receive a renewable energy credit.

(ii) A person that owns and operates a thermal biomass system that uses a thermochemical process is eligible to receive a renewable

energy credit if the person demonstrates to the Maryland Department of Environment that the operation of the thermal biomass system:

1. is not significantly contributing to local or regional air quality impairments; and
2. will substantially decrease emissions of oxides of nitrogen beyond that achieved by a direct burn combustion unit through the use of precombustion techniques, or postcombustion techniques.

(3) A person that is eligible to receive a renewable energy credit under paragraph (2) of this subsection shall receive a renewable energy credit equal to the amount of energy, converted from BTU's to kilowatt-hours, that is generated by the thermal biomass system and used on site.

(4) The total amount of energy generated and consumed for a residential, nonresidential, or commercial thermal biomass system shall be measured by an on-site meter that meets the required performance standards established by the Commission.

(5) The Commission shall adopt regulations for the metering, verification, and reporting of the output of thermal biomass systems.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2021.

EXPLANATION OF AFIM/MFA PROPOSED AMENDMENTS

- (1) Deletes on page 2 “precommercial soft wood thinning” as nonsensical and substitutes “silvicultural products as defined in §5–101 of the Natural Resources Article”.
- (2) Adds on page 2 “natural wood wastes” defined in COMAR (aka, 26.04.09.02), thus broadening the types of woody material that can be used to produce thermal biomass energy beyond just “slash” which has no comparable COMAR reference and is mostly an industry term.
- (3) Deletes on page 3 “brush and yard waste” because they are included in the definition of “natural wood wastes”.
- (4) Deletes on page 3 “and silvicultural sources” because it’s duplicative.

NOTE: (1) §5–101 of the Natural Resources Article defines “Silvicultural product” or “forest product” means any raw material yielded by a forest, including (1) timber; (2) timber products; and (3) any other forest materials, such as lumber, poles, pulpwood, firewood and pine straw; and (2) §5–102 of the Natural Resources Article via the *Sustainable Forestry Act of 2009* states that “Forests are a renewable resource that help the State meet its renewable energy goals that are consistent with the State’s (1) green power goal for State facilities; (2) renewable energy portfolio standard (RPS); (3) *Healthy Air Act*; and (4) *Maryland Clean Energy Incentive Act of 2006*.”

Respectfully submitted,

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