



726 Second Street, Suite 3B
Annapolis, MD 21403

February 22, 2022

The Honorable Chairman C.T. Wilson
The Honorable Vice Chair Brian Crosby
The Honorable Benjamin Brooks
Maryland General Assembly, House Economic Matters Committee
Room 231 House Office Building
Annapolis, MD 21401

Re: HB 624 – Electricity – Standard Offer Service – Renewable Energy

Dear Chairman Wilson, Vice Chair Crosby, and Delegate Brooks:

I am writing to ask for parity among Tier 1 renewable sources in your consideration of House Bill 624. The proposed bill would ensure long-term power purchase agreement contracts for a select few types of Tier 1 renewable energy sources. One rationale for this legislation was cited in the Senate Finance Committee hearing of the companion bill as being the higher upfront costs of developing large-scale renewable energy facilities, coupled with a desire to pump more renewable energy into the mix of energy options available to Maryland consumers. While we have been advocates for long-term power purchase agreements for renewable energy, we are troubled that only solar, wind, geothermal, ocean and small hydropower Tier 1 renewable sources would be able to participate.

There is an opportunity in this legislation to promote in-state economic development by incentivizing clean renewable energy technology companies to locate and grow in Maryland. We ask that renewable energy diversity remain viable, and that any legislation working to incentivize more renewable energy projects and expand the market for renewable energy credits include qualifying biomass, poultry litter-to-energy, and thermal energy from biomass. Renewable energy diversity is what is needed as we transition away from fossil fuels toward net-zero carbon goals. Our type of renewable energy facility at utility scale can cost over \$500 million to develop, will employ more than 25 full-time employees with quality, high paying jobs; and includes more than 200 construction jobs for about 18 months of site work which means area economies can be impacted in a meaningful way.

CleanBay Renewables implements anaerobic digestion and nutrient recovery technologies to recycle poultry litter and create renewable energy at utility scale. Our process helps to significantly remove and stabilize elements like phosphorous and nitrogen from the litter, which

in some regions easily wash away and pollute the water supply. It is important to consider emerging clean energy businesses like CleanBay working to solve the problem of existing waste streams in Maryland and our larger watershed. Our technology to recycle poultry litter is as clean as solar and wind generation, yet in addition to creating clean baseload renewable energy we also create a natural fertilizer that can replace synthetic fertilizers here and throughout the Chesapeake Bay watershed.

At full capacity, each CleanBay facility can recycle more than 150,000 tons of poultry litter each year into generating 750,000 MMBTU of sustainable renewable natural gas, the amount of energy used by about 11,000 homes each year; reducing greenhouse gas emissions by up to 1,000,000 tons of CO₂ equivalent which is comparable to taking more than 200,000 passenger cars off the road each year, while providing our state and businesses with new ways to meet environmental regulations and low-carbon fuel standards; and producing 100,000 tons of organic, slow-release fertilizer with added humic acid to address overall soil health and relieve nitrate and phosphorous runoff.

There are merits to encouraging long-term power purchase agreements for certain renewable energy projects in order to provide capital investors with reduced risk and more assurances for success for new clean energy generators. What is troubling is the way this proposed legislation allows just five types of renewable energy sources from the current list of thirteen under the Public Utilities Article Section 7-701(s), rather than allowing all Tier 1 renewable energy sources to be included. Please consider amending this legislation so that Tier 1 renewable sources including qualifying biomass, poultry-litter-to-energy and thermal energy from a thermal biomass system are afforded the same ability to receive long-term contracts with an electric company under the same terms as solar, wind, geothermal, ocean and small hydroelectric.

There have been two state-prescribed carve outs for solar and wind energy in increasing annual percentages in the Renewable Energy Portfolio Standard (RPS) since 2007 mandating a certain portion of the RPS come from those sources of Tier 1 energy. The mandates were intended to propel those two industries forward by creating favorable market conditions for investors to fund those types of renewable energy projects by giving market certainty to those investments, and it worked. Now in 2022, we are fortunate to have many new clean energy technology companies working on sustainable resource management and clean energy innovation in our state. Now is the time to signal to investors that these newer clean energy options are also part of the solution to meet our state's energy consumption needs.

The types of Tier 1 renewable energy sources that we use as feedstock on are not on par with other Tier 1 renewable energy sources that have a carve-out requiring a percentage of RPS be met using those fuel sources. RECs and clean energy incentives are market driven. Investment dollars go to where the incentives are. When RECs are more sought after, more utility buyers are interested in signing Power Purchase Agreements. These energy offtake agreements are a big



part of what commercial investors need to see in order to make capital investments in new businesses like ours.

Please consider amending HB 624 to include qualifying biomass, poultry-litter-to-energy, and thermal energy from a thermal biomass system (Sections 7-701(s)(3)(9) and (12) in the Public Utilities Article of the Annotated Code of Maryland). Thank you.

Sincerely,

Thomas Spangler
Executive Chairman