



March 9, 2023

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

Opposition to House Bill 718 –Renewable Energy Portfolio Standard – Qualifying Biomass

Mr. Chairman and Committee Members:

Thank you for the opportunity to submit comments regarding House Bill 718-Renewable Energy Portfolio Standard - Eligible Sources - Alterations (Reclaim Renewable Energy Act of 2023). 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 HB718 is based on the following:

- Unlike wind and solar, biomass-based generation is available 24-hours per day,
- The majority 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 the equivalent to throwing away 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 in causing global warming than atmospheric carbon dioxide, and combustion with exhaust through modern pollution control equipment is always preferable to landfilling, natural decomposition or open burning alternatives.

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

- The United States Environmental Protection Agency (“EPA”) recognizes biomass fueled electric energy as both renewable and carbon-neutral³ and states that biomass plays an important role in the development of renewable energy strategies⁴.
- Further reducing the supply of renewable energy to Maryland ratepayers will convert the RPS from a source of renewable energy to nothing more than a legislative tax that provides no renewable benefits to the state.
- It ignores the environmental benefits of the more than one 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 in January of 2021, to \$22.85/REC at the start of last year’s legislative session to \$29.83/REC when the current session started. These increasing costs fall on all Marylanders. More importantly, disqualifying even more renewable supply when REC prices are only pennies away from the Maryland Alternate Compliance Payment (“APC”) of \$30.00/REC⁵, runs the risk that Maryland’s RPS becomes nothing more than a tax imposed on Maryland ratepayers by their legislators while the supply of renewable energy currently allocated to Maryland is sent to other states.

The Maryland RPS is working

Under current market conditions wind generation made available to the Maryland RPS is increasing by more than 1 million MWh per year⁶. Any further changes or cost increases are not necessary to further incentivize new development and will only increase costs to Maryland ratepayers and reallocate the available renewable energy to other states.

Eliminating a diverse source of renewable electricity from Maryland ratepayers

The stated objective of the Maryland RPS is to recognize and develop the benefits associated with a diverse collection of renewable energy supplies⁷. 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. The importance of around-the-clock availability of renewable energy was recently highlighted when PJM-EIS⁸ began qualifying time-stamped RECs⁹ in response to a growing demand for procuring and tracking renewable energy around the

³ https://www.epa.gov/sites/default/files/2018-04/documents/biomass_policy_statement_2018_04_23.pdf

⁴ Ibid. 3

⁵ NJ’s ACP is \$50/REC and PA’s is \$45/REC. Source: <https://www.pjm-eis.com/~media/pjm-eis/documents/rps-comparison.ashx> Page 3 of 9

⁶ Wind generation in the MD RPS was 1,464,138 MWh in CY15 and 7,629,738 MWh in CY21 equaling $(7,629,738 \text{ MWh} - 1,464,138 \text{ MWh}) / 6 \text{ years} = 1,027,600 \text{ MWh/year}$.

⁷ <https://www.psc.state.md.us/electricity/maryland-renewable-energy-portfolio-standard-program-frequently-asked-questions/>

⁸ PJM’s Environmental Information Services

⁹ <https://www.pjm.com/~media/about-pjm/newsroom/2023-releases/20230213-pjm-eis-to-produce-energy-certificates-hourly.ashx>

clock. 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. For the mill remaining qualified in MD, the growth of these forests exceeds removals by a factor of 1.56¹⁰ 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 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 178.

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 6,400 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) 372-8729.

Sincerely,

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

¹⁰ Forest2Market and US Forest Service Inventory and Analyses programs