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HB0718

March 9, 2023

TO: Members of the House Economic Matters Committees

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

RE: House Bill 718 – Renewable Energy Portfolio Standard – Eligible Sources – Alterations (Reclaim Renewable Energy Act of 2023).

POSITION: Support

Chair Wilson, Vice Chair Crosby and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** House Bill (HB) 718.

HB 718 makes critical climate-focused changes to Maryland's Renewable Energy Portfolio Standards (RPS), including redefining the following: (1) qualifying biomass, (2) thermal biomass and (3) Tier 1 renewable sources. This bill better aligns the State of Maryland's RPS with our citywide goals to reduce the emission of greenhouse gasses in both the waste and energy sectors. These changes help to prioritize renewable energy subsidies are dedicated to evidence-based renewable energy generation such as solar, wind, and hydro energy, opposed to polluting industries.

Maryland's 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 MD'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 energy derived from high carbon emitting sources (forest-related biomass, animal manure, waste, refuse and gas produced from the anaerobic decomposition of animal waste or poultry waste) as eligible for such subsidies under Maryland's RSP. The bill goals align well with Baltimore City's 2019 Sustainability Plan¹ strategies to reduce emissions, support renewable energy adoption and advance clean air, including a goal to:

Energy, Strategy 2: Speed the path to decarbonization through [the] increased deployment of renewable energy and electric vehicles.

Action 2: *Advocate for a higher State of Maryland renewable portfolio standard (RPS) as well as affordable pathways to electrification*

Greenhouse Gas Emissions, Strategy 3: Create new programs to reduce greenhouse gas emissions.

Action 2: Commit to being a “Carbon Neutral City,” meaning we would have a net zero impact on greenhouse gas emissions.

Action 3: Reduce short-term pollutants, developing an action plan to reduce emissions of short-lived climate pollutants (such as the harmful chemicals found in some refrigerators and air conditioning units), which cause significantly greater warming than carbon dioxide and other greenhouse gases

Clean Air, Strategy 1: Reduce emissions from industrial operations to reduce harm to people living nearby.

Action 1: Encourage state-of-the-art pollution controls on all “point source pollution” emitters and improve review of the effect of new permit applications for air pollution sources, particularly those in and near zip codes with high asthma hospitalization rates.

Action 2: Work with federal, state, and regional agencies to reduce toxic air emissions from transportation, especially reducing pollution from freight vehicles.

Including carbon-emitting resources as eligible for Tier 1 renewable energy source in Maryland’s RPS is counterintuitive to Baltimore City’s 2019 Sustainability Plan strategies, the city’s carbon neutrality goals and efforts to decrease air pollution. Based on the city’s 2020 greenhouse gas inventory, waste incineration, when separated out, comprises roughly 9.5% of all point source emission in Baltimore. This same industry perennially receives subsidies in state RECs while placing an unjust environmental burden on predominantly African American and low-income residents in South Baltimore. It is imperative state renewable energy subsidies support truly renewable energy, such as solar.

Additional Background:

The State’s RPS was first passed in 2004 and subsequently amended several times. HB 718 directly addresses 2011 and 2012 amendments to the RPS that added “waste-to-energy and refused-derived fuel facilities”, and animal waste as Tier 1 renewable energy sources, respectively. Municipal Solid Waste (MSW) has increased in its overall share of RECs since the bill passed in 2011 from 4% to 14% in 2014, and has since declined to 10% in 2017. According to a 2019 Report from the Maryland Department of the Environment: “*More RECs from MSW have been retired since MSW was converted to Tier 1 status than when MSW was a Tier 2 resource.*”ⁱⁱ Maryland’s current RPS standards provide significant subsidies for highly-carbon emitting activities, causing cleaning renewable energy sources to compete with industries that don’t align with climate change goals for Baltimore City.

HB 718 reflects a multi-year effort to clean up Maryland’s RPS, aligns renewable energy regulations with statewide climate and sustainability goals and opens the city up to waste management alternatives that promote environmental justice, zero waste planning and opportunities to capture the value of materials in the city’s current waste stream.

For these reasons, the BCA respectfully request a favorable report on HB 718.

ⁱ https://www.baltimoresustainability.org/wp-content/uploads/2021/04/SustainabilityPlan_03-02-20-Compressed.pdf

ⁱⁱ Maryland Department of Natural Resources, Power Plant Research Program (PPRP) (2019) Final Report Concerning the Renewable Portfolio Standards as Required by Chapter 303 of the Acts of Maryland General Assembly of 2017. DNR Publication No. 12-091619-167. Available at: <https://dnr.maryland.gov/pprp/Documents/FinalRPSReportDecember2019.pdf>