

**Statement of Tom Johnson, President
Eastern Shore Forest Products
Before the
Senate Energy, Environment and Education Committee
February 28, 2023**

Re: HB 718 - Renewable Energy Portfolio Standard- Alterations (Reclaim Renewable Energy Act of 2023)

Chairman Wilson, Vice Chair Crosby and Members of the Committee:

I am Tom Johnson, President, Eastern Shore Forest Products, headquartered in Salisbury, Maryland. Our company, now the largest forest products company in Maryland, makes wood shavings for poultry and animal bedding along with pellets and firewood for energy. We have four manufacturing facilities in Maryland as well as plants in Delaware and Texas. We are a growing company, now employing over 200 people in the state with an equal number working as contractors or in support industries.

Last December, the Public Service Commission approved our application for renewable energy credits (RECs) for the biomass-fueled thermal systems to dry pellet stock and wood shavings at our Pocomoke City and Salisbury plants. These will be the first biomass credits in the state. Our systems are high tech and clean burning, exceeding all state and federal standards for emissions, one of the requirements for qualifying for RECs. These are a vital element of our renewable energy program and without them, any future expansion would likely require fossil fuel rather than renewables.

The fuel for these systems includes bark, short or crooked pieces of logs as well as chips from tree care companies in the area. These systems also provide a market for smaller, suppressed trees in forest stands, allowing us to thin them while increasing species diversity and wildlife habitat. Many, perhaps most, of the landowners from whom we purchase timber have wildlife as their major goal and are appreciative of our work. Managed forests require a market for the low-grade material that must be removed and urban wood will likely need to be landfilled if the market for renewable biomass fuel dries up due to the loss of RECs.

We are currently in the process of upgrading our biomass systems and installing the complex metering systems that are required to take advantage of the RECs. As you might imagine, this is an expensive investments, but we are proud that our efforts will lead the way for other public and private facilities to take advantage of renewable biomass energy.

The passage of HB 718 or SB 590 forecloses all future opportunities for investments in biomass energy by removing that option from the Renewable Energy Portfolio Standards. Without that incentive, wood with no other market will be wasted, timber stands will not be thinned as needed and urban wood waste will continue to pile up.

Finally, it seems inherently ill-advised for the Legislature, having created renewable energy credits with the express intent of encouraging renewable energy, including biomass, and then taking the incentive away. I'm not sure this sends those who would do business in Maryland a very encouraging message.

I, along with our employees and our landowner partners urge the defeat of this legislation.

Biomass Burner at Salisbury Plant in Full Operation

