



Wes Moore, Governor
Aruna Miller, Lt. Governor
Josh Kurtz, Secretary
Allan Fisher, Deputy Secretary

March 9, 2023

BILL NUMBER: HOUSE BILL 718 – First Reader

SHORT TITLE: Renewable Energy Portfolio Standard - Eligible Source - Alterations (Reclaim Renewable Energy Act of 2023)

DEPARTMENT’S POSITION: LETTER OF INFORMATION

EXPLANATION OF DEPARTMENT’S POSITION

The Department would like to provide information on HB 718. The bill would eliminate the use of Thermal RECs, which provide particularly important financial incentives for developing renewable thermal uses from wood and other biomass. The thermal sector is the largest component of Maryland’s total energy usage and has the least incentives for developing renewable applications.

Excluding biomass from the Maryland RPS will remove a clean and low-cost resource, eliminate a newly approved incentive for renewable thermal energy, and will put upward pressure on REC prices and perhaps consumer electricity costs.

BACKGROUND INFORMATION

Markets for woody biomass enable forest improvement, retention, and restoration critical for meeting state goals for water quality, forest health, and long-term carbon sequestration. Markets would also capture wood from urban waste streams (e.g., tree removals, recycled construction, and manufacturing wastes), converting a cost center into a new source of revenue.

On a statewide level, there are two primary effects of switching from fossil fuel to wood that have very strong positive economic effects. The first is the direct effects of beneficially using the wood residue itself. The second effect is the consequence of wood residue being less costly than heating oil, thus freeing up money for other purchasing and investment.

BILL EXPLANATION

This bill alters certain fuels from qualifying for Tier I RECs, in particular, wood sourced from forestry and landscape management activities as well as organic materials processed with anaerobic digestion. These sources are especially well suited for thermal applications, a sector particularly lacking incentives for transitioning to green solutions. HB 718 would make ineligible any Renewable Energy Credits (RECs) or Thermal Renewable Energy Credits (TRECs) derived from biomass generated anywhere within the PJM grid, which includes Maryland.

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