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Date: March 7, 2023
To: Members of the House Committee on Economic Matters
From: Holly Porter, Executive Director
Re: HB 0718 – Reclaim Renewable Energy Act of 2023 – **OPPOSE**

Delmarva Chicken Association (DCA) the 1,600-member trade association representing the meat-chicken growers, processing companies, and allied business members on the Eastern Shore of Maryland, the Eastern Shore of Virginia, and Delaware opposes HB 718 and urges an unfavorable committee report.

HB 718 alters the definition of “Tier 1 renewable source” for purposes of excluding energy derived from qualifying biomass, methane from anaerobic decomposition of animal waste or poultry waste, poultry litter-to-energy, waste-to-energy, refuse-derived fuel, and thermal energy from a thermal biomass system from being eligible for inclusion in the renewable energy portfolio standard.

The chicken community has been a leader in sustainability among agricultural enterprises for over three decades. We were among the first group in the region to widely adopt solar energy and were among the first to seriously study and implement ways in which our waste and bi-product could be minimized and reused. Chicken litter, which was once a nuisance for poultry farmers, is now a widely sought after and easily profitable fertilizer. Perdue Farms was a pioneer when they developed one of the first manure pelletizing plants in the country, whereby chicken litter was processed into dry pellets for use as fertilizer by farmers and home gardeners. This product was shipped around the country and diverted tons of chicken litter from the region. Unfortunately, it never turned a profit, and that Seaford, DE facility is once again serving as ground zero in the region for a new and exciting technology which will once again (albeit more efficiently) turn waste into a valuable product through anaerobic digestion. This technology also has major potential for the Maryland chicken community.

We at DCA fully support the use of anaerobic as just one of many possible tools for managing food and animal waste, particularly from poultry processing plants. This technology has been proven as an energy efficient process whereby waste is converted into clean burning natural gas and nutritious soil amendments. This is also a green technology. Anaerobic digestion diverts waste from treatment plants and landfills and reduces the need to obtain natural gas from other sources, such as fracking.

For more than 20 years, anaerobic digestion has been successfully implemented throughout the European Union and receives substantial incentives both from the EU and its constituent nations as a renewable energy source. As of 2016, there were approximately 17,500 anaerobic digestion plants throughout the EU, with most of them in Germany. These countries have seen significant decreases in food and animal waste going to landfills and treatment plants, and the byproduct is widely regarded as a green and even preferable alternative to commercial fertilizer.

For numerous years, many of the same proponents of this bill have been claiming that there is excess litter on the Eastern Shore of Maryland and that farmers should not be using it as slow-release organic fertilizer out of concerns that it is polluting local waterways and the Chesapeake Bay. While DCA does



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not agree with those claims, we do support any initiatives that would increase the value of this product to our growers, and we support alternative energy uses for other processing wastes.

In 2013, with support by the Maryland legislature, the Animal Waste Technology Fund was created through the Maryland Department of Agriculture to provide grants to companies that demonstrate new technologies on farms and provide alternative strategies for managing animal waste, including generating energy. HB 718 would have a negative effect on this program, removing the ability for companies to utilize the Tier 1 renewable energy credits (RECs) as part of their business model. This could result in the state being unable to achieve its nutrient reduction goals for the Chesapeake Bay. This legislation also directly contradicts the climate policies of the Biden administration. The administration has slated \$5 billion in loans to the states that promote projects to reduce greenhouse gases, including anaerobic digestion. Furthermore, the Inflation Reduction Act includes tax credits of up to 30% toward biogas facilities built before 2025.

Technology on litter-to-energy and anaerobic digestion projects has advanced greatly over the past decade. To have another alternative for both litter and/or processing or food waste not only benefits the environment, but also helps with the state's goals for renewable energy and is a win for everyone. The Greenhouse Gas Emissions Reduction Act Plan requires reducing GHG emissions by 50% before 2030 and replacing fossil fuel systems with clean, renewable energy. By removing the options of using anaerobic digestion or litter-to-energy, the state will continue to increase what goes to landfills, increasing methane emissions from landfills and CO2 emissions from transportation, and the amount of fossil fuels that are imported into the state. To be clear, there is no question that this technology reduces greenhouse gas emissions.

Some groups have claimed that these types of "dirty projects" will allow the chicken community to increase the production of waste or litter. However, chickens are not grown on the Eastern Shore of Maryland for the litter; chicken is not harvested at plants on the Delmarva for the processing waste. In reality, Delmarva has seen a 3.4% decrease over the past 20 years of chickens processed with the closing of processing plants on Delmarva, not new ones opening. The ability to have litter-to-energy projects or anaerobic digestion is a solution, not a problem.

We urge an **unfavorable** vote on HB 718.

Should you have any additional questions, please feel free to contact me at porter@dcachicken.com or 302-222-4069 or Grayson Middleton at middleton@dcahicken.com or 410-490-3329.

Sincerely,

Holly Porter
Executive Director