



Maryland Energy Administration

TO: Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy, and the Environment Committee

FROM: MEA

SUBJECT: SB 935 - Department of General Services - Renewable Natural Gas Pilot Program - Establishment

DATE: March 4, 2024

MEA Position: LETTER OF INFORMATION

This bill would require the Department of General Services (DGS) to establish a Renewable Natural Gas Pilot Program in the Department and to issue a solicitation for a renewable natural gas contract.

Renewable natural gas (RNG) is a pipeline-quality gas that is fully interchangeable with conventional natural gas. RNG is essentially biogas (the gaseous product of the decomposition of organic matter) that has been processed to purity standards. Like conventional natural gas, RNG can be used as a transportation fuel in the form of compressed natural gas (CNG) or liquefied natural gas (LNG).

While there are benefits to RNG, there are also challenges including cost and availability. RNG has a significant cost in comparison to other energy sources. Today, a million BTUs (MMBTU) of natural gas costs less than \$2, while a study prepared for the American Gas Foundation indicated about 44 percent of prospective RNG projects can be developed at a cost of \$7 to \$20 per MMBTU, with a median cost of approximately \$18.¹

The lack of availability at scale and the cost of RNG means that it is a scarce resource in the combination of approaches that should be utilized for decarbonization and therefore should be utilized only in instances where it is most difficult to decarbonize. Namely, RNG is best used for industrial and transportation decarbonization (areas where decarbonization is most challenging), whereas building decarbonization should remain reliant upon readily available and cost effective electrification and energy efficiency measures.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Landon Fahrig, Legislative Liaison, directly (landon.fahrig@maryland.gov, 410.931.1537).

¹ gasfoundation.org/wp-content/uploads/2019/12/AGF-2019-RNG-Study-Full-Report-FINAL-12-18-19.pdf