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**COMMITTEE:** EDUCATION, ENERGY, AND THE ENVIRONMENT and BUDGET AND TAXATION

**TESTIMONY ON:** SB480 DEPARTMENT OF GENERAL SERVICES - Clean Energy Procurement Program - Establishment

**POSITION:** SUPPORT

**HEARING DATE:** February 20, 2025

Washington Gas respectfully submits this statement in **SUPPORT** of **Senate Bill 480 — Department of General Services - Clean Energy Procurement Program – Establishment**

**Statement of Support:**

In support of renewable energy supplies produced in the state of Maryland and as a means of reducing the cost impact of the rising cost of energy generation, Washington Gas supports the establishment of a pilot program for the procurement – on competitive and cost-effect terms – of locally produced biogas as an alternative to imported natural gas.

**Background**

The Company supports Maryland's climate goals and believes that Maryland's gas infrastructure can customers. The Company appreciates the opportunity to inform Senate Bill 480 ("SB 480"), which concerns the development of a biogas pilot program within the Department of General Services. The Company is encouraged to see a proposal for the State to formally examine the various economic and environmental benefits of biogas for reducing greenhouse gas ("GHG") emissions, particularly in the State's buildings and transportation sectors. Hundreds of biogas interconnect projects have been implemented across the U.S. to-date and gas utilities have played, and can continue to play, an important role in facilitating these projects to help realize these benefits. Supportive public policies and incentives are needed to take advantage of biogas's potential for reducing emissions. In the example of landfills, owner/operators can either flare the biogas, use it as a renewable energy resource directly, or upgrade the landfill gas to pipeline quality to be used in existing natural gas infrastructure. Converting landfill gas to biogas takes what would otherwise be a waste product and creates energy that is used for a productive purpose.

**Biogas is a fully interchangeable lower-carbon alternative to conventional natural gas.** According to the Department of Energy, biogas is a pipeline-quality gas that is fully interchangeable with conventional natural gas. Biogas is the gaseous product of the decomposition of organic matter that has been upgraded to pipeline quality standards.<sup>1</sup> Capturing, treating, and upgrading biogas from sources of organic matter, including landfills, wastewater treatment facilities, organic food waste, and agricultural operations, to pipeline-quality gas can significantly reduce GHG emissions from the State's waste and agriculture sectors.<sup>2</sup> The waste sector accounts for a significant portion of the State's GHG emissions; landfills and wastewater treatment plants accounted for approximately 7 million metric tonnes of CO<sub>2</sub>e, or approximately 8% of the State's gross GHG emissions, as of 2020.<sup>3</sup> The Maryland Department of the Environment ("MDE") recently found that landfills were the single largest source of methane emissions in Maryland, and that these emissions have been historically underestimated and are approximately four times higher than previously thought.<sup>4</sup> MDE recently published a final regulation for control of landfill gas emissions from municipal solid waste (MSW) landfills in 2023<sup>5</sup> establishing support for specific, predictable, and achievable reduction in GHG targets for waste products which can unlock private/public investment and preserve customer energy affordability for alternate fuels. The agriculture sector accounted for 4% of the State's GHG emissions in 2020, and MDE projects these emissions to be relatively constant through 2050 with few abatement options identified.<sup>6</sup>

**Supporting utility investment in biogas projects can help environmental justice areas.** According to the Rocky Mountain Institute, "many landfills and incinerators directly impact disadvantaged communities and an analysis utilizing EPA's Environmental Justice Screening and Mapping Tool (EJScreen) found that 54 percent of landfills reporting to the Greenhouse Gas Reporting Program have communities within one mile of the landfill that exceed the national average for either people of color or those with low incomes."<sup>7</sup> Procuring biogas and building biogas projects in Maryland can achieve GHG emission reductions, divert negative impacts from disadvantaged communities, and support the development of lower-carbon fuels for a variety of end uses.

**Biogas can support energy security and energy system resiliency.** Maryland procures the vast majority of its natural gas from out-of-state sources. Biogas can provide an additional source of local supply, potentially creating resiliency benefits in the case of system disruption.

**Biogas can be used as a lower-carbon transportation fuel.** Natural gas vehicle fuel can help to reduce GHG emissions by —27% relative to diesel and using biogas can help fleets reach negative GHG emission levels.<sup>8</sup> Using biogas can provide a cost-effective solution to decarbonizing heavy transport. For heavy-duty vehicles, natural gas vehicles fueling with biogas can be a more cost-effective option than battery-electric technology at reducing GHG emissions.

**Biogas can create significant economic opportunities for the State.** Capturing otherwise lost methane can provide an additional source of revenue to municipal facilities, including landfills and

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<sup>1</sup> DOE [Alternative Fuels Data Center](#)

<sup>2</sup> EPA. [Renewable Natural Gas](#) (Aug. 3, 2023).

<sup>3</sup> MDE. [2020 Greenhouse Gas Inventory](#) (Sep. 24, 2022). In the 'Summary' tab, emissions from "Landfills" and "Wastewater Management" add to 7.21748 million metric tonnes of CO<sub>2</sub>e, which corresponds to 8.4856% of Gross Emissions, which was 85.05523 million metric tonnes of CO<sub>2</sub>e. All numbers use a 20-year GWP.

<sup>4</sup> MDE. [Climate Pollution Reduction Plan](#) (Dec. 28, 2023). Page 52

<sup>5</sup> Maryland Code. [Section 26.11.42.04 - Requirements for Municipal Solid Waste \(MSW\) Landfills](#) (Feb. 9, 2024).

<sup>6</sup> MDE. [Climate Pollution Reduction Plan](#) (Dec. 28, 2023). Pages 58-59

<sup>7</sup> Rocky Mountain Institute. [Priority Climate Action Plan Guide: Organic Waste & Landfill Methane Strategies](#) (2022).

<sup>8</sup> Cummins. [Natural Gas Engines vs Diesel Engines](#) (May 4, 2022)

wastewater treatment, as well as agricultural operations. It can also create useful co- and byproducts, such as high-quality fertilizers.<sup>9</sup>

**The Bill includes specific cost-containment features for the state's budget and compliance with the State's climate goals.** Biogas will be procured through sealed competitive bids and will be purchased only if "competitively priced." The pilot will run only through December 2029 and the Department will report on the economic and environmental costs and benefits to the state. The University of Maryland will also perform a carbon lifecycle analysis to ensure consistency with the State's climate goals.

**Biogas can be produced in-state.** Much of Maryland's energy needs must be imported from other states or countries but significant quantities of biogas can be produced locally. SB480 provides that the pilot will preferentially award the pilot contract to biogas produced in-state.

### **Conclusion**

At Washington Gas, our core values are safety, collaboration, integrity, inclusion, and learning. The Company is committed to working with stakeholders to help achieve Maryland's GHG emissions reduction targets. Biogas can be used to help reduce GHG emissions from current uses for natural gas while it remains an important part of the State's energy system. Natural gas is currently used to provide energy to the residential, commercial, industrial, and transportation sectors and most analyses today indicate this will continue to be the case for decades to come.

SB 480 promotes the role for existing and future technology innovation to support diverse pathways to decarbonizing Maryland, and the State's existing natural gas infrastructure can and should be leveraged to preserve affordability, reliability, safety, and security of energy delivery. Washington Gas is an innovative company and is supportive of leveraging its unique talent and expertise to provide alternative energy sources and believes the deployment of this technology has the potential to offer several benefits to its Maryland customers. Allowing utilities to own biogas assets and purchase biogas for utility customers would exponentially unlock the potential for lower carbon fuels especially for carbon intense industries.

### **Washington Gas Light Company**

Washington Gas Light Company ("the Company") provides safe, reliable natural gas service to more than 1.2 million customers in Maryland, Virginia, and the District of Columbia. Washington Gas has been providing energy to residential, commercial, government, and industrial customers for more than 175 years, and currently serves more than 500,000 Maryland customers in Montgomery, Prince George's, Charles, St. Mary's, Frederick, and Calvert Counties. The Company employs over 400 people within Maryland, including contractors, plumbers, union workers, and other skilled tradespeople. We strive to improve the quality of life in our communities by

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<sup>9</sup> CleanBay Renewables. [Home](#) (2023). CleanBay's poultry litter RNG facilities can create tons of **natural, controlled-release fertilizer** with humic acid for farmers in our watershed to better **meet the region's agricultural needs** and **reduce phosphorous runoff**

maintaining a diverse workforce, working with suppliers that represent and reflect the communities we serve, and giving back through our charitable contributions and employee volunteer activities. The Company, together with other natural gas distribution utilities, are responsible for delivering the primary source of heat to Maryland residential energy consumers, serving approximately one half of all Maryland households while providing critical energy services to residential, commercial, and industrial customers at one-third the cost of electricity on a per unit basis.'

Washington Gas looks forward to working with the Committee on this legislation, and other policies that support the advancement of renewable natural gas. For the above reasons Washington Gas respectfully requests a favorable report on Senate Bill 480.

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