The enclosed comments and analysis represent the views of a coalition of industry representatives and participants in the RPS Study Group process including AWEA, MDV-SEIA, MAREC & USSEC (the “Coalition”). We thank PPRP for the opportunity to provide comments on the black liquor SWOT analyses provided to the RPS Study Group on August 27th, 2018. While Maryland’s RPS includes black liquor as an eligible resource and the Coalition is not proposing a change to this in the 2019 legislative session, we would like to provide the following clarifying input in response to PPRP’s black liquor SWOT analysis:

- In 2016, the ~1,600 GWh of RECs retired in Maryland from black liquor facilities made up only around 3% of the approximately 50,000 GWh of Tier I RECs retired across PJM.
- By 2030, that same 1,600 GWh of RECs from black liquor would make up only ~1.5% of the overall Tier I demand across PJM under existing RPS policies.
- If Black liquor is removed as a Tier I eligible resources in the Maryland RPS, the resulting impact on Tier I market price will be miniscule given the very small percentage of Tier 1 inventory that is met using black liquor.
- REC broker trading sheets confirm that Maryland Tier I RECs trade at a small discount to Tier 1 RECs in PA and NJ which do not treat black liquor as an eligible RPS resource. This small discount of around $0.25-$0.50/REC can be interpreted as the current impact of including black liquor as a Tier 1 eligible resource, and that number would decrease as the RPS Tier 1 demand continues to increase over time, making black liquor an ever-smaller portion of growing demand.
- Pennsylvania has advanced legislation that allows in-state black liquor to be Tier I eligible but pushes out-of-state black liquor into the Tier II market. This means that Maryland ratepayers may subsidize out-of-state black liquor facilities that previously sold into the Pennsylvania Tier I market while Pennsylvania ratepayers are only supporting Pennsylvania black liquor facilities. A similar exclusion of out-of-state black liquor facilities from Maryland Tier 1 eligibility could be an option for Maryland legislators to explore.