

**September 7, 2018**

Bob Sadzinski, Manager,  
Power Plant Research Program  
Department of Natural Resources

**Re: Renewable Industry Response to PPRP Black Liquor SWOT Analysis For RPS Study Group**

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 27<sup>th</sup>, 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 \$.25-\$.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.