MDV-SEIA

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Before the General Assembly of the State of Maryland
Senate Finance Committee
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Testimony of David W. Murray
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SB 265 Clean and Renewable Energy Standard (CARES)

Unfavorable

Thank you for the opportunity to provide testimony on SB 265. My name is David Murray and I serve as Executive Director of MDV-SEIA, the local solar trade association representing over 4,500 solar installers, developers, manufacturers, and other solar workers in Maryland.

MDV-SEIA applauded Governor Hogan for letting the Clean Energy Jobs Act go into law, acknowledging the urgency of the climate crisis and need for new solar jobs in Maryland. The association was eager to review the Administration's plan for reaching 100% clean energy by 2040, yet was disappointed to read the legislation spurs fossil infrastructure, provides excessive support to existing resources, and slows our state's demand for new utility-scale wind and solar projects in the region.

First, MDV-SEIA recognizes that CARES does not impact the in-state solar carveout of 14.5% by 2030. In this manner, CARES will not impact distributed generation in the state and keeps our ambitious carveout in place through 2030. However, the legislation will have an impact on the regional deployment of solar energy, which in turn makes our own goals of building a regional solar workforce more challenging.

In-state resources meet just 60% of Maryland's electricity needs; thus, a variety of out-of-state gas and coal generators currently supply power to Maryland homes and businesses. Air and water pollution know no state boundaries, thus Maryland's Renewable Portfolio Standard (RPS) serves as a mechanism to curb our demand for fossil generation in exchange for clean, renewable power like wind in Pennsylvania or solar in Virginia.

The RPS uses Renewable Energy Credits (RECs) to track clean energy generation, and in turn spur demand for new renewable resources on the regional grid, known as PJM. The price of REC depends on supply (existence of utility-scale renewable resources) and demand (obligations through state RPS programs, corporate procurement targets, etc). REC prices are not only affected by the size of RPS programs, but the scope. Should new resources participate in the Maryland REC market, the REC price will fall, in turn lowering demand for new wind and solar resources in the region. Furthermore, by removing nuclear generation from the RPS, CARES adds significant uncertainty to the REC market, especially should Maryland's nuclear generation increase over time.

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CARES will cause REC prices to crash by providing similar incentives to resources like existing large hydroelectric facilities, nuclear and gas. MDV-SEIA questions the value of providing revenue to resources that have received decades of federal and local subsidies, and have far greater environmental impacts than wind or solar. The General Assembly made clear in the 2019 Clean Energy Jobs Act of its intent to build new wind and solar resources - not subsidize existing facilities or build new gas infrastructure.

Thank you for your consideration.