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Senate Finance Committee
The Honorable Delores G. Kelley
3 East Miller Senate Building
Annapolis, Maryland 21401-1991

**RE: SB 148 – Electric Generation – Transition from Fossil Fuels – Carbon Dioxide Emissions Rate and Transition Account (Maryland Coal Transition Act of 2021)**

Dear Chairman Kelley and Members of the Committee:

This bill is a significant bill, and I greatly appreciate Senator Feldman's co-sponsorship. I also want to acknowledge the yeoman's work by the Sierra Club on this issue. Simply stated, we would not be here considering this bill today but for the commitment of the Sierra Club to improving the quality of the air in Maryland.

This bill establishes a carbon dioxide emissions limit for all five of the remaining coal-burning electrical generating facilities in Maryland that is so low that none of the facilities will be able to qualify. Therefore, it provides for the permanent phase-out of burning coal in Maryland to generate electricity.

The burning of coal is a 19$^{th}$ Century technology which is far and away the dirtiest way of generating electricity. It fouls the air, and it is one of the principal causes of global warming. As a matter of public policy, this bill ensures that the era of coal furnaces belching carbon into the air in Maryland will come to an end soon.

You may recall that this bill came before the Finance Committee last year. In the meantime, there have been significant changes. A year ago, there were six remaining coal burning electrical generating plants in Maryland. Last summer, one of them, the Dickerson plant on the Potomac River in upper Montgomery County was abruptly shuttered by its owner. Then about a month later, the owner of the Chalk Point plant on the Patuxent River in Prince George's County announced that it would close down its coal-fired electrical generating units by June 1, 2021. That left four remaining plants.

Last year, I worked out a deal with AES, the owner of the Warrior Run plant in Cumberland, to cease burning coal to generate electricity in 2030. So that plant is scheduled to stop burning coal at the end of the decade.

The next shoe to drop occurred last October when Talen Energy Corp. announced that it will eliminate the burning of coal at all Talen facilities nationwide, including at the H. A. Wagner plant and the Brandon Shores plant on the Patapsco River just south of the Key Bridge. These plants are scheduled to cease coal-fired operations by the end of 2025. This only left a single remaining plant, the Morgantown plant on the Potomac River in Charles County.

I was involved in negotiations with Gen On Holdings, the owner of the Morgantown plant, and reached an agreement with that firm in December to shut down the Morgantown facility in 2027. A public announcement to this effect was released by Gen On on December 21st, just a month ago.

So at the time of this hearing last winter, only one of the six coal-burning facilities had committed to close. As of today, just a year later, the Dickerson facility has closed and all five of the remaining facilities have committed to close in 2021, 2025, 2027 and 2030 respectively,

The first three pages of this bill merely require the five remaining facilities to indeed cease burning coal at the times that their owners have committed to cease burning coal. It thus reflects and ratifies the decisions already announced by the owners of these facilities.

Of course, the closure of the coal-burning furnaces in these facilities will have a major impact on the workforce at the plants, so the rest of Senate Bill 148 (from pages 3 through 14) deals with extensive measures to provide a fair transition for the employees. The bill creates a Fossil Fuel Community Transition Fund with the mission of providing grants to support both the individuals transitioning out of employment at one of the six coal-fired plants and also the communities impacted by the closure of the coal boilers. The grants are to be used for: (a) worker retraining, (b) union-sponsored apprenticeship programs, (c) clean energy projects in the affected counties, (d) (for up to three years after the closure of a coal-burning plant) payments to an affected county to offset losses in tax revenue due to the closure, (e) payments to individuals who are within three years of retirement age and (f) payments to individuals to fill wage gaps during the transition to new employment. These payments of approximately $13 million per year will come from a dedicated, protected funding stream from the existing Maryland Strategic Energy Investment Program, which is funded by the sale of allowances under the Regional Greenhouse Gas Initiative.

Let me speak briefly about why this bill makes sense. The six coal plants that are the subject of this bill are the #3 source of in-state climate pollution in Maryland. In 2017, Maryland's six coal plants generated over 75% of the state's climate pollution from in-state electricity generators.

Coal-burning electrical generating plants are on their way out across the nation. Over 300 coal plants have closed or announced their retirement in recent years. Closure announcements crop up in trade publications monthly. The new Administration in Washington, D. C. is likely to take steps to accelerate the transition away from coal.

Before I conclude, let me address a couple of the concerns that were raised about this bill last year.  First, there is the question of whether Maryland needs the coal-burning plants and might experience blackouts without them.  Well, the fact is that Maryland's coal plants sit idle nearly the entire year.  Typically, they only operate for about 17 days each year.  The regional electrical transmission system known as PJM has then sitting on standby.  The fact that the planned closures will be staggered throughout this decade will enable PJM to plan ahead to cover those 17 days.

The second concern is that the workers in these plants need their jobs.  But the owners of the plants have announced they are going to close.  Burning coal is far more expensive these days than other ways of creating electricity.  This bill bends over backwards to create a fund of money to pay for transition expenses.  If the bill fails and no such fund is set up, when the plants close, the employees will be left high and dry, without any financial support as they seek to transition to new jobs.

I hope the Committee will issue a favorable report on this bill.