MARYLAND LEAGUE OF CONSERVATION VOTERS

February 28, 2023

FAVORABLE ONLY WITH AMENDMENTS: SB664 - Maryland Strategic Energy Investment Program - Tier 1 Renewable Sources, Solar Energy Systems, and Alterations.

Chairman Feldman and Members of the Committee:

In 2022, the Maryland General Assembly issued budget language through the Joint Chairman's Report that sought to bring Maryland in line with the Federal "Justice 40" initiative, which directs at least 40% of investments , including those associated with clean energy and energy efficiency flow to go to disadvantaged communities. The FY23 budget language directed that the Department of the Environment to submit a report that develops "*specific recommendations to identify and provide assistance to overburdened communities, including legislative and regulatory changes to achieve at least 40% of overall spending*" in several programs, projects and investments, including those related to clean energy and energy efficiency, and affordable and sustainable housing. While the final report on these recommendations is not due until July of this year, it is clear that the formula of fund usage in SB664 is inconsistent with these goals.

In light of this, Maryland LCV respectfully requests that this legislation only receive a favorable report with significant amendments that ensures alignment with state and federal goals.

SB664 reallocates monies in the account supported by Alternative Compliance Payments (ACP) made by utilities for non-attainment of the mandates of the Renewable Energy Portfolio Standard. Currently, these funds are restricted to help fund projects supporting low income communities. We agree with a provision in the legislation that would open up the criteria applied to supporting projects to benefit low **and moderate** income communities, as well as projects serving census tracts identified as overburdened and underserved. This change in language retains the original legislative intent of the use of ACP funds and aligns more directly with federal guidelines and state programs.

To better align this legislation with the principles of Justice 40 and the outlines established in the FY2023 Joint Chairmen's Report, we would suggest the following amendments to the ratios outlined in this bill:

1. Maintain that funds available for solar energy resources include the first $10 million (currently set at $5 million) be dedicated for projects serving low and moderate income communities and those census tracts identified as overburdened and underserved.

2. For the remaining funds available for solar energy resources, 90% (as drafted: 10%) be allocated for projects that are owned by or provide direct economic benefit to low-or-moderate income residents of the state or those in census tracts identified as overburdened and underserved.
    a. These projects may include
        i. residential rooftop installation, electrical or structural upgrades to allow for solar rooftop installation, and community solar for multi-family housing facilities where the cost benefits received by participation in the community solar program are transferred to the energy bills or rents of the low income residents of those properties.
        ii. Projects (especially community solar projects) that serve at least 50% LMI households **and**
            1. that are on lands that are ecologically compromised, are not targeted for mitigation or restoration, and are located on
                a. Rooftops
                b. Parking canopies
                c. Brownfields or industrial sites
                d. Multi-level parking structures
                e. Airports
                f. Cleanfill sites
                g. Roadways or
                h. Incorporate agrivoltaics
        iii. We recommend special consideration be given to projects with greater LMI participation and projects with higher costs and/or financing challenges, including rooftop and canopy projects that are below 1 MW.

3. The remaining 10% (as drafted: 90%) of funds collected in excess of $10 million support the installation of new solar energy systems for new eligible customer-generators through the solar energy program outlined in the bill as drafted.

4. Recognizing the potential of unspent funds within the formula in any fiscal year, we recommend that at the end of each fiscal year, specifying that MEA may reallocate any unused funds above the initial $10 m from one category of projects to other categories of projects. This will provide MEA the ability to support new initiatives and innovations, and ensure that all available funds are expended to achieve the greatest impact.

These amendment recommendations reflect similar recommendations for prioritization of ACP funds offered for Governor Moore's HB550/SB548 - the Clean Transportation and Energy Act. That legislation also recommends the prioritization of LMI and "environmental justice communities" in the distribution of ACP funds. We believe that the recommendations outlined above will support the state goals of clean energy production as well as carbon emission reduction, provide resources to the projects that are most impactful for the most vulnerable Marylanders and those in the most environmentally degraded communities and support fiscal flexibility for new initiatives.

Maryland LCV strongly urges that SB664 be set aside in favor of the more equity-centered SB548. If this bill moves forward, Maryland LCV urges that it be amended as outlined above before receiving a favorable report.