

**Thursday, February 22, 2024**

**TO:** Delegate C. T. Wilson, Chair of the House Economic Matters Committee, and Committee Members

**FROM:** Mariana Rosales, The Nature Conservancy, Director of Climate; Cait Kerr, The Nature Conservancy, State Policy Manager

**POSITION:** Support HB 397 Public Utilities – Thermal Energy Network Systems – Authorization and Establishment (Working for Accessible Renewable Maryland Thermal Heat (WARMTH) Act)

The Nature Conservancy (TNC) supports HB 397 offered by Delegate Charkoudian. This bill is a strategic investment in Maryland's future, particularly in our commitment to promoting equitable access to renewable energy and addressing climate change.

The WARMTH Act provides a unique opportunity to pilot networked geothermal heating and cooling systems, also known as ground-source heat pumps (GHPs), in Maryland. These systems use the ground's temperature to heat or cool buildings, making them highly efficient and reliable. By promoting GHPs' use, the WARMTH Act will contribute to reducing greenhouse gas emissions and help Maryland achieve our climate action goals.

This legislation is designed to ensure that renewable energy benefits are accessible to all Maryland residents, especially those in underserved and low- to moderate-income communities. The bill requires gas companies to work with community organizations, municipalities, and county governments to identify and propose pilot projects to the Public Services Commission (PSC). These pilot projects will prioritize neighborhoods with 80% low- and moderate-income residents, contributing to equitable and just electrification. Networked geothermal creates opportunities for whole communities to benefit from electrification through a single geothermal system, which would connect to heat pumps in individual homes.

The WARMTH Act aligns with Maryland's statutory requirements to reduce greenhouse gas emissions and transition to a net-zero status. Maryland has a statutory requirement under the Climate Solutions Now Act of 2022 to reduce gas emissions to 60% of 2006 by 2031 and the state is further required to transition to a net-zero status by 2045. By promoting GHPs' use, this bill supports Maryland's aggressive climate action plan and helps the state move towards a more sustainable and resilient future.

TNC commends Delegate Charkoudian for introducing HB 397, which is a critical step towards achieving Maryland's climate and energy goals, while also providing economic opportunities and job security for workers in the clean energy sector.

**Therefore, we urge a favorable report on HB 397.**