



The Maryland Department of the Environment
Secretary Serena McIlwain

House Bill 397

*Thermal Energy Network Systems – Authorization and Establishment (Working
for Accessible Renewable Maryland Thermal Heat (WARMTH) Act)*

Position: Support with Amendments

Committee: Environment and Transportation Committee

Date: February 22, 2024

From: Hadley Anthony

The Maryland Department of the Environment (MDE) **SUPPORTS HB 397 WITH AMENDMENTS.**

Bill Summary

House Bill 397 would require gas companies to develop a plan to pilot a thermal energy network system or systems by October 1, 2024, and submit a proposal or proposals to the Public Service Commission (PSC) by July 1, 2025. Proposals must consider local community input, ensure that at least 80% of served customers are low to moderate income residential customers, and include a cost-benefit analysis of associated avoided cost savings related to electric distribution and transmission as well as gas pipe replacements. The PSC would approve, modify, or reject a plan. The PSC and the Department of Labor would also be authorized to consider, review, and enforce a community benefit agreement.

Position Rationale

This bill aligns with Maryland’s climate goals to reach 60% greenhouse gas emissions (GHG) reductions, compared to 2006 levels, by 2031 and to reach net-zero emissions by 2045. Maryland must continue investing in clean energy technologies that meet the policy demands of the day, including considerations for supporting equitable outcomes, supporting a clean energy workforce, and supporting achievable and cost-effective regulatory designs. Networked geothermal systems have enormous GHG reduction potential due to high efficiency, existing technological availability, and electric demand reductions that can align with grid reliability. The bill also supports MDE’s environmental justice goals by including prioritization of investments in underserved or overburdened communities.

The Maryland Energy Administration will be offering several amendments, which MDE also supports. These amendments include capping the total behind-the-meter costs at \$3 million, removing mention of \$12 million in federal funding to reserve, requiring the PSC to choose a pilot where many of the homes have appliances at or near the end of their useful lives, inserting a provision to protect customers in the event a pilot program is discontinued, and adding the language “or any other state or federal funding source” to the provision around community-based organization funding.

For the reasons detailed above, MDE urges a **FAVORABLE WITH AMENDMENTS** report for HB 397.

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