



MARYLAND STATE & D.C. AFL-CIO

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**HB 397 - Public Utilities – Thermal Energy Network Systems – Authorization and Establishment
(Working for Accessible Renewable Maryland Thermal Heat (WARMTH) Act)
House Economic Matters Committee
February 22, 2024**

SUPPORT

**Donna S. Edwards
President
Maryland State and DC AFL-CIO**

Chairman and members of the Committee, thank you for the opportunity to provide testimony in support of HB 397. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 300,000 union members in the state of Maryland, I offer the following comments.

HB 397 creates a pilot program for rolling out networked geothermal heating and cooling systems in Maryland while structuring the program in a way to provide maximum economic benefits to the state, ratepayers, and workers. HB 397 requires gas companies operating in Maryland to begin plans on at least one pilot project, by October 1, 2024, for networked geothermal in partnership with local governments and community organizations. HB 397 includes labor standards that maximize opportunities for receiving federal tax credits under the Clean Energy Financing Program and Greenhouse Gas Reduction Fund from the Inflation Reduction Act of 2022. HB 397 takes tangible steps towards experimenting with new opportunities for clean energy while utilizing the state's existing skilled workforce and a pipeline of new skilled tradespeople through apprenticeship opportunities.

Networked geothermal projects use the benefits of geothermal heating and cooling systems, where ground source heat pumps and boreholes transfer thermal energy into or out of buildings, and the cost savings from economies of scale. This means that networked geothermal energy projects benefit dozens of families or whole neighborhoods instead of requiring a piecemeal house by house rollout. Eversource, an energy and gas utility in New England, began constructing their 37 building pilot program in Framingham, Massachusetts last year.¹

Through community benefit agreements for qualified contractors and work done with the Maryland Environmental Service, Maryland can gain the full advantages of these projects, with jobs going to local residents, apprenticeship training opportunities, and timely completion of projects. New pilot projects will create magnitudes more good paying, high quality climate jobs. Ratepayers will be investing directly into Maryland's economy.

¹ Nicole Garcia. "A new geothermal project in Framingham may be the future of home heating." WGBH. July 26, 2023.

Maryland's fragile grid needs geothermal energy. By using geothermal energy and heat pumps, it prevents the full electrical load of heating and cooling from falling directly onto the grid. Our state's approach to transitioning away from fossil fuels should be building abundant clean and renewable energy sources, not to continuously subsidize the high energy bills of a larger and larger share of Maryland's residents. Maryland Matters reported that, "A study on SEIF funds for FY 21 showed that 52% of the proceeds went to energy bill assistance programs in Maryland, whereas for the RGGI states overall just 15% of the funding went to bill assistance. In Maryland, 20.5% of the funds went to energy efficiency programs, compared to 54% of funding going to energy efficiency in all the RGGI states collectively." With HB 397 we have an opportunity to directly incentivize new energy creation and decrease the number of workers that need energy subsidies by requiring quality job standards.

We urge a favorable report on HB 397.