



Committee: Economic Matters

Testimony on: HB 0398, Abundant Affordable Clean Energy – Procurement and Development (AACE Act)

Position: Support

Hearing Date: February 6, 2025

The Maryland Chapter of the Sierra Club urges a favorable report for HB 0398, the Abundant Affordable Clean Energy (AACE) Act. The Act will accelerate the deployment of Maryland-based battery storage, solar, and wind generating capacity needed to meet our clean energy goals and protect the health of Maryland residents. This legislation will reduce the cost of deployment, using auctions for large solar installations and significant quantities of storage. By encouraging in-state generation and storage, the AACE Act will bring well-paying jobs to Maryland. The Act also protects rate payers by limiting the increase in rates from small solar installations and returning alternative compliance payments to ratepayers along with franchise and sales taxes from electricity sales to data centers.

Maryland's existing clean energy goals and generation needs

Clean energy deployment is critical for achieving Maryland's climate goals – including a 60% reduction in greenhouse gases by 2031 and a 100% reduction by 2045 – but Maryland is falling behind. Maryland is not on track to meet its statutory goal of delivering 50% renewable electricity by 2030ⁱ, nor Governor Moore's commitment to reaching 100% renewable electricity generation in Maryland by 2035ⁱⁱ.

At the same time Maryland's demand for electricity is poised to grow for the first time in 20 years. The decline in demand over the past two decades largely reflects the success of Maryland's energy efficiency programs, like EmPOWER Maryland. However, proposed data centers built to serve the growth in artificial intelligence are driving significant growth.

A significant contributor to the delay in clean energy deployment is PJM Interconnection's slow process to approve new renewable capacity, but there are many steps Maryland can take to accelerate deployment of renewable energy and storage, target projects to better serve grid needs, and keep rates down. Smart investments, like those in the AACE Act, can help Maryland meet our electricity needs and our renewable energy and climate goals at the same time.

The AACE Act will increase grid reliability and clean energy generation in Maryland.

Storage: Smart deployment of battery storage can work in partnership with increasing clean energy on the grid to increase grid reliability, decrease electric costs at moments of peak demand, and minimize the need for expensive polluting fossil fuel "peaking" generation. The AACE Act will help meet that need by delivering significant storage capacity. Storage attached to the electricity distribution system can be deployed quickly. It will help meet immediate needs for

peak load capacity and help avoid building fossil fuel plants. For large-scale storage, attached to the transmission network, a competitive bid process will manage costs.

Solar: The bill updates Maryland's solar incentive programs to support significant additional solar deployment while protecting ratepayers. For large utility-scale solar, a competitive bid process will keep the energy produced affordable for Maryland's residents and provide certainty for renewable developers. The bill also updates the solar renewable energy credit (SREC) incentives to encourage increased deployment of small-scale solar projects including behind-the-meter residential and non-residential, community solar, and aggregated net metering.

Offshore wind: The AACE Act make transmission-related amendments to the POWER Act, with a focus on evaluating transmission pathways to ensure that transmission is completed rapidly, serves Maryland's energy needs, and is cost-effective.

Nuclear: The bill will protect Maryland's current carbon-free electric generation by supporting the relicensing of Calvert Cliffs Nuclear Power Plant. The two nuclear reactors at Calvert Cliffs currently provide approximately 40% of Maryland's in-state electricity generation. The AACE Act provides for the equivalent of the federal production tax credit, if that program is no longer available, while limiting the subsidy if wholesale electric rates are sufficiently high. While Sierra Club policy guidance allows for the extension of existing nuclear facilities when retirement of the facilities would likely lead to new fossil generation, continued operation is not without potential harm, which should be noted.

The AACE Act establishes key ratepayer protections, protects Marylanders' health, and will contribute to strong economic growth and good jobs in-state.

The Act provides significant ratepayer protections to keep electricity affordable, which is critical for Marylanders during a period in which electric rates might increase substantially due to the slow PJM approval of new generation and transmission projects. The alternative compliance payments made by utilities because insufficient renewables are available or purchased will be applied to lower rates for consumers, businesses, and governments. 75% of sales and franchise taxes paid by data centers will also be used to reduce rates. Additionally, the AACE Act will cap bill increases at 5% from small solar projects.

Developing clean energy in Maryland is critical for public health. Burning oil, methane gas, and coal to generate electricity generates pollutants, including nitrous oxides, ozone and particulates, that can cause asthma and deaths. One report found that these emissions caused 163 deaths and 3,500 cases of respiratory symptoms in Maryland in 2017.ⁱⁱⁱ These emissions disproportionately occur in low-income communities of color. The AACE Act will avoid these health risks by delivering clean and renewable energy when it is needed.

By focusing on in-state renewable energy and storage projects, the AACE Act will contribute to economic growth in Maryland, providing good jobs at a fair wage. The bill contains provisions for prevailing wages and competitive health care and retirement benefits, local hiring provisions, and community benefit agreements.

The AACE Act responds to the moment and proposes smart solutions to meet Maryland's needs for abundant, affordable, clean and healthy energy. The Maryland Chapter of the Sierra Club strongly supports HB 0398. We urge a favorable report.

Christopher T. Stix
Clean Energy Legislative Team
StixChris@gmail.com

Josh Tulkin
Chapter Director
Josh.Tulkin@MDSierra.org

ⁱ Reaching 100% Net Carbon-Free Electricity in Maryland, MEA, 2025, page 14.

ⁱⁱ EXECUTIVE ORDER 01.01.2024.19, <https://governor.maryland.gov/news/press/pages/governor-moore-signs-executive-order-to-advance-maryland%E2%80%99s-pollution-reduction-plan.aspx>

ⁱⁱⁱ Cutting Through the Smog, CASA, Chesapeake Climate Action, Green and Healthy Homes Initiative and RMI, 2023, page 5.