



**HB 398 – SUPPORT**

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**HB 398 – The Abundant Affordable Clean Energy Act  
(AACE)**

Economic Matters Committee

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Dear Chair Wilson, Vice Chair Crosby, and members of the Economic Matters Committee,

I write today on behalf of Ceres to urge a favorable report from the Committee on HB 398 - the Abundant Affordable Clean Energy Act (AACE). Ceres advances leadership among investors, companies, and capital market influencers to drive solutions and take action on the most pressing sustainability solutions. We organize the Business for Innovative Climate and Energy Policy Network (BICEP), a coalition of more than 85 major employers – including several with operations or business interests in Maryland - committed to advocating for stronger climate and clean energy policies at the state and federal levels.

The AACE legislation addresses critical business challenges facing Maryland's energy sector while creating substantial economic opportunities. Some of the key advantages in AACE include:

**Cost Management and Market Stability**

The AACE Act provides essential cost containment mechanisms at a time when Maryland faces rising energy demand and costs. Through competitive procurements and carefully structured incentives, AACE ensures new energy projects are developed at the lowest possible cost to ratepayers. This predictability in energy costs is crucial for business planning and growth.

**Grid Reliability and Peak Demand Management**

The 1,600 MW battery storage initiative addresses one of the most pressing business concerns: reliable power supply during peak demand. This storage capacity will help prevent costly service interruptions and reduce the need for expensive peaker plants. For businesses and all consumers, this means more reliable operations and lower peak electricity costs.

**Economic Development Opportunities**

AACE creates multiple pathways for business growth:

- Development of 3,000 MW of utility-scale solar projects by 2035
- Creation of a 150 MW distributed storage market
- Expansion of the renewable energy sector through SREC-II and REC-II mechanisms

- Development opportunities in wind and small-scale hydro projects

These initiatives will attract investment, create jobs, and strengthen Maryland's position in the clean energy economy.

### **Market Innovation and Competition**

The legislation's procurement structure encourages market competition while providing the certainty businesses need to make long-term investments. The new SREC-II and REC-II systems create a more sophisticated market that rewards efficiency and innovation while protecting against excessive costs.

### **Infrastructure Modernization**

AACE's approach to transmission planning, particularly for offshore wind, ensures that Maryland's grid infrastructure will support business growth and reduce risk through improved reliability and diversification of generating resources.

### **Risk Mitigation**

The legislation provides important risk management features:

- "No regrets" approach to energy development, meaning that investments spurred by this legislation will continue to reap benefits in a variety of future scenarios
- Flexibility to adapt to changing market conditions and emerging technologies
- Protection against supply chain bottlenecks through diverse energy sources

### **Return on Investment Protection**

The program includes crucial protections for business investments:

- Fixed-price guarantees for utility-scale projects
- Clear market rules and transparent pricing mechanisms
- Structured capacity blocks to ensure market stability

### **Local Economic Benefits**

The community benefit agreement requirements ensure that business development creates broad-based economic opportunities. This approach helps build public support for energy projects while creating additional business opportunities in local communities.

AACE represents a balanced approach to energy policy that creates significant business opportunities while managing costs and risks. It provides the market certainty needed for business investment while maintaining the flexibility to adapt to changing conditions. I strongly encourage the committee to support this legislation. Thank you for your consideration.

Sincerely,

Jeff Mauk

Director, State Policy, Eastern Region, Ceres