SB 316
Uploaded by: Adam Dubitsky
Position: FAV

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REVISED *– The uploaded version of this testimony incorrectly stated the year Maryland's RPS was created. This version corrects that date and makes several non-material edits to improve flow.*

February 13, 2025

Hon. Benjamin Brooks
Chair
Maryland Senate Education, Energy, and the Environment Committee
303 James Senate Office Building
11 Bladen Street
Annapolis, MD 21401

RE: Favorable report on SB316 "The Abundant Affordable Clean Energy Act of 2025"

Dear Chairman Brooks and Members of the Committee:

On behalf of the Land & Liberty Coalition of Maryland, of which I serve as State Director, I am writing to convey our support for SB316, the "Abundant Affordable Clean Energy Act."

With chapters in 12 states, the Land & Liberty Coalition is a project of the 501c3 Conservative Energy Network. Unique among the various advocates for clean energy, we are a decidedly free-market right-leaning organization. In fact, we believe that national security and economic prosperity requires abundant, affordable energy.

Maryland is facing both an energy crisis and a budget crisis. We believe the AACE Act is the best way forward to address the former and prevent SEIF funds from being siphoned into the General Fund.

The energy price crisis that is squeezing Maryland's families and employers of all sizes comes down to simple economics: Too little electric supply, plus unprecedent demand, flowing through an outdated grid. This crisis is *not* due to winter weather and we hope no one in this committee deludes themselves that Spring will be the end of it. Maryland needs more energy generated in-state, and we need it as fast as possible.

Today, the most abundant and affordable source of new energy also happens to be the cleanest. New utility scale ground-mounted solar has the single lowest cost of energy and it

is the fastest to deploy.[1] Nothing else – neither gas, coal, nuclear, nor rooftop or community solar - comes close.[2] And this is true even without subsidies, and it is true in all regions of the nation regardless of how much annual sunlight they receive.

This wasn't the case two decades ago when Maryland began its ambitious Renewable Portfolio Standard (RPS). Today's generation of solar panels, for example, are about 60 percent cheaper and 40 percent more efficient than they were just 15 years ago.

Power generation and transmission technology are constantly evolving and respectfully, we would suggest that it is also time for many of Maryland's elected representatives of both parties and at all levels of government to update their talking points and policies when it comes to securing our energy future.

Our progressive friends who have long championed renewable energy must recognize that the current RPS legislation and thinking about the transition to cleaner energy is not working. Despite revisions to the RPS, Maryland remains years and hundreds of megawatts behind schedule in meeting the state's mandated goal of 50 percent of all retail sales of electricity coming from renewable sources by 2030. Moving the goal posts again with an even more ambitious target of 100 percent renewable energy by 2035 seems even more far-fetched unless the RPS is replaced. The AACE Act provides a market-based solution to this.

Likewise, our fellow conservative, some of whom remain renewable energy skeptics, would benefit from a fresh look at cleaner energy technology, its costs, and its benefits for smaller agricultural communities. Clean energy is fully compatible with agriculture and our rural heritage. Today, dark red states across America are not only national leaders in clean energy but also global ones. While you may not hear governors in Texas, Iowa, Kansas, Nebraska and others boast about their climate leadership, they take great pride in how solar and wind projects on private land are helping to power American Energy Independence.

Maryland's Renewable Portfolio Standard is badly broken and needs an overhaul not only to meet clean energy goals but control skyrocketing energy costs and upgrade our grid. **While the RPS is not entirely to blame for the growing energy price crisis, it is certainly standing in the way of its solution.**

Currently, it's cheaper for utilities to pay penalties in the form of Alternative Compliance Payments, or ACPs, than it is to buy renewable energy credits or RECs. In 2023, utilities paid a record $300 million in ACPs – a cost ultimately borne by ratepayers – into the Maryland Strategic Energy Investment Fund, or SEIF, which according to the Maryland Energy Administration, is for "consumer energy costs, global climate change concerns, job creation, energy resilience, economic development, business retention, and energy freedom."[3]

In addition to Maryland's urgent need for affordable energy generated in-state, there is also a multi-billion-dollar budget deficit that must be addressed. And as we know, during a budget

[1] https://www.pv-magazine.com/2023/12/08/solar-lcoe-now-29-lower-than-any-fuel-fossil-option-says-ey/
[2] https://www.iea.org/data-and-statistics/charts/lcoe-and-value-adjusted-lcoe-for-solar-pv-plus-battery-storage-coal-and-natural-gas-in-selected-regions-in-the-stated-policies-scenario-2022-2030
[3] https://energy.maryland.gov/Pages/Strategic-Energy-Investment-Fund-(SEIF)-.aspx

crisis, the ***SEIF*** is not ***safe.*** In fact, the FY2026 budget calls for $150,000,000 in funds intended for low-income residents to be siphoned out of the SEIF and into the general fund.

Along with this state-caused deficit, there will likely be a significant reduction in funds from Washington which will mean rural counties will also face funding shortfalls. Local renewable energy projects, such as those that the AACE Act would help fund will bring much needed revenue to local communities.

As long as these funds are housed within an executive branch agency there will be the temptation and opportunity to use the SEIF as a budget balancing debit card.

The AACE Act reduces the reliance on ACPs and would permanently safeguard these rate-payer-derived funds within an account controlled by the Maryland Public Service Commission. The PSC, using a market-based approach would allocate funds for qualified in-state clean energy projects; this would address the power shortage driving high prices, reduce the need to import electricity from other PJM states via additional transmission corridors, employ Marylanders and benefit ratepayers and taxpayers for decades to come.

We also support the AACE Act's efforts to support the development of utility-scale energy storage systems, an important adjunct to low-cost solar power. For all its benefits – fast, affordable, reliable – the sun doesn't shine at night. By helping to create a robust battery storage infrastructure, we will be able to store power when it's cheapest and use it when we need it most.

The AACE Act also recognizes that nuclear power must be a part of our clean energy future and supports the recertification of Calvert Cliffs.

In closing, the AACE Act is a much-needed market-based approach to increasing our home-grown energy supply, bringing opportunity and revenue to landowners and their communities, and ensuring that ratepayer and taxpayer dollars are being used as effectively as possible.

I thank the Committee for this opportunity to summarize our support for SB316 and look forward to working with the members and their staff on this and other matters.

Sincerely,

Adam Dubitsky,
State Director
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SB0316_Nature Forward_Testimony in Support of AACE
Uploaded by: Angie McCarthy
Position: FAV

Testimony for SB0316
Support for Abundant, Affordable Clean Energy (AACE) Act

Bill Sponsor: Senator Brooks
Committee: Education, Energy, and the Environment
Organization Submitting: Nature Forward
Person Submitting: Angie McCarthy, Maryland Conservation Advocate
Position: Favorable

nature forward
Connecting people and nature in the Capital Region
natureforward.org

I am submitting testimony on behalf of Nature Forward in strong support of the AACE Act. Nature Forward (formerly Audubon Naturalist Society) is the oldest independent environmental organization protecting nature in the DC metro region, including Maryland's near counties of Montgomery and Prince Georges. Our mission is to inspire residents of Maryland and the Washington, DC, region to appreciate, understand, and protect their natural environment through outdoor experiences, education, and advocacy. We thank the Maryland legislators for the opportunity to provide testimony on the Abundant, Affordable Clean Energy Act, SB0316.

Maryland's energy grid and management is in a precarious situation; we are at the precipice of energy failure. PJM's policies have been driven in a large part by fossil fuel interests and have been a hindrance to Maryland's pursuit of previous legislation's clean energy goals. This is causing regular increases in ratepayers' electrical bills; is delaying our ability to reach our climate goals; and will continue to exacerbate our dual climate and cost of living crises.

Further, our current structure for incentivizing the clean energy transition is ineffective in accomplishing Maryland's clean energy goals. Very few new clean energy projects are being constructed in the state other than distributed (rooftop) solar projects. The current structure uses Renewable Energy Credits ('RECs') to supposedly protect ratepayers by setting a cap, in the form of Alternative Compliance Payments, on what REC price would be paid. However, because of the high prices in REC markets, utilities have ended up paying Alternative Compliance Payments instead of buying RECs. The result is that ratepayers are paying more for their electricity, and the funds established for utility infrastructure development are not effectively investing in the development of new clean energy. The Maryland Office of the People's Council has put out a report that ratepayers will see a 2 - 24% rate increase within the next year due to this energy crisis. [1]

1 https://opc.maryland.gov/Portals/0/Files/Publications/RMR%20Bill%20and%20Rates%20Impact%20Report_2024-08-14%20Final.pdf?ver=V9hZfyTmjLeNVt2Dg3cTgw%3d%3d

AACE provides many of the solutions that we need due PJM's mismanagement of our region's energy. *The quickest way to build more energy supply is by investing in clean energy projects.* This is the swiftest way to bring online *new* energy resources while also providing more resilience now and in the future. Additionally, this is how we protect hardworking Marylanders from corporate greed. Building out more natural gas or fossil fuel plants, or business as usual, cannot continue.

Maryland's efforts to build more clean and affordable energy are being hamstrung by management overseers who favor fossil fuel interests – even in the face of our state's explicit objectives to build alternative energy sources.

- ☐ AACE will improve on both offshore and land-based wind power generation. Offshore-based, it amends the transmission component of the POWER Act, to prioritize solutions that better serve Maryland's load needs. With land-based, it creates competitive procurements that enhance the state's reliability and resilience of its electrical infrastructure.
- ☐ AACE includes language on battery storage to keep our grid reliable – this bill creates a market for network-scale battery storage that is connected to the grid's transmission that would help balance out periods of peak demand with peak input, helping maximize alternative energy sources' contributions.
- ☐ AACE restructures financing and procurement for solar programs – this bill will phase out the current solar subsidy process and replace it with SREC 2. This new program, which is similar to the New Jersey program that has been operating since 2020, can move our state to producing 15% of energy generation by 2035, while also capping the rate-payer impact of solar.

Most importantly for many: these market factors are causing significant increases in residents' energy costs – even as residents are grappling with significant cost of living increases across all types of essential expenditures. These factors are squeezing households' ability to make ends meet. According to our own state government's Office of People's Counsel, "Maryland customers face years of higher electricity rates from regional market problems...this because of problems in the regional market run by PJM Interconnection, LLC, the entity that administers the wholesale power market and is responsible for transmission planning."[2]

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[2] Maryland Office of People's Counsel, "Maryland customers face years of higher electricity rates from regional market problems, new OPC report shows. " "Many Maryland customers face average annual electricity bill increases of hundreds of dollars in the coming years because of problems in the regional market run by PJM Interconnection, LLC, the entity that administers the wholesale power market and is responsible for transmission planning, according to a report released today by the Office of People's Counsel. The initial round of rate hikes is driven in part by PJM's recent auction that saw prices beginning next June for electric generation capacity—a historically small but soon-to-be-large part of customer bills—spike by more than 800 percent.

- ☐ AACE looks to create quality, local jobs for Marylands by prioritizing in-state clean energy projects.
- ☐ AACE includes profit sharing clauses from energy generation with customers, while capping costs for clean energy programs.
- ☐ AACE will take on the well funded data center developers but using a tax revenue to offset energy costs - with data centers, 75% of revenues from energy sales and franchise taxes from data centers will be placed in an account to off-set rate payer costs associated with the infrastructure procurements described in this bill.

As Nature Forward, we support the community forward, environmental justice language of this bill. AACE can provide the way to codify a better system where those increases coming from expanding our alternative energy resources, will benefit all Marylanders, on a regular basis. We, and our membership of over 30,000, are proud to support rational, common-sense business and environmental decisions and see the merit in this bill. We ask that you vote FAVORABLE to the AACE Act.

Angie McCarthy
Maryland Conservation Advocate
Nature Forward

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Uploaded by: Benjamin Brooks
Position: FAV

UNOFFICIAL COPY OF HOUSE BILL 398

HOUSE BILL 398

C5, P2, Q7 5lr0850
CF SB 316

By: **Delegate Charkoudian**
Introduced and read first time: January 16, 2025
Assigned to: Economic Matters

A BILL ENTITLED

AN ACT concerning

Abundant Affordable Clean Energy - Procurement and Development (AACE Act)

FOR the purpose of requiring each electric company in the State to submit to the Public Service Commission by certain dates plans for the construction or procurement of distribution-connected front-of-the-meter energy storage devices and to construct or procure the devices in accordance with the plan; providing for the creation of zero-emission credits by beneficial nuclear facilities; requiring the Commission to pursue certain coordinated approaches to offshore wind energy transmission development; altering the requirements for a certain transmission system analysis and the scope of certain transmission proposals that the Commission may evaluate; repealing a certain draft solicitation requirement; requiring that certain alternative compliance fees be paid into a certain escrow account rather than into the Maryland Strategic Energy Investment Fund; requiring that renewable energy credits be procured in a certain order; providing for the apportionment of the renewable energy portfolio standard under certain circumstances; establishing the Utility-Scale SREC-II Program and the ~~Small~~ Distributed Solar Facilities Incentive Program for the creation of SREC-II credits; establishing certain processes and requirements for the procurement of certain front-of-the-meter transmission energy storage devices and certain credits from certain solar, hydroelectric, and land-based wind energy generating systems; requiring the Commission to establish and the Maryland Energy Administration to supervise a certain escrow account; authorizing certain units of State government to issue certain competitive sealed bids for projects that are higher than the amount authorized for small procurements; authorizing the Chief Procurement Officer to approve certain procurement contracts; altering the distribution of sales and use tax revenue attributable to certain data centers; altering the distribution of franchise tax revenue attributable to certain data centers; and generally relating to the procurement and development of clean energy resources.

BY repealing and reenacting, with amendments,
Article - Public Utilities

Section 7-207(b)(1), 7-216(a), 7-703(b)(23) through (25), 7-704.3(a), (b), and (e)(2), 7-704.4(e), 7-705(b), and
7-709(b)
Annotated Code of Maryland
(2020 Replacement Volume and 2024 Supplement)

BY adding to
Article - Public Utilities
Section 7-216.2; 7-231 through 7-235 to be under the new part "Part III. Zero-Emission Credits"; 7-701(m-1), (p-2), and (p-3), 7-703(g), 7-709.2, and 7-709.3; and 7-1201
through 7-1221 to be under the new subtitle "Subtitle 12. Energy Procurement"
Annotated Code of Maryland
(2020 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, without amendments,
Article - Public Utilities
Section 7-701(a) and (m), 7-704.3(c), 7-704.4(d), 7-709(a), and 7-709.1(a)
Annotated Code of Maryland
(2020 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,
Article - State Finance and Procurement
Section 13-102(a)
Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

BY adding to
Article - State Finance and Procurement
Section 13-117
Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, without amendments,
Article - State Government
Section 9-20B-05(a)
Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,
Article - State Government
Section 9-20B-05(e) and (i-1)
Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

BY repealing
Article - State Government
Section 9-20B-05(g-1) and (i)

Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,
Article - Tax - General
Section 2-1201 and 2-1303
Annotated Code of Maryland
(2022 Replacement Volume and 2024 Supplement)

BY adding to
Article - Tax - General
Section 2-1302.5
Annotated Code of Maryland
(2022 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, without amendments,
Article - Tax - General
Section 11-239(a)(1), (2), and (5)
Annotated Code of Maryland
(2022 Replacement Volume and 2024 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Public Utilities

7-207.

(b) (1) (i) Unless a certificate of public convenience and necessity for the construction is first obtained from the Commission, a person may not begin construction in the State of:

1. a generating station; or

2. a qualified generator lead line.

(ii) If a person obtains Commission approval for construction under § 7-207.1 of this subtitle **OR SUBTITLE 12, PART II OF THIS TITLE**, the Commission shall exempt a person from the requirement to obtain a certificate of public convenience and necessity under this section.

(iii) Notwithstanding subparagraph (i) of this paragraph, a person may not apply to obtain a certificate of public convenience and necessity for construction of a qualified generator lead line unless:

1. at least 90 days before the filing of an application for a certificate of public convenience and necessity, the person had in good faith offered the

electric company that owns that portion of the electric grid in Maryland to which the qualified generator lead line would interconnect a full and fair opportunity for the electric company to construct the qualified generator lead line; and

2. at any time at least 10 days before the filing of an application for a certificate of public convenience and necessity, the electric company:

A. did not accept from the person a proposal or a negotiated version of the proposal under which the electric company would construct the qualified generator lead line; or

B. stated in writing that the electric company did not intend to construct the qualified generator lead line.

7-216.

(a) (1) In this section the following words have the meanings indicated.

(2) (i) "Energy storage device" means a resource capable of absorbing electrical energy, storing it for a period of time, and delivering the energy for use at a later time as needed, regardless of where the resource is located on the electric **[**distribution**]** system.

(ii) "Energy storage device" includes all types of electric storage technologies, regardless of their size, storage medium, or operational purpose, including:

1. thermal storage;

2. electrochemical storage;

3. **[**virtual power plants**]** **THERMO-MECHANICAL STORAGE**; and

4. hydrogen-based storage.

(3) "Investor-owned electric company" means an electric company that is not a municipal electric utility or an electric cooperative.

7-216.2.

(A) IN THIS SECTION, "ENERGY STORAGE DEVICE" HAS THE MEANING STATED IN § 7-216 OF THIS SUBTITLE.

(B) (1) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT THE STATE HAS A GOAL OF REACHING AT LEAST 150 MEGAWATTS OF DISTRIBUTION-CONNECTED FRONT-OF-THE-METER ENERGY STORAGE DEVICES.

(2) ON OR BEFORE JULY 1, 2025, AND ON OR BEFORE JULY 1, 2026, THE COMMISSION SHALL NOTIFY EACH ELECTRIC COMPANY OF ITS PROPORTION OF THE GOAL ESTABLISHED UNDER THIS SUBSECTION, BASED ON :

(I) THE ELECTRIC COMPANY'S SERVICE LOAD ; OR

(II) OTHER CRITERIA ESTABLISHED BY THE COMMISSION.

(C) (1) ON OR BEFORE NOVEMBER 1, 2025, AND ON OR BEFORE NOVEMBER 1, 2026, THE COMMISSION SHALL REQUIRE EACH ELECTRIC COMPANY TO DEVELOP AND IMPLEMENT A PLAN TO ACHIEVE THE PROPORTION OF DISTRIBUTION-CONNECTED FRONT-OF-THE-METER ENERGY STORAGE DEVICES NECESSARY TO REACH THE ELECTRIC COMPANY'S APPORTIONMENT OF THE GOAL STATED IN SUBSECTION (B) OF THIS SECTION.

(2) ON OR BEFORE MARCH 1, 2026, FOR PLANS SUBMITTED BY NOVEMBER 1, 2025, AND ON OR BEFORE MARCH 1, 2027, FOR PLANS SUBMITTED BY NOVEMBER 1, 2026, THE COMMISSION SHALL:

(I) EVALUATE EACH PLAN;

(II) ACCEPT PUBLIC COMMENTS ON EACH PLAN; AND

(III) ISSUE AN ORDER FOR EACH PLAN THAT ~~EITHER~~:

1. APPROVES THE PLAN; ~~OR~~

2. APPROVES THE PLAN WITH MODIFICATIONS THAT THE COMMISSION CONSIDERS NECESSARY ; OR

3. REJECTS THE PLAN.

(3) THE ENERGY STORAGE DEVICES CONSTRUCTED OR PROCURED UNDER EACH PLAN SHALL INCLUDE A COMBINATION OF DEVICES OWNED BY THE ELECTRIC COMPANY AND DEVICES OWNED BY A THIRD PARTY, WITH ~~NOT MORE THAN~~ 30% OF THE DEVICES BEING OWNED BY A THIRD PARTY.

(4) (I) THE ENERGY STORAGE DEVICES THAT ARE CONSTRUCTED OR PROCURED UNDER A PLAN SUBMITTED BY NOVEMBER 1, 2025, SHALL BE OPERATIONAL BY AUGUST 1, 2027.

(II) THE ENERGY STORAGE DEVICES THAT ARE CONSTRUCTED OR PROCURED UNDER A PLAN SUBMITTED BY NOVEMBER 1, 2026, SHALL BE OPERATIONAL BY AUGUST 1, 2028.

(III) THE COMMISSION MAY EXTEND A DEADLINE UNDER THIS PARAGRAPH FOR GOOD CAUSE.

(D) THE COMMISSION SHALL REQUIRE EACH PLAN TO DEMONSTRATE THAT THE CONSTRUCTION OR PROCUREMENT OF EACH ENERGY STORAGE DEVICE:

(1) ~~IS BENEFICIAL IN TERMS OF COST~~ IS COST-EFFECTIVE, INCLUDING A DEMONSTRATION OF ANY:

(I) AVOIDED OR DELAYED TRANSMISSION, DISTRIBUTION, AND GENERATION COSTS; AND

(II) AVOIDED EMISSIONS IN THE SHORT-TERM AND PROJECTED EMISSIONS IN THE LONG-TERM, MEASURED USING THE SOCIAL COST OF CARBON, AS DETERMINED BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY AS OF JANUARY 1, 2025; AND

(2) CAN BE COMPLETED WITHIN 18 MONTHS AFTER THE PLAN IS APPROVED.

(E) (1) A DEVELOPER OF A THIRD-PARTY-OWNED ENERGY STORAGE DEVICE CONSTRUCTED IN ACCORDANCE WITH THIS SECTION SHALL ENSURE THAT WORKERS ARE PAID NOT LESS THAN THE PREVAILING WAGE RATE DETERMINED UNDER TITLE 17, SUBTITLE 2 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) AN ENERGY STORAGE DEVICE CONSTRUCTED AND OWNED BY AN ELECTRIC COMPANY SHALL BE CONSTRUCTED BY:

(I) EMPLOYEES OF THE ELECTRIC COMPANY; OR

(II) CONTRACTORS THAT SHALL ENSURE THAT WORKERS CONSTRUCTING THE ENERGY STORAGE DEVICE ARE PAID NOT LESS THAN THE PREVAILING WAGE RATE DETERMINED UNDER TITLE 17, SUBTITLE 2 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(3) AN ELECTRIC COMPANY SHALL PROVIDE ITS EMPLOYEE BARGAINING UNIT AN OPPORTUNITY TO PROVIDE MAINTENANCE AND OPERATIONS FOR ANY ENERGY STORAGE DEVICE OWNED BY THE ELECTRIC COMPANY.

(4) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, AN ELECTRIC COMPANY MAY CONTRACT ANY WORK UNDER THIS SECTION NOT CONDUCTED BY THE COMPANY'S EMPLOYEE BARGAINING UNIT TO A QUALIFIED CONTRACTOR.

(II) AN ELECTRIC COMPANY SHALL REQUIRE A CONTRACTOR OR SUBCONTRACTOR ON A PROJECT UNDER THIS SECTION TO:

1. PAY THE AREA PREVAILING WAGE RATE DETERMINED BY THE COMMISSIONER OF LABOR AND INDUSTRY, INCLUDING WAGES AND FRINGE BENEFITS; AND

2. OFFER HEALTH CARE AND RETIREMENT BENEFITS TO THE EMPLOYEES WORKING ON THE PROJECT.

7-229. RESERVED.

7-230. RESERVED.

PART III. ZERO-EMISSION CREDITS.

7-231.

(A) IN THIS PART THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "BENEFICIAL NUCLEAR FACILITY" MEANS A NUCLEAR REACTOR THAT IS :

(1) PLACED IN SERVICE ON OR BEFORE JUNE 1, 2025; AND

(2) LOCATED IN AND PROVIDES ENVIRONMENTAL BENEFITS TO THE STATE.

(C) "ZERO-EMISSION CREDIT" OR "ZEC" MEANS A PAYMENT EQUAL TO THE GENERATION ATTRIBUTES OF 1 MEGAWATT-HOUR OF ELECTRICITY THAT IS DERIVED FROM A BENEFICIAL NUCLEAR FACILITY.

7-232.

(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A BENEFICIAL NUCLEAR FACILITY MAY SUBMIT AN APPLICATION TO THE COMMISSION TO RECEIVE ZERO-EMISSION CREDITS FOR A PERIOD OF 10 YEARS.

(B) (1) A BENEFICIAL NUCLEAR FACILITY MAY NOT RECEIVE ZERO-EMISSION CREDITS DURING ANY PERIOD IN WHICH THE FACILITY RECEIVES ZERO-EMISSION NUCLEAR POWER PRODUCTION TAX CREDITS UNDER § 13105 OF THE INFLATION REDUCTION ACT OF 2022.

(2) THE COMMISSION MAY NOT OFFER ZERO-EMISSION CREDITS AFTER 2055.

(3) TO BE ELIGIBLE TO RECEIVE A ZERO-EMISSION CREDIT, A BENEFICIAL NUCLEAR FACILITY :

(I) MUST MAINTAIN A NEUTRAL POSITION IN ANY LABOR ORGANIZING THAT TAKES PLACE AT THE FACILITY ; AND

(II) SHALL ENSURE THAT ANY WORKERS EMPLOYED BY A CONTRACTOR OR SUBCONTRACTOR IN THE MODIFICATION OR REPAIR OF THE FACILITY BE PAID NOT LESS THAN THE PREVAILING WAGE RATE DETERMINED BY THE COMMISSIONER OF LABOR AND INDUSTRY UNDER TITLE 17, SUBTITLE 2 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

7-233.

(A) AFTER NOTICE AND AN OPPORTUNITY FOR A HEARING, THE COMMISSION SHALL APPROVE OR DENY AN APPLICATION SUBMITTED UNDER § 7-232 OF THIS SUBTITLE WITHIN 9 MONTHS AFTER THE APPLICATION IS FILED.

(B) THE COMMISSION MAY APPROVE AN APPLICATION:

(1) IN WHOLE OR IN PART; AND

(2) SUBJECT TO ANY LIMITATIONS AND QUALIFICATIONS THAT THE COMMISSION CONSIDERS NECESSARY AND IN THE PUBLIC INTEREST.

7-234.

~~**(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE PRICE FOR A ZERO-EMISSION CREDIT SHALL BE EQUAL TO [$15/MWH – 80% X (GROSS RECEIPTS – $25/MWH)].**~~

~~**(B) THE $15/MWH AND $25/MWH CALCULATIONS SHALL BE ADJUSTED FOR INFLATION.**~~

(A) (1) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE PRICE FOR A ZERO-EMISSION CREDIT SHALL BE CALCULATED ANNUALLY TO BE EQUAL TO THE AMOUNT THAT THE BASE ZEC PRICE EXCEEDS THE REDUCTION AMOUNT.

(2) THE BASE ZEC PRICE SHALL BE $15 PER MEGAWATT-HOUR.

(3) THE REDUCTION AMOUNT SHALL BE EQUAL TO 80% OF THE AMOUNT THAT THE MARKET INDEX PRICE EXCEEDS $25 PER MEGAWATT-HOUR.

(4) THE MARKET INDEX PRICE SHALL BE EQUAL TO THE SUM OF:

(I) THE ANNUAL AVERAGE LOCATIONAL MARGINAL PRICE FOR THE PJM WESTERN HUB FOR THE APPLICABLE DELIVERY YEAR, AS DETERMINED BY PJM INTERCONNECTION, LLC; AND

(II) THE BASE RESIDUAL AUCTION PRICE FOR THE SOUTHWEST MID-ATLANTIC AREA COUNCIL LOCATIONAL DELIVERABILITY AREA FOR THE APPLICABLE DELIVERY YEAR, AS DETERMINED BY PJM INTERCONNECTION, LLC DIVIDED BY 24 HOURS PER DAY.

(B) THE $15 PER MEGAWATT-HOUR AND $25 PER MEGAWATT-HOUR FIGURES IN SUBSECTION (A) OF THIS SECTION SHALL BE ADJUSTED FOR INFLATION FROM A BASE YEAR OF 2024.

(C) EACH ELECTRIC COMPANY SHALL PURCHASE THE NUMBER OF ZERO-EMISSION CREDITS APPROVED BY THE COMMISSION THAT EQUALS THE RATIO OF THE ELECTRIC COMPANY'S DISTRIBUTION SALES DURING EACH DELIVERY YEAR COMPARED TO THE TOTAL DISTRIBUTION SALES IN THE STATE DURING THAT YEAR.

7-235.

(A) THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT THIS PART NOT LATER THAN 365 DAYS BEFORE THE EXPIRATION OF THE AVAILABILITY OF ZERO-EMISSION NUCLEAR POWER PRODUCTION TAX CREDITS UNDER § 13105 OF THE INFLATION REDUCTION ACT OF 2022.

(B) THE REGULATIONS SHALL:

(1) INCLUDE DATA SUBMISSION REQUIREMENTS NECESSARY TO EVALUATE A BENEFICIAL NUCLEAR FACILITY'S PROJECTED ENVIRONMENTAL BENEFITS AND ANNUAL GROSS RECEIPTS; ~~AND~~

(2) INCLUDE A MECHANISM TO REDUCE THE ZEC PRICE BASED ON OTHER REVENUE NOT CONSIDERED IN THE FORMULA IN § 7-234(A) OF THIS SUBTITLE;

(3) ESTABLISH A NONBYPASSABLE SURCHARGE APPLICABLE TO ALL DISTRIBUTION CUSTOMERS THAT ALLOWS EACH ELECTRIC COMPANY TO RECOVER ITS COSTS ASSOCIATED WITH THE PURCHASE OF ZERO-EMISSION CREDITS; AND

(4) PROVIDE FOR THE RECAPTURE OF THE ALLOCATION OF ANY ZERO-EMISSION CREDIT WITHIN THE PREVIOUS 3 YEARS TO A BENEFICIAL NUCLEAR FACILITY THAT PERMANENTLY TERMINATES OPERATIONS, EXCEPT IN THE CASE OF FORCE MAJEURE.

7-701.

(a) In this subtitle the following words have the meanings indicated.

(m) "Renewable energy credit" or "credit" means a credit equal to the generation attributes of 1 megawatt-hour of electricity that is derived from a Tier 1 renewable source or a Tier 2 renewable source that is located:

(1) in the PJM region;

(2) outside the area described in item (1) of this subsection but in a control area that is adjacent to the PJM region, if the electricity is delivered into the PJM region; or

(3) on the outer continental shelf of the Atlantic Ocean in an area that:

(i) the United States Department of the Interior designates for leasing after coordination and consultation with the State in accordance with § 388(a) of the Energy Policy Act of 2005; and

(ii) is between 10 and 80 miles off the coast of the State.

(M-1) "RENEWABLE ENERGY CREDIT-II" OR "REC-II" MEANS A RENEWABLE ENERGY CREDIT THAT IS DERIVED FROM AN ENERGY GENERATING SYSTEM PROCURED IN ACCORDANCE WITH SUBTITLE 12 OF THIS TITLE.

(P-2) "SOLAR RENEWABLE ENERGY CREDIT" OR "SREC" MEANS A RENEWABLE ENERGY CREDIT THAT IS DERIVED FROM A SOLAR ENERGY GENERATING SYSTEM THAT IS NOT CERTIFIED TO GENERATE SREC-II CREDITS.

(P-3) "SOLAR RENEWABLE ENERGY CREDIT-II" OR "SREC-II" HAS THE MEANING STATED IN § 7-709.2 OF THIS SUBTITLE.

7-703.

(b) Except as provided in subsections (e) and (f) of this section, the renewable energy portfolio standard shall be as follows:

(23) in 2028:

(i) 43% from Tier 1 renewable sources, including:

1. **[**at least 11% derived from solar energy**]** **AN AMOUNT SET BY THE COMMISSION DERIVED FROM SOLAR ENERGY TO EQUAL THE AMOUNT OF SRECS AND SREC-IIS EXISTING IN THE STATE**;

2. an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy, including at least 800 megawatts of Round 2 offshore wind projects; and

3. at least 1% derived from post-2022 geothermal systems; and

(ii) 2.5% from Tier 2 renewable sources; and

(24) in 2029:

(i) 49.5% from Tier 1 renewable sources, including:

1. **[**at least 12.5% derived from solar energy**]** **AN AMOUNT SET BY THE COMMISSION DERIVED FROM SOLAR ENERGY TO EQUAL THE AMOUNT OF SRECS AND SREC-IIS EXISTING IN THE STATE**;

2. an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy, including at least 800 megawatts of Round 2 offshore wind projects; and

3. at least 1% derived from post-2022 geothermal systems; and

(ii) 2.5% from Tier 2 renewable sources; and

(25) in 2030 and later:

(i) 50% from Tier 1 renewable sources, including:

1. **[**at least 14.5% derived from solar energy**] AN AMOUNT SET BY THE COMMISSION DERIVED FROM SOLAR ENERGY TO EQUAL THE AMOUNT OF SRECS AND SREC-IIS EXISTING IN THE STATE**;

2. an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy, including at least 1,200 megawatts of Round 2 offshore wind projects; and

3. at least 1% derived from post-2022 geothermal systems; and

(ii) 2.5% from Tier 2 renewable sources.

(G) SOLAR ENERGY SYSTEMS ELIGIBLE FOR THE RENEWABLE ENERGY PORTFOLIO STANDARD AND PLACED IN OPERATION AFTER DECEMBER 31, 2027, OR BY THE DATE THE DISTRIBUTED SOLAR FACILITIES INCENTIVE PROGRAM ESTABLISHED UNDER § 7-709.3 OF THIS SUBTITLE BEGINS ACCEPTING APPLICATIONS, WHICHEVER IS LATER:

(1) MAY NOT GENERATE:

(I) SRECS; OR

(II) CERTIFIED SRECS UNDER § 7-709.1 OF THIS SUBTITLE;

BUT

(2) MAY GENERATE:

(I) SREC-IIS;

(II) REC-IIS; OR

(III) RENEWABLE ENERGY CREDITS OTHER THAN ORECS, REC-IIS, SRECS, CERTIFIED SRECS, AND SREC-IIS.

7-704.3.

(a) **(1)** The General Assembly finds and declares that it is**:**

(I) in the public interest to upgrade and expand the transmission system to accommodate the buildout of at least 8,500 megawatts of offshore wind energy from qualified offshore wind projects serving the State by 2031**; AND**

(II) THE PUBLIC POLICY OF THE STATE TO ENGAGE IN COORDINATED TRANSMISSION PLANNING TO SUPPORT OFFSHORE WIND ENERGY ON A MULTISTATE, REGIONAL, OR INTER-REGIONAL BASIS.

(2) TO FURTHER THE PUBLIC POLICY STATED IN PARAGRAPH (1)(II) OF THIS SUBSECTION, THE COMMISSION SHALL PURSUE ONE OF THE FOLLOWING COORDINATED APPROACHES TO THE TRANSMISSION OF ENERGY DERIVED FROM OFFSHORE WIND:

(I) PJM INTERCONNECTION'S LONG-TERM TRANSMISSION PLANNING PROCESS; OR

(II) AN ALTERNATIVE VOLUNTARY AGREEMENT.

(b) (1) To meet the goals established under § 7-703 of this subtitle and subsection (a) of this section, the Commission, in consultation with the Maryland Energy Administration, shall request that PJM Interconnection conduct an analysis of transmission system upgrade and expansion options that take into consideration both onshore and offshore infrastructure.

(2) The Commission:

(i) shall consult with other states served by PJM Interconnection to evaluate regional transmission cooperation that could help achieve the State's renewable energy and offshore wind energy goals with greater efficiency;

(ii) shall work with PJM Interconnection to ensure that the analysis requested under paragraph (1) of this subsection includes an analysis of solutions that:

1. use an open-access collector transmission system to allow for the interconnection of multiple qualified offshore wind projects at a single **[**substation**]** **OR AT MULTIPLE SUBSTATIONS LOCATED IN OR NEAR THE DELMARVA PENINSULA**;

2. TO THE EXTENT POSSIBLE, USE UPGRADES TO EXISTING TRANSMISSION SYSTEMS BEFORE CONSIDERING NEW TRANSMISSION SYSTEM ELEMENTS, INCLUDING USING UPGRADES TO THE EXISTING 138 KILOVOLTS AND 230 KILOVOLTS TRANSMISSION ELEMENTS IN THE DELMARVA PENINSULA TO HIGHER VOLTAGE LEVELS;

3. SUPPORT 8,500 MEGAWATTS OF OFFSHORE WIND ENERGY GENERATION TO SERVE THE STATE'S LOAD EITHER THROUGH INTRASTATE TRANSMISSION UPGRADES OR INTERSTATE TRANSMISSION UPGRADES BETWEEN THE STATE AND DELAWARE;

[2.**] 4.** avoid a significant outage, or single contingency, of any part of the transmission system;

[3.**] 5.** reduce permitting risks, impacts on communities, and unnecessary high costs;

[4. leverage existing infrastructure;

5.**] 6.** offer benefits that address additional grid challenges; and

[6.**] 7.** address any other issues that the Commission identifies; **[**and**]**

(iii) **SHALL ENSURE THE COMPLETION OF A COST-BENEFIT ANALYSIS OF VARIOUS APPROACHES FOR UPGRADING AND EXPANDING THE**

TRANSMISSION SYSTEM TO MEET THE STATE'S OFFSHORE WIND ENERGY TARGETS AND ENERGY NEEDS, INCLUDING:

1. AN ANALYSIS OF THE FOLLOWING THREE SCENARIOS:

A. INTERCONNECTING OFFSHORE WIND FACILITIES TO THE PJM INTERCONNECTION SYSTEM ON A RADIAL BASIS, BASED ON STUDY ESTIMATES OF PAST RADIAL INTERCONNECTION COSTS AND FUTURE PROJECTED RADIAL INTERCONNECTION COSTS;

B. A COORDINATED TRANSMISSION SOLUTION THAT CONNECTS ENERGY DERIVED FROM OFFSHORE WIND DIRECTLY TO MAJOR LOAD CENTERS IN THE STATE; AND

C. A COORDINATED TRANSMISSION SOLUTION THAT DOES NOT CONNECT ENERGY DERIVED FROM OFFSHORE WIND DIRECTLY TO MAJOR LOAD CENTERS IN THE STATE; AND

2. AN ECONOMIC ANALYSIS THAT CONSIDERS, OVER THE EXPECTED LIFE OF EACH FACILITY:

A. THE COSTS OF ANY TRANSMISSION CONSTRUCTION OR UPGRADES THAT ARE AVOIDED BY ANY NEW OFFSHORE WIND ENERGY GENERATION AND TRANSMISSION DEVELOPMENT;

B. ANY PRODUCTION COST SAVINGS THAT RESULT FROM MEETING THE STATE'S OFFSHORE WIND ENERGY TARGETS;

C. ANY REDUCTION IN TRANSMISSION LOSSES;

D. CHANGES IN TOTAL PJM INTERCONNECTION MARKET COSTS;

E. ENVIRONMENTAL BENEFITS;

F. RELIABILITY BENEFITS; AND

G. ANY OTHER BENEFITS OR COSTS IDENTIFIED BY THE COMMISSION; AND

(IV) may consult with owners of transmission facilities in the State to gather relevant technical information.

(3) The Commission may enter into any necessary agreements with PJM Interconnection for transmission planning to:

(i) initiate PJM Interconnection's analysis; or

(ii) assist with the solicitation of proposals for offshore wind transmission projects.

(4) On or before July 1, 2024, the Commission shall submit a status update on the analysis requested under paragraph (1) of this subsection to the General Assembly, in accordance with § 2-1257 of the State Government Article.

(c) (1) On or before July 1, 2025, the Commission shall issue, or request that PJM Interconnection issue, one or more competitive solicitations for proposals for open access offshore wind transmission facilities and complementary onshore transmission upgrades and expansions.

(2) The Commission may issue, or request that PJM Interconnection issue, further solicitations for proposals after this date if determined necessary by the Commission.

(e) (2) The Commission may evaluate, or request that PJM Interconnection assist with the evaluation of, proposals that include:

(i) upgrading the existing transmission grid **AND DEPLOYING ADVANCED TRANSMISSION TECHNOLOGIES**;

(ii) extending the existing transmission grid onshore and offshore to be closer to offshore wind energy locations;

(iii) interconnecting between offshore substations;

(iv) adding energy storage; and

(v) the use of HVDC converter technology to support potential weaknesses in the transmission grid.

7-704.4.

(d) (1) The State shall:

(i) issue a draft solicitation for procurement of offshore wind energy for public comment and review on or before June 1, 2024;

(ii) issue a procurement for offshore wind energy on or before July 31, 2024;

(iii) provide a procurement submission process window of not less than 180 days; and

(iv) award contracts in a timely manner.

(2) (i) Subject to subparagraph (ii) of this paragraph, on or before September 1, 2025, the State may enter into a contract or contracts for the procurement issued under paragraph (1) of this subsection.

(ii) The State may modify the date established in subparagraph (i) of this paragraph if an unforeseen circumstance adversely affects the procurement submission process.

(e) (1) In addition to the solicitation and procurement issued under subsection (d) of this section, the State**[**:

(i) shall issue a draft solicitation for procurement of offshore wind energy for public comment and review on or before September 1, 2025; and

(ii)**]** shall issue a procurement for offshore wind energy on or before December 31, 2025.

(2) Subject to paragraph (3) of this subsection and in addition to any contract entered into under subsection (d) of this section, on or before March 31, 2027, the State may enter into a contract or contracts for the procurement issued under paragraph (1) of this subsection.

(3) The State may modify the date established in paragraph (2) of this subsection if an unforeseen circumstance adversely affects the procurement submission process.

7-705.

(b) (1) This subsection does not apply to a shortfall from the required Tier 1 renewable sources that is to be derived from post-2022 geothermal systems.

(2) **[**If**]** **BEGINNING OCTOBER 1, 2025, IF** an electricity supplier fails to comply with the renewable energy portfolio standard for the applicable year, the electricity supplier shall pay into the **[**Maryland Strategic Energy Investment Fund established under § 9-20B-05 of the State Government Article**]** **ESCROW ACCOUNT ESTABLISHED UNDER PARAGRAPH (4) OF THIS SUBSECTION**:

(i) except as provided in item (ii) of this paragraph, a compliance fee of:

1. the following amounts for each kilowatt-hour of shortfall from required Tier 1 renewable sources other than the shortfall from the required Tier 1 renewable sources that is to be derived from solar energy:

A. 4 cents through 2016;

B. 3.75 cents in 2017 and 2018;

C. 3 cents in 2019 through 2023;

D. 2.75 cents in 2024;

E. 2.5 cents in 2025;

F. 2.475 cents in 2026;

G. 2.45 cents in 2027;

H. 2.25 cents in 2028 and 2029; and

I. 2.235 cents in 2030 and later;

2. the following amounts for each kilowatt-hour of shortfall from required Tier 1 renewable sources that is to be derived from solar energy:

A. 45 cents in 2008;

B. 40 cents in 2009 through 2014;

C. 35 cents in 2015 and 2016;

D. 19.5 cents in 2017;

E. 17.5 cents in 2018;

F. 10 cents in 2019;

G. 10 cents in 2020;

H. 8 cents in 2021;

I. 6 cents in 2022;

J. 6 cents in 2023;

K. 6 cents in 2024;

L. 5.5 cents in 2025;

M. 4.5 cents in 2026;

N. 3.5 cents in 2027;

O. 3.25 cents in 2028;

P. 2.5 cents in 2029; and

Q. 2.25 cents in 2030 and later; and

3. 1.5 cents for each kilowatt-hour of shortfall from required Tier 2 renewable sources; or

(ii) for industrial process load:

1. for each kilowatt-hour of shortfall from required Tier 1 renewable sources, a compliance fee of:

A. 0.8 cents in 2006, 2007, and 2008;

B. 0.5 cents in 2009 and 2010;

C. 0.4 cents in 2011 and 2012;

D. 0.3 cents in 2013 and 2014;

E. 0.25 cents in 2015 and 2016; and

F. except as provided in paragraph (3) of this subsection, 0.2 cents in 2017 and later; and

2. nothing for any shortfall from required Tier 2 renewable sources.

(3) For industrial process load, the compliance fee for each kilowatt-hour of shortfall from required Tier 1 renewable sources is nothing for the year following any year during which, after final calculations, the net rate impact per megawatt-hour from Round 1 offshore wind projects exceeded $1.65 in 2012 dollars.

(4) (I) SUBJECT TO ANY ESCROW ACCOUNT RESERVE REQUIREMENT THE COMMISSION ESTABLISHES, THE COMPLIANCE FEES PAID INTO THE ESCROW ACCOUNT ESTABLISHED IN ACCORDANCE WITH THIS SUBSECTION SHALL BE DISTRIBUTED TO ELECTRIC COMPANIES TO BE REFUNDED OR CREDITED TO EACH DISTRIBUTION CUSTOMER BASED ON THE CUSTOMER'S CONSUMPTION OF

ELECTRICITY SUPPLY THAT IS SUBJECT TO THE RENEWABLE ENERGY PORTFOLIO STANDARD.

(II) THE PROCESS UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH RELATED TO THE REFUNDING OR CREDITING OF AMOUNTS TO DISTRIBUTION CUSTOMERS SHALL BE DIRECTED AND OVERSEEN BY THE COMMISSION.

(5) THE COMMISSION SHALL REQUIRE ELECTRIC COMPANIES TO JOINTLY SELECT AN ESCROW ADMINISTRATOR, IN CONSULTATION WITH THE COMMISSION.

(6) THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT THIS SUBSECTION, INCLUDING:

(I) THE ESTABLISHMENT OF AN ESCROW ACCOUNT ~~TO BE UNDER, SUBJECT TO PARAGRAPH (4)(II) OF THIS SUBSECTION, THE SUPERVISION OF THE MARYLAND ENERGY ADMINISTRATION~~; AND

(II) DEFINING RULES TO FACILITATE AND ENSURE THE SECURE AND TRANSPARENT TRANSFER OF COMPLIANCE FEE PAYMENTS TO ELECTRIC COMPANIES TO BE DISTRIBUTED BACK TO DISTRIBUTION CUSTOMERS.

7-709.

(a) An electricity supplier may use accumulated renewable energy credits to meet the renewable energy portfolio standard, including credits created by a renewable on-site generator.

(b) **(1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**

(II) "CERTIFIED SREC" HAS THE MEANING STATED IN § 7-709.1 OF THIS SUBTITLE.

(III) "SREC-II" HAS THE MEANING STATED IN § 7-709.2 OF THIS SUBTITLE.

(2) A renewable energy credit may be sold or otherwise transferred.

(3) AN ELECTRICITY SUPPLIER THAT PROCURES RENEWABLE ENERGY CREDITS TO MEET THE RENEWABLE ENERGY PORTFOLIO STANDARD SHALL PROCURE CREDITS TO MEET THE STANDARD IN THE FOLLOWING ORDER:

(I) FIRST, ORECS, REC-IIS, AND SREC-IIS;

(II) SECOND, CERTIFIED SRECS AND SRECS; AND

(III) THIRD, RENEWABLE ENERGY CREDITS OTHER THAN ORECS, REC-IIS, SREC-IIS, ~~AND~~ CERTIFIED SRECS , AND SRECS.

(4) THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR ELECTRICITY SUPPLIERS IN ANY YEAR SHALL BE:

(I) REDUCED BY THE AMOUNT OF ORECS, REC-IIS, CERTIFIED SRECS, AND SREC-IIS THAT ARE PURCHASED BY ELECTRIC COMPANIES FOR THAT YEAR IN ACCORDANCE WITH § 7-1219 OF THIS TITLE; AND

(II) AFTER THE REDUCTION UNDER ITEM (I) OF THIS PARAGRAPH, APPORTIONED TO EACH ELECTRICITY SUPPLIER BASED ON THE PROPORTION OF ELECTRICITY USED IN THE STATE THAT IS SUPPLIED BY THAT ELECTRICITY SUPPLIER.

7-709.1.

(a) (1) In this section the following words have the meanings indicated.

(2) "Brownfield" has the meaning stated in § 7-207 of this title.

(3) "Certified SREC" means a solar renewable energy credit generated by a certified system.

(4) "Certified system" means a solar energy generating system certified by the Commission under the Program to generate certified SRECs with the compliance value specified in subsection (c) of this section.

(5) "Program" means the Small Solar Energy Generating System Incentive Program.

7-709.2.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "PROGRAM" MEANS THE UTILITY-SCALE SREC-II PROGRAM.

(3) "QUALIFYING ~~SMALL~~ DISTRIBUTED SYSTEM" HAS THE MEANING STATED IN § 7-709.3 OF THIS SUBTITLE.

(4) "QUALIFYING SYSTEM" MEANS A UTILITY-SCALE SOLAR ENERGY GENERATING SYSTEM CERTIFIED TO GENERATE SREC-IIS.

(5) "SREC-II" MEANS A SOLAR RENEWABLE ENERGY CREDIT EQUAL TO THE GENERATION ATTRIBUTES OF 1 MEGAWATT-HOUR OF ELECTRICITY THAT IS DERIVED FROM A QUALIFYING SYSTEM OR A QUALIFYING ~~SMALL~~ DISTRIBUTED SYSTEM.

(6) "UTILITY-SCALE SOLAR ENERGY GENERATING SYSTEM" MEANS A SOLAR PHOTOVOLTAIC SYSTEM THAT HAS A GENERATING CAPACITY THAT EXCEEDS 5 MEGAWATTS, AS MEASURED BY THE ALTERNATING CURRENT RATING OF THE SYSTEM'S INVERTER.

(B) THERE IS A UTILITY-SCALE SREC-II PROGRAM IN THE COMMISSION.

(C) THE PROGRAM SHALL PROVIDE INCENTIVES FOR THE DEVELOPMENT OF AT LEAST 3,000 MEGAWATTS OF NEW UTILITY-SCALE SOLAR GENERATION BY 2035.

(D) (1) UNDER THE PROGRAM, A QUALIFYING SYSTEM SHALL GENERATE SREC-IIS.

(2) A QUALIFYING SYSTEM THAT GENERATES SREC-IIS UNDER THE PROGRAM MAY NOT SIMULTANEOUSLY RECEIVE REC-IIS, RECS, OR ANY OTHER EQUIVALENT CERTIFICATES.

(3) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE PROVISIONS OF THIS SUBTITLE RELATING TO RENEWABLE ENERGY CREDITS SHALL APPLY TO SREC-IIS GENERATED UNDER THE PROGRAM.

(4) AN SREC-II GENERATED UNDER THE PROGRAM MAY BE APPLIED ONLY TOWARD MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD BEGINNING WITH THE YEAR IN WHICH THE SREC-II IS GENERATED.

(E) THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT THIS SECTION, INCLUDING REGULATIONS TO ESTABLISH REQUIREMENTS FOR CERTIFICATION AS A QUALIFYING SYSTEM UNDER THE PROGRAM.

7-709.3.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "ADMINISTRATIVELY DETERMINED INCENTIVE" MEANS THE MONETARY VALUE OF AN SREC-II GENERATED BY A QUALIFYING ~~SMALL~~ DISTRIBUTED SYSTEM UNDER THE PROGRAM.

(3) "CAPACITY BLOCK" MEANS THE MAXIMUM AMOUNT OF GENERATING CAPACITY, MEASURED IN MEGAWATTS, THAT THE COMMISSION DETERMINES CAN BE ALLOTTED TO A SPECIFIC MARKET SEGMENT FOR A GIVEN INCENTIVE YEAR.

(4) "COMMUNITY SOLAR ENERGY GENERATING SYSTEM" HAS THE MEANING STATED IN § 7-306.2 OF THIS TITLE.

(5) "ELIGIBLE CUSTOMER-GENERATOR" HAS THE MEANING STATED IN § 7-306 OF THIS TITLE.

(6) "MARKET SEGMENT" MEANS THE GROUP CLASSIFICATION FOR THE TYPE OF ~~SMALL~~ DISTRIBUTED SOLAR ENERGY GENERATING SYSTEMS ELIGIBLE FOR CERTIFICATION UNDER THE PROGRAM.

(7) "NET METERED SOLAR ENERGY GENERATING SYSTEM" MEANS A ~~SMALL~~ DISTRIBUTED SOLAR ENERGY GENERATING SYSTEM USED BY AN ELIGIBLE CUSTOMER-GENERATOR FOR NET METERING IN ACCORDANCE WITH § 7-306 OF THIS TITLE.

(8) "PROGRAM" MEANS THE ~~SMALL~~ DISTRIBUTED SOLAR FACILITIES INCENTIVE PROGRAM.

(9) "PROJECT OFF-TAKER" MEANS THE END USER OF SREC-IIS THAT ARE GENERATED BY A QUALIFYING ~~SMALL~~ DISTRIBUTED SYSTEM.

(10) "QUALIFYING ~~SMALL~~ DISTRIBUTED SYSTEM" MEANS A ~~SMALL~~ DISTRIBUTED SOLAR ENERGY GENERATING SYSTEM CERTIFIED TO GENERATE SREC-IIS UNDER THE PROGRAM.

(11) "~~SMALL~~ DISTRIBUTED SOLAR ENERGY GENERATING SYSTEM" MEANS A PHOTOVOLTAIC SYSTEM THAT HAS A GENERATING CAPACITY OF 5 MEGAWATTS OR LESS, AS MEASURED BY THE ALTERNATING CURRENT RATING OF THE SYSTEM'S INVERTER.

(12) "SREC-II" HAS THE MEANING STATED IN § 7-709.2 OF THIS SUBTITLE.

(B) (1) THERE IS A ~~SMALL~~ DISTRIBUTED SOLAR FACILITIES INCENTIVE PROGRAM.

(2) THE COMMISSION SHALL ADMINISTER THE PROGRAM.

(C) THE PROGRAM SHALL PROVIDE INCENTIVES FOR THE DEVELOPMENT OF, BY 2035, AT LEAST 3,000 MEGAWATTS OF NEW SOLAR ENERGY GENERATION BY OWNERS OF ~~SMALL~~ DISTRIBUTED SOLAR ENERGY GENERATING SYSTEMS THAT ARE:

(1) COMMUNITY SOLAR ENERGY GENERATING SYSTEMS; OR

(2) NET METERED SOLAR ENERGY GENERATING SYSTEMS.

(D) (1) THE COMMISSION SHALL ESTABLISH ELIGIBILITY CRITERIA AND AN APPLICATION PROCESS BY WHICH AN OWNER OF A ~~SMALL~~ DISTRIBUTED SOLAR ENERGY GENERATING SYSTEM MAY APPLY TO BECOME A QUALIFYING ~~SMALL~~ DISTRIBUTED SYSTEM AND GENERATE SREC-IIS UNDER THE PROGRAM.

(2) IN ADDITION TO ANY REQUIREMENTS ESTABLISHED BY THE COMMISSION UNDER PARAGRAPH (1) OF THIS SUBSECTION, TO BE ELIGIBLE UNDER THE PROGRAM, A ~~SMALL~~ DISTRIBUTED SOLAR ENERGY GENERATING SYSTEM SHALL:

(I) BE LOCATED IN THE STATE;

(II) BE ELIGIBLE FOR INCLUSION IN MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD;

(III) HAVE A GENERATING CAPACITY OF 5 MEGAWATTS OR LESS, AS MEASURED BY THE ALTERNATING CURRENT RATING OF THE SYSTEM'S INVERTER;

(IV) BE PLACED IN SERVICE ON OR AFTER JULY 1, 2027; AND

(V) ~~BE BENEFICIAL TO THE ELECTRIC DISTRIBUTION SYSTEM IN THE STATE~~ CONTRIBUTE TOWARD MEETING MARYLAND'S ENERGY SUPPLY NEEDS.

(E) ON OR BEFORE JANUARY 1, 2028, THE PROGRAM SHALL BEGIN ACCEPTING APPLICATIONS FROM QUALIFYING ~~SMALL~~ DISTRIBUTED SYSTEMS TO FULFILL CAPACITY WITHIN A CAPACITY BLOCK ON A FIRST-COME, FIRST-SERVED BASIS.

(F) (1) ON OR BEFORE JANUARY 1, 2027, AND EVERY 3 YEARS THEREAFTER, THE COMMISSION SHALL ESTABLISH AN ADMINISTRATIVELY DETERMINED INCENTIVE AND ANNUAL CAPACITY BLOCK FOR EACH OF THE FOLLOWING MARKET SEGMENTS UNDER THE PROGRAM:

(I) BEHIND-THE-METER RESIDENTIAL;

(II) BEHIND-THE-METER NONRESIDENTIAL;

(III) AGGREGATED NET METERING; ~~AND~~

(IV) COMMUNITY SOLAR ; AND

(V) ANY OTHER MARKET SEGMENT DEFINED BY THE COMMISSION.

(2) AT ~~ANY TIME~~ LEAST 90 DAYS OR MORE AFTER PROVIDING PUBLIC NOTICE THE COMMISSION MAY ADJUST THE ADMINISTRATIVELY DETERMINED INCENTIVE AND ANNUAL CAPACITY BLOCKS IF THE COMMISSION DETERMINES AN ADJUSTMENT IS NECESSARY.

(3) THE ADMINISTRATIVELY DETERMINED INCENTIVE FOR A QUALIFIED ~~SMALL~~ DISTRIBUTED SYSTEM SHALL BE FIXED FOR 15 YEARS AT THE AMOUNT OF THE ADMINISTRATIVELY DETERMINED INCENTIVE THAT WAS ESTABLISHED IN THE YEAR

IN WHICH THE QUALIFYING ~~SMALL~~ DISTRIBUTED SYSTEM ~~WAS CONSTRUCTED OR RECEIVED CERTIFICATION AS A QUALIFYING SMALL SYSTEM, WHICHEVER IS LATER~~ HAS RESERVED CAPACITY.

(4) (I) IN ESTABLISHING AN ADMINISTRATIVELY DETERMINED INCENTIVE AND ANNUAL CAPACITY BLOCKS UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION SHALL BALANCE THE NEED FOR CONTINUED MARKET DEVELOPMENT FOR EACH MARKET SEGMENT WHILE LIMITING THE PROJECTED NET RATE IMPACT FOR ALL CUSTOMERS TO 5% OF THE ~~TOTAL ELECTRICITY~~ AVERAGE ANNUAL RESIDENTIAL BILL OVER THE DURATION OF THE PROGRAM.

~~(II) THE NET RATE IMPACT CALCULATIONS SHALL TAKE INTO ACCOUNT ANY COSTS AND BENEFITS ATTRIBUTABLE TO THE PROGRAM AS DETERMINED BY THE COMMISSION, INCLUDING:~~

~~1. ENERGY GENERATED;~~

~~2. THE CAPACITY OF QUALIFYING SMALL SYSTEMS IN THE PROGRAM; AND~~

~~3. THE TRANSMISSION AND DISTRIBUTION OF THE ENERGY THROUGH THE TRANSMISSION AND DISTRIBUTION SYSTEMS.~~

(II) THE NET RATE IMPACT CALCULATIONS SHALL TAKE INTO ACCOUNT:

1. THE COST OF ANY ADMINISTRATIVELY DETERMINED INCENTIVE SREC-IIS REQUIRED TO BE PURCHASED BY ELECTRIC COMPANIES; AND

2. BENEFITS ATTRIBUTABLE TO THE PROGRAM AS DETERMINED BY THE COMMISSION, INCLUDING:

A. ENERGY GENERATED;

B. THE CAPACITY OF QUALIFYING DISTRIBUTED SYSTEMS IN THE PROGRAM; AND

C. AVOIDED TRANSMISSION AND DISTRIBUTION LINE COSTS.

(G) IN DETERMINING THE ADMINISTRATIVELY DETERMINED INCENTIVE FOR EACH MARKET SEGMENT UNDER SUBSECTION (F)(1) OF THIS SECTION, THE COMMISSION ~~SHALL~~:

(1) FOR EACH MARKET SEGMENT, MAY CONSIDER PRICE DIFFERENTIALS BASED ON THE FOLLOWING CRITERIA:

(I) PROJECT SIZE;

(II) ~~PROJECT OFF-TAKER~~ ELIGIBLE CUSTOMER-GENERATOR TYPE;

(III) PROJECT LOCATION; ~~AND~~

~~(IV) ELECTRIC COMPANY SERVICE TERRITORY~~

(IV) FEDERAL POLICIES AND PROGRAMS RELATING TO SOLAR ENERGY GENERATING SYSTEMS;

(V) COST TO CONSTRUCT AND FINANCE A PROJECT;

(VI) COSTS ASSOCIATED WITH CUSTOMER ACQUISITION;

(VII) ELECTRIC COMPANY SERVICE TERRITORY; AND

(VIII) CRITERIA AS DETERMINED BY THE COMMISSION;

(2) SHALL ESTABLISH MONETARY VALUES THAT ENCOURAGE MARKET DEVELOPMENT WHILE BALANCING RATEPAYER INTERESTS; AND

(3) SHALL STRIVE TO ACHIEVE MARKET DIVERSITY, INCLUDING GEOGRAPHIC DIVERSITY ~~AND PROJECT OFF-TAKER DIVERSITY~~.

(H) IN ESTABLISHING THE CAPACITY BLOCK FOR EACH MARKET SEGMENT UNDER SUBSECTION (F)(1) OF THIS SECTION, THE COMMISSION SHALL:

(1) ENABLE MEANINGFUL AND CONTINUED MARKET GROWTH FOR EACH MARKET SEGMENT;

(2) CONSIDER THE VALUE OF REDUCING ELECTRICITY DEMAND AND THE COST OF INSTALLING GENERATING CAPACITY ON THE TRANSMISSION AND DISTRIBUTION SYSTEMS; AND

(3) FOR ~~THE BEHIND-THE-METER RESIDENTIAL~~ EVERY MARKET SEGMENT, ENSURE THAT THE NEXT CAPACITY BLOCK IS ESTABLISHED AS SOON AS REASONABLY POSSIBLE AFTER THE CURRENT CAPACITY BLOCK HAS BEEN FULLY RESERVED AND MAINTAIN A WAITLIST FOR PROJECTS UNTIL THE NEXT CAPACITY BLOCK IS AVAILABLE.

(I) (1) A QUALIFYING ~~SMALL~~ DISTRIBUTED SYSTEM THAT GENERATES SREC-IIS UNDER THIS PROGRAM MAY NOT SIMULTANEOUSLY RECEIVE REC-IIS, RECS, OR ANY OTHER EQUIVALENT CREDITS.

(2) EXCEPT AS OTHERWISE PROVIDED IN SECTION, THE PROVISIONS OF THIS SUBTITLE RELATING TO RENEWABLE ENERGY CREDITS SHALL APPLY TO SREC-IIS GENERATED UNDER THE PROGRAM.

(3) AN SREC-II GENERATED UNDER THE PROGRAM MAY BE APPLIED ONLY TOWARD MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD BEGINNING WITH THE YEAR IN WHICH THE SREC-II IS GENERATED.

SUBTITLE 12. ENERGY PROCUREMENT.

PART I. DEFINITIONS; GENERAL PROVISIONS.

7-1201.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "EFFECTIVE NAMEPLATE CAPACITY" MEANS THE AMOUNT OF ENERGY AN ENERGY STORAGE DEVICE CAN DELIVER CONTINUOUSLY TO THE ELECTRIC DISTRIBUTION SYSTEM OVER A 4-HOUR PERIOD.

(C) "ENERGY STORAGE DEVICE" HAS THE MEANING STATED IN § 7-216 OF THIS TITLE.

(D) "REC-II" HAS THE MEANING STATED IN § 7-701 OF THIS TITLE.

(E) "REC-II PAYMENT" MEANS THE MONETARY VALUE OF A REC-II GENERATED AND SOLD BY AN ENERGY GENERATING SYSTEM AWARDED A CONTRACT IN ACCORDANCE WITH THIS SUBTITLE.

7-1202.

(A) AN APPLICATION FOR A PROPOSED PROJECT UNDER THIS SUBTITLE IS SUBJECT TO A COMMUNITY BENEFIT AGREEMENT.

(B) A COMMUNITY BENEFIT AGREEMENT SHALL:

(1) PROMOTE INCREASED OPPORTUNITIES FOR LOCAL BUSINESSES AND SMALL, MINORITY, WOMEN-OWNED, AND VETERAN-OWNED BUSINESSES IN THE CLEAN ENERGY INDUSTRY;

(2) ENSURE THE TIMELY, SAFE, AND EFFICIENT COMPLETION OF THE PROJECT BY:

(I) FACILITATING A STEADY SUPPLY OF HIGHLY SKILLED CRAFT WORKERS WHO SHALL BE PAID NOT LESS THAN THE PREVAILING WAGE RATE DETERMINED BY THE COMMISSIONER OF LABOR AND INDUSTRY UNDER TITLE 17, SUBTITLE 2 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; AND

(II) GUARANTEEING THAT THE CONSTRUCTION WORK PERFORMED IN CONNECTION WITH THE PROJECT WILL BE SUBJECT TO AN AGREEMENT THAT:

1. ESTABLISHES THE TERMS AND CONDITIONS OF EMPLOYMENT AT THE CONSTRUCTION SITE OF THE PROJECT OR A PORTION OF THE PROJECT;

2. GUARANTEES AGAINST STRIKES, LOCKOUTS, AND SIMILAR DISRUPTIONS;

3. ENSURES THAT ALL WORK ON THE PROJECT FULLY CONFORMS TO ALL RELEVANT STATE AND FEDERAL LAWS, RULES, AND REGULATIONS, INCLUDING ALL REQUIRED TRAINING FOR EMPLOYEES;

4. CREATES MUTUALLY BINDING PROCEDURES FOR RESOLVING LABOR DISPUTES ARISING DURING THE TERM OF THE PROJECT;

5. SETS FORTH OTHER MECHANISMS FOR LABOR-MANAGEMENT COOPERATION ON MATTERS OF MUTUAL INTEREST AND CONCERN, INCLUDING PRODUCTIVITY, QUALITY OF WORK, SAFETY, AND HEALTH; AND

6. BINDS ALL CONTRACTORS AND SUBCONTRACTORS TO THE TERMS OF THE AGREEMENT THROUGH THE INCLUSION OF APPROPRIATE PROVISIONS IN ALL RELEVANT SOLICITATION AND CONTRACT DOCUMENTS;

(3) PROMOTE SAFE COMPLETION OF THE PROJECT BY ENSURING THAT AT LEAST 80% OF THE CRAFT WORKERS ON THE PROJECT HAVE COMPLETED AN OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION 10-HOUR COURSE;

(4) PROMOTE CAREER TRAINING OPPORTUNITIES IN THE MANUFACTURING, MAINTENANCE, AND CONSTRUCTION INDUSTRIES FOR LOCAL RESIDENTS, VETERANS, WOMEN, MINORITIES, AND FORMERLY INCARCERATED INDIVIDUALS;

(5) INCLUDE PROVISIONS FOR LOCAL HIRING AND THE HIRING OF HISTORICALLY DISADVANTAGED GROUPS;

(6) USE LOCALLY, SUSTAINABLY, AND DOMESTICALLY MANUFACTURED CONSTRUCTION MATERIALS AND COMPONENTS TO THE EXTENT PRACTICABLE;

(7) REQUIRE THE USE OF SKILLED LOCAL LABOR, PARTICULARLY WITH REGARD TO THE CONSTRUCTION AND MANUFACTURING COMPONENTS OF THE PROJECT, USING METHODS INCLUDING OUTREACH, HIRING, OR REFERRAL METHODS THAT ARE AFFILIATED WITH REGISTERED APPRENTICESHIP PROGRAMS UNDER TITLE 11, SUBTITLE 4 OF THE LABOR AND EMPLOYMENT ARTICLE; AND

(8) AUTHORIZE THE MARYLAND DEPARTMENT OF LABOR AND THE COMMISSION TO CONSIDER, REVIEW, AND ENFORCE A STORAGE DEVELOPER OR ENERGY DEVELOPER'S COMPLIANCE WITH ANY COMMUNITY BENEFIT AGREEMENT.

7-1203.

THE COMMISSION MAY CONTRACT FOR THE SERVICES OF INDEPENDENT CONSULTANTS AND EXPERTS TO IMPLEMENT AND EXECUTE ANY PART OF THIS SUBTITLE.

7-1204. RESERVED.

7-1205. RESERVED.

PART II. TRANSMISSION ENERGY STORAGE DEVICES.

7-1206.

(A) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT THE STATE HAS A GOAL OF REACHING 1,600 MEGAWATTS OF FRONT-OF-THE-METER TRANSMISSION ENERGY STORAGE DEVICES.

(B) THE COMMISSION SHALL, BY REGULATION OR ORDER, ESTABLISH A COMPETITIVE PROCESS FOR THE PROCUREMENT OF PROJECTS FOR THE CONSTRUCTION AND DEPLOYMENT OF FRONT-OF-THE-METER TRANSMISSION ENERGY STORAGE DEVICES.

(C) (1) (I) ON OR BEFORE JANUARY 1, 2026, THE COMMISSION SHALL ISSUE A PROCUREMENT SOLICITATION FOR APPLICATIONS FOR PROJECTS FOR THE CONSTRUCTION AND DEPLOYMENT OF FRONT-OF-THE-METER TRANSMISSION ENERGY STORAGE DEVICES.

(II) THE PROCUREMENT SOLICITATION SHALL BE FOR A MAXIMUM OF 800 MEGAWATTS OF CUMULATIVE ENERGY STORAGE CAPACITY, AS MEASURED IN EFFECTIVE NAMEPLATE CAPACITY.

(2) ON OR BEFORE OCTOBER 1, 2026, THE COMMISSION SHALL ISSUE A DECISION ON WHETHER TO APPROVE ONE OR MORE PROPOSALS IN ACCORDANCE WITH § 7-1208(B) OF THIS SUBTITLE.

(3) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE TRANSMISSION ENERGY STORAGE DEVICES PROCURED IN ACCORDANCE WITH THIS SUBSECTION SHALL BE OPERATIONAL WITHIN ~~18~~ 24 MONTHS AFTER A PROJECT IS SELECTED BY THE COMMISSION.

(II) THE COMMISSION MAY EXTEND THE OPERATING DEADLINE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH FOR GOOD CAUSE SHOWN.

(D) (1) ON OR BEFORE JANUARY 1, 2027, THE COMMISSION SHALL ISSUE A SECOND PROCUREMENT SOLICITATION FOR THE PROCUREMENT OF PROJECTS FOR THE CONSTRUCTION AND DEPLOYMENT OF FRONT-OF-THE-METER TRANSMISSION ENERGY STORAGE DEVICES.

(2) THE PROCUREMENT SOLICITATION SHALL BE FOR A MAXIMUM OF 800 MEGAWATTS OF CUMULATIVE ENERGY STORAGE CAPACITY, AS MEASURED IN EFFECTIVE NAMEPLATE CAPACITY.

(3) ON OR BEFORE OCTOBER 1, 2027, THE COMMISSION SHALL ISSUE A DECISION ON WHETHER TO APPROVE ONE OR MORE PROPOSALS IN ACCORDANCE WITH § 7-1208(B) OF THIS SUBTITLE.

(4) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE TRANSMISSION ENERGY STORAGE DEVICES PROCURED IN ACCORDANCE WITH THIS SUBSECTION SHALL BE OPERATIONAL WITHIN ~~18~~ 24 MONTHS AFTER A PROJECT IS SELECTED BY THE COMMISSION.

(II) THE COMMISSION MAY EXTEND THE OPERATING DEADLINE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH FOR GOOD CAUSE SHOWN.

7-1207.

(A) THE COMMISSION SHALL INCLUDE SPECIFICATIONS IN A PROCUREMENT SOLICITATION ISSUED UNDER § 7-1206 OF THIS SUBTITLE THAT REQUIRE EACH PROPOSAL TO:

(1) INCLUDE A PROPOSED PRICING SCHEDULE FOR THE TRANSMISSION ENERGY STORAGE ~~DEVICE~~ PROJECT THAT:

(I) IS FOR AT LEAST 15 YEARS; AND

(II) REPRESENTS THE ANTICIPATED MONTHLY WHOLESALE VALUE OF CAPACITY PER MEGAWATT AND OTHER BENEFITS IDENTIFIED IN A COST-BENEFIT ANALYSIS, BUT NOT INCLUDING ANY ANTICIPATED WHOLESALE ENERGY AND ANCILLARY SERVICES REVENUE;

(2) INCLUDE A COST-BENEFIT ANALYSIS OF THE PROJECT AND THE PROPOSED PRICING SCHEDULE, INCLUDING AN ANALYSIS OF:

(I) THE LOCATIONAL VALUE, DURATION, AND TIME TO DEPLOYMENT OF THE ENERGY STORAGE DEVICES;

(II) AVOIDED OR DELAYED TRANSMISSION, GENERATION, AND DISTRIBUTION COSTS;

(III) AVOIDED EMISSIONS IN THE SHORT TERM AND PROJECTED AVOIDED EMISSIONS IN THE LONG TERM, MEASURED USING THE SOCIAL COST OF CARBON, AS DETERMINED BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY AS OF JANUARY 1, 2025;

(IV) THE VALUE OF THE RAPID DEPLOYMENT OF ENERGY STORAGE DEVICES; AND

(V) ANY OTHER AVOIDED COSTS;

(3) ENSURE THAT THE OWNER OR OPERATOR OF THE PROJECT HAS THE CAPABILITY TO EXPORT ELECTRICITY FOR SALE ON THE WHOLESALE MARKET AND BID INTO THE PJM CAPACITY MARKET UNDER AN AGREEMENT WITH PJM INTERCONNECTION;

(4) ENSURE THAT THE ENERGY STORAGE DEVICES CAN DELIVER THEIR EFFECTIVE NAMEPLATE CAPACITY;

(5) INCORPORATE A COMMUNITY BENEFIT AGREEMENT;

(6) ATTEST IN WRITING THAT ALL CONTRACTORS AND SUBCONTRACTORS WORKING ON THE PROJECT HAVE BEEN IN COMPLIANCE WITH FEDERAL AND STATE WAGE AND HOUR LAWS FOR THE IMMEDIATELY PRECEDING 3 YEARS OR THE DURATION OF THE CONTRACTOR'S OR SUBCONTRACTOR'S BUSINESS OPERATION, WHICHEVER IS LONGER; AND

(7) ENSURE A COMPETITIVE BIDDING PROCESS , INCLUDING BY REDACTING PROPRIETARY INFORMATION PROVIDED TO THE COMMISSION.

(B) AN ENERGY STORAGE DEVICE SHALL BE CONSIDERED CAPABLE OF DELIVERING ITS EFFECTIVE NAMEPLATE CAPACITY UNDER THIS SECTION IF:

(1) THE ENERGY STORAGE DEVICE WILL HAVE THE CAPACITY INTERCONNECTION RIGHTS WITH PJM INTERCONNECTION, LLC EQUAL TO ITS EFFECTIVE NAMEPLATE CAPACITY; OR

(2) (I) THE ENERGY STORAGE DEVICE WILL HAVE SURPLUS INTERCONNECTION SERVICE WITH PJM INTERCONNECTION, LLC; AND

(II) THE ABILITY OF THE ENERGY STORAGE DEVICE TO DELIVER ITS EFFECTIVE NAMEPLATE CAPACITY WILL BE LIMITED ONLY BY THE GENERATION OF ANOTHER NONENERGY STORAGE GENERATION RESOURCE WITH WHICH THE ENERGY STORAGE DEVICE SHARES A POINT OF INTERCONNECTION TO THE TRANSMISSION SYSTEM.

(C) FRONT-OF-THE-METER TRANSMISSION ENERGY STORAGE DEVICES PAIRED WITH TIER 1 OR TIER 2 RENEWABLE SOURCES, AS DEFINED UNDER § 7-701 OF THIS TITLE, MAY BE INCLUDED IN A PROPOSAL IN RESPONSE TO A PROCUREMENT SOLICITATION UNDER § 7-1206 OF THIS SUBTITLE.

7-1208.

(A) IN SELECTING A PROPOSAL FOR A FRONT-OF-THE-METER TRANSMISSION ENERGY STORAGE DEVICE PROJECT, THE COMMISSION:

~~**(1) SHALL SPECIFY THE PRICING SCHEDULE, WHICH SHALL BE A MONTHLY FIXED PRICE REPRESENTING THE VALUE OF THE FRONT-OF-THE-METER TRANSMISSION ENERGY STORAGE DEVICE BEYOND THE PAYMENTS RECEIVED FROM PJM WHOLESALE MARKETS;**~~

(1) SHALL SPECIFY:

(I) A PRICING SCHEDULE FOR 15 YEARS, WHICH SHALL BE A MONTHLY FIXED PRICE FOR EACH MEGAWATT REPRESENTING THE ANTICIPATED MONTHLY WHOLESALE VALUE OF CAPACITY FOR THE FRONT-OF-THE-METER TRANSMISSION ENERGY STORAGE DEVICE AND THE BENEFITS IDENTIFIED IN § 7-1207(A)(2) OF THIS SUBTITLE;

(II) THAT EACH ELECTRICITY SUPPLIER SHALL BE RESPONSIBLE FOR PURCHASING STORAGE CAPACITY CREDITS AT THE MONTHLY FIXED PRICE SCHEDULE

PROPORTIONAL TO THE ELECTRICITY SUPPLIER'S CAPACITY OBLIGATION;

(III) THAT ALL PJM CAPACITY MARKET REVENUE EARNED BY THE ENERGY STORAGE DEVICE PROJECT SHALL BE TRANSMITTED TO THE COMMISSION TO BE HELD IN ESCROW FOR DISTRIBUTION TO ELECTRIC COMPANIES TO BE REFUNDED OR CREDITED TO EACH DISTRIBUTION CUSTOMER PROPORTIONAL TO THE ELECTRICITY SUPPLIER'S MONTHLY CAPACITY PURCHASE OBLIGATION; AND

(IV) THAT THE ENERGY STORAGE DEVICE PROJECT SHALL RETAIN ANY ENERGY AND ANCILLARY SERVICES REVENUE EARNED;

(2) SHALL SPECIFY THAT FOR CONTINUED RECEIPT OF PAYMENT UNDER ITEM (1) OF THIS SUBSECTION, AN APPLICANT SHALL DEMONSTRATE, TO THE SATISFACTION OF THE COMMISSION, THAT THE APPLICANT'S ENERGY STORAGE DEVICE IS AVAILABLE AND ~~PARTICIPATING IN THE PJM ENERGY AND CAPACITY MARKET AT NOT LESS THAN THE CLASS AVERAGE AVAILABILITY RATE ESTABLISHED BY PJM INTERCONNECTION FOR COMPARABLE DEVICES~~ BIDDING INTO THE PJM CAPACITY MARKET;

(3) SHALL INCORPORATE PENALTIES FOR NONPERFORMANCE OR UNDERPERFORMANCE IN THE CONTRACT, INCLUDING WITHHOLDING OF PAYMENT THAT REFLECTS THE DEGREE OF UNDERPERFORMANCE, FOR ENERGY STORAGE DEVICES THAT FAIL TO MEET AVAILABILITY METRICS;

(4) MAY TERMINATE ENERGY STORAGE DEVICES FROM THE PROGRAM IF DEVICE PERFORMANCE DOES NOT IMPROVE AFTER APPROPRIATE NOTICE AND OPPORTUNITY TO CURE; ~~AND~~

(5) ~~MAY~~ SHALL CONSIDER OTHER NONPRICE FACTORS TO ENSURE PROJECT DELIVERABILITY WITHIN 24 MONTHS AFTER THE AWARD DATE, SUCH AS:

(I) PROJECT MATURITY DATES;

(II) INTERCONNECTION QUEUE STATUS;

(III) SITE CONTROL; ~~AND~~

(IV) DEVELOPER EXPERIENCE INCLUDING PROCURING, CONSTRUCTING, AND OPERATING FRONT-OF-THE-METER TRANSMISSION ENERGY STORAGE DEVICES;

(V) ANY EVIDENCE OF KEY DEVELOPMENT MILESTONES TO SUBSTANTIATE PROJECT DELIVERABILITY FROM 24 MONTHS AFTER THE AWARD DATE;

(VI) SAFETY PLANS; AND

~~(III)~~ (VII) ANY OTHER RELEVANT NONPRICE FACTORS AS DETERMINED BY THE COMMISSION ; AND

(6) AT A MINIMUM, REQUIRE ALL ENERGY STORAGE DEVICES THAT UTILIZE LITHIUM-ION BATTERIES TO COMPLY WITH THE MOST UP-TO-DATE REVISION OF THE NATIONAL FIRE PROTECTION ASSOCIATION 855: STANDARD FOR ESS AND LITHIUM BATTERY STORAGE SAFETY IN EFFECT AT THE PROJECT'S FINAL PERMIT APPLICATION DATE.

(B) THE COMMISSION SHALL:

(1) AFTER GIVING PUBLIC NOTICE, HOLD ONE OR MORE PUBLIC HEARINGS TO RECEIVE PUBLIC COMMENT AND EVALUATE THE PROPOSALS; AND

(2) SUBJECT TO SUBSECTION (C) OF THIS SECTION, ISSUE ONE OR MORE ORDERS TO SELECT A PROPOSAL OR PROPOSALS FOR DEVELOPMENT.

~~(C) IF THE COMMISSION FINDS THAT NONE OF THE PROPOSALS ADEQUATELY SUPPORT THE GOALS ESTABLISHED UNDER THIS SUBTITLE THE COMMISSION MAY END THE SOLICITATION PROCESS WITHOUT SELECTING A PROPOSAL.~~

(C) THE COMMISSION MAY END THE SOLICITATION PROCESS WITHOUT SELECTING A PROPOSAL IF THE COMMISSION FINDS THAT NONE OF THE PROPOSALS ADEQUATELY SUPPORT THE GOALS ESTABLISHED UNDER THIS SUBTITLE, INCLUDING THE GOAL OF SECURING AFFORDABLE, RELIABLE ELECTRICAL SERVICE FOR MARYLAND RESIDENTS.

7-1209.

(A) FOR ANY PROPOSAL SELECTED UNDER THIS PART, THE COMMISSION MAY ADOPT CONDITIONS FOR THE CONSTRUCTION AND OPERATION OF FACILITIES

INCLUDED IN THE PROPOSAL.

(B) AN ORDER SELECTING A PROPOSAL UNDER § 7-1208 OF THIS SUBTITLE BESTOWS THE SAME RIGHTS TO THE SELECTED PROPOSAL THAT A GENERATING SYSTEM WOULD OTHERWISE BE GRANTED THROUGH A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY UNDER § 7-207 OF THIS TITLE IF THE SELECTED PROPOSAL IS REVIEWED UNDER AN ALTERNATIVE PROCESS AS DETERMINED BY THE COMMISSION.

7-1210.

ANY TRANSMISSION ENERGY STORAGE DEVICE BUILT IN ACCORDANCE WITH THIS SUBTITLE SHALL COUNT TOWARD THE ENERGY STORAGE DEVICE DEPLOYMENT GOALS UNDER § 7-216.2 OF THIS TITLE.

7-1211.

ON OR BEFORE DECEMBER 31, 2026, THE COMMISSION SHALL REPORT, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY ON THE EFFECTIVENESS OF THE PROCUREMENT PROCESS ESTABLISHED UNDER THIS PART.

7-1212. RESERVED.

7-1213. RESERVED.

PART III. RENEWABLE ENERGY CREDITS.

7-1214.

(A) IN THIS PART THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "BROWNFIELD" HAS THE MEANING STATED IN § 7-207 OF THIS TITLE.

(C) "QUALIFYING SYSTEM" HAS THE MEANING STATED IN § 7-709.2 OF THIS TITLE.

(D) "REC ESCROW ADMINISTRATOR" MEANS THE ENTITY CHOSEN, IN ACCORDANCE WITH § 7-1219 OF THIS SUBTITLE, TO SUPERVISE THE ESCROW ACCOUNT CREATED UNDER THIS SUBTITLE TO ENSURE THE SECURE AND TRANSPARENT TRANSFER OF REVENUES, SREC-IIS, AND REC-IIS AMONG QUALIFYING SYSTEMS, WIND SYSTEMS, SMALL HYDROELECTRIC SYSTEMS, AND ELECTRIC COMPANIES.

(E) "RENEWABLE ENERGY CREDIT" HAS THE MEANING STATED IN § 7-701 OF THIS TITLE.

(F) "SMALL HYDROELECTRIC SYSTEM" HAS THE MEANING STATED IN § 7-701(S)(8) OF THIS TITLE.

(G) "SOLAR ENERGY GENERATING SYSTEM" HAS THE MEANING STATED IN § 7-709.2 OF THIS TITLE.

(H) "SREC-II" HAS THE MEANING STATED IN § 7-709.2 OF THIS TITLE.

(I) "SREC-II PAYMENT" MEANS THE MONETARY VALUE OF AN SREC-II GENERATED AND SOLD BY A SOLAR ENERGY GENERATING SYSTEM AWARDED A CONTRACT IN ACCORDANCE WITH THIS SUBTITLE.

(J) "WIND SYSTEM" MEANS A LAND-BASED WIND ENERGY GENERATING SYSTEM.

7-1215.

(A) THROUGH REGULATION OR ORDER, THE COMMISSION SHALL ESTABLISH A COMPETITIVE PROCESS FOR THE PROCUREMENT OF:

(1) SREC-IIS FROM QUALIFYING SYSTEMS; AND

(2) REC-IIS FROM SMALL HYDROELECTRIC SYSTEMS AND WIND SYSTEMS.

(B) THE COMPETITIVE PROCESS ESTABLISHED UNDER THIS PART SHALL REQUIRE THAT:

(1) BIDS FROM QUALIFYING SYSTEMS, SMALL HYDROELECTRIC SYSTEMS, AND WIND SYSTEMS SHALL BE ONLY FOR THE PROCUREMENT OF SREC-IIS AND REC-IIS; AND

(2) BIDS SUBMITTED FOR THE PROCUREMENT OF SREC-IIS OR REC-IIS SHALL INCLUDE AN SREC-II OR REC-II PRICING SCHEDULE THAT SPECIFIES A PRICE FOR THE GENERATION ATTRIBUTES OF THE ORIGINATING ENERGY GENERATING SYSTEM, INCLUDING ENERGY, CAPACITY, ANCILLARY SERVICES, AND ENVIRONMENTAL ATTRIBUTES.

(C) AN APPROVED PROPOSED PROCUREMENT UNDER THIS PART DOES NOT PRECLUDE THE COMMISSION FROM REJECTING AN APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR THE CONSTRUCTION OF THE GENERATING SYSTEM.

7-1216.

AN ORDER THE COMMISSION ISSUES APPROVING A PROPOSED PROCUREMENT UNDER THIS PART SHALL:

(1) SPECIFY THE SREC-II OR REC-II PRICING SCHEDULE;

(2) SPECIFY THE DURATION OF THE SREC-II OR REC-II PRICING SCHEDULE, NOT TO EXCEED 30 YEARS;

(3) SPECIFY THE NUMBER OF SREC-IIS OR REC-IIS THAT MAY BE PURCHASED EACH YEAR FROM THE QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM;

(4) PROVIDE THAT:

(I) A PAYMENT MAY NOT BE MADE FOR AN SREC-II OR REC-II UNTIL ELECTRICITY SUPPLY IS GENERATED UNDER THE PROCUREMENT; AND

(II) RATEPAYERS, PURCHASERS OF SREC-IIS AND REC-IIS, AND THE STATE SHALL BE HELD HARMLESS FOR ANY COST OVERRUNS ASSOCIATED WITH THE QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM;

(5) REQUIRE THAT ANY DEBT INSTRUMENT ISSUED IN CONNECTION WITH THE QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM INCLUDE LANGUAGE SPECIFYING THAT THE DEBT INSTRUMENT DOES NOT ESTABLISH A DEBT, AN OBLIGATION, OR A LIABILITY OF THE STATE; AND

(6) REQUIRE THAT THE OWNER OR OPERATOR OF A QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM EXECUTE AND COMPLY WITH A COMMUNITY BENEFIT AGREEMENT UNDER § 7-1202 OF THIS SUBTITLE.

7-1217.

TO BE ELIGIBLE TO PARTICIPATE IN THE COMPETITIVE PROCUREMENT PROCESS UNDER THIS PART, A QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM SHALL:

(1) BE LOCATED IN THE STATE OR OTHERWISE DEMONSTRATE AN ABILITY TO ADDRESS THE RESOURCE ADEQUACY NEEDS OF THE STATE;

(2) BE ELIGIBLE FOR INCLUSION IN MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD UNDER § 7-703(B) OF THIS TITLE; ~~AND~~

(3) BE NEWLY CONSTRUCTED OR RECONSTRUCTED; AND

(4) FOR SMALL HYDROELECTRIC SYSTEMS:

(I) HAVE A GENERATING CAPACITY OF LESS THAN 30 MEGAWATTS; AND

(II) BE LICENSED OR EXEMPT FROM LICENSING BY THE FEDERAL ENERGY REGULATORY COMMISSION.

7-1218.

UNLESS EXTENDED BY MUTUAL CONSENT OF THE PARTIES, THE COMMISSION SHALL APPROVE, CONDITIONALLY APPROVE, OR DENY A PROCUREMENT UNDER THIS PART WITHIN 180 DAYS AFTER THE CLOSE OF A SOLICITATION PERIOD.

7-1219.

(A) FOR THE PROCUREMENT PROCESS ESTABLISHED UNDER THIS PART, BY REGULATION OR ORDER, THE COMMISSION SHALL:

(1) ESTABLISH AN SREC-II AND REC-II PURCHASER'S OBLIGATION FOR SREC-II AND REC-II PURCHASERS TO PURCHASE SREC-IIS AND REC-IIS FOR EACH YEAR:

(I) ON A FORWARD-LOOKING BASIS; AND

(II) AT LEAST 1 YEAR BEFORE THE YEAR IN WHICH THAT SREC-II AND REC-II PURCHASE OBLIGATION BECOMES EFFECTIVE TO ALLOW AN ELECTRIC COMPANY TO REFLECT SREC-II AND REC-II COSTS AS A NONBYPASSABLE SURCHARGE PAID BY ALL DISTRIBUTION CUSTOMERS OF THE ELECTRIC COMPANY;

(2) ESTABLISH A NONBYPASSABLE SURCHARGE THAT ALLOWS AN ELECTRIC COMPANY TO RECOVER ALL COSTS ASSOCIATED WITH THE PURCHASE OF SREC-IIS AND REC-IIS FROM ALL DISTRIBUTION CUSTOMERS OF THE ELECTRIC COMPANY;

(3) ESTABLISH AN ESCROW ACCOUNT THAT IS UNDER THE SUPERVISION OF THE REC ESCROW ADMINISTRATOR; AND

(4) DIRECT THE ELECTRIC COMPANIES, IN CONSULTATION WITH THE COMMISSION, TO JOINTLY SELECT A REC ESCROW ADMINISTRATOR.

(B) (1) EACH ELECTRIC COMPANY SHALL PROCURE FROM THE ESCROW ACCOUNT ESTABLISHED BY REGULATION OR ORDER UNDER THIS SECTION THE NUMBER OF SREC-IIS AND REC-IIS REQUIRED TO SATISFY THE SREC-II AND REC-II PURCHASER'S OBLIGATIONS.

(2) SUBJECT TO ANY ESCROW ACCOUNT RESERVE REQUIREMENT THE COMMISSION ESTABLISHES:

(I) IF THERE ARE INSUFFICIENT SREC-IIS OR REC-IIS AVAILABLE TO SATISFY THE ELECTRIC COMPANIES' SREC-II AND REC-II PURCHASER'S OBLIGATION, THE OVERPAYMENT SHALL BE DISTRIBUTED TO ELECTRIC COMPANIES TO BE REFUNDED OR CREDITED TO EACH DISTRIBUTION CUSTOMER BASED ON THE CUSTOMER'S CONSUMPTION OF ELECTRICITY SUPPLY THAT IS SUBJECT TO THE RENEWABLE ENERGY PORTFOLIO STANDARD; AND

(II) THE CALCULATION OF AN ELECTRIC COMPANY'S SREC-II AND REC-II PURCHASE OBLIGATION SHALL BE BASED ON FINAL ELECTRICITY SALES DATA AS REPORTED BY PJM INTERCONNECTION AS MEASURED AT THE CUSTOMER'S METER.

(3) FOR EACH SREC-II AND REC-II FOR WHICH A QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM RECEIVES PAYMENT, THE QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM SHALL:

(I) SELL ALL ENERGY, CAPACITY, AND ANCILLARY SERVICES ASSOCIATED WITH THE CREATION OF THE SREC-IIS OR REC-IIS INTO THE MARKETS OPERATED BY PJM INTERCONNECTION; AND

(II) DISTRIBUTE THE PROCEEDS RECEIVED FROM THE SALES UNDER ITEM (I) OF THIS PARAGRAPH TO ELECTRIC COMPANIES TO BE REFUNDED OR CREDITED TO EACH DISTRIBUTION CUSTOMER BASED ON THE CUSTOMER'S CONSUMPTION OF ELECTRICITY SUPPLY THAT IS SUBJECT TO THE RENEWABLE ENERGY PORTFOLIO STANDARD.

7-1220.

BY REGULATION OR ORDER, THE COMMISSION SHALL SPECIFY THE TRANSFER AND EXPIRATION OF SREC-IIS AND REC-IIS CREATED BY QUALIFYING SYSTEMS, SMALL HYDROELECTRIC SYSTEMS, OR WIND SYSTEMS IN EXCESS OF THE ESTABLISHED SREC-II OR REC-II PRICING SCHEDULE.

7-1221.

A DEBT, AN OBLIGATION, OR A LIABILITY OF A QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM OR OF AN OWNER OR OPERATOR OF A QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM MAY NOT BE CONSIDERED A DEBT, AN OBLIGATION, OR A LIABILITY OF THE STATE.

Article - State Finance and Procurement

13-102.

(a) The following procurement methods are authorized at the procurement officer's discretion, where applicable:

(1) competitive sealed bids under § 13-103 of this subtitle;

(2) competitive sealed proposals under § 13-104 or § 13-105 of this subtitle;

(3) noncompetitive negotiation under § 13-106 of this subtitle;

(4) sole source procurement under § 13-107 of this subtitle;

(5) emergency or expedited procurement under § 13-108 of this subtitle;

(6) small procurement under § 13-109 of this subtitle;

(7) an intergovernmental cooperative purchasing agreement under § 13-110 of this subtitle;

(8) auction bids under § 13-111 of this subtitle;

(9) architectural, engineering, and land surveying services qualification based selection under § 13-112 of this subtitle;

(10) master contracting under § 13-113 of this subtitle; **[**or**]**

(11) pay-for-success contracting under § 13-112.1 of this subtitle**; OR**

(12) LEGISLATIVE FAST-TRACK PROCUREMENTS UNDER § 13-117 OF THIS SUBTITLE.

13-117.

(A) IT IS THE INTENT OF THE GENERAL ASSEMBLY TO:

(1) RECOGNIZE THE NEED FOR STATE AGENCIES TO BE RESPONSIVE TO THE REQUESTS AND LEGISLATIVE DIRECTIVES OF THE GENERAL ASSEMBLY;

(2) REDUCE THE TIME IT TAKES FOR STATE AGENCIES TO PROCURE CONSULTANTS TO ASSIST WITH LEGISLATIVE MANDATES THAT HAVE DEADLINES SPECIFIED IN LAW; AND

(3) BE TIMELY IN ADDRESSING CLIMATE CHANGE, ENVIRONMENTAL, ENERGY, AND GREENHOUSE GAS EMISSIONS RELATED ISSUES.

(B) THIS SECTION APPLIES ONLY TO THE PROCUREMENT OF CONSULTANTS THAT:

(1) ARE LEGISLATIVELY MANDATED WITH SPECIFIC TIME FRAMES ESTABLISHED IN LAW; AND

(2) WILL ADDRESS ISSUES RELATED ONLY TO CLIMATE CHANGE, ENVIRONMENTAL, ENERGY, AND GREENHOUSE GAS EMISSIONS.

(C) THE FOLLOWING UNITS ARE AUTHORIZED TO ISSUE COMPETITIVE SEALED BIDS HIGHER THAN THEIR DESIGNATED SMALL PROCUREMENT DELEGATION AUTHORITIES:

(1) THE PUBLIC SERVICE COMMISSION;

(2) THE OFFICE OF PEOPLE'S COUNSEL;

(3) THE MARYLAND ENERGY ADMINISTRATION;

(4) THE DEPARTMENT OF THE ENVIRONMENT; AND

(5) THE DEPARTMENT OF NATURAL RESOURCES.

(D) BEFORE AWARDING A PROCUREMENT CONTRACT UNDER THIS SECTION, THE PROCUREMENT OFFICER SHALL OBTAIN THE APPROVAL OF:

(1) THE HEAD OF THE UNIT; AND

(2) THE CHIEF PROCUREMENT OFFICER, OR THEIR DESIGNEE.

(E) (1) THE CHIEF PROCUREMENT OFFICER, OR THEIR DESIGNEE, SHALL APPROVE A PROCUREMENT CONTRACT SUBMITTED UNDER THIS SECTION IF IT COMPLIES WITH THE REQUIREMENTS OF THIS SECTION.

(2) IF THE CHIEF PROCUREMENT OFFICER, OR THEIR DESIGNEE, DOES NOT APPROVE A PROCUREMENT CONTRACT SUBMITTED UNDER THIS SECTION WITHIN 5 BUSINESS DAYS AFTER RECEIVING THE CONTRACT, THE CONTRACT SHALL BE CONSIDERED APPROVED.

Article - State Government

9-20B-05.

(a) There is a Maryland Strategic Energy Investment Fund.

(e) The Fund consists of:

(1) all of the proceeds from the sale of allowances under § 2-1002(g) of the Environment Article;

(2) money appropriated in the State budget to the Program;

(3) repayments and prepayments of principal and interest on loans made from the Fund;

(4) interest and investment earnings on the Fund;

(5) compliance fees paid under **[**§ 7-705**]** **§ 7-705(B-1)** of the Public Utilities Article;

(6) money received from any public or private source for the benefit of the Fund;

(7) money transferred from the Public Service Commission under § 7-207.2(c)(3) of the Public Utilities Article; and

(8) money distributed under § 2-614.1 of the Tax - General Article.

[(g-1) Proceeds received by the Fund from compliance fees under § 7-705(b)(2)(i)2 of the Public Utilities Article shall be allocated as follows:

(1) beginning in fiscal year 2025, at least 20% of the proceeds shall be used to provide grants to support the installation of new solar energy generating systems under the Customer-Sited Solar Program;

(2) up to 10% of the proceeds shall be credited to an administrative expense account for costs related to the administration of the Fund;

(3) proceeds collected but unused from a previous year shall be used before proceeds allocated for the current year; and

(4) the Administration shall reallocate to other authorized uses any proceeds that are not used within 3 fiscal years after collection.**]**

[(i) (1) Except as provided in paragraph (2) of this subsection, compliance fees paid under § 7-705(b) of the Public Utilities Article may be used only to make loans and

grants to support the creation of new Tier 1 renewable energy sources in the State that are owned by or directly benefit:

(i) low- to moderate-income communities located in a census tract with an average median income at or below 80% of the average median income for the State; or

(ii) overburdened or underserved communities, as defined in § 1-701 of the Environment Article.

(2) Compliance fees paid under § 7-705(b)(2)(i)2 of the Public Utilities Article shall be accounted for separately within the Fund and may be used only to make loans and grants to support the creation of new solar energy sources in the State that are owned by or directly benefit:

(i) low- to moderate-income communities located in a census tract with an average median income at or below 80% of the average median income for the State;

(ii) overburdened or underserved communities, as defined in § 1-701 of the Environment Article; or

(iii) households with low to moderate income, as defined in § 9-2016 of this title.**]**

[(i-1)**] (I)** (1) (i) In this subsection the following words have the meanings indicated.

(ii) "Area median income" has the meaning stated in § 4-1801 of the Housing and Community Development Article.

(iii) "Low and moderate income" means having an annual household income that is at or below 120% of the area median income.

(2) Compliance fees paid under § 7-705(b-1) of the Public Utilities Article shall be accounted for separately within the Fund and may be used only to make loans and grants to promote increased opportunities for the growth and development of small, minority, women-owned, and veteran-owned businesses in the State that install geothermal systems in the State.

Article - Tax - General

2-1201.

(A) IN THIS SECTION, "QUALIFIED DATA CENTER" HAS THE MEANING STATED IN § 11-239 OF THIS ARTICLE.

(B) The Comptroller shall pay refunds relating to the public service company franchise tax from the General Fund of the State.

(C) THE COMPTROLLER SHALL DISTRIBUTE 75% OF THE FRANCHISE TAX REVENUE FROM PUBLIC SERVICE COMPANIES IMPOSED UNDER § 8-402.1 OF THIS ARTICLE, THAT IS ATTRIBUTABLE TO THE KILOWATT-HOURS OF ELECTRICITY DELIVERED TO QUALIFIED DATA CENTERS THAT ARE OPERATIONAL ON OR AFTER JANUARY 1, 2026, TO THE ESCROW ACCOUNT ESTABLISHED BY THE PUBLIC SERVICE COMMISSION UNDER § 7-705 OF THE PUBLIC UTILITIES ARTICLE.

2-1302.5.

(A) IN THIS SECTION, "QUALIFIED DATA CENTER" HAS THE MEANING STATED IN § 11-239 OF THIS ARTICLE.

(B) THE COMPTROLLER SHALL DISTRIBUTE 75% OF THE SALES AND USE TAX REVENUES ATTRIBUTABLE TO THE SALE OF ELECTRICITY DELIVERED TO QUALIFIED DATA CENTERS THAT ARE OPERATIONAL ON OR AFTER JANUARY 1, 2026, TO THE ESCROW ACCOUNT ESTABLISHED BY THE PUBLIC SERVICE COMMISSION UNDER § 7-705 OF THE PUBLIC UTILITIES ARTICLE.

2-1303.

After making the distributions required under §§ 2-1301 through **[**2-1302.4**]** **2-1302.5** of this subtitle, the Comptroller shall pay:

(1) revenues from the hotel surcharge into the Dorchester County Economic Development Fund established under § 10-130 of the Economic Development Article;

(2) to the Blueprint for Maryland's Future Fund established under § 5-206 of the Education Article, the following percentage of the remaining sales and use tax revenues:

(i) for fiscal year 2023, 9.2%;

(ii) for fiscal year 2024, 11.0%;

(iii) for fiscal year 2025, 11.3%;

(iv) for fiscal year 2026, 11.7%; and

(v) for fiscal year 2027 and each fiscal year thereafter, 12.1%; and

(3) the remaining sales and use tax revenue into the General Fund of the State.

11-239.

(a) (1) In this section the following words have the meanings indicated.

(2) "Data center" means a building or group of buildings used to house computer systems, computer storage equipment, and associated infrastructure that businesses or other organizations use to organize, process, store, and disseminate large amounts of data.

(5) (i) "Qualified data center" means a data center located in the State in which an individual or a corporation, within 3 years after submitting an application for the sales and use tax exemption under this section, has:

1. for a data center located within a Tier I area, invested at least $2,000,000 in qualified data center personal property and created at least five qualified positions; or

2. for a data center located in any other area of the State, invested at least $5,000,000 in qualified data center personal property and created at least five qualified positions.

(ii) "Qualified data center" includes:

1. a data center that is a co-located or hosting data center where equipment, space, and bandwidth are available to lease to multiple customers; and

2. an enterprise data center owned and operated by the company it supports.

SECTION 2. AND BE IT FURTHER ENACTED, That the General Assembly supports the extension or renewal of the Federal Nuclear Regulatory Commission license for the Calvert Cliffs Nuclear Power Plant's nuclear reactors in the years 2034 and 2036.

SECTION 3. AND BE IT FURTHER ENACTED, That nothing in this Act shall be construed to alter the requirements of § 7-306(d) of the Public Utilities Article.

SECTION ~~3.~~ 4. AND BE IT FURTHER ENACTED, That a presently existing obligation or contract right may not be impaired in any way by this Act.

SECTION ~~4.~~ 5. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2025.

SB316_Brooks.pdf
Uploaded by: Benjamin Brooks
Position: FAV

Benjamin Brooks
Legislative District 10
Baltimore County

Education, Energy, and the Environment Committee

Energy Subcommittee

Chair, Joint Electric Universal Service Program Workgroup

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TESTIMONY IN SUPPORT OF SB 316
Abundant Affordable Clean Energy Act (AACE Act)

Education, Energy and the Environment Committee
February 13, 2025

Chair Feldman, Vice Chair Kagan, and Members of the Committee:

Thank you for the opportunity to testify in support of Senate Bill 316, the Abundant Affordable Clean Energy Act (AACE Act). This bill is a comprehensive response to Maryland's rising electricity costs, increasing energy demand, and the urgent need for clean energy expansion. SB 316 establishes a competitive procurement process to accelerate battery storage and renewable energy projects, ensuring ratepayer protections, labor safeguards, and flexible incentive structures to meet Maryland's energy goals.

Addressing Energy Cost Increases and Grid Reliability

For decades, Maryland has benefited from stable electricity prices. However, the 2025/2026 PJM capacity auction resulted in an 800% increase in capacity prices, which will be passed on to ratepayers. Additionally, data centers and other high-intensity energy consumers are driving up demand, while new generation projects remain stalled due to severe backlogs in the PJM interconnection queue.

Currently, the PJM interconnection queue is so backlogged that, in 2023, PJM announced it would stop accepting new projects, with wait times extending up to five years for project approvals. This delay has left hundreds of gigawatts of planned renewable energy and battery storage projects in limbo, meaning Maryland cannot efficiently bring new clean energy online. Many projects that were economically viable at the time of application face changing financial conditions by the time they are approved, leading to cancellation or infeasibility.

The AACE Act addresses these concerns by:

- **Prioritizing projects that have a high likelihood of clearing the queue quickly**, ensuring that Maryland gets the energy it needs without excessive delays.
- **Requiring the Public Service Commission (PSC) to create a competitive procurement process** in **2026 and 2027 for up to 1,600 MW of battery**

storage, ensuring rapid project deployment and reducing reliance on costly peaker plants.
- **Creating a pathway for 150 MW of distributed energy storage projects**, which are **not subject to PJM interconnection delays**, allowing faster integration into Maryland's energy infrastructure.

Expanding Maryland's Clean Energy Supply

Maryland has set a target of **100% clean energy by 2040**, and SB 316 builds upon this commitment by enhancing **solar and wind energy incentives** that drive new project development. This legislation:

- **Establishes the Utility-Scale SREC-II Program**, supporting at least **3,000 MW of new utility-scale solar projects** by 2035.
- **Creates the Small Solar Facilities Incentive Program**, providing incentives for **3,000 MW of rooftop and community solar** to expand distributed generation.
- **Prioritizes renewable energy credits (RECs) from in-state projects** to ensure that Maryland consumers directly benefit from local clean energy investments.

Additionally, SB 316 introduces a revised incentive methodology that "right-sizes" financial support for new projects, ensuring that ratepayer costs remain minimal while fostering renewable energy growth.

Enhancing Offshore Wind Transmission and Integration

Maryland is leading the way in offshore wind development, with a goal of 8,500 MW of offshore wind capacity by 2031. However, inadequate transmission infrastructure is a major hurdle to bringing this power online efficiently. Without strategic planning for transmission upgrades, Maryland risks higher costs and delayed implementation of offshore wind energy.

SB 316 ensures that offshore wind energy reaches Maryland homes and businesses efficiently by:

- **Directing the PSC to prioritize regional transmission planning**, ensuring offshore wind energy is connected efficiently while avoiding unnecessary costs to ratepayers.
- **Requiring cost-benefit analyses of different transmission solutions**, including **advanced grid technologies and inter-state coordination**, to ensure Maryland remains at the forefront of clean energy deployment.
- **Aligning Maryland's offshore wind strategy with PJM's long-term transmission planning process**, ensuring integration is as seamless and cost-effective as possible.

Supporting Maryland's Nuclear Energy Infrastructure

Maryland's Calvert Cliffs Nuclear Power Plant plays a critical role in maintaining grid stability and emissions-free energy production, supplying nearly 40% of Maryland's in-state electricity. However, the plant faces impending federal relicensing deadlines in 2034 and 2036, and economic uncertainties threaten its continued operation.

SB 316 ensures that nuclear power remains a viable part of Maryland's energy mix by:

- **Establishing Zero-Emission Credits (ZECs)** to provide financial stability for nuclear facilities only **if they no longer qualify for federal support**, ensuring that taxpayer and ratepayer funds are used efficiently.
- **Implementing strict cost controls** to ensure that ZECs are only granted as a **last-resort measure**, preventing unnecessary subsidies while keeping the plant operational.
- **Requiring the PSC to conduct periodic reviews** of nuclear energy contributions to Maryland's energy portfolio, ensuring that nuclear remains **economically and environmentally viable**.

Ratepayer Protections and Affordability

A key component of SB 316 is its commitment to protecting Maryland ratepayers from escalating energy costs. The bill:

- **Establishes an escrow account for ratepayer refunds**, redirecting **alternative compliance payments (ACPs)** to **offset customer electricity costs** instead of being absorbed into the general budget.
- **Redirects 75% of franchise and sales taxes from data centers** into the escrow account, ensuring that **industries driving demand contribute to cost stabilization**.

Ensuring Energy Development Benefits Maryland's Workforce

The AACE Act ensures that Maryland's clean energy transition prioritizes local workers by incorporating strong labor protections. The bill mandates that all projects adhere to community benefit agreements, which include:

- **Prevailing wage requirements** to ensure fair compensation for Maryland's workforce.
- **Hiring mandates that prioritize local and disadvantaged workers** to expand economic opportunities.

Conclusion

Senate Bill 316 represents a transformational step forward in Maryland's energy policy. It tackles the most pressing issues facing our energy sector—rising costs, grid instability, and the need for clean energy expansion—through a market-driven, cost-effective strategy. By investing in battery storage, renewables, offshore wind, and nuclear power, this legislation guarantees that Maryland remains a leader in clean energy innovation while protecting ratepayers.

For these reasons, I respectfully urge the Committee to issue a **favorable report on SB 316**.

With kindest regards,

Benjamin T. Brooks

Benjamin Brooks

Brian Sailer CEN Written Testimony 2.13.25.pdf
Uploaded by: Brian Sailer
Position: FAV

Written Testimony

SB 316 - FAVORABLE

Brian Sailer

Conservative Energy Network

Email: brian@flywheelgs.com / Ph:202-695-0841

SB 316 - Abundant, Affordable Clean Energy Procurement and Development (AACE Act)

Economic Matters Committee

February 6th, 2025

Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy and Environment Committee,

On behalf of my organization, I urge a favorable report on HB0398.

The Conservative Energy Network (CEN) was formed in 2016, and is a national leader in advancing American-made, clean energy solutions, to address our country's energy, economic, and environmental security. From state capitols to local county government, CEN is the conservative vanguard helping to promote market-based, pragmatic and achievable policy and programs to secure America's energy future.

Maryland faces a critical energy crisis, with timelines slipping to implement and achieve the aggressive clean energy goals and mandates the legislature has set. Unfortunately, while state leaders continue to say there is a climate emergency and continue to accelerate our climate goals, goals are not a strategy – and the state lacks a cohesive, pragmatic and realistic strategy. The state is significantly behind in meeting its basic milestones towards deployment of clean energy generation, and is still reliant on importing nearly 40% of its energy from out of state. This is a significant threat to individual ratepayers ability to afford to stay in Maryland, and does not help Maryland keep existing businesses thriving or in attracting new businesses to the state. Action must be taken now to maximize the benefits of a diverse energy portfolio to meet our resource adequacy goals. The future of Maryland's economic security and stability rests in this legislature's hands.

In the fall of 2024, PJM's 2025/26 Base Residual Auction (BRA) resulted in staggering and unprecedented pricing increases, with most of the regional seeing 10x the previous year price. In the case of Baltimore Gas & Electric (BGE) in Maryland, pricing soared to $466.35/MW-day ($170,217.75/MW-year), a 538.84% increase from the previous year ($26,645). This explosive cost-curve is unsustainable without significant new in-state generation and investment in grid modernization.

Maryland must prioritize technology and solutions that are market competitive, and not reliant on heavy subsidies, and our government should not be picking winners and losers. Competition always lowers costs – and Maryland should promote the advancement of nuclear, solar, storage, innovative technologies that leverage natural gas with reduced carbon emissions (i.e., solid oxide hydrogen fuel cells) and support new transmission by prioritizing reconductoring over new transmission, which could see lengthy delays due to

siting opposition. The legislature should also focus on expedited permitting reform – in many cases, the same people who are advocating for clean energy are now standing in the way of siting projects in rural areas where land owners are trying to seed project development. In many cases, agricultural land owners are trying to grow energy, for economic reasons and to preserve their farms from ever-increasing housing and commercial development. State nor local authorities need to work with these communities to ensure a level-scale of equity and justice applies to economic opportunity.

While HB398 is not comprehensive roadmap, it does help address key elements of the strategy to achieve our shared goals, and offers a path forward path forward to addressing resource adequacy in the state. It helps deploy more energy faster, and ease the burden on ratepayers. AACE enables and expedites the development of a wide array or new energy projects that can serve Maryland's ever-increasing load requirements. The AACE Act provisions allow for project flexibility, focused incentives to spur development, ensuring that energy projects will directly benefit the state's energy requirements, directly benefiting ratepayers.

Testimony_SB316_CCAN Baker.pdf
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Position: FAV

SB 316- ABUNDANT AFFORDABLE CLEAN ENERGY ACT

TESTIMONY OF BRITTANY BAKER, MARYLAND POLICY DIRECTOR AT THE CHESAPEAKE CLIMATE ACTION NETWORK

Chair Feldman, Vice Chair Kagan, and Members of the Senate Education, Energy, and the Environment Committee,

Clean energy projects in Maryland are being delayed by insufficient planning practices at PJM, the Regional Transmission Organization that manages energy in our state. By keeping clean energy projects in a queue that takes several years of waiting to receive approval, PJM is effectively creating an unnecessary energy shortage that benefits the fossil fuel industry and puts ratepayers in a situation of uncertainty. Further, our current structure for incentivizing the clean energy transition needs updating. The current structure uses Renewable Energy Credits and seeks to protect rate-payers by setting a cap (in the form of Alternative Compliance Payments) on what REC price would be paid. However, because of the high prices in REC markets, utilities have ended up paying Alternative Compliance Payments instead of buying RECs. The result is that rate-payer funds have not effectively been invested in the development of new clean energy, especially considering that the ACP funds are not being used to build out new clean energy.

The Abundant Affordable Clean Energy Act (AACE) codifies clean energy solutions to reinvigorate Maryland's clean energy portfolio, with the ultimate goal of generating more clean energy in the state. The hallmark of the bill is the emergency procurement measures that will allow the state to deploy utility scale battery storage buffers as "no regrets" solutions that solve Maryland load problems as these projects exit the PJM queue in the upcoming years. Without this particular legislation, these projects will likely not be constructed.

Furthermore, this legislation includes labor standards that ensure the clean energy transition opens the door for family sustaining jobs that will grow Maryland's economy and provide for Maryland families.

The Abundant, Affordable Clean Energy Act is the complete package. It is highly compatible with the Resource Adequacy and Planning Act and the Renewable Energy Certainty Act. AACE, however, is the only legislation under consideration during this legislative session that will lower utility bills in the near future, resolve the energy congestion issue in the Baltimore City region, and allow Marylanders to receive money back on their utility bills in order to ease their energy burdens.

I respectfully request a favorable report on SB 316.

AACE Center Testimony Senate.pdf
Uploaded by: Bryan Dunning
Position: FAV

Center for Progressive Reform

February 11, 2025

Testimony of Bryan Dunning
Senior Policy Analyst
Center for Progressive Reform

Before the Maryland Senate's Education, Energy, and the Environment Committee Regarding Senate Bill 0316: Abundant Affordable Clean Energy – Procurement and Development (AACE ACT) of 2025

Dear Chair Feldman, Vice Chair Kagan, and Members of the Senate Education, Energy, and the Environment Committee:

Thank you for the opportunity to testify today on behalf of the Center for Progressive Reform (the Center) in support of SB0316 (SB 316). The Center is a nonprofit research and advocacy organization that is focused on addressing our most pressing societal challenges, including advancing the concerns of historically marginalized communities by centering racial and economic justice in climate policy. For the reasons discussed in the testimony below, the Center requests that this committee issue a **favorable** report on SB 316.

Maryland currently faces significant increases in costs to ratepayers. The increase in electricity prices to ratepayers is a new phenomenon in the state. This increase is attributable to policy decisions and a history of inaction in achieving needed new generation and transmission by the Regional Transmission Organization PJM. Maryland participates in PJM's wholesale energy market, including its renewable energy credit (REC) market, and notably imports a significant amount of its electricity from it. In brief, two factors at PJM have driven the energy-price concerns in Maryland, and, to one extent or another, across all states in PJM's operational footprint.

First, PJM has an extreme backlog in its interconnection queue. All generation facilities which connect to the PJM interstate transmission system – namely utility scale generators - require an interconnection agreement from PJM to connect to the grid. However, the PJM interconnection queue is currently so backlogged that, in 2023, PJM announced it would cease to accept new projects for consideration, and has a roughly 5 year wait time from application to approval. This has resulted in hundreds of GWs of planned projects, largely renewables or storage, sitting in limbo rather than being able to service Maryland's electric load requirements. Beyond creating an impasse for bringing new generation online, the lengthy delay also can result in economic realities at the time of application shifting – for example, inflation and supply chain issues – resulting in once viable project no longer able to proceed once the interconnection agreement is finally issued.

Second, following concerns related to reliability, highlighted by both the Federal Energy Regulatory Commission and the National Energy Reliability Corporation, PJM made modifications as to what types of generation are eligible to bid into its 2025/2026 reliability pricing model capacity auction, which included a "derate" of certain natural gas generators. Although taking steps to improve reliability is laudable, the result is that this most recent auction saw an 800 percent increase from previous years, which will be passed on to ratepayers as a portion of their utility bill.

As such, Maryland will require significant investment in new generation serving in-state load to ensure supply meets demand, and that there is sufficient capacity provided to the grid to meet peak demand. This must be done in a timely, least-cost manner, while continuing to meet the state's legal obligations to decarbonize set out in the Climate Solutions Now Act. The AACE Act provides a pathway forward to achieving this, while additionally providing important protections for labor and additional benefits to ratepayers Critically, AACE provides a pathway to bring on new energy projects that serve Maryland's load requirements *within this decade* on a least-cost basis, while allowing flexibility to respond to potential shifts in future energy markets. This combination of rapidity, low-cost, and flexibility makes AACE a "no regrets" path to achieving resource adequacy to meet *current* and future electric load requirements in Maryland.

The AACE Act achieves this in the following manner:

Battery Storage

- Creates a pathway for Maryland to bring online up to 1,600 MW of battery storage on the transmission grid, and 150 MW of battery storage on the distribution grid – *within this decade*.
- Utilizes a competitive procurement model at the PSC to ensure that storage projects are economically viable to become operational while applying cost-benefit analysis, including avoided or delayed transmission, distribution, or generation costs, to ensure they are least-cost to Maryland Ratepayers.
- Battery storage is lower cost than other forms of new generation, and can meet peak-load demand without the need for comparatively more expensive "peaker" plants.

Solar, Land-Based Wind, Small Scale Hydro, and The Renewable Energy Portfolio Standard

- Switches the incentive model for new renewable generation under the RPS/REC model from "one-size-fits-all" to a more bespoke model for new generation projects – rightsizing RECs to ensure projects have the appropriate incentives to ensure they can become operational, while protecting ratepayers from costs of over-incentivization.
- Creates a pathway to ensure that incentives paid by Maryland ratepayers go to generation projects that serve Maryland load.
- Provides a pathway for distribution-scale solar projects to be built out across various market segments (e.g. rooftop solar, community solar, etc.), and tailoring incentives to project need – allowing for needed generation development without over-burdening ratepayers.

Ratepayer Protections

- Both the battery storage projects and renewable generation projects constructed under the AACE act's provisions tend to be low cost options for generation as is, and the

competitive procurement models to bring them online will further ensure least-cost to ratepayers for new generation.
- AACE creates an escrow account that will hold, and be directed to return, alternative compliance payments (ACP), collected under the RPS, to ratepayers, allowing Maryland ratepayers to recoup ACP costs that are passed through to them in their bill.
- This escrow account also collects, and will distribute to ratepayers, monies collected from 75% of franchise, sales, and use taxes attributable to electricity utilized by data centers.

Nuclear Provisions

- Provides a backstop for ensuring that the Calvert Cliffs nuclear facility is able to meet its relicensing obligations in 2034 and 2036. Calvert cliffs currently provides approximately 40 percent of current in-state generation.
- This backstop only occurs if both federal production tax credits are no longer available to the facility, and the facility is otherwise economically unviable subject to means testing.

Offshore Wind

- Requires the PSC, in its transmission study required under the POWER Act, to prioritize transmission from offshore wind projects to serve Maryland's load.
- To utilize, to the extent possible, upgrades to existing transmission, prior to construction of new transmission.

Conclusion

In total, AACE provides a pathway to abundant, affordable clean energy for Maryland, doing so with a focus on low-cost, rapid build out, and flexibility. AACE's provisions require that new projects will directly benefit the state's energy requirements, directly benefit ratepayers, and ensure workers in Maryland benefit from the energy projects which they will build and maintain. Further, AACE supports the state's decarbonization goals, focusing on responsive storage projects and maximizing renewables – both at the utility scale as they exit the PJM interconnection queue, and across market sectors on the distribution grid. Fundamentally AACE provides needed solutions to resource adequacy *in this decade*. For these reasons, the Center requests that this Committee issue a **favorable** report on HB 316.

SB 316 Abundant Affordable Clean Energy- Procurem

Uploaded by: Cait Kerr

Position: FAV

The Nature Conservancy
Protecting nature. Preserving life.

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Maryland/DC Chapter
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Thursday, February 13, 2025

TO: Brian Feldman, Chair of the Senate Education, Energy and the Environment Committee; and Committee Members
FROM: Mariana Rosales, The Nature Conservancy, Director of Climate; Cait Kerr, The Nature Conservancy, State Policy Manager
POSITION: Support SB 316 Abundant Affordable Clean Energy - Procurement and Development (AACE Act of 2025)

The Nature Conservancy (TNC) supports SB 316 offered by Senator Brooks. SB 316 provides a path forward to address resource adequacy in the State to meet current and future electric load requirements in Maryland and alleviate the burden on ratepayers. AACE brings on new energy projects that will serve Maryland's load requirements within this decade on a least-cost basis, while allowing flexibility to respond to potential shifts in future energy markets through rapid, low-cost, and flexible solutions.

Following decades of relatively stable electricity costs, Maryland now faces significant increases in costs to ratepayers. Similarly, after a history of flat, or even declining, electricity consumption dating back to the 2010s, demand is now on the rise. This mismatch in supply and demand is occurring not only in Maryland, but the larger PJM wholesale market. The PJM interconnection queue backlog has resulted in hundreds of gigawatts of planned projects with the potential to lessen the supply and demand imbalance sitting in limbo rather than being able to service Maryland’s electric load requirements.

AACE proposes a combination of rapidity, low-cost, and flexibility to create a pathway to achieving resource adequacy to meet current and future electric load requirements. The bill directs the Maryland Public Service Commission (PSC) to create a competitive procurement process in 2026 and 2027 for up to 1,600 MW of total battery storage projects and provides a pathway for these projects to be operational in this decade. It also establishes a pathway for 150 MW of distributed storage projects, not subject to the PJM interconnection queue, to be constructed by electric companies, which will provide substantial benefits to residential and other local electric demand.

AACE creates a methodology to refresh and “right size” incentives for new renewable energy projects in the state; while Maryland’s historic REC and SREC incentives have been a powerful tool to jumpstart renewable generation in the state, the “one-size-fits-all” approach often results in incentives that are mismatched to the needs of specific projects. AACE’s SREC-II and REC-II allow for a better fit, ensuring individual projects can receive the incentives they need to come online, while also preventing unneeded incentives from being passed through to ratepayers. AACE further provides several additional pathways to ensure that Maryland ratepayers are protected from rising electric utility bills. SB 316 also ensures that existing clean generation in the state remains online, by providing a pathway to ensure that the Calvert Cliffs nuclear facility is able to meet its 2034 and 2036 relicensing obligations. Lastly, AACE directs the PSC’s transmission study related to offshore wind to prioritize transmission pathways from those projects which will directly serve Maryland’s electric load requirements.

The AACE Act provisions allow for project flexibility and focused incentives to spur energy development, ensuring projects that will directly benefit the State's energy requirements, as well as ratepayers and workers. AACE's pathway to energy development is in line with the State's carbon reduction goals, allows for the flexibility to respond to future energy demands, and provides solutions to resource adequacy in this decade.

We urgently need more energy, but we also need that energy to be clean. Clean energy can be produced cheaper and safer than non-renewable energy generation methods. Energy storage can be built faster to address our supply and demand challenges within a shorter time frame. In the last decade, solar photovoltaic costs have fallen by 90%, batteries' cost decreased by 90%, and onshore wind by 70%. For the sake of our wallets, our future, our health, and future generations' well-being, the path to affordable and reliable energy, the energy we need, must also be clean. TNC thanks Senator Brooks for introducing this bill, which would secure our resource adequacy through clean energy solutions within the coming decade.

Therefore, we urge a favorable report on SB 316.

SB0316_AACE_Act_MLC_FAV.pdf
Uploaded by: Cecilia Plante
Position: FAV

TESTIMONY FOR SB0316
Abundant Affordable Clean Energy – Procurement and Development

Bill Sponsor: Senator Brooks
Committee: Education, Energy, and the Environment
Organization Submitting: Maryland Legislative Coalition
Person Submitting: Cecilia Plante, co-chair
Position: FAVORABLE

I am submitting this testimony in strong support of SB0316 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists and our Coalition supports well over 30,000 members.

Even without taking into account the need to transition to clean energy, Maryland's energy grid needs attention. The utility companies seem to be stuck in a same-old, same-old loop. We need a comprehensive plan for producing the energy we need without moving backwards and installing more gas infrastructure.

The AACE Act will ensure Maryland can generate the in-state clean energy we need while making energy bills more affordable and making the grid more reliable and will reduce our dependence on out-of-state dirty power, create local jobs. It will –

- Support various clean energy sources like solar, wind and storage
- Incentivize and re-organizes the renewable portfolio standard to build more in-state solar, storage and wind in a way that protects Maryland ratepayers.
- Support the relicensing of Calvert Cliffs to ensure that this in-state clean energy source remains viable
- Ensure that Maryland's grid is sufficient to address current demand, as well as the increased load from electrification and high-energy use industries.
- Create a structure for high-energy use industries to support reduced ratepayer impact of their energy use without disincentivizing the industries from moving into Maryland.

We need this kind of forward thinking and planning. We strongly support this bill and recommend a **FAVORABLE** report in committee.

CCSA testimony_SB 316_2-13-2025.pdf
Uploaded by: Charlie Coggeshall
Position: FAV

1380 Monroe Street NW, #721
Washington, DC 20010
720.334.8045
info@communitysolaraccess.org
www.communitysolaraccess.org

RE: SB 316 – Abundant Affordable Clean Energy - Procurement and Development (AACE Act)

Favorable

Chair Feldman and members of the Senate Education, Energy, and the Environment Committee,

The Coalition for Community Solar Access (CCSA) provides this written testimony regarding Senate Bill (SB) 316. CCSA's position on this legislation is Favorable.

CCSA is a national, business-led trade organization, composed of over 100 member companies, that works to expand access to clean, local, affordable energy nationwide through the development of robust community solar programs. Community solar projects involve medium-scale solar facilities that are shared by multiple community subscribers who receive credit on their electricity bills for their share of the power produced.

CCSA has been an active participant in the development and implementation of Maryland's community solar pilot program, and we are grateful to this Committee for supporting the passage of SB 613 in 2023, which made community solar a permanent solution in Maryland. Thanks to SB 613, community solar can play a critical role in helping the state meet its energy requirements while also ensuring electricity cost savings reach those that need it most, as projects must allocate at least 40% of capacity for low-and-moderate income customers.

Senator Brooks' SB 316 would drive the sustained growth of community solar and other renewable energy technologies in Maryland, while providing regulatory flexibility to adjust to variables outside the control of the state's policy makers. It would also address shortcomings associated with Maryland's Renewable Portfolio Standard (RPS) and evolve its current incentive structure from a one-size-fits-all approach to a more sophisticated and cost-effective program design. For community solar and other distributed solar technologies, SB 316 would establish "Administrativel Determined Incentive" (ADI) levels that are set and updated by the Public Service Commission and account for the specific needs of each segment. CCSA and its members have direct experience with this program design in neighboring New Jersey and can attest to its success in that state.

CCSA appreciates Senator Brooks' dedication to solving the complex challenges associated with Maryland's energy needs and we endorse the direction taken in SB 316. We also look forward to continuing to work with the Senator and this Committee and to incorporate tweaks that are needed in the bill to ensure it meets its intended outcome and supports a smooth transition for the solar market.

CCSA urges a favorable report on SB 316.

Sincerely,

Charlie Coggeshall
Mid-Atlantic Director, CCSA
charlie@communitysolaraccess.org

SB0316.pdf
Uploaded by: Daniel Iampieri
Position: FAV

February 11, 2025

Senator Brooks:

I support the general intent of SB0316 but with amendments.

- **Proposed Amendment: Amend § 7–704.3 (b)(2)(iii) to mandate a full cost-benefit analysis of new transmission projects against these alternatives.**

Why It Matters: This ensures that utilities prioritize smarter, more efficient solutions instead of defaulting to expensive and unnecessary new transmission infrastructure.

- **Proposed Amendment: Add a new section to Public Utilities Article § 7–1206stating:**

"(E) ANY NEW TRANSMISSION LINES APPROVED UNDER THIS SECTION SHALL BE PLACED UNDERGROUND UNLESS THE APPLICANT DEMONSTRATES THAT UNDERGROUNDING IS NOT TECHNICALLY FEASIBLE OR THAT THE COST OF UNDERGROUNDING EXCEEDS ALL AVAILABLE ALTERNATIVES, INCLUDING ENERGY STORAGE OR DISTRIBUTED GENERATION."

Why It Matters: This would protect Maryland's rural and suburban landscapes, reducing the negative impacts of new transmission while maintaining grid reliability.

- **Proposed Amendment: Amend § 7–704.3 (b)(2)(ii)(2) to state:**

"TO THE EXTENT POSSIBLE, ALL TRANSMISSION UPGRADES SHALL UTILIZE EXISTING INFRASTRUCTURE BEFORE CONSIDERING NEW CONSTRUCTION, INCLUDING UPGRADING EXISTING TRANSMISSION LINES TO HIGHER VOLTAGE LEVELS AND USING HIGHWAYS OR RAILWAYS FOR NEW TRANSMISSION ROUTES."

Why It Matters: This approach would minimize land seizures, environmental damage, and unnecessary spending on new rights-of-way.

- **Proposed Amendment: Amend § 7–1216 to include:**

“(7) TRANSMISSION EXPANSION PROJECTS THAT ARE NOT REQUIRED TO MEET A DEMONSTRATED GRID RELIABILITY NEED MAY NOT BE FUNDED THROUGH RATE INCREASES ON MARYLAND RATEPAYERS.”
Why It Matters: This prevents unjustified rate hikes that benefit utility companies while burdening residents with increased electricity costs.

These changes would help Maryland transition to clean energy in a fair, cost-effective, and landowner-friendly manner.

Sincerely,
Dan Iampieri

Carrignton 2025 Greenbelt HB398 SB316 affordable c

Uploaded by: Darrell Carrington

Position: FAV

THE CITY OF GREENBELT
A NATIONAL HISTORIC LANDMARK

Position Statement in Support of HB398/SB316 – Abundant Affordable Clean Energy (AACE) Act

The City of Greenbelt strongly supports HB398/SB316, the Abundant Affordable Clean Energy (AACE) Act, which advances Maryland's transition to a clean energy future by expanding the procurement and development of affordable renewable energy sources.

Greenbelt has long been committed to sustainability and reducing reliance on fossil fuels. The AACE Act will accelerate the deployment of clean energy technologies, reduce greenhouse gas emissions, and create economic opportunities by supporting the growth of Maryland's renewable energy sector. By ensuring that clean energy remains both accessible and affordable, this legislation will help protect low- and moderate-income households from rising energy costs while advancing the state's climate and equity goals.

Investing in renewable energy strengthens grid reliability, reduces pollution, and promotes energy independence. The City of Greenbelt urges the General Assembly to pass HB398/SB316 to ensure a cleaner, more resilient, and more affordable energy future for all Marylanders.

For questions or more information, please contact Josué Salmerón, City Manager, at jsalmeron@greenbeltmd.gov.

AACE Act Testimony DAC SB0316.pdf
Uploaded by: Debbie Cohn
Position: FAV

Committee: **Education, Energy and the Environment**
Testimony on: **SB0316-Abundant Affordable Clean Energy – Procurement and Development (AACE Act)**
Submitting: **Deborah A. Cohn**
Position: **Favorable**
Hearing Date: **February 13, 2025**

Dear Chair Feldman, Vice-Chair Kagan and Committee Members:

Thank you for allowing my testimony today in support of SB0316. I have resided in Maryland since 1986. I encourage this Committee to address rising electric utility prices while ensuring reliability of supply. I request, however, that you achieve these goals without relying on new fossil fuel generating facilities. Instead, I urge you to leverage the power of the private sector to accelerate investments in new or more efficient existing transmission infrastructure and clean energy production while protecting ratepayers. Because the AACE Act takes just this approach, I urge this Committee to issue a FAVORABLE report on SB0316.

Maryland residents are facing an energy affordability crisis. Residents, schools and businesses are facing higher utility bills, further straining budgets already under pressure from increases in other monthly costs. Electric rates for Maryland's Exelon utilities have already increased above inflation rates. The disastrous June 1, 2025 to May 31, 2026 PJM capacity market auction will put additional pressure on electricity prices. Indeed, the Maryland Office of People's Counsel warned that the resulting unprecedented 800 percent increase in system wide electricity prices will cost customers in the PJM region nearly $15 billion, with BGE residential customers expected to see a $21 increase in monthly payments or around $250 that year, and with commercial customers paying on average $224 more per month or $2,685 of additional costs annually. Some customer's bills are increasing as much as 19 percent starting in mid-2025.[1]

Rising energy costs are due to an imbalance in supply and demand in the capacity market, even though PJM has sufficient reserves. Indeed, PJM recently downgraded the reliability of its gas reserves, creating a more realistic reflection of reliable reserve capacity. As long as PJM maintains adequate reserves, PJM is not facing a reliability issue.[2] To remedy this, we need to ensure that PJM rules are changed to permit and encourage more renewable energy capacity to bid into capacity market[3] and ensure that generators subject to extended reliability must run contracts bid into that market as well. We also need to

[1]Bill and Rate Impacts of PJM's 2025/2026 Capacity Market Results & Reliability Must-Run Units in Maryland at p29-30. https://opc.maryland.gov/Portals/0/Files/Publications/RMR%20Bill%20and%20Rates%20Impact%20Report_2024-08-14%20Final.pdf?ver=V9hZfyTmjLeNVt2Dg3cTgw%3d%3

[2] Rising consumer electricity costs also reflect increasing transmission and distribution costs and the need to account for wildfire costs, but the fire risk from lithium ion batteries can be constrained, and relevant safety protocols likely will be added to the AACE Act. https://energyinnovation.org/wp-content/uploads/Clean-Energy-Isnt-Driving-Power-Price-Spikes.pdf; https://www.canarymedia.com/articles/energy-storage/moss-landing-fire-reveals-flaws-in-the-battery-industrys-early-designs

[3] Proposed changes to PJM rules, particularly the proposed market seller offer cap or MSOC, may not go far enough to encourage renewable energy companies to participate in capacity markets. https://www.utilitydive.com/news/ferc-approves-pjm-plan-to-end-energy-efficiency-capacity-payments/732356/

encourage more clean energy capacity. New fossil fuel projects simply are more expensive to build than new storage and solar.[4] Indeed, gas is the most expensive option.[5]

Rising electricity costs are emblematic of several factors: (i) multiple PJM rules that need to be modified long term to ensure resource adequacy while protecting ratepayers[6], (ii) staggering projected increases in electricity demand primarily from high-intensity users, such as data centers, and (iii) the lack of sufficient market structures that leverage the power of the private sector to accelerate investments in new or more efficient existing transmission infrastructure, storage and clean energy production while protecting ratepayers.

Fortunately, in this legislative session the General Assembly has several opportunities to reduce the strain on ratepayers, increase energy affordability and promote resource adequacy consistent with Maryland's climate and greenhouse gas (GHG) reduction goals and in particular, without turning to new fossil fuel generating plants. One of these opportunities, SB0316, the Abundant, Affordable Clean Energy (AACE) Act, is a "no regrets" approach to addressing resource adequacy and affordability while generating family-supporting jobs in Maryland. The bill has six basic parts.

Battery Storage: Perhaps no provision of the AACE act can bring on new clean energy capacity as quickly as battery storage at the transmission and distribution levels. AACE directs the Maryland Public Service Commission (PSC) to create a competitive procurement process in 2026 and 2027 for up to 1,600 MW of total battery storage projects anticipated in that period to secure PJM queue approval. In addition, AACE creates a pathway for 150 MW of storage projects to be constructed or procured by electric companies connected to distribution lines, thus avoiding the PJM interconnection queue. These processes could bring on new battery storage that could be operational within a relatively few years. Battery storage can delay or potentially even eliminate the need for new generating plants and distribution and transmission lines and, importantly, can bid into the PJM capacity market, all of which can drive down consumer prices.

In response to the two year settlement[7] between PJM and several PJM state governors, Tom Rutigliano, with the Natural Resources Defense Council, indicated that in view of Maryland's clean energy goals, Maryland should aggressively build energy storage.[8] "It's the key link in any clean energy plan… [and] storage at this point is competitive with gas in terms of reliability it provides."[9] But Maryland needs to move quickly. Rutigliano said "[t]hey need to start working immediately to start getting storage built, and build it in ways that you can get around PJM's interconnection delays,"[10] on distribution lines. **SB0316 addresses these points directly**.

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[4] https://www.lazard.com/media/xemfey0k/lazards-lcoeplus-june-2024-_vf.pdf

[5] https://www.brattle.com/wp-content/uploads/2023/04/Real-Reliability-The-Value-of-Virtual-Power_5.3.2023.pdf.

[6] In response to a Pennsylvania complaint filed at the Federal Energy Regulatory Commission and supported by several governors, including Governor Moore, PJM is moving to set a price ceiling and floor for the capacity auctions for the next two years (through the 2027/28 delivery years). David Lapp, of the Maryland's Office of People's Counsel, has indicated that these actions do not go far enough in addressing the fundamental problems affecting the capacity market. As an example, PJM has not adopted many of the rule changes suggested in a letter to PJM from several governors, including Gov. Moore, to modify rules that unnecessarily increase electricity costs. As a result, certain impediments to having intermittent resources bid into the capacity markets at attractive rates have not been adequately modified to encourage their participation.

[7] https://www.utilitydive.com/news/pjm-shapiro-pennsylvania-capacity-auction-price-cap/738591/

[8] https://insideclimatenews.org/news/30012025/mid-atlantic-states-pjm-electricity-price-cap/

[9] Ibid.

[10] Ibid.

Renewable Energy Projects: AACE creates a method for **right-sizing different levels of incentives** for different sizes and types of renewable energy projects such as utility scale solar, distribution scale solar (rooftop and community solar), onshore wind and small-scale hydro. **This approach protects consumers**. For utility scale solar, the PSC administers a competitive reverse auction that establishes a guaranteed fixed price for the electricity. The resulting incentives would be sufficient to render the winning private sector projects financially viable while protecting consumers from paying unnecessarily high incentives. The SREC-IIs and REC-IIs issued to the winning projects make up the difference between the fixed price and market price set in PJM auctions.

For distribution scale projects, the PSC sets an Administratively Determined Incentive price, with different amounts set for different market segments, again ensuring enough incentive to attract new projects without burdening ratepayers with incentives exceeding market requirements.

Moreover, AACE ensures that incentives charged to ratepayers first incentivize new projects in Maryland, thereby increasing Maryland's ability to achieve its in-state solar, wind and other clean energy goals.

Additional Ratepayer Protections: Protecting ratepayers from higher costs is a consistent theme of SB0316. In addition to accelerating increasing supply and storage at competitively determined prices, this bill directs that certain fees be held in an escrow account supervised by the Maryland Energy Administration, with the PSC ensuring the transparency and security. A portion of these funds would be directed back to ratepayers to lower their costs. Funds would include 75% of franchise, sale and use taxes from qualifying data centers, alternative compliance payments from the legacy RPS/REC system, and funds generated when electric companies purchase SREC-IIs and REC-IIs from the escrow account in excess of the incentive pricing set under the reverse auctions. To make these ratepayer protections created in connection with the procurement incentives viable, energy suppliers that receive SREC-II or REC-II payments are required to sell energy, capacity and ancillary services into the markets operated by PJM, with a portion of the proceeds distributed to electric companies to be credited or refunded to their customers for pre-payment of the incentive pricing.

Contingent Support for Calvert Cliffs: Calvert Cliffs provides 40 percent[11] of Maryland's total electricity generation, but because Maryland consumes almost six times more energy than it produces,[12] Calvert Cliffs produces only around 12 percent of Maryland's energy supplies.[13] Currently, Calvert Cliffs is financially viable. To ensure that Calvert Cliffs can meet its 2034 and 2036 relicensing requirements, AACE creates a last resort ten year zero emissions credit triggered only if certain labor protection assurances are satisfied and Calvert Cliffs is not receiving any federal tax credits. The value of the credit is designed to ensure that the facility requires the credit to remain in operation while protecting ratepayers. Finally, the PSC may not offer the credit after 2055.

Offshore Wind Transmission: AACE directs the PSC to conduct a comprehensive cost-benefit analysis examining offshore wind transmission planning on a multistate, regional or inter-regional basis and to

[11] https://www.eia.gov/state/analysis.php?sid=MD#:~:text=Maryland%27s%20only%20nuclear%20power%20plant,the%20state%27s%20generation%20in%202023.

[12] https://www.eia.gov/state/analysis.php?sid=MD

[13] https://extension.umd.edu/resource/marylands-energy-market-state-consumes-more-energy-it-produces-fs-1188/

prioritize projects that directly serve Maryland's electricity demand. By prioritizing interconnections near as well as in the Delmarva Peninsula, and by considering longer range interconnected transmission lines, AACE creates more flexibility to achieve Maryland's goal of 8,500 MW of offshore wind energy generation.

Worker Protections: In addition to providing several avenues to address the mismatch between supply and demand that is driving up consumer energy costs, HB0397 includes multiple provisions throughout the bill to protect workers' wages and benefits, thus creating family-supporting jobs in Maryland.

SB316 02-11-2025.pdf
Uploaded by: Elizabeth Bauer
Position: FAV

I support the Abundant Affordable Clean Energy Bill (SB316) requiring electric energy companies in the State of Maryland to submit to the PSC the plans for construction or procurement of distribution-connected energy storage devices. This should include the requirement for the creation of zero-emission credits by beneficial nuclear facilities and requiring the Commission pursue coordinated approaches to offshore wind energy transmission development.

J. Elizabeth Bauer
8097 Geaslin Drive
Middletown, MD 21769

SB 316 AACE Act-testimony.pdf
Uploaded by: Elizabeth Law
Position: FAV

BILL NUMBER:	Senate Bill 316 Abundant Affordable Clean Energy – Procurement and Development - (AACE Act)
COMMITTEE:	Education, Energy, and the Environment Committee
HEARING DATE:	February 13, 2025
SPONSOR:	Senator Brooks
POSITION:	Favorable

Dear Chair Brian Feldman, Vice Chair Cheryl Kagen and Members of the Committee,

As a professional electric power engineer and Maryland resident concerned with the effects of climate change, I ask for a Favorable Report on SB 316.

The Act is comprehensive and practical in its requirements.

1. Energy Storage Deployment – The combination of energy storage with clean power generators (solar and wind) can provide supplemental energy in the next few years. Continued improvement and innovation will make these technologies and newly invented ones provide the energy needed by Marylanders in the future. These distribution-connected storage devices can be installed quickly since they would be installed at the electrical level that is the purview of the State and not subject to PJM's arcane rules.

2. Zero-Emission Credits (ZEC) for Nuclear Energy – Although not "clean" energy when factoring in waste and mining, this form of energy would not contribute to GHG emissions locally.

3. Offshore Wind Energy Development – Although the Trump administration will be putting a hold on all offshore wind development, Maryland should be making determinations and commitments to be "shovel ready" for an administration change in 2029.

4. Renewable Energy Procurement & Incentives – Solar generation is Maryland's best chance to reduce our dependence on out-of-state fossil fuel generation. SB 316 requires procurement of renewable energy credits (RECs) in a specific order, prioritizing offshore wind and small-scale solar projects.

5. Transmission Energy Storage Procurement – requires energy storage levels that will make a real dent in our dependence on out of state generation with the goal of 1,600 MW of front-of-the-meter transmission energy storage.

6. Changes to Compliance Fees & Escrow Account - Moves alternative compliance payments from the Maryland Strategic Energy Investment Fund to a PSC-managed escrow account. Funds collected will be redistributed to electricity consumers.

7. Data Center Tax Revenue Adjustments - Redirects 75% of franchise tax and sales tax revenue from qualified data centers to fund clean energy programs.

8. Procurement Reform & Legislative Fast-Track Process - Expands procurement authority for state agencies on energy, climate, and greenhouse gas reduction projects. Creates a fast-track procurement process for legislative-mandated consulting contracts.

The requirements listed above and others in the Act will help secure Maryland's future as a state that provides the power citizens and businesses need to function while honoring our laws that protect the environment.

Thank you,

Elizabeth Law, P.E. (retired)

1758 Wheyfield Drive.

Frederick, Maryland 21701

ECA SB 316 AACE Act testimony .pdf
Uploaded by: Frances Stewart
Position: FAV

SB0316- SUPPORT

Frances Stewart, MD
Elders Climate Action Maryland
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SB0316
Abundant, Affordable, Clean Energy Act (AACE)

Meeting of the Education, Energy, and the Environment Committee

February 13, 2025

Dear Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy, and the Environment Committee, thank you for the opportunity to offer testimony today. On behalf of Elders Climate Action Maryland, I urge a favorable report on SB0316, the Abundant, Affordable, Clean Energy Act.

Elders Climate Action is a nationwide organization devoted to ensuring that our children, grandchildren, and future generations have a world in which they can thrive. The Maryland Chapter has members across the state.

Each day, we see the climate crisis more clearly. We know that Maryland is at risk for sea level rise, flooding from intense rainfall, heat waves, and other extreme weather events. Maryland can also be a leader in moving us to a safer, cleaner future where we all can thrive. The clean energy transition is an essential part of that future.

Marylanders are also concerned about the rising cost of living, and particularly, about rising energy costs. In 2023, approximately 400,000 Maryland households were paying more than six percent of their income for energy bills. Energy costs are particularly a problem for low-income households and people with fixed incomes, many of whom are elders.

Passage of the AACE Act would lead to multiple benefits for Maryland.

- Provide abundant energy by increasing energy generation and storage in Maryland
- Increase clean energy by bringing more wind and solar projects online
- Enhance grid reliability by creating a market for battery storage, improving financing for solar projects and transmission for offshore wind energy

- Ensure that the Calvert Cliffs nuclear facility is able to meet its 2034 and 2036 relicensing obligations and remain online
- Create new family-supporting local jobs
- Keep energy affordable by making procurement of clean energy more competitive and efficient and improving Maryland's supplier diversity and energy independence
- Protect ratepayers using funds from the RPS's Alternative Compliance Payments and state energy use and franchise tax generated from data centers
- Protect our health by reducing our reliance on polluting fossil fuel-based generation

This bill draws on the experience of other states who are facing similar issues and provides a no-regrets strategy for dealing with a changing and uncertain landscape. We strongly urge a favorable report on SB0316.

RWE Testimony-Maryland AACE Bill-SB0316-02132025.p
Uploaded by: James McCulla
Position: FAV

February 13, 2025

RWE CLEAN ENERGY, LLC TESTIMONY SB0316: FAVORABLE

Good afternoon, Chair Feldman, Vice Chair Kagan, and members of the Education, Energy, and the Environment Committee. My name is James McCulla, and I'm a Utility-Scale Development Manager at RWE Clean Energy. RWE is the third largest renewable energy company in the United States, with more than 10 gigawatts of installed onshore wind, solar, and battery storage capacity. We have a 100-megawatt solar project in development in Maryland along with a 500-megawatt, front-of-the-meter battery storage project located at the retired Dickerson coal-fired power plant. Both projects are in the final stages of the interconnection process with anticipated commercial operation dates in the next few years and together represent over $800 million in capital investments in Maryland. RWE will invest the capital to develop these projects because we believe that Maryland is a place that supports growth, both for renewables and for its economy.

I am here to testify on the storage component of Senate Bill 316 and to highlight some real-life examples of storage as a proven, reliable, and very near-term solution to the issues we face today including significant demand increases and storm outages.

I am originally from Virginia and currently live in DC, but I lived in Texas for the last eight years, where I worked as a geologist in oil and gas before making the switch to renewables. I lived through some of the energy emergencies in the state, including 2021's Winter Storm Uri that caused rolling blackouts, an estimated 246 deaths, and billions of dollars in damages. Between then and now, ERCOT, the grid operator for most of Texas, has worked hard to winterize and modernize its grid, including by adding nearly 10 gigawatts of energy storage in the form of lithium-ion batteries to the generation mix. Now, when summer or winter peaks occur, ERCOT can call on storage capacity. Batteries respond nearly instantaneously and provide cheap, clean power when the grid needs it most.

The most recent example of this is Winter Storm Enzo from this past January. While Enzo was not as cold as Uri, it still represented the third-highest winter demand peak ever. Batteries quickly ramped up and discharged over 3,000 megawatts in the morning on January 19th and nearly 4,000 megawatts that evening, and real-time power prices, a reflection of the difference between supply and demand, remained low, getting nowhere close to the grid operator's price cap. Enzo, a storm event that would have represented an energy emergency just a year or two ago, was a non-event, and energy storage is a major reason why.

A state procurement mechanism is critical to deploying our project and others like it that stand ready to help Maryland's reliability challenges.

Best regards,

James McCulla

James McCulla
Utility-Scale Development Manager
RWE Clean Energy

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SUPPORT SB 316 – Abundant Affordable Clean Energy

Uploaded by: Jason Ascher

Position: FAV

Mid-Atlantic Pipe Trades Association

Education, Energy, and Environment Committee

To: Senator Brian Feldman, Chair; Senator Cheyl Kagen, Vice Chair; Members of the Committee
From: Jason Ascher, Political Director, Mid-Atlantic Pipe Trades Association.

SUPPORT SB 316 - Abundant Affordable Clean Energy - Procurement and Development (AACE Act)

On behalf of the Mid-Atlantic Pipe Trades Association and our five United Association of Plumbers and Steamfitters Locals, which represent 10,000+ Plumbers, Steamfitter, Welders, HVAC Techs, and Sprinkler Fitters across Maryland, I ask you to **SUPPORT SB 316.**

At the United Association, we believe in all the above approaches to energy generation. We will support energy generation that creates good union jobs. We do not want to see the ratepayers limited to one or two specific types of energy generation. Using wind, solar, nuclear, and other renewable sources, along with baseload generation like natural gas, helps ensure grid consistency.

The Abundant Affordable Clean Energy Act doesn't touch natural gas. Instead, it encourages more nuclear Generation. It also works on issues related to renewable sources like wind and solar energy and the added battery storage resource to the energy generation arsenal. The battery storage to help make energy generation more affordable.

For the reasons previously mentioned, I ask you to **SUPPORT SB 316**

Sincerely,

Jason Ascher
Political Director

7050 Oakland Mills Road, Suite 180
Columbia, MD 21046

Ceres Testimony SB0316 - AACE .pdf
Uploaded by: Jeff Mauk
Position: FAV

SB0316 – SUPPORT

Jeff Mauk
Ceres
jmauk@ceres.org

SB0316 – The Abundant Affordable Clean Energy Act (AACE)

Education, Energy, and the Environment Committee
February 13th, 2025

Dear Chair Feldman, Vice Chair Kagan, and members of the Education, Energy, and the Environment Committee;

I write today on behalf of Ceres to urge a favorable report from the Committee on SB0316 - 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

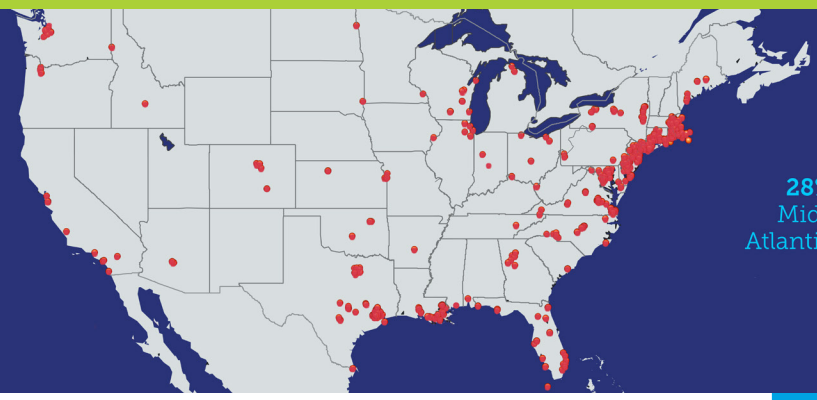
Director, State Policy, Eastern Region, Ceres

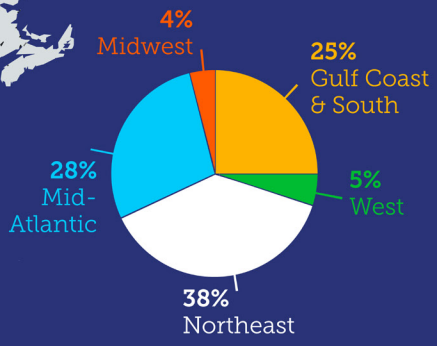
Maryland OSW Fact Sheet Print.pdf
Uploaded by: John Crye
Position: FAV

Offshore Energy is Working, and so is America

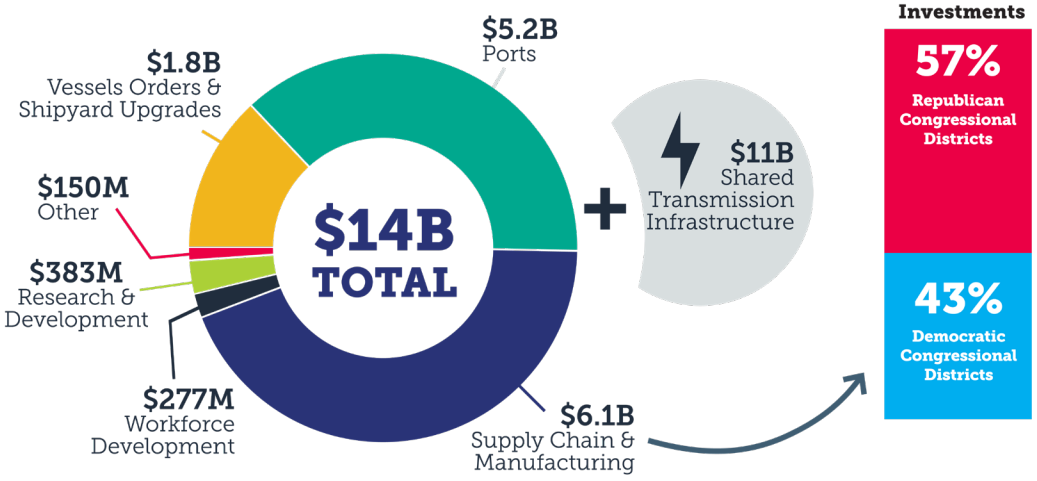
OCEANTIC NETWORK

Offshore Wind Supplier Contracts Across 40 States





$25B in American Investments



Supply Chain & Manufacturing Investments

57%
Republican Congressional Districts

43%
Democratic Congressional Districts

KIEWIT – First American-built offshore wind substation was constructed in **Corpus Christi, Texas** with support from **Kansas** workforce

NEXANS - $200 million **South Carolina** facility supplying cables to **New England** projects

EDISON CHOUEST - Building two new $100 million service vessels and new tug and barges in Gulf shipyards

NUCOR – $1.7 billion into **Brandenburg, Kentucky** steel mill for offshore wind grade steel

JSW STEEL – $600 million into **Mingo Junction, Ohio** and **Baytown, Texas** steel mills for offshore wind grade steel

LS GREENLINK –$681 million into HVDC cable facility in **Chesapeake, Virginia**

Rebuilding America's Fleet

- 33 Newbuild or Retrofitted Vessels Launched
- 25 More Ordered
- 22 Shipyards in 12 States, including **FL, LA, MS, PA, RI, TX, & WI**
- Featuring steel from **AL, IA, & WV**
- Components from **GA, IN, & OH**

Offshore Wind is Securing our Energy Future

- **6 Projects** in operation or installation delivering **5+ GW** of power, enough for **1.5 million homes**
- **116 GW** of state demand for offshore wind energy

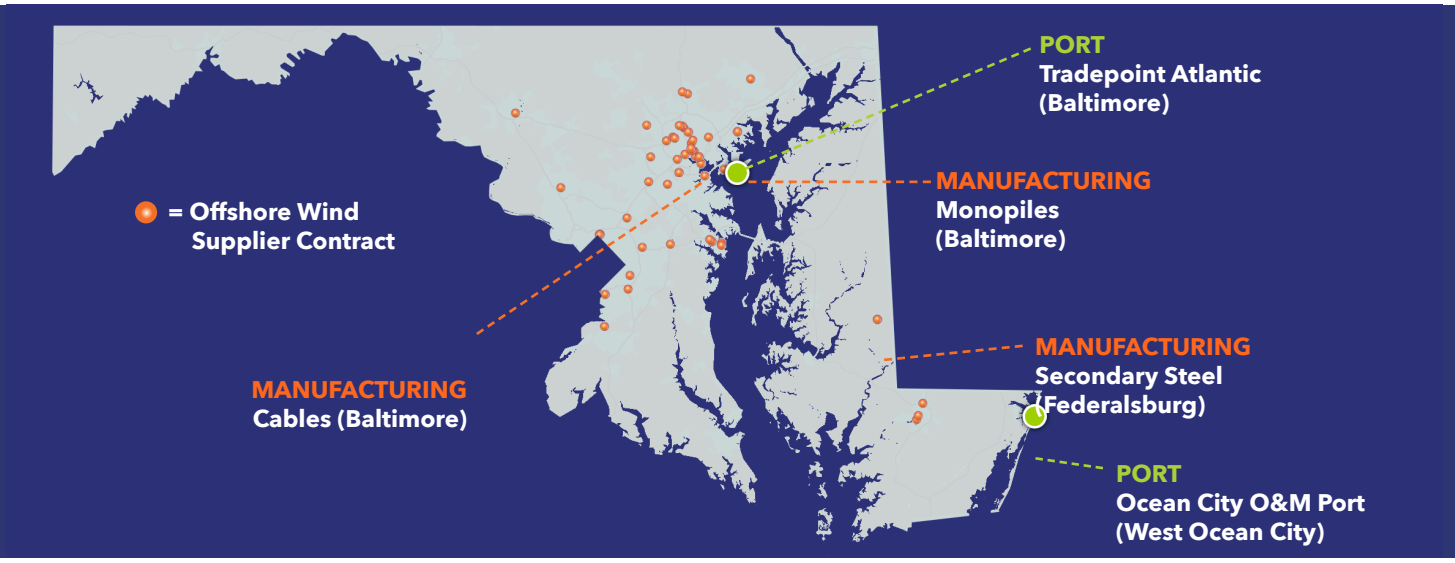
MARYLAND

OCEANTIC NETWORK

3 COMMERCIAL PROJECTS

1.7 GW IN DEVELOPMENT

8.5 GW STATE GOALS

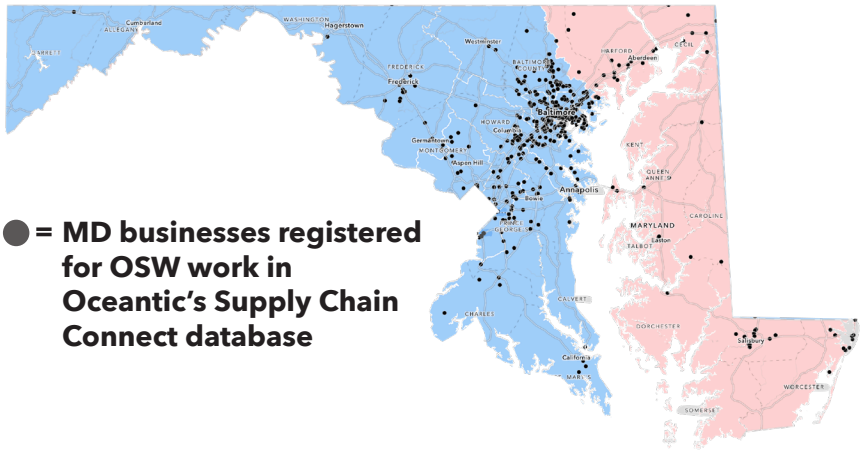


50 MARYLAND COMPANIES WITH OFFSHORE WIND CONTRACTS

- **Crystal Steel Fabricators** manufactured secondary steel for Ørsted, invested $5 million to improve high-quality welding capability
- **Estime Enterprises** (an XBE company) is the primary PPE supplier for DEME in the U.S.
- **John S. Connor** provided import customs brokerage and compliance consulting for Ørsted

$815 MILLION INVESTMENTS

- $300 million to Sparrows Point Steel for foundation manufacturing
- $90 million Tradepoint Atlantic port redevelopment
- $300 million into Baltimore for Hellenic Cables high voltage cable manufacturing
- $25 million in public funding to develop the Maryland skilled-trade workforce
- $11 million industry funding to University of Maryland for Environmental Science research



3,854 American Businesses Ready to Work in Offshore Wind

482 Maryland Businesses Ready to Work in Offshore Wind

SB0316_FAV_OceanticNetwork.pdf
Uploaded by: John Crye
Position: FAV

February 13, 2025

RE: Support for SB 316 – Abundant, Affordable Clean Energy – Procurement and Development

Dear Chair Feldman and Members of the Education, Energy, and the Environment Committee:

Oceantic Network submits this letter in support of Senate Bill 316, the Abundant, Affordable, Clean, Energy (AACE) Act. In particular, we support that AACE directs the Public Service Commission's transmission study related to offshore wind to prioritize transmission pathways, which will directly serve Maryland's electric load requirements. The transmission pathways are crucial to protect Maryland ratepayers from rising electric utility bills. We respectfully request the Committee issue a favorable report on the bill.

The Network is a 501(c)(3) non-profit that equips and mobilizes a collaborative network to advance markets, strengthen the supply chain, and create jobs. Since 2013, the Network has brought together business and government, both domestically and internationally, to educate and to prepare companies and small businesses to enter the offshore wind market. The Network uses the voice of its members to support federal, state, and local policies to advance the development of the U.S. offshore wind industry. We empower our members with the education, tools, and connections necessary to participate in the offshore wind market. Our membership represents the entire U.S. offshore wind supply chain, including domestic and international developers, tier-one manufacturers, state agencies, community colleges, local marine service providers, and many Maryland businesses.

As we noted in our comments, to reach the State's plan to reach 8.5 GW from offshore wind mandated by this body, Oceantic encourages Maryland to utilize a solicitation process that allows for planned transmission development. A model for a planned transmission pathway can be seen by New Jersey's State Agreement Approach process that secures a transmission pathway towards at least 7.5 GW of power generation. By pursuing a planned transmission development process, New Jersey Board of Public Utilities estimated it would save ratepayers $900 million over the cost of individual transmission solutions.[1]

On February 3, New Jersey announced a pause on its current offshore wind solicitation and port development due to investor and Federal uncertainties, which creates a prime opportunity for Maryland to lead the offshore wind industry across the Mid-Atlantic and establish a regional transmission and manufacturing hub. By ensuring that transmission challenges are addressed without placing excessive burdens on ratepayers, Maryland's agencies can give developers and suppliers the assurance needed for a well-planned market deployment, which fosters a stronger regional market and encourages greater supply chain investment. Further, Maryland should coordinate with neighboring states to attract manufacturing clusters supported by larger combined markets.

[1] NJBPU, Selected Projects Will Save New Jersey Ratepayers $900 Million

OCEANTIC NETWORK
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+1 (443) 652-3242 / OCEANTICNETWORK.ORG

Planned transmission, decoupled from the cost of project development, is the right policy approach for Maryland to greatly reduce overall ratepayer impact, provide a clear development line-of-sight to support the State's 8.5 GW of offshore wind and secure its position as a leading manufacturing state with hundreds of local jobs. Below is more detailed information on the importance of how planned transmission can attract needed market investment.

Planned Transmission Can Help Secure State Supply Chain Commitments

Maryland is emerging as a supply chain leader in the U.S. thanks to the vision of Governor Moore and the legislature, and the boldness of the Public Service Commission. By approving US Wind's OREC reconfiguration, the state secured commitments to support the development of Hellenic Cables and Sparrows Point Steel; no other state has secured major supply chain investments on this scale. Now, the state should act to ensure its supply chain and manufacturing have a dependable market to sell into, maximizing local employment and economic development. The following outlines Maryland's growing influential role as a regional transmission and manufacturing hub:

- **Hellenic Cables' cable facility and the creation of a monopile facility in Sparrows Point automatically place Maryland in a leadership position**. Sparrows Point Steel (SPS) will be the first fully functional monopile facility in the US. The current site is 88 acres and includes one of the largest graving docks on the East Coast; however, there remains the option to lease an additional 24 acres from property owner Tradepoint Atlantic. Sparrows Point Steel expects to employ hundreds of full-time workers including those from United Steelworkers, with whom they've established a Memorandum of Understanding (MOU)[2].
- **US Wind has also signed an MOU with the Baltimore-DC Building & Construction Trades for construction of the wind farm, as well as to support logistics and port operations.** At full capacity, SPS will create 530 jobs and can produce approximately 100 monopiles, transition pieces, or turbine towers each year; however, industry demand cycles will have the plant operating at roughly 80% capacity[3].
- **US Wind committed to a $90 million investment in Hellenic Cables' array cable facility at Wagner's Point, which will be the first of its kind in the nation.** The land at Wagner's Point will be developed in two phases, the first of which will be completed at the end of 2026. Phase One, with a budget of $200 million (including land acquisition costs), will see the construction of a land cables plant to address the need for transmission and distribution grid upgrades. Phase Two will expand the plant, adding the capability to manufacture subsea cables[4].
- **Hellenic Cables estimates that it will hire 200 tradespeople during construction and 120 manufacturing positions while the facility is operational, with an additional 250 indirect jobs being created as well**[5]. Both facilities will give Marylanders the opportunity to go to work on projects in Maryland and the entire country.

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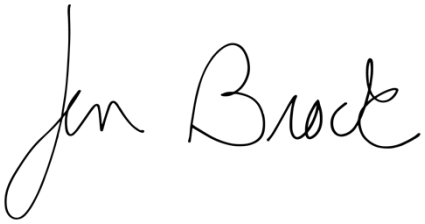
[2] United Steelworkers, USW, US Wind Announce Partnership to Transform Historic Sparrows Point Site
[3] US Wind, Sparrows Point Steel
[4] Cenergy Holdings, Final Investment Decision reached for a cables manufacturing facility in Maryland, USA
[5] Office of Governor Wes Moore, Governor Moore Announces Support for New Cable Manufacturing Facility in Baltimore

While the facilities are likely to sell their components to projects all along the East Coast, building a stable local market is the best policy measure to secure the future of the facilities, and planned transmission development can unlock that market development. This is true beyond Sparrows Point Steel and Hellenic Cable – the 44 Maryland companies already working in offshore wind (having won 62 contracts) will be bolstered by a consistent local market development.

The AACE Act directs the offshore wind policy of the State towards transmission planning on a multistate, regional, or inter-regional basis, directing the Public Service Commission to "consult with other states served by PJM Interconnection to evaluate regional transmission cooperation that could help achieve the State's renewable energy and offshore wind energy goals with greater efficiency."

We thank Senator Brooks for his leadership as a sponsor. Again, Oceantic respectfully requests the Committee issue a favorable report on the bill.

Sincerely,



Jen Brock
Chief of Staff

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John Stith Testimony SB316 Favorable.pdf
Uploaded by: John Stith
Position: FAV

SB316 - FAVORABLE

John Stith
john.stith@gmail.com 301-502-3634

SB 316 - Abundant Affordable Clean Energy - Procurement and Development (AACE Act)

Education, Energy, and the Environment Committee
February 13, 2025

Dear Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy, and the Environment Committee.

I live in the Carole Highlands neighborhood of Prince George's County, in Legislative District 47B. My address is 7219 16th Ave, Takoma Park.

I grew up just a few miles downwind from several coal-burning power plants. As a child I wanted to go fishing like my friends did, but my parents didn't fish and I never learned how.

Years later, I learned about the soot, sulfur dioxide, nitrogen oxide, carbon dioxide, mercury, and other heavy metals emitted by those power plants. I learned how heavy metals descend from the air into nearby bodies of water. Pollutants like mercury concentrate in the fish, making eating those fish harmful to your health. Then I was glad I never learned to fish.

Clean energy touches so many parts of our lives, like my family member with asthma, or my kids who will grow up in a world plagued by droughts due to climate change.

Affordable energy is vital to reducing poverty and helping all Marylanders achieve financial self-sufficiency. Rents are already so high and so many Marylanders already cannot afford their electric bills. I advocate for affordable housing and I volunteer with the Chesapeake Climate Action Network, because good housing policy and good climate policy overlap so much.

The PJM regional transmission organization is clearly central to any improvement. Given the years of backlog PJM currently faces, Maryland clearly needs to address the details of PJM and get the incentives right to make the clean energy flow. I trust Senator Brooks' and Delegate Charkoudian's leadership on this. We need to trust our experts at a moment like this, with so much at stake.

To make Maryland energy cleaner and more affordable, we need to pass the Abundant Affordable Clean Energy Act.

SB0316 Abundant Affordable Clean Energy Act - Favo

Uploaded by: Julia Lawrence

Position: FAV

SB0316
Abundant Affordable Clean Energy Act
Testimony before Education, Energy, and the Environment
Hearing February 13, 2025
Position: Favorable

Dear Chair Feldman, Vice-Chair Kagan, and members of the committee,

My name is Julia Lawrence, and I represent the 800+ members of Indivisible Howard County. Indivisible Howard County is an active member of the Maryland Legislative Coalition (with 30,000+ members). We are providing written testimony today **in support of SB0316**, which would:

Create a comprehensive clean energy program that includes:

1. Battery storage to keep our grid reliable
2. Restructuring financing and procurement for solar programs
3. Providing support for existing in-state nuclear power

Protect ratepayers by:

1. Sharing profits from energy generation with customers
2. Capping costs for clean energy programs
3. Using data center tax revenue to offset energy costs

Prioritize in-state clean energy projects to reduce transmission costs and create local jobs.

We thank Senator Brooks for sponsoring this bill.

This bill is important because without intervention, Maryland risks facing higher energy costs and potential reliability issues as demand grows. The AACE Act provides a clear path to reliable, affordable clean energy while protecting ratepayers. By generating more clean power in Maryland, we reduce the need for expensive transmission lines and create local jobs. The AACE Act's innovative profit-sharing ensures that as clean energy becomes more profitable, the savings go back to Maryland families. This approach helps us meet our climate goals while keeping energy reliable and affordable for all Marylanders.

Thank you for your consideration of this important legislation.
We respectfully urge a favorable report.

Julia Lawrence
Columbia, Maryland 21044

Source: Maryland League of Conservation Voters Legislative Fact Sheet

SB316 AACE Act_EEE_CJW FAV.pdf
Uploaded by: Laurie McGilvray
Position: FAV

Committee: Education, Energy and the Environment
Testimony on: SB0316 – Abundant, Affordable, Clean Energy – Procurement and Development (AACE Act)
Organization: Maryland Legislative Coalition Climate Justice Wing
Submitting: Frances Stewart
Position: Favorable
Hearing Date: February 13, 2025

Dear Mr. Chair and Committee Members:

Thank you for allowing our testimony today in support of SB316. The Maryland Legislative Coalition Climate Justice Wing, a statewide coalition of nearly 30 grassroots and professional organizations, urges you to vote favorably on SB316.

For many years, Maryland residents and businesses have had fairly stable electricity costs. Now, in large part because of problems with our grid operator PJM, costs are increasing rapidly. Increasing electricity demand due to high-intensity energy use facilities like data centers plays a major role. PJM has been slow to bring more energy onto the grid. Many developers have proposed new renewable energy and storage projects, but the PJM interconnection queue is so long that hundreds of projects have been in limbo for years. Some of those projects will never be built because the long delays have made them unviable for investors.

This has caused a mismatch between supply and demand that has dramatically increased capacity prices. In the most recent PJM capacity auction, there was an 800% increase that will be passed on to Maryland ratepayers.

The Abundant, Affordable Clean Energy or AACE Act provides a comprehensive, no-regrets path to ensuring resource adequacy in Maryland while also protecting ratepayers and workers. The solutions in the bill can be implemented more quickly than ill-conceived resource adequacy proposals like new gas-fired power plants and untested small modular nuclear reactors which would inevitably take longer to come online and jeopardize the state meeting its climate requirements. The AACE Act will:

- Provide abundant energy by increasing energy generation and storage in Maryland
- Increase clean energy by bringing more wind and solar projects online
- Enhance grid reliability by creating a market for battery storage, improving financing for solar projects and transmission for offshore wind energy
- Create new family-supporting local jobs

- Keep energy affordable by making procurement of clean energy more competitive and efficient and improving Maryland's supplier diversity and energy independence
- Protect ratepayers by using funds from the Renewable Portfolio Standard Alternative Compliance Payments and state energy use and franchise tax generated from data centers to offset higher electric costs.

Finally, the bill will provide alternate state funding for Calvert Cliffs nuclear facility, should it no longer be profitable and cease to have access to a Federal Production Tax Credit. While we have concerns with the high cost of nuclear power and the associated waste disposal, the bill would help Constellation justify investing in a license extension for Calvert Cliffs in 2034 and 2036, thus remaining online as a carbon-free source. These subsidies could cost Maryland taxpayers $200 million or more per year, or $4 billion over the term of the subsidy, however it is a better path than building and operating new greenhouse gas-emitting gas-fired power plants.

For all of these reasons, we strongly support SB316 and urge a FAVORABLE report in Committee.

350MoCo
Adat Shalom Climate Action
Cedar Lane Unitarian Universalist Church Environmental Justice Ministry
Chesapeake Earth Holders
Climate Parents of Prince George's
Climate Reality Project
ClimateXChange – Rebuild Maryland Coalition
Coming Clean Network, Union of Concerned Scientists
DoTheMostGood Montgomery County
Echotopia
Elders Climate Action
Fix Maryland Rail
Glen Echo Heights Mobilization
Greenbelt Climate Action Network
HoCoClimateAction
IndivisibleHoCoMD
Maryland Legislative Coalition
Mobilize Frederick
Montgomery County Faith Alliance for Climate Solutions
Montgomery Countryside Alliance
Mountain Maryland Movement
Nuclear Information & Resource Service
Progressive Maryland
Safe & Healthy Playing Fields
Takoma Park Mobilization Environment Committee
The Climate Mobilization MoCo Chapter
Unitarian Universalist Legislative Ministry of Maryland
WISE

SB316 AACE Act SEIA Testimony.pdf
Uploaded by: Leah Meredith
Position: FAV

February 13, 2025

Senator Brian Feldman
Chair
Education, Energy, Environment Committee
2 West Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

Senator Cheryl Kagan
Vice Chair
Education, Energy, Environment Committee
2 West Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

RE: SEIA Support for SB316: Abundant Affordable Clean Energy - Procurement and Development (AACE Act)

Chair Feldman, Vice Chair Kagan, and Members of the Senate Education, Energy, and Environment Committee:

I am writing on behalf of the Solar Energy Industries Association (SEIA) in **support** of SB316 (Brooks), also known as the Abundant Affordable Clean Energy (AACE) Act. It was referred to the Senate Education, Energy, and Environment Committee on January 13, 2025.

Founded in 1974, SEIA is the national trade association for the solar and storage industries, building a comprehensive vision for the advancement of these technologies. SEIA is leading the transformation to a clean energy economy by supporting policy measures that will drive the needed investment in clean, domestic, local job-producing solar generation. We work with our 1,200+ member companies, which include solar manufacturers, service providers, residential, community and utility-scale solar developers, installers, construction firms, and investment firms, as well as other strategic partners, to shape fair market rules that promote competition and the growth of reliable, low-cost solar power. Maryland is home to more than 200 solar businesses with many more national firms also conducting business in the state.

Maryland Energy Landscape

After a history of flat, or even declining, electricity consumption, the U.S. power grid is currently experiencing the largest demand growth in eighty years, due to new manufacturing facilities as well as cutting-edge American innovations in artificial intelligence, data centers, and cryptocurrency mining. This increase in electricity demand is occurring faster than new generation is being brought online. As a result, Maryland now faces significant increases in costs to energy consumers after decades of relatively stable electricity costs. This spike is exemplified by the recent 2025/2026 PJM capacity auction that saw an 800% increase from previous years, which will eventually be passed on to Maryland ratepayers as a portion of their utility bill.[1]

[1] Office of People's Counsel. "Bill and Rate Impacts of PJM's 2025/2026 Capacity Market Results & Reliability Must-Run Units in Maryland." August 2024. https://opc.maryland.gov/LinkClick.aspx?fileticket=keJs-QqaLr0%3D&tabid=63&portalid=0&mid=1480

The mismatch in electricity supply and forecasted demand is in large part attributable to years of policy decisions and inactions at PJM, the regional transmission organization and independent system operator that manages the electric transmission grid for thirteen states and the District of Columbia, including Maryland. The PJM interconnection queue is currently so backlogged that, in 2023, PJM announced it would cease to accept applications for new generation projects. As a result, PJM now has a roughly 5 year wait time from application to approval for new generation sources coming online, resulting in hundreds of gigawatts (GW) of planned capacity, largely wind, solar, and storage assets, sitting in limbo rather than being able to service Maryland's electric load requirements. Given this delay, projects which were ready to be deployed at the time of their application are often no longer viable due to changing economic realities by the time of their approval.

Maryland is reliant on electricity generation from the other PJM states. In 2023, the state imported approximately 40% of its electricity.[2] Meeting Maryland's energy needs and staving off continued dramatic increases in energy costs will require the rapid deployment of an "all of the above" energy strategy. Such a strategy must include solar and energy storage assets, which are among the only energy resources currently primed to cost effectively address the state's near-term energy challenges. In 2023, solar made up the majority of additions to the U.S. electric grid, accounting for 55% of all new generation capacity, due, in part, to the 37% decrease in the price of solar photovoltaics over the last decade. [3] Utility scale solar, along with onshore wind, continue to be the cheapest sources of new electricity generation in the United States, beating out the cost of coal and fossil gas-fired generation.[4] However, Maryland's current Renewable Energy Portfolio Standard (RPS), despite being amended multiple times since its enactment, is no longer the right policy framework to meet Maryland's near-term resource adequacy needs.

Maryland's Broken RPS

When Maryland's RPS was first enacted twenty years ago, the newly created renewable energy credits (RECs) were a powerful tool in jumpstarting renewable energy generation in the state. RECs are a market-based instrument that represent the social and other non-power attributes of renewable electricity generation. RECs are issued when 1 megawatt-hour (MWh) of electricity is generated from a renewable energy resource and are acquired by the electric load serving entities (utilities and retail energy suppliers) to show compliance with the RPS. Maryland's RPS also created a carveout for meeting solar-specific targets, thus creating the Solar Renewable Energy Credit (SREC). To comply with Maryland's RPS, electricity suppliers must acquire RECs derived from Maryland-certified Tier 1 and Tier 2 renewable sources, with the

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[2] United States Energy Information Administration. Maryland State Profile. https://www.eia.gov/state/analysis.php?sid=MD.
[3] Wood Mackenzie Power & Renewables and Solar Energy Industries Association. U.S. Solar Market Insights Report. December 2024.
[4] Lazard. Levelized Cost of Energy+. June 2024. https://www.lazard.com/research-insights/levelized-cost-of-energyplus/.

state's 14.5% solar carveout being a subset of Tier 1. Not meeting the necessary RPS requirements obliges Maryland's electric load serving entities to pay an alternate compliance payment (ACP) penalty.

In recent years Maryland's RPS obligations have increasingly been satisfied by ACPs, with the $300 million paid in ACPs in 2023 being the largest in the history of Maryland's RPS. This dramatic rise in ACP payments represents a shift in how electricity suppliers comply with Maryland's RPS obligations, electing to pay ACPs rather than retire RECs due to the inability to purchase RECs at prices lower than the ACP. As a result, Maryland ratepayer dollars are funneled away from directly investing in new renewable energy generation and towards ACP penalties, which are deposited into the Maryland Strategic Energy Investment Fund.

AACE Act Summary

The AACE Act addresses the cost and administrative inefficiencies of Maryland's current RPS by providing a new pathway for linking in-state electric consumption with in-state electricity generation and establishing a methodology to right-size incentives for new solar energy projects, rather than taking a "one-size fits all" approach as currently exists in Maryland's SREC market, where a single REC equates to 1 MWh of electricity generation. AACE's SREC-II and REC-II acknowledges the needs of the different solar market segments and project types by ensuring individual projects can receive the incentives they need to come online, while ensuring unneeded incentives are not passed through to ratepayers.

Under AACE, utility-scale projects will be issued a guaranteed fixed price contract by the Maryland Public Service Commission (PSC), subject to competitive procurement bids including cost-benefit analyses, other criteria such as brownfield siting, and a requirement that projects directly serve Maryland load. This process minimizes cost to ratepayers while ensuring the project is economically viable. The procurement also includes labor protections and community benefit agreements. SREC-II and REC-IIs are subsequently issued to these projects, which will operate to make up the difference between the fixed price issued by the PSC and market price sales for electricity to ensure project viability. This approach to utility-scale incentive-setting has been successful in other states, including Massachusetts, New Jersey, and Illinois. AACE's language builds on these proven successes.

Distribution scale solar projects are subject to an Administratively Determined Incentive (ADI) set by the PSC. ADIs are set for projects within given capacity blocks – groupings of market sectors – to ensure broad growth of distributed generation across the state. Through setting the value of an ADI, the PSC can tailor the incentive amount a given project receives for each of the identified market sectors, allowing for a balancing between the amount of incentives required to promote market growth across the sectors, without overly burdening ratepayers with incentive costs that exceed economic requirements for development. As is the case with competitive procurement for utility scale projects, the ADI model has been successful in other states to ensure ratepayer protection alongside promoting renewable generation construction to meet the state's load.

AACE prioritizes SREC-IIs (both from utility and distributed scale projects) and REC-IIs for purchase by Maryland electricity suppliers when they seek to meet their obligation under the RPS. AACE then prioritizes

legacy SRECs, and finally, to meet any outstanding obligations under the RPS, sellers can purchase historic RECs from the PJM REC market. In such fashion, AACE ensures that incentive costs passed through to Maryland ratepayers are going to pay for projects that meet the state's energy requirements.

The AACE Act also directs the PSC to create a competitive procurement process in 2026 and 2027 for up to 1,600 MW of in-state battery storage projects, which are already projected to secure PJM queue approval in those years. Importantly, AACE provides a pathway for these projects to be operational *in this decade*. These projects will be constructed in Maryland, and serve Maryland's peak demand – alleviating the need for comparatively more expensive "peaker" plants. These projects are also eligible to bid into the PJM capacity market which can, in part, alleviate soaring capacity market costs. AACE's competitive storage procurement process includes significant cost-benefit analyses as a part of any project application to ensure the lowest cost to ratepayers, as well as a CPCN-equivalent to ensure rapid deployment upon approval by the PSC. This procurement process includes significant labor protections, including the requirement for community benefit agreements, which include guarantees for hiring practices and wage provisions to ensure Maryland's workforce benefits from these projects. AACE also creates a pathway for the deployment of 150 MW of new in-state distribution-connected energy storage assets, not subject to the delays of the PJM interconnection queue.

Importantly, the AACE Act also provides several pathways to ensure that Maryland ratepayers are protected from rising electric utility bills. It directs the Maryland Energy Administration to supervise an escrow account that will be created to direct certain funds from electricity costs back to ratepayers. The PSC will oversee transparency and security of these funds. ACPs from the legacy RPS/REC system will be directed to this escrow account rather than the Strategic Energy Investment Fund, returning the ACP pass-through costs to ratepayers. Similarly, AACE directs 75% of total franchise, sale, and use taxes from qualifying data centers, which are major drivers of increased electric demand that in turn increase ratepayer utility bills, to be contributed to this escrow account.

The AACE Act provisions allow for project flexibility and targeted incentives to spur solar development, ensuring that energy projects will directly benefit the state's energy requirements and directly benefit ratepayers. AACE's pathway allows for the flexibility to respond to future energy demands, and provides near-term solutions to Maryland's resource adequacy challenges. For these reasons, SEIA strongly **supports** this legislation and respectfully urges the Committee to issue a favorable report on SB316. Should you have any questions, please do not hesitate to contact me.

Sincerely,

Leah Meredith

Leah Meredith
Mid-Atlantic Regional Director
Solar Energy Industries Association
lmeredith@seia.org

sb316 clean energy, utilities, PSC EEE 2-13-2025.p
Uploaded by: Lee Hudson
Position: FAV

Delaware-Maryland Synod
Evangelical Lutheran Church in America
God's work. Our hands.

Testimony prepared for the
Education, Energy, and the Environment Committee
on
Senate Bill 316
February 13, 2025
Position: **Favorable**

Mr. Chairman and members of the Committee, thank you for this opportunity to testify about an energy regime that will advance the State's commitments made in CSAN 2022. I am Lee Hudson, assistant to the bishop for public policy in the Delaware-Maryland Synod, Evangelical Lutheran Church in America. We are a faith community in three judicatories across our State.

We have advocated for clean energy in Maryland since the electric utility market was privatized in 1998. One result of that policy choice was to make dirty energy an adversary of green energy.

The changed federal energy policy policy has returned that story to headline news. Ramped up demand for electricity from commercial tech and for accommodation of population growth have become challenges and impediments to the goals of CSAN. To meet the challenges and overcome the impediments, Maryland will need to make rational policy adjustment to its public energy regime.

Senate Bill 316 proposes a cluster of adjustments we support based on our decades-long advocacy for clean energy in Maryland. Readily available practices on the demand side will no longer get the State where it needs to be on the supply side to keep up with demand.

Utilities and their regulator, the PSC, need to be practitioners of clean-energy expansion. New energy production resources and connectivity planning are required next steps to secure Maryland's energy future. The emphasis on new technology for electricity storage in **Senate Bill 316** is welcome because it promises to facilitate supplementing supply from existing generation capacity.

To meet targets for Maryland's decarbonization project, all appropriate agencies and resources must be engaged in the mission. We therefore implore your favorable report for this bill.

Lee Hudson

5699 Meridale Rd. Baltimore, MD 21228 410-230-2860 800-869-5492 fax 410-230-2871

SB0316_FAV_AACE_EEE_HoCoCA.org.pdf
Uploaded by: Liz Feighner
Position: FAV

HoCoClimateAction.org
Howard County, Maryland

SB0316 – Abundant, Affordable, Clean Energy – Procurement and Development (AACE Act)
Hearing Date: February 13, 2025
Bill Sponsor: Senator Brooks
Committee: Education, Energy, and the Environment
Submitting: Liz Feighner for **Howard County Climate Action**
Position: Favorable

HoCo Climate Action is a 350.org local chapter and a grassroots organization representing approximately 1,400 subscribers. We are also a member of the Climate Justice Wing of the Maryland Legislative Coalition.

We urge you to vote favorably on SB0316 which provides a path forward to addressing resource adequacy in the state and alleviating the burden on Maryland ratepayers, while providing important protections for Maryland workers.The solutions in the bill can be implemented more quickly than ill-conceived resource adequacy proposals like new gas-fired power plants and untested small modular nuclear reactors which would inevitably take longer to come online and jeopardize the state meeting its climate requirements.

Electricity costs are increasing rapidly in large part because of problems with PJM, our grid operator. Proposed clean renewable energy projects have been stuck in PJM's interconnection queue for years and the queue has been so long that they stopped accepting projects at one point. By the time projects clear the queue and are approved, they are no longer financially viable and many are not built. Now, increasing electricity demand due to high-intensity energy use facilities like data centers plays a major role in our rising rates.

This has caused a mismatch between supply and demand that has dramatically increased capacity prices. In the most recent PJM capacity auction, there was an 800% increase that will be passed on to Maryland ratepayers.

The Abundant, Affordable Clean Energy (AACE Act) brings on new energy projects that serve Maryland's load requirements within this decade on a least-cost basis, while allowing flexibility to respond to potential shifts in future energy markets. This combination of rapidity, low-cost, and flexibility makes AACE a "no regrets" path to achieving resource adequacy to meet current and future electric load requirements in Maryland. AACE's pathway to energy development is in line with the State's carbon reduction goals, allows for the flexibility to respond to future energy demands, and provides solutions to resource adequacy in this decade.

For all of these reasons, we strongly support **SB0316 and urge a FAVORABLE report** in Committee.

Howard County Climate Action
Submitted by Liz Feighner, Steering and Advocacy Committee
www.HoCoClimateAction.org
HoCoClimateAction@gmail.com

SB0316_MDSierraClub_fav_13February2025.pdf
Uploaded by: Mariah Shriner
Position: FAV

SIERRA CLUB
MARYLAND CHAPTER

P.O. Box 278
Riverdale, MD 20738

Committee: Education, Energy, and the Environment

Testimony on: SB 0316, Abundant Affordable Clean Energy – Procurement and Development (AACE Act)

Position: Support

Hearing Date: February 13, 2025

The Maryland Chapter of the Sierra Club urges a favorable report for SB 0316, 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 2030[i], nor Governor Moore's commitment to reaching 100% renewable electricity generation in Maryland by 2035[ii].

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 SB 0316. 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.

Maryland Catholic Conference_FAVSB316_.pdf
Uploaded by: Michelle Zelaya
Position: FAV

MARYLAND CATHOLIC CONFERENCE

February 13th , 2025

SB0316

Abundant Affordable Clean Energy - Procurement and Development (AACE Act)

Education, Energy, and the Environment Committee

Position: Favorable

The Maryland Catholic Conference (MCC) offers this testimony in support of **Senate Bill 316**. The Maryland Catholic Conference (MCC) is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals, and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

Senate Bill 316, also known as Abundant Affordable Clean Energy (AACE) Act will require electric companies in Maryland to develop and implement plans for constructing or procuring energy storage devices to enhance the distribution of clean energy. It also establishes a system for creating zero-emission credits from nuclear energy facilities and directs the Public Service Commission to coordinate offshore wind energy transmission efforts. This bill aims to advance the state's transition to reliable, affordable, and sustainable energy sources.

Catholic social teaching emphasizes the stewardship of creation and the moral duty to protect the environment for future generations. This legislation aligns with the Church's call to care for our common home by promoting sustainable energy solutions that reduce pollution and mitigate climate change. Supporting this bill reflects a commitment to social and economic justice, ensuring that all communities—especially the most vulnerable—have access to clean, affordable energy while safeguarding God's creation.

By investing in energy storage and renewable energy infrastructure, this legislation strengthens the reliability of Maryland's power grid, reduces dependence on fossil fuels, and promotes environmental sustainability. The expansion of clean energy sources like offshore wind and nuclear energy supports job creation, lowers long-term energy costs, and helps combat climate change. Communities benefit from improved air quality and a more resilient energy system that ensures affordability and accessibility.

The MCC appreciates your consideration and respectfully urges a favorable report for **Senate Bill 316.**

2025 - SB 0316 - AACE Act.pdf
Uploaded by: Patrick Crump
Position: FAV

THE EPISCOPAL DIOCESE OF MARYLAND

The Maryland Episcopal Public Policy Network

TESTIMONY IN SUPPORT OF SB 0316

Abundant, Affordable Clean Energy (AACE) Act

Education, Energy and the Environment Committee

FAVORABLE

TO: Senator Brian Feldman, Chair; Senator Cheryl Kagan, Vice-Chair; and the Members of the Senate Education, Energy and the Environment Committee

FROM: Rev. Kenneth Phelps, Jr., The Episcopal Diocese of Maryland

DATE: February 11, 2025

The Episcopal Church believes that global climate change is not only a scientific concern or environmental issue, but what the United Nations calls "the defining issue of our time... at a defining moment" (UN Secretary General, September 10, 2018). We believe that clean, safe, and renewable energy is essential to preserve God's creation, and our Church has passed numerous resolutions in support of this, such as on fossil fuel non-proliferation and supporting a clean energy future. We acknowledge the need for nuclear energy as a supplemental and stable source while the supportive technologies for wind and solar energy are being further developed. And the Church is committed to environmental justice, with a specific concern for reducing economic impacts on lower-income communities.

We expect the energy policy debate to be fierce this session, as demand for energy soars, sparking higher energy costs and potential reliability issues. In our view, long-term reliance on fossil fuel sources is not an option. Maryland must find ways to incentivize both clean and reliable energy investments, particularly solar and wind, while protecting ratepayers.

We are convinced that the AACE Act addresses our concerns in the following ways:

- Improves incentives to generate, in state, the clean energy we need, thereby reducing our dependence on dirty out-of-state power, while creating local jobs;
- Ensures grid reliability by investing in battery storage capacity, as well as continuing support for the Calvert Cliffs nuclear facility in the interim; and
- Protects ratepayers by sharing profits from energy generation with customers, capping costs for clean energy programs, and using data center tax revenue to offset energy costs.

The Episcopal Diocese of Maryland urges the Senate Education, Energy and the Environment Committee to support the AACE Act and **requests a favorable report.**

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Tel: 410-467-1399 / 800-443-1399 Fax: 410-554-6387
www.EpiscopalMaryland.org

SB 316 - AACE Act-Support-Phil Webster-UULM-MD.pdf
Uploaded by: Phil Webster
Position: FAV

Unitarian Universalist Legislative Ministry of Maryland

Testimony in Support of
SB 316 Abundant, Affordable Clean Energy (AACE) Act

TO: Chair Feldman and Members of the Education, Energy, and the Environment Committee
FROM: Phil Webster, PhD, Lead Advocate, Climate Change
Unitarian Universalist Legislative Ministry of Maryland.
DATE: February 13, 2025

The Unitarian Universalist Legislative Ministry of Maryland strongly supports **SB 316 - Abundant, Affordable Clean Energy (AACE) Act.**

The UULM-MD is a faith-based advocacy organization based on Unitarian Universalist (UU) Values, including Interdependence (honoring the interdependent web of all existence) and Justice (where all feel welcome and can thrive). Working to mitigate, adapt to, and build resilience for climate change is central to our beliefs. The **AACE Act** aligns with both of the values by keeping energy bills lower, providing good paying jobs in Maryland and generating **clean, green and affordable energy** for Marylanders.

Maryland faces growing demand for electricity as well as rising energy costs, making it crucial to secure reliable, affordable and clean power for our future. Clean energy is now the fastest and cheapest energy source to build, offering significant cost advantages, but our current system doesn't effectively deliver these cost savings to Maryland residents. The **AACE Act** will ensure Maryland can generate in state the clean energy we need while making energy bills more affordable and the grid reliable.

Without intervention, Maryland risks facing higher energy costs and potential reliability issues as demand grows. The **AACE Act** provides a clear path to reliable, affordable clean energy while protecting ratepayers. By generating more clean power in Maryland, we reduce the need for expensive transmission lines and create local jobs. The **AACE Act**'s innovative profit-sharing ensures that as clean energy becomes more profitable, the savings go back to Maryland families. This approach helps us meet our climate goals while keeping energy reliable and affordable for all Marylanders.

We urge a FAVORABLE report on **SB 316** in committee.

Phil Webster, PhD
Lead Advocate, Climate Change UULM-MD

testimony in support of AACE.pdf
Uploaded by: Ray Earnest
Position: FAV

Testimony in Support of SB0316

Education, Energy and the Environment Committee HEARING, February 13,2025

Submitted on February 11, 2025

To All Committee Members,

My name is Ray Earnest; I live on Maryland's Eastern Shore, and I urge a favorable report on SB0316

This Bill will ensure Maryland can generate the in-state clean energy we need while making energy bills more affordable and making the grid more reliable and will reduce our dependence on out-of-state dirty power, and create local jobs. It will:

- Support various clean energy sources like solar and wind
- Incentivize and re-organizes the renewable portfolio standard to build more in-state solar, storage and wind in a way that protects Maryland ratepayers
- Support the relicensing of Calvert Cliffs to ensure that this in-state clean energy source remains viable
- Ensure that Maryland's grid is sufficient to address current demand, as well as increased load. In the future from electrification and high-energy use industries.
- Create a structure for high-energy use industries to support reduced ratepayer impact of their energy use without disincentivizing the industries from moving into Maryland.

I support this bill because it will help us transition to clean energy, thus reducing green house gasses and the climate change they trigger. Also,

it supports fair use of our energy resources. Thank you for your consideration, and I look to this committee to give SB0316 a favorable report.

Sincerely,
Ray Earnest
20375 Hog Island Rd
Preston, MD 21655
Rayearnest1@gmail.com

AACE Act Coalition Fact Sheet_2.4.25.pdf
Uploaded by: Rebecca Rehr
Position: FAV

The Abundant, Affordable, Clean Energy Act (AACE)

What This Bill Does

Abundant Energy

- Generate more energy in Maryland and increase the storage capacity of Maryland's electric distribution and transmission systems, which will benefit customers and enhance reliability.

Affordable Energy

- Protect ratepayers from increasing energy prices, make procurement of clean energy more competitive and efficient, and improve Maryland's supplier diversity and energy independence.

Clean Energy

- Bring more clean energy from solar and wind projects online in Maryland, improving our grid's capacity and reliability.

Why This Bill Matters

New industries like **Artificial Intelligence (AI), data centers, crypto mining, and cannabis cultivation** will increase our energy demand and strain existing infrastructure much more than beneficial electrification to cars and buildings.

Without action, our grid capacity may not be able to meet these increasing demands, let alone do so while keeping electricity rates affordable and achieving our renewable energy target of 50% by 2030. According to the U.S. Energy Information Administration, clean energy supplied just 12% of Maryland's total in-state electricity in 2022.

With the AACE Act, we have the opportunity to meet rising demand for electricity with clean energy technologies, protect and create family supporting local jobs, build health and wealth across the state, and incorporate labor standards into all projects.

The AACE Act will better position Maryland to meet the climate crisis by creating a framework for the quicker adoption of clean energies, ensuring affordability and reliability in our energy system.

The Abundant, Affordable, Clean Energy Act (AACE)

Maryland Energy Landscape

Maryland is part of an electricity grid shared by 13 states and the District of Columbia, managed by an organization called PJM Interconnection (PJM), which is supposed to ensure sufficient and affordable energy. In high demand periods when PJM is worried the grid does not have the capacity to generate enough electricity, it increases the price of electricity or **capacity prices.**

PJM has managed new electricity generation ineffectively, doing a **worse job than any other grid in the nation** at bringing wind and solar onto the grid. PJM's backlog of clean energy projects that are proposed and waiting to connect to the grid is so long that since 2020 it has stopped allowing new projects to even enter the queue.

The way PJM has constructed its market rules, along with its inability to timely deploy new clean electricity generation, **caused capacity market prices to increase by 800% this year, which will increase many Maryland households' average electric bills by hundreds of dollars a year, starting this June**. There are many steps Maryland can take to accelerate the growth of renewable energyand battery storage, to better serve the grid and keep rates down. The AACE Act includes some of the most vital steps, and will help lower prices by rapidly deploying more solar, wind, and batteries.

We must take a no regrets approach to this moment. The AACE Act will:

- Create a market for battery storage projects that are coming out of the PJM queue
- Change the way we finance solar projects and thereby support more solar deployment
- Direct transmission for offshore wind to address Maryland load
- Support the relicensing of Calvert Cliffs nuclear facility
- Introduce new ratepayer protections using funds from the RPS's Alternative Compliance Payments (ACPs) and state energy use & franchise tax generated from data centers

MARYLAND LEAGUE OF CONSERVATION VOTERS

SB 316 AACE Coalition Testimony SUPPORT.docx.pdf
Uploaded by: Rebecca Rehr
Position: FAV

February 13, 2025

Senate Bill 316 – Abundant Affordable Clean Energy – Procurement and Development (AACE Act)

Dear Chair Feldman, Vice Chair Kagan, and the members of the Education, Energy, and the Environment Committee:

Thank you for the opportunity to submit testimony today in support of SB 316, the AACE Act. The undersigned organizations represent a coalition of industry, labor, ratepayer protection advocates, and environmental organizations who are unified in their support of the no regrets approach to achieving energy resource adequacy for the state of Maryland contained within the AACE Act. We respectfully request that this Committee issue a **favorable** report on SB 316.

Following decades of relatively stable electricity costs, Maryland now faces significant increases in costs to ratepayers. This spike is perhaps most dramatically exemplified by the recent 2025/2026 PJM capacity auction which saw an 800 percent increase from previous years, which will be passed on to ratepayers as a portion of their utility bill. Similarly, after a history of flat, or even declining, electricity consumption dating back to the 2010s, demand is on the rise – largely attributable to high-intensity energy use facilities such as data centers, without sufficient new generation being brought online to provide equivalent or greater supply. This mismatch in supply and demand is occurring not only in Maryland, but the larger PJM wholesale market where Maryland gets a significant amount of the electricity it consumes.

Both issues are related to capacity prices, and the mismatch in supply and demand is in large part attributable to policy decisions and (in)actions at PJM. The PJM interconnection queue is currently so backlogged that, in 2023, PJM announced it would cease to accept new projects for consideration, and has a roughly 5 year wait time from application to approval. This has resulted in hundreds of GWs of planned projects, largely renewables or storage, sitting in limbo rather than being able to service Maryland's electric load requirements. Given this wait, projects which are ready to be deployed at time of application are often no longer viable due to changing economic realities by time of approval.

The AACE Act provides a path forward to addressing resource adequacy in the state and alleviating burden on Maryland ratepayers, while providing important protections for labor to ensure Maryland's workers receive, amongst other things, fair wages and benefits for their work in building a sound energy future. Critically, AACE brings on new energy projects that serve Maryland's load requirements *within this decade* on a least-cost basis*,* while allowing flexibility to respond to potential shifts in future energy markets. This combination of rapidity, low-cost, and flexibility makes AACE a "no regrets" path to achieving resource adequacy to meet *current* and future electric load requirements in Maryland.

First, the AACE Act directs the Maryland Public Service Commission (PSC) to create a competitive procurement process in 2026 and 2027 for up to 1,600 MW of total battery storage projects which are projected to secure PJM queue approval in those years. Importantly, AACE provides a pathway for these projects to be operational *in this decade*. These projects will be constructed in Maryland, and serve Maryland's peak demand– alleviating the need for comparatively more expensive "peaker" plants. These projects are also eligible to bid into the

PJM capacity market which can, in part, alleviate soaring capacity market costs. AACE's competitive procurement process includes significant cost-benefit analyses as a part of any project application to ensure lowest cost to ratepayers, as well as a CPCN-equivalent to ensure rapid deployment upon approval by the PSC. Finally, this procurement process includes significant labor protections, including the requirement for community benefit agreements, which include guarantees for hiring practices and wage provisions to ensure Maryland's workforce benefits from these projects.

AACE also creates a pathway for 150 MW of distributed storage projects, not subject to the PJM interconnection queue, to be constructed by electric companies which will provide substantial benefits to residential and other local electric demand. These projects additionally include labor protections.

Second, AACE creates a methodology to "right size" incentives for new renewable energy projects in the state. These include utility scale (greater than 5MW) solar, onshore wind, and small-scale hydro, as well as distribution scale projects (i.e. rooftop or community solar). While Maryland's historic REC and SREC incentives have been a powerful tool to jumpstart renewable generation in the state, their "one-size-fits-all" approach often results in incentives that are mismatched to the needs of specific projects. AACE's SREC-II and REC-II allow for a better fit, ensuring individual projects can receive the incentives they need to come online, while ensuring unneeded incentives are not passed through to ratepayers.

Under AACE, utility-scale projects will be issued a guaranteed fixed price by the PSC, subject to competitive procurement bids including cost-benefit analysis, and other criteria such as brownfield siting, and a requirement that projects directly serve Maryland load. This process minimizes cost to ratepayers while ensuring the project is economically viable. The procurement also includes labor protections and community benefit agreements. SREC-II and REC-IIs are subsequently issued to these projects, which will operate to make up the difference between the fixed price issued by the PSC and market price sales for electricity to ensure project viability. This approach to utility-scale incentive-setting has been successful in other states, including Massachusetts, New Jersey, and Illinois. AACE's language builds on these proven successes.

Distribution scale projects are subject to an Administratively Determined Incentive (ADI) set by the PSC. ADIs are set for projects within given capacity blocks – groupings of market sectors - to ensure broad growth of distributed generation across the state. Through setting the value of an ADI, the PSC can tailor the amount of incentive a given project receives for each of the identified market sectors, allowing for a balancing between the amount of incentive required to promote market growth across the sectors, without overly burdening ratepayers with incentive costs that exceed economic requirements for development. As is the case with competitive procurement for utility scale projects, the ADI model has been successful in other states to ensure ratepayer protection alongside promoting renewable generation construction to meet the state's load.

AACE prioritizes SREC-IIs (both from utility and distributed scale projects), REC-IIs, and ORECs for purchase by Maryland electric sellers when they seek to meet their obligation under the RPS. AACE then prioritizes legacy SRECs, and finally, to meet any outstanding obligations under the RPS, sellers can purchase historic RECs from the PJM REC market. In such fashion,

AACE prioritizes that incentive costs passed through to Maryland ratepayers, are going to pay for projects that meet the State's energy requirements.

Third, AACE provides several pathways to ensure that Maryland ratepayers are protected from rising electric utility bills. It directs the supervision of an escrow account that will be created to direct certain funds from electricity costs back to ratepayers. The PSC will oversee transparency and security of these funds. Alternative compliance payments (ACP) from the legacy RPS/REC system will be directed to this escrow account rather than the Strategic Energy Investment Fund, returning the pass-through costs to ratepayers from the ACP to the ratepayers. Similarly, AACE directs 75% of total franchise, sale, and use taxes from qualifying data centers – which are major drivers of increased electric demand which in turn increase ratepayer utility bills -to be contributed to this escrow account.

Fourth, AACE ensures that existing clean generation in the state remains online, by providing a pathway to ensure that the Calvert Cliffs nuclear facility is able to meet its 2034 and 2036 relicensing obligations. This nuclear facility provides nearly 40% of current in-state generation, and is not a contributor to greenhouse gas emissions, making it a critical facet of Maryland's clean energy generation portfolio. To do this, AACE creates a "zero emissions credit" to act as a last resort safety net to ensure the facility's economic viability – only triggering if the facility no longer receives existing federal tax credits and applying a means-test to ensure that the facility is not otherwise economically viable and would require the credit to remain in operation. Should one be required, a zero-emission credit is not eligible for recoupment under the RPS.

Finally, AACE directs the PSC's transmission study related to offshore wind to prioritize transmission pathways from those projects which will directly serve Maryland's electric load requirements.

The AACE Act provisions allow for project flexibility, focused incentives to spur development, ensuring that energy projects will directly benefit the state's energy requirements, directly benefiting ratepayers, and ensuring workers in Maryland benefit from the projects they build and maintain. AACE's pathway to energy development is in line with the State's carbon reduction goals, allows for the flexibility to respond to future energy demands, and provides solutions to resource adequacy in this decade. For these reasons, we request this Committee issue a **favorable** report on SB 316.

Signed,

350 Montgomery County
ACQ (Ask the Climate Question)
Baltimore Green Space
Baltimore Jewish Council
CASA
Cedar Lane Unitarian Universalist Environmental Justice Ministry
Center for Progressive Reform
Ceres
Chesapeake Climate Action Network
Climate Reality Greater Maryland

Elders Climate Action Maryland
Environmental Justice Ministry Cedar Lane Unitarian Universalist Congregation
Food & Water Watch
Friends of Sligo Creek
Green Sanctuary committee, Unitarian Universalist Church of Silver Spring
HoCo Climate Action
IBEW Local 24
Indivisible HoCoMD Environmental Action
Interfaith Partners for the Chesapeake
Interfaith Power & Light (DC.MD.NoVa)
League of Women Voters of Maryland
Maryland Catholics for Our Common Home
Maryland LEague of Conservation Voters
Maryland Legislative Coalition
Maryland Legislative Coalition - Climate Justice Wing
Metropolitan Baltimore AFL-CIO
Mobilize Frederick
National Aquarium
Nature Forward
Oceantic Network
Poolesville Green
The Nature Conservancy MD/DC
The Rachel Carson Council
Third Act Maryland
Unitarian Universalist Legislative Ministry of Maryland
Waterkeepers Chesapeake

SB 316- MDLCV Support -The AACE Act.pdf
Uploaded by: Rebecca Rehr
Position: FAV

MARYLAND LEAGUE OF CONSERVATION VOTERS

February 13, 2025

Support: SB 316 - The Abundant, Affordable Clean Energy Act

Chair Feldman and Members of the Committee:

Maryland LCV supports SB 316 - The Abundant, Affordable, Clean Energy (AACE) Act and we thank Senator Brooks for his leadership.

Maryland is anticipating an increasing demand for electricity as we are experiencing rising energy costs, making it crucial to secure reliable, affordable power that builds a healthy environment for everyone in Maryland. The AACE Act marries clean energy deployment initiatives with innovative ratepayer protections to achieve its namesake. The coalition supporting the AACE Act represents a robust group of environmental organizations, labor, industry, and ratepayer protection advocates. These sectors' interests do not always align and the diversity of this coalition is a testament to the content of the bill. The language in the AACE Act is the result of multiple and frequent stakeholder meetings that has led to a sensible approach that supports the environment, ratepayers, and Maryland workers.

The AACE Act is a priority bill for Maryland LCV as well as a priority for the environmental community.

Electricity use accounts for more than one-fifth of Maryland's emissions. To stay on track to meet Maryland's ambitious, statutorily-mandated, greenhouse gas emissions reductions we must transition to using mostly non-carbon emitting energy sources. The financing and support mechanisms to jumpstart the renewable energy sector in the state's Renewable Portfolio Standard (RPS) were effective in initiating a renewables market, but need to be adjusted to meet today's markets and demands. In this regard, the AACE Act does two things: 1. Initiates an expedited procurement process for energy storage projects coming out of the PJM queue in the next couple of years, including strong labor standards for this emerging industry, and 2. Creates a new class of RECs - SREC-IIs for new utility-scale solar and distributed solar, and REC-IIs for new onshore wind and small-scale hydro projects, setting a new target for 3000 MW of utility-scale solar projects by 2035. Reaching the state's climate goals will result in up to $321 million in additional health benefits in 2031, mostly as a result of cleaner air, compared to current policies, with most of the health benefits occuring in historically disadvantaged communities.

The AACE Act also narrowly addresses the state's largest source of non-carbon emitting electricity generation, nuclear power. It creates a zero emission credit (ZEC) to support the state's existing Calvert Cliffs nuclear facility if, and, and only if, existing federal tax credits for the facility are no longer available to the facility, AND means testing demonstrates the facility requires a ZEC to remain economically viable. ZECs are a financial incentive and are not eligible to participate in the RPS.

Finally, the bill innovates new ratepayer protections by returning funds directly to ratepayers through a new escrow account that will be distributed as either direct payments or credits on energy bills. Funding for the escrow account will come from Alternative Compliance Payments (ACPs), (that currently go to Strategic Energy Investment Fund) and returns exceeding set procurement pricing for new SREC-II and REC-II as well as 75% of the total franchise, sale, and energy use taxes from qualifying data centers. In this way, the AACE Act guards against future electricity bill increases.

The provisions in the AACE Act, taken together, will ensure Maryland can generate the clean energy we need in the state while guarding against future increases in electricity bills. Attached to our testimony, you will also see files with coalition testimony representing 36 groups in support, as well as the coalition fact sheet. Thank you for your consideration. We urge a favorable report on SB 316.

Testimony in support of SB0316 - Abundant Affordab

Uploaded by: Richard KAP Kaplowitz

Position: FAV

SB0316_RichardKaplowitz_FAV
02/13/2025

Richard Keith Kaplowitz
Frederick, MD 21703

TESTIMONY ON SB#/0316 – FAVORABLE

Abundant Affordable Clean Energy - Procurement and Development (AACE Act)

TO: Chair Feldman, Vice Chair Kagan and members of the Education, Energy and the Environment Committee
FROM: Richard Keith Kaplowitz

My name is Richard K. Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support of SB#0316, Abundant Affordable Clean Energy - Procurement and Development (AACE Act)

This bill contemplates that, when electricity is being generated, plans for energy storage and devices for that purpose must be part of the planning and implementation processes. It will permit load balancing to occur with less environmental impact when the energy usage can be from existing power storage instead of new generation of electricity.

This bill will require each electric company in the State to submit to the Public Service Commission by certain dates plans for the construction or procurement of distribution-connected energy storage devices and to construct or procure the devices in accordance with the plan. The financial incentive for creation and publication of those plans will occur by providing for the creation of zero-emission credits by beneficial nuclear facilities. In addition, it will set guidelines for consideration on non-fossil fuel electrical power acquisition by requiring the Commission to pursue certain coordinated approaches to offshore wind energy transmission development; etc.

If Maryland is to meet their climate change protection goals this bill can provide a framework for actions on those plans.

I respectfully urge this committee to return a favorable report on SB#0316.

SB316 IBEW Support.pdf
Uploaded by: Rico Albacarys
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INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS - LOCAL UNION No. 24

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Baltimore Port Council
Baltimore Metro Council - AFL-CIO
Central MD Labor Council - AFL-CIO
Del-Mar-Va Labor Council - AFL-CIO
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Written Testimony of
Rico Albacarys, Assistant Business Agent, IBEW LOCAL 24
Before the Senate Education, Energy, and Environment Committee On
SB 316 Abundant Affordable Clean Energy - Procurement and Development (AACE Act)

Support

February 11, 2025

Chairman Feldman and Committee Members,

My name is Rico Albacarys, and I am a member and employee of IBEW Local 24, writing to express our **support for Senate Bill 316**, which takes decisive action to secure an affordable and sustainable energy future for our state. Maryland's energy future depends on reliable, in-state power generation. With our state importing 40% of its electricity and facing a potential energy shortfall by 2026, SB 316 establishes a necessary framework to ensure grid reliability while meeting clean energy goals.

SB 316 creates a much-needed procurement process for battery storage, which is essential as we transition to a clean energy future. By securing the continued operation of Calvert Cliffs Nuclear Power Plant, we preserve Maryland's largest source of carbon-free electricity and reduce reliance on costly, volatile out-of-state energy markets. Lastly, by improving procurement for new solar projects, the bill maximizes Maryland's potential, creates good-paying jobs, and delivers affordable clean energy to consumers.

AACE strengthens our energy resilience and sustainability while protecting ratepayers from unpredictable price spikes. We urge the Committee to **support SB 316** to ensure a resilient, forward-thinking energy policy that benefits workers and consumers while upholding Maryland's values of reliability, sustainability, and affordability. Thank you for your time and consideration.

Sincerely,

Rico Albacarys
Assistant Business Agent
IBEW Local 24

SB 316_Maryland Catholics for Our Common Home_FAV.
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Position: FAV

Hearing before the Senate Education, Energy, and the Environment Committee
Maryland General Assembly
February 13, 2025

Statement of Support (FAVORABLE)
of Maryland Catholics for Our Common Home for
SB 316, Abundant Affordable Clean Energy - Procurement and Development (AACE Act)

Maryland Catholics for Our Common Home (MCCH) is a lay-led organization of Catholics from parishes in the three Catholic dioceses in Maryland: the Archdiocese of Baltimore, the Archdiocese of Washington, and the Diocese of Wilmington. It engages in education about, and advocacy based upon, the teachings of the Catholic Church relating to care for creation and respect for all life. MCCH is a grassroots voice for the understanding of Catholic social teaching held by a wide array of Maryland Catholics. In the 2024 Legislative Session, 570 Maryland Catholics from 22 different Catholic parishes and religious communities across the State joined together through MCCH to support several key environmental bills under consideration by the General Assembly. MCCH is independent, though, and should be distinguished as an organization from the Maryland Catholic Conference, which represents the public policy positions of the bishops who lead these three dioceses.

Because we are attuned both to the cry of a distressed Earth and the cry of the poor who suffer first and foremost from a warming planet, **MCCH would like to express our strong support for Senate Bill 316, Abundant Affordable Clean Energy - Procurement and Development** (or the AACE Act)**.**

As Catholics, we are guided by the teachings of Pope Francis and his predecessors, which have given priority to (1) care for Earth's environment, (2) concern for the economic burdens experienced by the poor, and (3) protection for the workers whose labor is essential to building our energy future. With regard to the environment, in his 2015 encyclical, entitled *Laudato Si': On Care for Our Common Home*,[1] Pope Francis stresses that:

> There is an urgent need to develop policies so that, in the next few years, the emission of carbon dioxide and other highly polluting gases can be drastically reduced, for example substituting for fossil fuels and developing sources of renewable energy. (no. 26)

Maryland's public policy in recent years has consistently worked to increase the supply of renewable energy, but decisions taken outside Maryland by the PJM interconnection have impeded projects designed to implement the policies supported by Marylanders and by the General Assembly. Further, aspects of Maryland's regulation of electricity, including the use of Alternative Compliance Payments,

[1] The English text of the encyclical, to which the paragraph number in the parentheses refers, can be found at: https://www.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si.html.

could be improved to return the funds from these pass-through charges back to ratepayers. This would be important as rising utility costs disproportionately impact low- and moderate-income Marylanders. Finally, workers in Maryland who labor on projects to build and maintain our energy infrastructure deserve fair wages and benefits, in keeping with Catholic social teaching that:

> All people have the right to economic initiative, to productive work, to just wages and benefits, to decent working conditions as well as to organize and join unions or other associations.[2]

The AACE Act is responsive to all of these concerns and provides a path forward to addressing resource adequacy in the State. The AACE Act brings on new energy projects that serve Maryland's load requirements within this decade on a least-cost basis. Through AACE, Maryland will create a path to meet its current and future electric load requirements. The bill does this by improving both the planning processes and the incentives under Maryland law for new renewable energy projects. The AACE Act directs the Maryland Public Service Commission to create a competitive procurement process in 2026-2027 for up to 1600 MW of total battery storage projects, thus providing a pathway for projects to be operational in this decade. The AACE Act will also tailor incentives for new renewable energy projects in the state, thus individual projects will receive the properly adjusted incentives they need to come online.

The AACE Act will also ensure that Maryland ratepayers are protected from rising electric utility bills. And it provides important protection for labor to ensure that Maryland's workers receive fair wages and benefits for their work in building a sound energy future.

For these reasons we strongly urge your support for this bill. Thank you for your consideration of our views and our respectful request for a **favorable** report on Senate Bill 316, the AACE Act.

[2] United States Conference of Catholic Bishops, "A Catholic Framework for Economic Life" (2015), no. 5, available at https://www.usccb.org/resources/catholic-framework-economic-life-0.

CHESSA - AACE Act One Pager.pdf
Uploaded by: Robin Dutta
Position: FAV

FACT SHEET

Chesapeake Solar & Storage Association

Abundant Affordable Clean Energy (AACE) Act

HB398 Charkoudian SB316 Brooks

Closing Maryland's Growing Energy Gap through Rapid and Responsible Clean Energy and Energy Storage Deployment

New Solar/Storage Rapid Deployment Programs in AACE Act:

- **New Local Solar:** A new program designed to deploy at least 3 GW of new distributed solar, such as residential, commercial rooftop and parking canopies, and community solar, by 2035. This would speed up current rates of local solar adoption.
  Outcome: Increases Maryland energy generation and decreases net demand and grid strain
- **New Large-Scale Solar:** A new competitive procurement to add at least 3 GW of Maryland solar to the grid by 2035. This would speed up current rates of large-scale solar construction.
  Outcome: Increase Maryland energy generation
- **Energy Storage:** Create new programs to deploy over 1,700 MW of new, primarily transmission-connected energy storage. This would dramatically speed up current rates of energy storage construction.
  Outcome: Deploys new dispatchable capacity and reduces grid strain

Analyzing Maryland's Energy Gap

- ◊ **Importing Electricity:** Maryland imported about 40% of its electricity in 2023, according to the U.S. Energy Information Administration.
- ◊ **(Almost) Everyone Imports:** The MDPSC's 10-Year Plan for Electric Companies says 9 of 13 states in PJM import their electricity. That means Maryland has a lot of competition for that electricity.
- ◊ **Demand is Increasing:** Between new data centers, new manufacturers, and residential consumers using more electricity, the pressure to import is only increasing.

Solar/Storage Keep Costs Managed

The grid grows as the size of peak demand grows. Reduce peak demand and grid strain, and the pressure to import expensive power and overbuild the grid with extra power lines goes down.

Technologies such as rooftop solar, paired battery storage, energy efficiency can create the same resource adequacy benefits as a natural gas plant at 40-60% of the cost. (Source: The Brattle Group)

On-shore wind and large-scale solar are now the cheapest forms of new power generation. (Source: Lazard)

The AACE Act is designed to leverage private capital and to deploy new, firm clean energy capacity in Maryland through programs that avoid unnecessary ratepayer costs.

Have questions? Robin K. Dutta robin@chessa.org Executive Director Chesapeake Solar and Storage Association (CHESSA)

CHESSA - MD - EEE Favorable SB316 AACE Act 2025021
Uploaded by: Robin Dutta
Position: FAV

13 February 2025

Senator Brian Feldman, Chair
Education, Energy, and the Environment Committee
2 West Miller Senate Office Building
Annapolis, Maryland 21401

Oral and Written Testimony
SB316: Abundant Affordable Clean Energy – Procurement and Development (AACE Act)

Position: Favorable

Chair Feldman, Vice Chair Kagan, Members of the Economic Matters Committee, thank you for the opportunity to testify on Senate Bill 316, Abundant Affordable Clean Energy – Procurement and Development (AACE Act).

I am Robin Dutta, the Executive Director of the Chesapeake Solar and Storage Association (CHESSA). Our association advocates for our over 100 member companies in all market segments across the solar and energy storage industries. Many members are Maryland-based. Others are regional and national companies with an interest and/or business footprint in the state. Our purpose is to promote the mainstream adoption of local solar, large-scale solar, and battery storage throughout the electric grid to realize a stable and affordable grid for all consumers.

I am here to provide favorable testimony on SB316, Abundant Affordable Clean Energy – Procurement and Development (AACE Act). This bill is laser focused on helping Maryland consumers avoid energy cost increases by increasing Maryland clean energy generation, reducing the need to overbuild the electric grid, creating downward pressure on Maryland energy prices, and side-stepping the problems in the PJM Interconnection in the process. The solar and energy storage sections of the bill will help with this by creating:

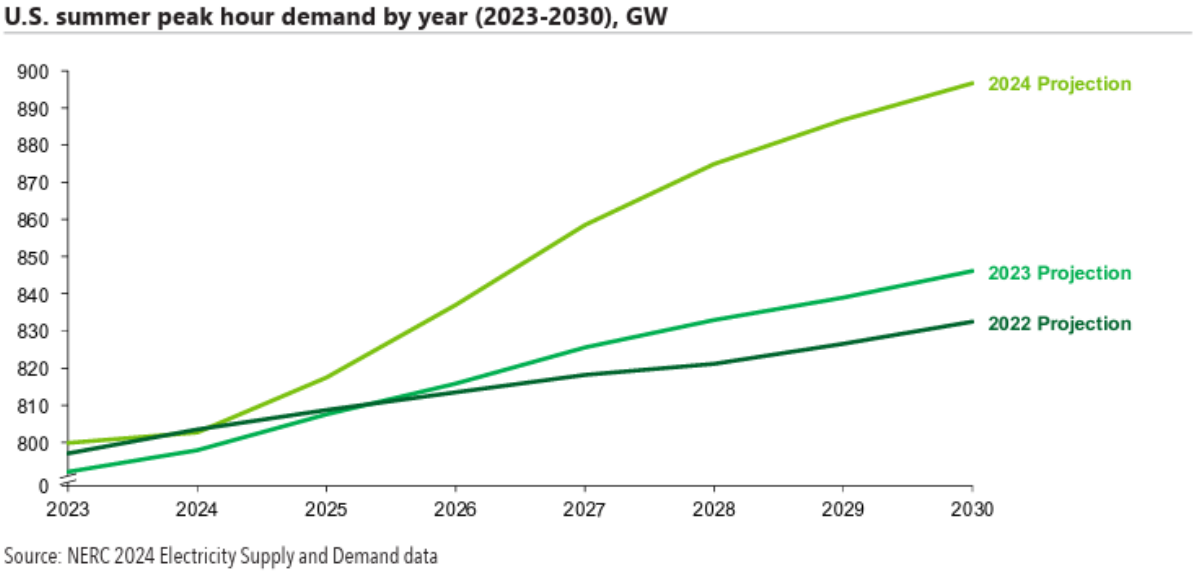
- A new distributed solar program to install at least 3 GW of new capacity on the Maryland distribution grid
- A new large-scale solar procurement to install at least 3 GW of new wholesale energy capacity in Maryland
- New energy storage procurements and programs to deploy over 1,700 MW of mostly transmission-connected battery storage

This practical piece of legislation understands that not only is clean energy is a resource adequacy solution, but using clean energy to solve Maryland's widening energy gap will help avoid unnecessary ratepayer costs and energy bill increases.

The Problem: Maryland's Widening Energy Gap

Marylanders are becoming much more sensitive to grid disruptions and electric price spikes. The state is on the path to see increasing electric demand over the long-term. And, there is already straining in its electric system. Maryland only generates about 60 percent of the electric generation it demands[1]. But, importing electricity isn't an automatic solution. Nine of the 13 states in the PJM Interconnection (where Maryland resides) also must import electricity to serve their electric demand. And the Maryland Energy Administration (MEA) is projecting load growth, potentially as much as 2 percent per year[2]. There's growing demand and competition for an energy supply that needs to increase.

Contributing Problem: Higher Electric Demand Across the County



Source: NERC 2024 Electricity Supply and Demand data

The grid of the not-so-distant future will have the combined roles that today's electricity, natural gas system, and gas stations have. For the grid to serve those roles, it will need to look and act differently. It will have higher statewide electric loads, and greater electric demand in peak periods. And, the higher peak demand gets, the more expensive the electric grid becomes, due to expensive infrastructure expansion and higher peak energy pricing. By lowering peak demand, clean energy can lower the cost of the grid.

A January 2025 report from the U.S. Department of Energy shows that projected peak demand growth is only increasing, with electricity supply and demand data from the North American Energy Reliability Council showing the estimates being revised upwards each year since 2022.[3] If Maryland's electric future follows the projected national trend, it needs to step up the clean

[1] https://www.eia.gov/state/analysis.php?sid=MD
[2] Maryland Energy Administration. "Reaching 100 Percent Net Carbon-Free Electricity in Maryland". January 2025. p.19
[3] U.S. Department of Energy. "Pathways to Commercial Liftoff: Virtual Power Plants 2025 Update". January 2025. p.7

energy build-out throughout the state at the same time as handling fossil fuel retirements. That means scaling up statewide solar adoption of all kinds, as soon as possible.

Layering on the problem are the faults within the PJM Interconnection, both with their capacity markets and their interconnection processes. The recent PJM capacity auction could cause electric bill in Maryland to increase as much as 24 percent, according to an August 2024 report from the Maryland Office of People's Counsel. The MEA describes the Baltimore Gas & Electric service area as a "congested territory".[4] There are then certain generating units that must run and can drive up capacity prices, as it happened in the most recent PJM capacity auction. The way to relieve congestion and grid strain is to lower peak demand, offset consumer electric load, and build a lot of new local generating capacity.

The Solution: Firm Clean Energy Does the Job at a Good Price

Firm capacity and generation to be relied upon does not have to come from incumbent generation technologies, such as coal, natural gas, or nuclear energy. Solar and wind technologies are ready to scale up at an increasing rate, when part of a portfolio that includes battery storage, to provide firm, reliable generation when consumers need it.

For starters, large-scale solar and land-based wind now represent the cheapest new electric generating sources in the United States, according to the firm Lazard. New clean energy generation can be built and energized to generate when electricity demand is greatest during the day. When building portfolios of energy storage, those cheap solar and wind facilities can charge those assets to be used day or night.

The data shows that distributed solar and storage strategies are scalable and help the electric grid. According to a study from The Brattle Group, distributed resources, which include a range of advanced energy technologies (such as local solar, storage, smart appliances, internet-connected thermostats, and energy management software) provide the *same* resource adequacy as a natural gas plant at 40-60 percent lower cost. The firm Deloitte analyzed the benefits that distributed energy resources including rooftop solar could deploy throughout local distribution grids in a 2024 report. Their conclusion was that scaling up the deployment and adoption of residential solar and related distributed resources would contribute to improved resiliency, reliability, and resource adequacy. Key takeaways from the Deloitte residential distributed resource report are in the infographic below.

[4] Maryland Energy Administration. "Reaching 100 Percent Net Carbon-Free Electricity in Maryland". January 2025. p.22

Key takeaways

01

Distributed energy resources offer solutions to utility challenges

Distributed energy resources (DER) at the DERstribution level are **transforming the grid** and could help meet **rising demand** while advancing **decarbonization, affordability, and resilience goals.**

02

Households can help meet peak demand

Household power capacity from DER could surpass peak demand by 2035 in a decarbonized scenario: Households could wield more than **1,500 gigawatts** of generation, storage, and flexible demand capacity.

03

Integrated plans can maximize DER value

Utilities should prepare for electrification by developing integrated grid plans that take a **DER-first approach to investment.**

04

Regulators can align stakeholders to goals

Performance-based regulation, grid **data-sharing**, and **opt-out time-of-use rates** can help align regulators, utilities, developers, and customers with state targets.

05

DER can advance equity

If building sector decarbonization targets were met starting with lower-and-moderate income customers, all **energy insecure households in every state could benefit from retrofitted, energy-efficient, and cost-saving homes** by 2035.

06

DER need a data-efficient architecture

Successful execution of integrated plans to achieve state targets requires a data-efficient architecture with **technical, operational, and regulatory capabilities.**

Note: DER stands for distributed energy resources.

Source: Deloitte analysis.

Deloitte. Insights | deloitte.com/insights.com

Meeting resource adequacy needs and growing electric demand can be an expensive proposition for the ratepayer. Utility-centric solutions are fully funded by the ratepayer. Wholesale energy solutions do not address local resiliency and reliability needs. All-of-the-above solar and storage strategies mean creating incentives that leverage private capital instead of directing ratepayers to foot the entire bill. Maryland has an energy problem that clean energy is ready to solve.

The Solution: Build More Firm, Clean Energy Resources in Maryland Despite PJM

The AACE Act is designed to increase in-state solar generation and relieve grid congestion by unlocking deployment potential for Maryland solar and storage assets that either do not need PJM approval or are in economic limbo after receiving PJM interconnection approval.

This legislation leverages the nearly 20 years of Maryland investment in solar energy through the Renewable Portfolio Standard, and the federal policy investments mostly through the Investment

Tax Credit. According to a 2021 National Renewable Energy Laboratories (NREL) study, residential rooftop, commercial rooftop, and large-scale solar systems achieved cost reductions of 64, 69, and 82 percent, respectively, since 2010. And, in the last ten years, as measured the Solar Energy Industries Association and the research firm WoodMackenzie, solar costs have declined by nearly 40 percent[5].

By creating deploy-first solar programs, AACE Act is recognizing the massive cost declines int eh solar industry and tackling head-on the generation shortfall in Maryland:

New Distributed Solar. AACE proposes creating a new distributed solar program that calibrates incentives based on different market segments and project types. It pre-sets them to make financing these projects easier and cheaper. This new program locks in the incentive through administrative action, which will mean that ratepayer dollars are used more efficiently. And it creates discretion at the Public Service Commission so that if there are significant changes in economic conditions (ie. supply chain or labor disruptions) or federal policy (ie. tariffs and/or repealing the Solar Investment Tax Credit), they can adjust incentive levels accordingly without requiring subsequent legislative approvals.

It means that at least 3 Gigawatts of new distributed solar can meet Maryland energy demand, providing low-cost resource adequacy needed for consumers to avoid unnecessary transmission build-out and improve local resiliency and reliability. And, local distributed solar does not need to go through the PJM interconnection process, so these projects are not held up by the current delays. At the end of 2035, there can be new distributed solar that increases in-state generation, offsets Maryland peak demand, and reduces electricity imports into the state.

New Large-Scale Solar Procurement. AACE would also create new competitive procurements starting in 2025 for large-scale solar, creating a pathway for mature and ready-to-build utility-scale solar projects to lock in financing, get built, and then energized in Maryland's grid. There are already over 900 MW of Maryland-sited solar plus storage projects in the PJM queue. By creating a clear procurement pathway, the Maryland PSC can create an onramp from the PJM interconnection queue for newly approved projects to quickly secure financing and move into the construction phase. This competitive process also allows for the prospect that if there are changes to federal clean energy policies (ie. tariffs, repealing the Investment Tax Credit), they can automatically be account for.

In the near-term, the procurement can enable mature and ready-to-build solar projects can be built throughout Maryland. In the longer term, when the PJM interconnection process is approving new projects, there will be a pipeline of ready-to-build projects ready to participate in this procurement process. And by 2035, there can be at least 3 Gigawatts of new large-scale

[5] SEIA/Wood Mackenzie Power & Renewables U.S. Solar Market Insight Q4 2024. https://seia.org/research-resources/solar-industry-research-data/#:~:text=The%20cost%20to%20install%20solar,deploy%20thousands%20of%20systems%20nationwide.

solar in Maryland, serving Maryland's consumers, and reducing the need for importing electricity.

Energy Storage. Coupled with small and large solar, battery storage is poised to help the Maryland grid as soon as projects can be built. There are currently over 1,600 MW of energy storage in the PJM queue. There is a concentration of activity in the Baltimore Gas & Electric territory, which is congested and in need of local energy solutions, to deploy new storage assets. This is another case of a common sense proposal designed to deploy beneficial energy assets that will directly help Maryland's electric grid.

Conclusion

In conclusion, the Abundant Affordable Clean Energy Act is designed to deploy new clean energy projects in Maryland, leveraging private capital, avoiding fully funded ratepayer projects, avoiding unnecessary transmission expansion projects, and creating downward pressure on energy costs for Maryland consumers. It has the added benefit of helping meet Maryland's decarbonization goals, which shows that clean energy has matured to the point where it can solve today's grid issues and contribute to environmental solutions.

CHESSA urges a favorable report on SB316.

Please reach out with any questions on solar and storage policy. CHESSA is here to be a resource to the committee.

Sincerely,

Robin K. Dutta

Robin K. Dutta
Executive Director
Chesapeake Solar and Storage Association
robin@chessa.org

Support SB 0316.pdf
Uploaded by: Ryan Coleman
Position: FAV

Randallstown

Po Box 731 Randallstown, MD 21133

February 11, 2025

Education, Energy, and the Environment Committee

2 West Miller Senate Office Building
2 West Miller Senate Office Building
Annapolis, Maryland 21401

RE: SUPPORT SB 0316, Abundant Affordable Clean Energy - Procurement and Development (AACE Act)

Dear Chair Feldman, Vice Chair Kagan and Members of the Education, Energy and Environment Committee:

The Randallstown NAACP is a 500 member branch located in Baltimore County. Maryland. We have members in Baltimore County and Baltimore City. One of primary focuses is ensuring the quality of life for all residents especially black Marylanders free of discrimination. Our branch is here to advocate and support our working and middle class families. Energy is now the number one issue facing residents in Maryland.

Maryland consumes about 40% more electricity than it generates. The extra supply of more than 200 Trillion Btu of electricity, annually, is delivered to the state over the PJM regional grid. And the amount imported is growing dramatically.

The remaining coal power plants (with a combined generating capacity of nearly 1,800 megawatts),intend to shut down by 2025. Solar energy, wind, and biomass are increasing but will not at any reasonable time replace that capacity or energy density; so, the state will import more electricity. The largest renewable electricity source available on the grid (.. not including hydroelectric dams) is landfill gas, which is an inelastic supply. Since 2022 there is arguably more solar power generated, but nearly two thirds of Maryland's solar generation came from small-scale, customer-sited solar, such as residential rooftop solar panels (.. and not contributing in any meaningful way to the grid).

While it is popular to talk about the fact that Maryland had about 102,530 registered electric vehicles and about 1,667 electric charging stations, with both of those numbers increasing the amount of electricity used (i.e., replacing petroleum), such only exacerbates the already existing total energy imbalance.

Around 90% of Maryland's petroleum is consumed by the transportation sector, which accounts for 33% of the state's total energy consumption, followed closely by the residential sector at 31% and the commercial sector at 29%. But the state public policy to increase electric vehicle use and electrify buildings (that are today using natural gas) will of course increase electricity use and that electricity will be imported with a significant portion of it generated from coal. **If the Maryland General Assembly does not act, Maryland could face rolling black outs this summer. This bill starts us in the right direction but more must be done!**

The Randallstown NAACP supports SB 0316, Abundant Affordable Clean Energy - Procurement and Development (AACE Act)
The Randallstown Branch of the NAACP urges a favorable report from the committee on SB 0316.

.
yours

Ryan Coleman
Randallstown NAACP, President

https://randnaacp.org/
https://www.facebook.com/NAACPrandallstown
https://www.instagram.com/naacprandallstown

Favorable Report_ SB316_Abundant Affordable Clean
Uploaded by: Sarah Bur
Position: FAV

Favorable Report Requested: SB316 / HB398 Abundant Affordable Clean Energy Act

Quaker Voice of Maryland

TO: Chair Senator Brian J. Feldman, Vice Chair Senator Kagan, and Members of the Education, Energy and the Environment Committee

FROM: Molly Finch, on behalf of Quaker Voice of Maryland

DATE: Feb 13, 2025

Quaker Voice of Maryland, an advocacy group representing Quakers throughout Maryland, strongly supports SB316, the Abundant Affordable Clean Energy (AACE) Act.

Quakers deeply believe in the stewardship of the Earth, viewing it as a sacred gift from God. We consider it our responsibility to care for all of creation. Global climate change is real and poses huge threats to life as we know it on earth. It is vitally important, particularly at this time, that Maryland continue to make progress on and expand our clean energy goals.

The AACE Act is a comprehensive bill that has involved consultation with over 100 different organizational stakeholders. It provides a pathway forward for Maryland to meet its clean energy goals that includes the following elements:

- **Creates a clean energy program.** The AACE Act would establish a comprehensive clean program that includes battery storage (that helps address peak demand), solar, wind, and small hydro projects.
- **Makes clean energy more affordable**. The AACE Act would cap costs for clean energy programs and use data center revenue to offset energy costs.
- **Shares profits with rate payers**. The AACE Act would implement a profit-sharing model so that savings from clean energy go back to Maryland ratepayers.
- **Supports continuation of existing nuclear power.** The AACE Act would support continuation of the Calvert Cliffs nuclear power plants.
- **Supports creation of well-paying local jobs.** The AACE Act would create well-paying jobs in Maryland by generating more clean power locally.

The AACE Act is important because it would help Maryland meet its climate goals while also addressing rising energy costs and rising demand for energy.

For all these reasons, Quaker Voice of Maryland strongly supports passage of SB316 and asks that members of the Senate Education, Energy and the Environment Committee join us in that support.

Quaker Voice of Maryland Website: https://www.quakervoicemd.org/ Contact us: quakervoicemd@gmail.com

Earthjustice SB 316 Support Comments AACE legislat
Uploaded by: Susan Miller
Position: FAV

EARTHJUSTICE

February 13, 2025

Chair Brian J. Feldman
Members of the Senate Education, Energy, and the Environment Committee

Re: Earthjustice **support** of SB 316:
Abundant Affordable Clean Energy - Procurement and Development (AACE Act)

Earthjustice[1] strongly supports the passage of SB 316, the Abundant Affordable Clean Energy - Procurement and Development Act ("AACE Act"). The AACE Act would create a market for battery storage projects, change the way Maryland finances solar, protect ratepayers from increasing energy prices, make procurement of clean energy more competitive and improve Maryland's energy independence.

Maryland residents are facing an energy affordability crisis. Utility bills are rising as the cost of living increases, further straining already stretched households and businesses. The gas rates of BGE and Columbia Gas have increased significantly since 2010, with BGE's rates tripling during the period and Columbia Gas rates increasing more than three times the rate of inflation.[2] Electric rates for Maryland's Exelon utilities have also increased well above the inflation rate.[3] Unfortunately, this problem isn't going to get better soon. According to BGE, Marylanders should expect to see another combined increase for gas and electric service of over 12% by June 2025 – this will look like an additional $26 on a $210 residential bill.[4] Fortunately, the Economic Matters Committee can pass the AACE Act, which will rein in energy spending, increase energy affordability, and secure Maryland's energy future.

While policymakers have made steady progress toward a future where renewable energy is supported by a reliable electric grid and widely available to consumers at a low cost, that progress is now being stymied by the failure of Maryland's grid operator to adequately do its job. Maryland is part of an electricity grid shared by 13 states and the District of Columbia, managed by an organization called PJM Interconnection (PJM). PJM's goal is to ensure these states have

[1] Earthjustice is a non-profit public interest environmental law organization that represents other non-profits free of charge. Earthjustice uses the power of law and the strength of partnerships to advance clean energy, combat climate change, protect people's health and preserve magnificent places and wildlife.
[2] Maryland's Utility Rates and Charges, Report of the Maryland Office of People's Counsel, at 6 (June 2024).
[3] Id. at 10.
[4] 3 Think Your BGE Bill is High? Rates are Rising, Tim Prudente and Hayes Gardner, Baltimore Banner, Jan 5, 2025.

access to sufficient and affordable energy. In high demand periods when PJM is worried the grid does not have the capacity to generate enough electricity, it increases the price of electricity.

To say that PJM has ineffectively managed adding new electricity generation to the grid is a massive understatement. PJM is doing a worse job than any other grid in the nation at bringing wind and solar generation onto the grid. New energy projects looking to come online in the PJM region face years-long wait times before they're even considered. Wind, solar and battery projects account for 95 percent of the 250 gigawatts in its interconnection queue — as much prospective clean energy as now exists in the entire country. At the end of 2023, PJM had 3,309 projects – mostly solar and battery storage – waiting to connect to the grid.

This failure directly affects energy affordability. The results of PJM's latest annual electricity market auction, which is supposed to ensure there is enough generation to meet demand, were appalling. The auction produced a price of $269.92/MW-day for most of the PJM footprint, compared to $28.92/MW-day for the 2024/2025 auction. This 800% price increase will have a massive ripple effect across PJM's 13-states, including in Maryland. The total capacity bill for the region will increase from $2.4 billion to about $14.7 billion, which could increase customer bills by as much as 29% starting mid-2025.

This backlog is unnecessarily driving up electricity costs for Marylanders and unfortunately there is no reason to believe that PJM can significantly expand its interconnection capaci anytime soon. Now, Maryland is left scrambling to procure energy from other sources and to find creative ways to meet its energy demand.

The AACE Act represents a creative approach to improve energy affordability in Maryland. By AACE, the General Assembly has the opportunity to meet the rising demand for electricity with less expensive clean energy technologies, all while protecting consumers and creating family supporting local jobs. AACE recognizes that clean energy is an economic opportunity.

The AACE Act will create a market for battery storage projects by requiring each electric utility to develop a plan to achieve that utility's assigned proportion of battery storage necessary to achieve Maryland's battery storage goals, change the way Maryland finances solar projects, a improve transmission plans for offshore wind to ensure Maryland has access to that generation.

Battery storage is the fastest way to respond to Maryland's current resource challenges. Batteries, combined with solar and wind energy, can store power when the grid doesn't need it and discharge it when it's in short supply — something that's already happening regularly in states like California and Texas. Batteries can also help meet fast-rising demand from corporate energy buyers like data center developers. The AACE Act will require the Commission to conduct two procurements for a total of 1600 MW of battery storage, generating more energy in Maryland and increasing the storage capacity of Maryland's energy grid.

The AACE will also improve Maryland's Renewable Portfolio Standard's Solar Renewable Energy Certificate process to allow for competitive procurement for utility scale

solar. This change should ensure efficient and orderly development of utility scale and distributed solar across Maryland.

This year, the General Assembly has the ability to put money back into the pockets of families. Maryland legislators can pass legislation that improves energy affordability across Maryland while building out battery storage and renewable energy. If the Economic Matters Committee wants to take concrete steps to improve the economic lives of Marylanders, the Committee should enact the AACE.

Finally, Earthjustice thanks Senator Brooks for his leadership on this important issue.

Earthjustice strongly urges a favorable report for SB 316.

Thank you in advance for your support. Should you have any questions, please contact me at smiller@earthjustice.org.

Respectfully submitted,

Susan Stevens Miller

Susan Stevens Miller
Senior Attorney, Clean Energy Program
Earthjustice

AACE ACT SUPPORT- STRUM CONTRACTING CO. INC.-SB031

Uploaded by: Teaera Strum

Position: FAV

STRUM
CONTRACTING COMPANY

SB0316-SUPPORT

Teaera Strum
Strum Contracting Company Inc.
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SB 0316- Abundant, Affordable Clean Energy Procurement and Development (AACE Act)

Dear Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy and Environment Committee,

On behalf of my organization Strum Contracting Company Inc, I urge a favorable report on SB0316.

The AACE Act provides a path forward to addressing resource adequacy in the state and alleviating the burden on Maryland ratepayers, while providing important protections for labor to ensure Maryland's workers receive, amongst other things, fair wages and benefits for their work in building a sound energy future. Critically, AACE brings on new energy projects that serve Maryland's load requirements within this decade on a least-cost basis, while allowing flexibility to respond to potential shifts in future energy markets. This combination of rapidity, low-cost, and flexibility makes AACE a "no regrets" path to achieving resource adequacy to meet current and future electric load requirements in Maryland.

The AACE Act provisions allow for project flexibility, focused incentives to spur development, ensuring that energy projects will directly benefit the state's energy requirements, directly benefiting ratepayers, and ensuring workers in Maryland benefit from the projects they build and maintain. AACE's pathway to energy development is in line with the State's carbon reduction goals, allows for the flexibility to respond to future energy demands, and provides solutions to resource adequacy in this decade.

In today's economic climate, Maryland must act and pass the AACE Act to ensure we can secure a clean energy for our future Marylanders. We request this Committee issue a favorable report on HB 398.

Sincerely,

Teaera Strum

Teaera Strum, CEO
Strum Contracting Company Inc.

SB316_FAV_MASCIOLI.pdf
Uploaded by: William Mascioli
Position: FAV

SB316 - SUPPORT

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SB 316 – Abundant Affordable Clean Energy – Procurement and Development (AACE Act)

Education, Energy, and the Environment Committee February 13, 2025

Dear Chair Feldman, Vice Chair Kagan, Members of the Education, Energy, and the Environment Committee

I urge a favorable report on SB316, the Abundant Affordable Clean Energy – Procurement and Development (AACE) Act. Maryland faces an energy problem. Our state has steadily growing energy demand at the same time that it is committed to a goal of sourcing 50% of its electricity from renewable sources by 2030 and 100% by 2035.

I am proud to have been a resident of Montgomery County for just short of 40 years. One of the things that makes me proud to be a Marylander is our state's political good sense and legislative leadership. In recent years, the burgeoning climate crisis has been a paramount concern to me, and for that reason I have long been a member of the Chesapeake Climate Action Network (CCAN). Indeed, the climate crisis and what it portends for my children and others of future generations fills me with dread. I was proud of Maryland when we passed the Climate Solutions Now Act in 2022 and its clear and firm goals gave me hope.

Meeting those goals requires practical thinking and that is what the AACE provides. Among other things, it maximizes in-state generation of clean energy, making us less vulnerable to mismanagement by PJM and reduces the number of transmission lines needed to serve our grid. It creates a market for the development of energy storage capacity (i.e., batteries), installs a more effective solar subsidy process, and gives essential boosts to wind (land-based and offshore), and hydroelectric projects.

As a citizen concerned not just about the environment but also about the conditions of our working population (they are, I believe, inextricably connected), I am particularly pleased by the many provisions of the AACE that attend to the collective-bargaining rights and terms and conditions of employment of the many Marylanders who will be employed meeting our energy needs with renewable energy.

In short, the Climate Solutions Now Act mapped the route to a clean-energy future for Maryland; the AACE ensures that the roads to that future will be properly built.

SB316 AACE Act 2025 FAV .docx.pdf
Uploaded by: Zoe Gallagher
Position: FAV

Testimony to the Senate Education, Energy, and the Environment Committee

SB316 - The Abundant, Affordable Clean Energy Act

Position: Favorable

02/13/2025
The Honorable Chair Feldman
Senate Education, Energy, and the Environment Committee
Room 231, House Office Building
Annapolis, MD 21401
cc: Members, Senate Education, Energy, and the Environment Committee

Chair Feldman and Honorable Members of the Committee:

Economic Action Maryland Fund (formerly the Maryland Consumer Rights Coalition) is a people-centered movement to expand economic rights, housing justice, and community reinvestment for working families, low-income communities, and communities of color. Economic Action Maryland Fund provides direct assistance today while passing legislation and regulations to create systemic change in the future.

I am writing today to urge your favorable report on SB316, which would quickly maximize the amount of clean energy generation within our grid, making electric rates more affordable for Marylanders and bringing our state closer to its climate goals.

It is no surprise that energy rates are soaring across the state, and are only expected to increase after the recent PJM capacity auction. Utility providers in Maryland cut off electricity 74,000 times last year,[1] an amount that is likely to increase as rates continue to rise.

Utilities are not a luxury, they are a necessity. Maryland saw 25 heat related deaths in 2024, and nearly 1,200 emergency room visits for heat-related illnesses, the highest in recorded history. As climate change continues to lead to hotter and hotter summers, it is imperative that all people are able to afford the electricity needed to cool their homes.

In terms of climate change, we must ensure we are taking the necessary steps to move towards our state's goals for clean energy. According to the Maryland Department of the Environment, a majority of Marylanders would prefer to see more of their energy coming from renewable sources. Although our state is in dire need of energy now, it would be counterproductive to pour millions of taxpayer dollars into an energy production source that is not sustainable and does not meet our long-term climate goals.

These points make one thing clear, we need to produce more clean energy in order to bring rates down and alleviate the cost burden for consumers. HB316 would do just that, by bringing more clean electric energy to the grid through innovative strategies such as battery storage facilities and new incentives and zoning for solar energy.

Producing more energy is essential to meet the needs of Marylanders who are struggling to pay their bills. Producing clean energy is essential to mitigate the impacts of climate change, which disproportionately harms low-income communities.

[1] https://digitaledition.mdgazette.capitalgazette.com/tribune/article_popover.aspx?guid=15412912-ce8d-4b78-aea4-ce483556d079

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For these reasons, we urge a favorable report on SB316.

Thank you,

Zoe Gallagher
Policy Associate

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Senate Bill 316 FINAL.pdf
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Position: FWA

February 13, 2025

112 West Street
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Support with Amendments – Senate Bill 316 - Abundant Affordable Clean Energy - Procurement and Development (AACE Act)

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) support with amendments **Senate Bill 316 - Abundant Affordable Clean Energy - Procurement and Development (AACE Act)**. Senate Bill 316 requires each electric company to submit plans to the Public Service Commission (Commission) by November 1, 2025, to construct or procure transmission and distribution-connected energy storage devices. The bill also incentivizes the creation of zero-emission credits for nuclear facilities and requires the Commission to adopt a coordinated approach to offshore wind energy transmission development.

Pepco and Delmarva Power support the overarching goal of the bill—to enhance Maryland's energy infrastructure through the deployment of energy storage, expansion of in-state generation, and facilitation of a more resilient and sustainable grid, however, respectfully request that certain provisions within the legislation, particularly the construction timelines and the storage capacity mandate, be modified to ensure successful implementation.

In 2019, the Maryland General Assembly passed the Energy Storage Pilot Project Act. The legislation required each investor-owned electric company submit applications for Commission approval to deploy energy storage projects. Through these deployments, Pepco and Delmarva Power have gained, and continue to gain valuable insights into managing supply chain issues for lithium-chemistry batteries, integrating distributed energy resources with utility IT and communications, and engaging with local communities.

Pepco's Montgomery County Bus Depot Storage Project is a third-party owned and operated 1.0 MW project with an output of 3.0 MWh over the lifetime of the project. The project is planned to defer the need to upgrade a feeder in Silver Spring to accommodate incremental loads due to electric bus charging and provide support for bus charging during distribution system outages. The energy storage system is designed to charge from the onsite solar array and will support charging activities at times when the load is too high and Pepco's distribution system is unable to supply the load.

Another example of one of our storage projects is Delmarva Power's Elk Neck Project, a virtual power plant ("VPP") with a capacity of 0.5 MW with a guaranteed energy output of 1.5 MWh. Although the Project does not defer any distribution upgrades or address a contingency, the Project helps further the State's clean energy goals by providing the opportunity to learn more about VPPs as behind-the-meter ("BTM") energy storage, explore the capability of residential batteries to accommodate distributed generation, and study how VPPs can participate in the PJM Wholesale Market.

While Pepco and Delmarva Power support the overarching goal of the bill, we'd like to suggest the following amendments to the legislation. First, the proposed deadline of November 1, 2025, does not provide sufficient time for utilities to develop comprehensive and effective plans for submission to the Commission. Given the complexities of permitting, procurement, and stakeholder engagement, Pepco and Delmarva Power recommend extending the deadline to November 1, 2026. This additional time will allow for a more thorough and effective integration of energy storage solutions.

Additionally, the legislation requires utilities to construct or procure transmission and distribution-connected energy storage within 18 months of Commission approval. Based on industry experience, this timeframe is not feasible given permitting, siting, interconnection, and supply chain constraints. Pepco and Delmarva Power propose extending the deadline to at least 30 months to allow for proper planning, site selection, and permitting processes, ultimately ensuring project success.

The bill mandates that utilities achieve a 150MW of distributed connected energy storage capacity, with no more than 30% of storage being owned by third parties, and the Commission allocating the remainder to the utilities. The 150MW requirement should be an aspirational goal rather than a mandate, allowing utilities to execute incrementally and in phases.
Pepco and Delmarva Power recommend providing more flexibility by requiring utilities to submit a plan for bringing online one-third of the capacity initially, then requiring the utilities to submit plans for projects that address the remaining capacity amounts.

Energy storage projects require significant investment, yet Senate Bill 316 does not include a cost recovery provision to ensure utilities can recover expenses associated with development, operation, and maintenance. Without this certainty, utilities may face financial risks that could hinder deployment. Pepco and Delmarva Power propose including a clear cost recovery mechanism that allows utilities to recover prudent investments in energy storage through existing ratemaking processes approved by the Public Service Commission.

Section 7-1208(A)(1) of the legislation establishes a contract for the differences between the utility and the developer. Under this arrangement, the fixed price schedule would be partially or fully met by PJM market revenues. If market revenues fall short of the fixed, the utility compensates the developer for the difference. Conversely, if market revenues exceed the fixed price, the developer pays the utility the difference. Also, it is unclear if the structure by stating that all market revenues should be credited back to customers. This implies a different arrangement where customers pay the full fixed price schedule and receive all market revenues.

Sections 216.2(E(2)-(4) contains specific directions to utilities on who should construct an energy storage device, which limits the utilities' flexibility on how to conducts its operations. These provisions should be made less prescriptive to enable the utilities to manage its business effectively. Senate Bill 316 prescribes how utilities must construct and maintain energy storage projects, requiring that electric company employees perform all construction and that bargaining unit employees receive priority for operations and maintenance (O&M). If third-party contractors are used, the legislation mandates that they offer health and retirement benefits. While we strongly support fair labor practices, these requirements are overly prescriptive limiting operational flexibility and would create challenges in vendor selection.

Finally, the legislation, as written, does not empower the Commission to deny a project if it fails to meet program objectives or is not cost-effective. Pepco and Delmarva Power recommend granting the Commission the authority to deny projects to ensure that only those fulfilling the state's goals are commenced.

Pepco and Delmarva Power commend the sponsors for their leadership in advancing Maryland's clean energy transition. However, for this legislation to be successful, it must be tenable. The proposed storage deployment timelines, capacity mandates, and ownership restrictions are overly prescriptive and should be adjusted to allow utilities to effectively deliver these critical energy resources. With these amendments, Senate Bill 316 can serve as a strong framework for expanding Maryland's clean energy capacity while maintaining grid reliability and affordability for consumers.

Pepco and Delmarva Power will continue discussions with the sponsor to address our concerns. We respectfully request a favorable report with amendments for Senate Bill 316.

Valencia McClure | Anne Klase | Allyson Black-Woodson | Poetri Deal | 410 980 5347

Price Testimony in Support of SB0316 with Amendmen

Uploaded by: Brysn Price

Position: FWA

Testimony in Support of SB0316 with Amendments
Presented by Bryan Price
Maryland State Senate Hearing on the Abundant Affordable Clean Energy (AACE) Act

Senator Brooks and Esteemed Members of the Committee,

Thank you for the opportunity to testify regarding Senate Bill 316, the Abundant Affordable Clean Energy (AACE) Act. My name is Bryan Price, and I am writing as a concerned Maryland resident who is deeply invested in ensuring that our state's transition to clean energy is both effective and equitable.

Like many Marylanders, my life has been thrown into chaos because of the prospect of the Maryland Piedmont Reliability Project (MPRP). I would argue, needlessly so. Had these simple, reasonable measures been implemented earlier, many of the current issues faced by our elected officials, farmers, and families would be moot. This could have been a "win-win-win" situation for Marylanders; the State of Maryland; and I would contend, even for PSEG.

SB 316 is a starting point, but for it to be fully successful in achieving its desired goals, it must contain the proposed amendments (included for your reference in this testimony.) These amendments are not optional. They are not hypothetical thought exercises. They do not address "what-if scenarios." They are common-sense measures that flow logically out of the very real flaws in the MPRP and its process and address the equally real dangers they present to our state and its populace.

Consider the following: At a local civics club meeting, I was shocked to discover that when Delegate Mangione called PSEG and inquired about how much of our existing energy infrastructure could be utilized in the transmission project, the response was that they did not know—because they never considered it. Exploring miles of existing infrastructure was never looked into until it was demanded by our community and elected officials. (and only after whistleblowers brought this matter to the attention of the public!) It was simply easier to quietly plan to seize land from property owners under eminent domain, lower property values (thus impacting not only personal finances but also state education funding), and pass construction costs onto Maryland taxpayers in the form of rate hikes, rather than doing the necessary groundwork to ensure the most cost-effective, efficient solution. Apparently, it’s preferable to uproot 70 miles of Marylanders than to inconvenience a utility company and require them to demonstrate responsibility to the communities they claim to serve. This cannot be allowed to happen. Not now. Never again.

Consider also that BGE has stated to Maryland Delegates and the community that they can provide all the power needed for Maryland's current and future energy needs, including future power centers—albeit with upgrades to their existing infrastructure.

The following amendments would clearly protect Marylanders and their property and financial interests. They would support the State of Maryland by ensuring that all construction is financially responsible and necessary. They would also support PSEG, as they would encounter less resistance from communities whose rights have been protected, with clear expectations set, responsibilities reaffirmed, and due diligence required for their own financial benefit.

1. Requiring Cost-Benefit Analysis Before Any Transmission Expansion
Proposed Amendment: Amend § 7–704.3 (b)(2)(iii) to mandate a full cost-benefit analysis comparing new transmission projects with alternatives such as energy storage, demand response, and distributed generation.

2. Mandating Undergrounding of Any New Transmission
Proposed Amendment: Add to Public Utilities Article § 7–1206:

"(E) ANY NEW TRANSMISSION LINES APPROVED UNDER THIS SECTION SHALL BE PLACED UNDERGROUND UNLESS THE APPLICANT DEMONSTRATES THAT UNDERGROUNDING IS NOT TECHNICALLY FEASIBLE OR THAT THE COST OF UNDERGROUNDING EXCEEDS ALL AVAILABLE ALTERNATIVES, INCLUDING ENERGY STORAGE OR DISTRIBUTED GENERATION."

3. Limiting Transmission Expansion to Existing Infrastructure
Proposed Amendment: Amend § 7–704.3 (b)(2)(ii)(2) to state:

"TO THE EXTENT POSSIBLE, ALL TRANSMISSION UPGRADES SHALL UTILIZE EXISTING INFRASTRUCTURE BEFORE CONSIDERING NEW CONSTRUCTION, INCLUDING UPGRADING EXISTING TRANSMISSION LINES TO HIGHER VOLTAGE LEVELS AND USING HIGHWAYS OR RAILWAYS FOR NEW TRANSMISSION ROUTES."

4. Preventing Ratepayer Burden for Unnecessary Transmission Expansion
Proposed Amendment: Amend § 7–1216 to include:

"(7) TRANSMISSION EXPANSION PROJECTS THAT ARE NOT REQUIRED TO MEET A DEMONSTRATED GRID RELIABILITY NEED MAY NOT BE FUNDED THROUGH RATE INCREASES ON MARYLAND RATEPAYERS."

These amendments, combined with other common-sense measures such as SB0034, SB0037, SB0116, and SB0332, will protect Marylanders and the State of Maryland from

corporate overreach, ensure responsible energy policy going forward, and provide economic benefits for Marylanders and our school systems.

Thank you for considering these critical amendments. I urge the Committee to support SB0316 with these changes to promote a clean energy future that benefits all Marylanders.

Sincerely,

Bryan S. Price, Jr.

BGE_SWA_EEE_Senate Bill 316 (HB398)- Abundant Affo
Uploaded by: Dytonia Reed
Position: FWA

AN EXELON COMPANY

Position Statement

Support with Amendments
Education, Energy, and the Environment
2/13/2025

Senate Bill 316 (HB398)- Abundant Affordable Clean Energy - Procurement and Development (AACE Act)

Baltimore Gas and Electric Company (BGE or the Company) supports *Senate Bill 316* with amendments. *Senate Bill 316* mandates that each electric company submit plans to the Public Service Commission (Commission) by November 1, 2025, to construct or procure transmission and distribution-connected energy storage devices. Additionally, the bill provides incentives for the creation of zero-emission credits by beneficial nuclear facilities and requires the Commission to pursue coordinated approaches to offshore wind energy transmission development.

Senate Bill 316 seeks to enhance Maryland's energy infrastructure by promoting the effective use of energy storage (battery storage) within the transmission and distribution grid systems. While BGE supports the ultimate goal of *Senate Bill 316*, namely the increased deployment of battery storage, the Company recommends the following revisions to the Bill: 1) increase the construction timeline for battery storage projects from 18 to at least 30 months; 2) extend the deadline for utilities to submit their plans from November 1, 2025 to January 1, 2026; 3) allow utilities to execute in phases and incrementally on the 150 MW of distributed connected energy storage capacity requirement; and 4) give the Commission authority to deny a project if it fails to meet program objectives or is not cost-effective.

BGE has recent experience operating battery storage projects to mitigate the need for major investments in the distribution system. In 2023, BGE deployed two battery storage devices—Chesapeake and Fairhaven Battery Energy Storage Projects in Anne Arundel and Calvert counties. These projects operate in PJM markets and provide peak shaving and other services. Combined, the two projects enhance service reliability for 9,000 customers and help BGE defer the construction of a new substation. Additionally, BGE has at its facility the Coldspring Microgrid where we've battery storage, EV charging, and a parking lot solar canopy to support our fleet electrification goals.

Charles Washington| Brittany Jones | Guy Andes| Dytonia Reed| 410.269.5281

Through these deployments, BGE gained valuable insights into managing supply chain issues for lithium-chemistry batteries, integrating distributed energy resources with utility IT and communications, and engaging with local communities. Revenues from PJM market participation help offset project costs and add value.

Recognizing BGE's expertise, the Department of Energy awarded BGE $50 million in Grid Resilience and Innovation Partnerships grant funding in 2024 to support its Distributed Battery Energy Storage System (DBESS) program. This program aims to deploy 22 MW of 500KW energy storage units across BGE's territory, with DOE funding potentially covering costs for 11 MW of these units. Utility ownership enables a scalable, cost-effective approach to storage deployment by developing repeatable constructs that reduce costs and project development efforts over time.

Based on BGE's experience with these projects, 18 months does not provide sufficient time to build an energy storage project. BGE recommends extending the construction timeline to at least 30-months to ensure utilities can conduct effective community engagement, address supply chain issues, secure sustainable site locations, and obtain all necessary permits. Extending the construction deadline will also reduce the frequency of utilities needing to seek extensions to meet mandatory deadlines. This is important considering missed deadlines could lead to significant penalties for utilities acting in good faith. For the foregoing reasons, BGE recommends that the 18-month construction deadline be extended to at least 30 months.

The bill also mandates that utilities achieve a 150 MW of distributed connected energy storage capacity, with no more than 30% of storage being owned by third parties, and the Commission allocating the remainder to the utilities. BGE recommends providing more flexibility by requiring utilities to submit a plan for bringing online one-third of the capacity initially, then requiring the utilities to submit plans for projects that address the remaining capacity amounts. This will approach utilities to implement the plan incrementally and in phases, achieving the desired storage capacity.

BGE supports the use of battery storage to enhance regional resource adequacy, through storage connected to the transmission system. This is an effective approach when deployed at scale, allowing utilities to procure batteries with larger energy quantities and for longer durations. The Maryland Public Service Commission has acknowledged the role of battery storage in reducing grid constraints and recently ordered utilities to evaluate utility

owned battery storage on the transmission system. BGE is actively undertaking efforts to respond to the order.

The bill also mandates that utilities achieve a 150 MW of distributed connected energy storage capacity, with no more than 30% of storage being owned by third parties, and the Commission allocating the remainder to the utilities. BGE recommends providing more flexibility by requiring utilities to submit a plan for bringing online one-third of the capacity initially, then requiring the utilities to submit plans for projects that address the remaining capacity amounts. This will approach utilities to implement the plan incrementally and in phases, achieving the desired storage capacity.

BGE supports the use of battery storage to enhance regional resource adequacy, through storage connected to the transmission system. This is an effective approach when deployed at scale, allowing utilities to procure batteries with larger energy quantities and for longer durations. The Maryland Public Service Commission has acknowledged the role of battery storage in reducing grid constraints and recently ordered utilities to evaluate utility-owned battery storage on the transmission system. BGE is actively undertaking efforts to respond to the order.

Senate Bill 316, as written, does not empower the Commission to deny a project if it fails to meet program objectives or is not cost-effective. BGE recommends granting the Commission the authority to deny projects to ensure that only those fulfilling the state's goals are commenced. Furthermore, there are ongoing Commission efforts addressing this topic, which the bill needs to consider and, if passed, could delay, or contradict their progress. BGE will work with the bill sponsor to ensure there is alignment with Commission regulations, in COMAR 20.50.14. BGE will continue discussions with the sponsor to address our concerns.

We respectfully request a favorable report with amendments for *Senate Bill 316*

Charles Washington| Brittany Jones | Guy Andes| Dytonia Reed| 410.269.5281

SB0316_ FAV WAMEND_PSC.pdf
Uploaded by: Frederick Hoover
Position: FWA

STATE OF MARYLAND

PUBLIC SERVICE COMMISSION

Chair Brian Feldman
Education, Energy and the Environment Committee
2 West, Miller Senate Office Building
Annapolis, MD 21401

RE: SB 316 – Favorable with Amendments - Abundant Affordable Clean Energy - Procurement and Development (AACE Act)

Dear Chair Feldman and Committee Members:

The Public Service Commission (the Commission) requests a favorable report for SB 316 with the amendments detailed in this testimony. The bill requires the Commission to establish and oversee multiple programs designed to enhance the deployment of energy storage, renewable energy, and clean energy sources in the State of Maryland. The Commission will be responsible for the evaluation of program effectiveness and costs, as well as oversight of competitive selection processes and awarding of various energy credits to participants. This legislation has the potential to lead to meaningful deployment of generation resources that align with the State's clean energy goals while also securing additional capacity to assist with meeting Maryland's energy needs. Further, the provisions of the bill dedicated to deploying energy storage are complementary to the storage procurement process required after the passage of HB 910 (2023). For these reasons, the Commission is supportive of the proposed legislation.

SB 316 fundamentally modifies the Commission's roles with respect to clean energy development in the State by requiring the Commission to procure generation resources that have traditionally been left to third-party developers. In this way, the Commission will become an active entity in the development of energy generation resources, similar to a power authority, rather than reviewing private sector projects for need and siting considerations. To achieve this, the Commission will need additional staff and consultants as explained in our fiscal note. The Commission notes that some of the expected timelines may be ambitious and thus there will need to be flexibility afforded to the Commission and developers on both review and development of projects. The Commission also notes that the proposed legislation does not address generation siting issues that exist within the State for renewable energy resources and these siting issues will remain. While concerns have been expressed as to the level of energy imported into the State, the General Assembly should be cognizant that the location of energy facilities within the State will raise location specific siting concerns. Historically, the siting of any energy facility has the potential to be a publicly contentious proceeding.

SB 316 fundamentally alters the financial structure for renewable energy, and how it is incentivized by the State through the creation of long-term contracts with the generators in lieu of the current renewable energy credit market. Consequently, there may be upward price pressure on customer bills if the proposed legislation leads to resource development that may not have been incentivized under the current incentive structure. The Commission does suggest some amendments to the new REC II and SREC II procurement process to provide policy guidance that helps govern the criteria for which these contracts should be awarded.

The Commission has worked cooperatively with the bill sponsor regarding potential amendments to the proposed legislation. The following are areas of focus to be addressed to improve the bill or provide highlights for the legislature's consideration.

Energy Storage

SB 316 amends § 7-207(b)(2) of the Public Utilities Article (PUA) to exempt front-of-the-meter transmission energy storage devices from needing a Certificate of Public Convenience and Necessity (CPCN) and furthermore § 7-1209(b) bestows the same rights to a selected [transmission connected] proposal that a generating system [station] would otherwise be granted through a CPCN process **if** the proposal is reviewed under an alternative process as determined by the Commission. A CPCN process is not currently required for a stand-alone energy storage device; a CPCN may be required for a solar+storage facility if the solar component exceeds is greater than 2 MW capacity.

§7–216.2(b) prescribes a goal for electric companies to procure 150 MWs of distribution–connected energy storage devices as determined by the Commission. Currently SB 316 applies to all electric companies including small cooperatives and municipal electric utilities. Currently, the Maryland Energy Storage Program 3 GW target by the 2033 PJM Delivery Year only applies to investor-owned utilities. The Commission recommends that § 7–216.2(b) mirror the Maryland Energy Storage Program, as these small cooperatives and municipal electric utilities may find SB 316 difficult to implement.

§ 7–216.2(c)(2) requires that on or before March 1, 2026, for electric company energy storage plans submitted by November 1, 2025, and on or before March 1, 2027, for energy storage plans submitted by November 1, 2026, the Commission must either approve each of the plans or approve them with modifications. The Commission requests that its approvals be extended to May 1, 2026 and May 1, 2027, respectively. These dates allow six months for Commission approval, which is a more realistic timeframe to conduct a litigated proceeding with discovery and to issue a final order.

The Commission notes that the timelines for the development of both distribution storage and transmission storage in the proposed legislation may be aggressive. To date, the electric companies have limited experience installing distribution energy storage under the Energy Storage Pilot Program required by § 7-216 and several of these pilot projects have incurred substantial delays. Transmission storage projects can take up to three years to become operational once an interconnection agreement is signed. Therefore, the target dates for transmission energy

storage devices to become operational within 18 months of Commission selection may be difficult to achieve.

Renewable Energy - Solar, Small Hydroelectric, and Onshore Wind

SB 316 amends §7-705, §7-709, §7-709.2, and §7-709.3 of the PUA, as well as creating §7-1214, §7-1215, §7-1216, §7-1217, §7-1218, §7-1219, §7-1220, and §7-1221 of the PUA to alter the current structure and paradigm of Maryland's Renewable Energy Portfolio Standard (RPS) Program as well as the procurement and retirement of Renewable Energy Credits (RECs) and the accumulation of Alternative Compliance Payments. SB 316 further establishes an escrow account for RECs. The Commission interprets the bill to allow them to be operated in similar manners: with an independent escrow account administrator and not directly by the Commission. However, to ensure there is no ambiguity, the Commission requests that the language under section 7–1214 be used throughout.

Amendments to §7-705 require that funds that accrue as a result of Alternative Compliance Payments (ACPs) which are made in lieu of purchasing RECs to satisfy RPS compliance will be placed into a new escrow account rather than the Strategic Energy Investment Fund (SEIF). The funds that accumulate in this escrow account will be distributed to electric companies to be refunded or credited to each distribution customer based on the customers electric supply consumption that is subject to the RPS. Returning ACP funds to customers via their distribution bill can help to offset future distribution bill increases that may occur.

§7-709.2 establishes a Utility-Scale Solar REC-II (SREC-II) program that allows Utility-Scale solar systems with a generating capacity over 5 Megawatts (MWs) to generate a specific type of SREC-II with an overall goal of providing incentives for the development of 3,000 MWs of Utility-Scale solar generation by 2035. The legislation authorizes the Commission to conduct a competitive procurement process to procure the SREC-IIs from qualifying systems at a price established via a bidding process. Maryland has never incentivized solar via an SREC procurement process; however, it is believed that this process could lead to the construction of utility-scale solar systems within the State. The Commission suggests language to affirm that its regulatory authority to issue Certificates of Public Convenience and Necessity (CPCN) is not in any way negated by the award of SREC-IIs, and that generation projects must still apply and receive a CPCN to begin construction.

§7-709.3 establishes a Small Solar Facilities Incentive Program with a stated goal of incentivizing the development of 3,000 MWs of small solar systems (community solar and net metering systems) by 2035 accomplished by the Commission setting a specific Administratively Determined Incentive value for SREC-IIs that can be generated by small solar systems participating in the program. The program requires that net bill impacts be limited to 5% of a customer's total bill which includes both distribution and commodity rates. This is a useful cost containment measure and may be considered for application to other provisions.

The creation of §7-1214, §7-1215, §7-1216, §7-1217, §7-1218, §7-1219, §7-1220, and §7-1221 authorizes the Commission to conduct a procurement process to procure SREC-IIs and REC-IIs

generated from Utility-Scale solar systems, small hydroelectric systems, and land-based wind systems, as well as establishing the general procedures and guidelines for executing the procurement. These procurement processes are largely equivalent to the process that exists for Maryland Offshore Wind projects and subsequent Offshore Wind RECs (ORECs) which generally involve the purchase and procurement of RECs by the State and the cost recovery of the RECs via distribution rate surcharges. The Commission has only conducted this type of procurement for Offshore Wind and pursuing this procurement process for an expanded amount of energy types is a shift in renewable energy policy and the renewable energy market for the State of Maryland. This arrangement leads to long-term developer guarantees that are not part of the current incentive structures. The full scope of this impact on the renewable energy market is unknown, but it is believed that it may lead to an increase in renewable energy deployment. The Commission notes that the current bill language does not include a concrete cost containment mechanism that limits costs borne by ratepayers. In addition, the Commission flags the lack of guidance on when SREC-II or REC-II contracts should be rejected as a concern and the legislature could consider adding a requirement for a cost effectiveness test or a bill impact cap to the procurement section to address this.

Amendments to §7-709 of the PUA establishes a requirement for utilities to procure RECs in the following specific order: first, ORECs, REC-IIs, and SREC-IIs; second, "certified" SRECs; and third, RECs other than ORECs, REC-IIs, SREC-IIs, and certified SRECs. The Commission will be required to work with PJM/GATs to be able to distinguish between the various different RECs. The Commission must establish this process to allow for the enforcement of this requirement (i.e. tracking multiple types of the same RECs, SREC-II, certified SREC, and SREC) to determine which RECs were retired and the specific timing and order in which they were retired.

The current net energy metering program along with the Utility Scale SREC-II program and the Small Solar Facilities Incentive Program would provide incentives to at least 9,000 MW of largely solar generation (which is 66% of Maryland's estimated 2024 peak demand of 13,682 MW). These three programs have cost implications for Maryland consumers as each program provides additional incentives to these facilities beyond the compensation that is received from simply participating in the energy marketplace.

Nuclear Energy

SB 316 establishes a process for the Commission to award zero emissions credits ("ZEC") to certain nuclear facilities under § 7–232, 7-232, 7-233, 7-234, and 7-235. Further, ZECs may not be received by a nuclear facility if the facility simultaneously receives nuclear power production credits under the Inflation Reduction Act of 2022.

The Commission notes that the process for awarding ZECs under § 7–233 does not set any standards except in the public interest, nor does it explicitly state the Commission can deny an application. The Commission requests that it be made clear that an application can be denied. The Commission also notes it may be appropriate to have supplementary standards in addition to the consideration of public interest when reviewing and approving an application. Finally, § 7–

234 proscribes the equation which sets the price for a zero–emission credit. A clearer definition of the formula would help the Commission implement the legislation.

The Public Service Commission appreciates the opportunity to provide testimony for your consideration for bill SB 316. We request a favorable report with support for the amendments detailed above. Please contact Christina Ochoa, Director of Legislative Affairs at christina.ochoa1@maryland.gov if you have any questions.

Sincerely,

Frederick H. Hoover, Chair
Maryland Public Service Commission

SB316_FWA_Form Energy.pdf
Uploaded by: Jason Houck
Position: FWA

SB 316 - Abundant Affordable Clean Energy - Procurement and Development (AACE Act)

Position: Favorable with Amendments

Hearing Date: February 13, 2025

Form Energy respectfully requests a Favorable With Amendments (FWA) report from the Senate Education, Energy and Environment Committee.

The Abundant Affordable Clean Energy Act (AACE Act) would set a precedent in the state for procurement of energy storage devices that would meet a number of needs: enabling the transition to a clean grid with diversified energy resources; bolstering grid reliability and resilience; improving system capabilities to withstand shocks and stressors; and promoting economic development and job creation in Maryland communities.

Form Energy is a U.S. energy storage technology and manufacturing company that is commercializing a new class of multi-day energy storage system to enable a clean and reliable electric grid. Form Energy's first commercial product is an iron air battery system that can cost-effectively store and discharge energy for up to 100 hours at its rated capacity. Unlike lithium-ion batteries, which can only provide energy for a few hours at a time due to their relatively high costs, iron-air batteries can deliver energy for multiple days at a time. Made from some of the safest, cheapest, and most abundant materials on the planet – low-cost iron, water, and air – our battery system provides a sustainable and safe solution to meeting the growing demand for grid security and resiliency. Form Energy has more than 13 GWh of announced projects under contract and development throughout the U.S., the first expected to be deployed in 2025, all of which will be manufactured at Form Factory 1 in West Virginia.

Form Energy's batteries operate on the principle of reversibly rusting iron, which was first invented in the 1960s. Form Energy's batteries, while discharging, use air bubbles to convert iron metal to rust; while charging, the application of an electrical current converts the rust back to iron and the battery releases oxygen. Form Energy's battery system is composed of modules that are grouped together with auxiliary systems in weatherized, factory-assembled enclosures the size of shipping containers. Hundreds of these enclosures make up a modular, megawatt-scale power block that can be sited anywhere and used in a variety of applications including on either the transmission or distribution side of the grid. In December 2024, Form Energy announced that its iron-air battery technology set new benchmarks for safety by completing UL9540A safety testing, demonstrating no potential for thermal runaway and no fire risk under extreme abuse conditions, underscoring the inherent safety of iron-air battery systems.

Form Energy's technology pairs well with a variety of energy resources and other types of short and long duration energy storage to optimize energy system configurations and does not need to be co-located for its benefits to be achieved. With rising energy demand, extreme weather, grid outages and other prolonged stressors, technology capable of storing energy for multiple days will be critical to ensure grid

reliability and lower electric system costs. Duration and reliability should be a strong component of any energy storage procurement program designed to meet the needs of today and tomorrow.

Due to the nature of this technology and the multi-day storage resource class being fundamentally different from other existing battery storage devices common today, we wish to offer technical amendments to ensure that the programs being designed now are inclusive of Form's technology and adequately value the enhanced reliability that multi-day storage can provide.

Below is a brief summary of the changes proposed:

1. At the top of Subtitle 12 we propose adding definitions to clarify the differences between "offered power capacity" and "offered energy capacity," and "energy storage credit" defined by megawatt hour. This also will eliminate references to 4 hours as a benchmark.
2. The terms "offered power" and "offered energy" are inserted into the appropriate places where "effective nameplate capacity" exists now, and "per megawatt" is removed.
3. Suggesting a scoring system that the Public Service Commission (PSC) would use to award successful projects at a per month pricing schedule.
4. Adding another criteria to the cost benefit analysis to consider reliability.

Form Energy stands ready to be of service to Maryland during its transition to clean energy. For these reasons we humbly request a favorable with amendments report from the Education, Energy, and the Environment Committee.

Sincerely,

Sarah Jackson
Senior Policy Manager
Form Energy, Inc.
sjackson@formenergy.com

FAV with Amendments_SB0316_StopMPRPInc.pdf
Uploaded by: Joanne Frederick
Position: FWA

WRITTEN TESTIMONY
SENATE BILL 316 – Abundant Affordable Clean Energy – Procurement and Development (AACE Act)
Submitted to: Senate Education, Energy, and the Environment Committee
Hearing Date: February 13, 2025
Submitted by: Joanne Frederick, President
On Behalf of: Stop MPRP, Inc.
POSITION: FAVORABLE WITH AMENDMENTS

Thank you for the opportunity to submit testimony on Senate Bill 316, the Abundant Affordable Clean Energy – Procurement and Development (AACE) Act. I am submitting this testimony on behalf of Stop MPRP, Inc., a non-profit organization committed to protecting Maryland's landowners, farms, forests, and communities from unnecessary overhead transmission projects like the Maryland Piedmont Reliability Project (MPRP).

We support the goals of SB 316 in expanding Maryland's clean energy infrastructure, increasing energy storage, and modernizing the electric grid. However, we strongly urge the committee to adopt amendments that explicitly prevent unnecessary new overhead transmission projects, ensure that grid expansion prioritizes existing infrastructure, and require undergrounding where new transmission is deemed essential. Without these safeguards, SB 316 could inadvertently allow continued overdevelopment of transmission infrastructure at the expense of Maryland's rural communities, property owners, and natural landscapes.

Contradictions Between MPRP and Environmental Protection
While SB 316 promotes clean energy solutions, projects like the Maryland Piedmont Reliability Project (MPRP) stand in stark contrast to these goals. If permitted to move forward, the MPRP would cause significant environmental harm, undermining the very principles of clean energy and sustainability:

1. **Deforestation and Habitat Destruction**
    - The proposed MPRP route cuts through **critical forested areas of the Maryland Piedmont**, resulting in mass deforestation.
    - Clearing these forests eliminates carbon sinks, counteracting the carbon reduction benefits of renewable energy.
    - The destruction of these wooded areas threatens native wildlife, including **species dependent on intact forest ecosystems**, such as migratory birds, amphibians, and pollinators essential for agricultural sustainability.
2. **Harm to Farmland and Agricultural Productivity**
    - Large-scale transmission towers and rights-of-way **permanently disrupt farmland**, making productive land unusable.
    - Heavy machinery and soil compaction from transmission line construction **reduce soil fertility** and **increase runoff**, exacerbating erosion and threatening the Chesapeake Bay watershed.

- The project would displace farmers who rely on this land for their livelihoods, contradicting Maryland's stated commitment to **agricultural preservation and food security**.

3. **Threats to Water Quality and Wetlands**
   - The proposed transmission corridor **crosses multiple streams, wetlands, and watersheds** that flow into the Chesapeake Bay.
   - Construction activity would introduce **sediment pollution and chemical runoff**, harming aquatic ecosystems and drinking water sources.
   - Maryland has invested billions in **cleaning up the Chesapeake Bay**, and the MPRP threatens to **reverse this progress** through increased stormwater runoff and habitat fragmentation.
4. **Increased Heat Island Effect and Land Degradation**
   - Overhead transmission lines replace natural landscapes with barren rights-of-way, **removing tree cover and increasing land surface temperatures**.
   - This exacerbates the urban heat island effect, making nearby communities more vulnerable to extreme weather events driven by climate change.
   - Vegetation removal along transmission corridors leads to **long-term biodiversity loss** and makes land more susceptible to invasive species.
5. **Undermining Distributed Energy and Storage Solutions**
   - MPRP focuses on long-distance transmission rather than **investing in local energy resilience**, which **increases reliance on distant energy sources rather than strengthening Maryland's own energy independence**.
   - Instead of supporting **battery storage, microgrids, and rooftop solar**, the project locks Maryland into outdated infrastructure that is vulnerable to extreme weather events and cyber threats.
   - This contradicts the intent of SB 316, which **prioritizes modernizing the grid through storage and decentralized energy solutions** rather than expanding costly transmission.

The contradictions between the Maryland Piedmont Reliability Project (MPRP) and the environmental goals of SB 316 highlight a critical flaw in energy planning—one that prioritizes large-scale transmission over local energy resilience. Without the proposed amendments, SB 316 risks enabling policies that lead to **greater reliance on imported electricity**, including fossil fuel-generated power from neighboring states, rather than fostering a **self-sufficient, clean energy future for Maryland**. Expanding transmission infrastructure without proper safeguards does not guarantee cleaner energy—it merely expands the grid's capacity to carry power from distant sources, many of which remain heavily reliant on coal and natural gas. To truly achieve an **abundant, affordable, and clean energy** future, Maryland must ensure that investments in energy infrastructure prioritize **local generation, energy storage, and grid modernization** over indiscriminate transmission expansion. The following amendments are essential to prevent the unintended consequence of clean energy initiatives that inadvertently sustain out-of-state fossil fuel dependency while burdening Maryland's landscapes and ratepayers.

Recommended Amendments

1. **Require Cost-Benefit Analysis Before Any Transmission Expansion**
   Proposed Language: Amend § 7–704.3 (b)(2)(iii) to include:
   "SHALL ENSURE THE COMPLETION OF A COST–BENEFIT ANALYSIS THAT COMPARES ALL NEW TRANSMISSION PROJECTS TO ALTERNATIVE GRID SOLUTIONS, INCLUDING ENERGY STORAGE, DEMAND RESPONSE, AND DISTRIBUTED GENERATION SOLUTIONS."

2. **Require Undergrounding of Any New Transmission**
   Proposed Language: Add a new section to Public Utilities Article § 7–1206 stating:
"(E) ANY NEW TRANSMISSION LINES APPROVED UNDER THIS SECTION SHALL BE PLACED UNDERGROUND UNLESS THE APPLICANT DEMONSTRATES THAT UNDERGROUNDING IS NOT TECHNICALLY FEASIBLE OR THAT THE COST OF UNDERGROUNDING EXCEEDS ALL AVAILABLE ALTERNATIVES, INCLUDING ENERGY STORAGE OR DISTRIBUTED GENERATION."

3. **Limit Transmission Expansion to Existing Infrastructure**
   Proposed Language: Amend § 7–704.3 (b)(2)(ii)(2) to state:
"TO THE EXTENT POSSIBLE, ALL TRANSMISSION UPGRADES SHALL UTILIZE EXISTING INFRASTRUCTURE BEFORE CONSIDERING NEW CONSTRUCTION, INCLUDING UPGRADING EXISTING TRANSMISSION LINES TO HIGHER VOLTAGE LEVELS AND USING HIGHWAYS OR RAILWAYS FOR NEW TRANSMISSION ROUTES."

4. **Prevent Ratepayer Burden for Unnecessary Transmission Expansion**
   Proposed Language: Amend § 7–1216 to include:
"(7) TRANSMISSION EXPANSION PROJECTS THAT ARE NOT REQUIRED TO MEET A DEMONSTRATED GRID RELIABILITY NEED MAY NOT BE FUNDED THROUGH RATE INCREASES ON MARYLAND RATEPAYERS."

Why These Amendments Are Necessary

While SB 316 takes significant steps toward a cleaner and more resilient energy future, it does not explicitly prevent unnecessary transmission expansion or ensure that storage and distributed energy solutions are prioritized over new transmission lines. Without these amendments, projects like the Maryland Piedmont Reliability Project could still move forward, impacting private landowners, farmland, and conservation areas.

- Energy storage and grid modernization should replace, not justify, new transmission projects.
- Protecting Maryland's communities from unnecessary eminent domain claims must be a priority.
- Existing infrastructure should be maximized and optimized before any new transmission corridors are considered.

We urge the committee to support SB 316 only if these amendments are adopted. Thank you for your time and consideration.

Respectfully submitted,

Joanne Frederick
President
Stop MPRP, Inc.
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443.789.1382

2025.02.13_SB0316_AACE Act_FWA_Advanced Energy Uni

Uploaded by: Katie Mettle

Position: FWA

February 13, 2025
Maryland Senate
Education, Energy, and Environment Committee

SB 316
Abundant Affordable Clean Energy - Procurement and Development (AACE Act)
Sponsor: Senator Ben Brooks

Katie Mettle
Policy Principal, Advanced Energy United

FAVORABLE WITH AMENDMENTS

Dear Chair Feldman, Vice Chair Kagan, and esteemed members of the Education, Energy, and the Environment Committee:

Advanced Energy United is an industry association that represents companies operating in the clean energy space. Our mission is to accelerate the transition to a 100% clean energy economy. Our members represent the full suite of technologies that are powering this transition. They include, but are not limited to, companies which manufacture, install, and maintain batteries and solar panels, as well as wind turbines, geothermal systems, EVs, EV chargers, and smart grid technologies.

On behalf of our member companies and in alignment with our mission, we support SB 316, with amendments, for broadly the following reasons:

1. The two battery procurement targets will benefit our member companies in the battery industry. It will also allow our state to meet energy demand in a flexible way.

2. Revamping the current Renewable Portfolio Standard system will better support the needs of different types of solar projects. Furthermore, an administratively

determined incentive will provide greater stability and predictability for solar companies than a tradeable renewable energy certificate.

That said, while we do broadly support SB 316, we would like to request some amendments. Some are substantive, whereas others request points of clarification. We have discussed our desired amendments with the House sponsor.

1. We have requested clarity from the House sponsor on the date the existing RPS system would be replaced with the changes outlined in this bill, and whether that transition would be gradual or overnight.

2. Pages 4-7: We anticipate offering language for a clarifying amendment that specifies the battery storage referenced in this section will all be distribution-connected and in front-of-the-meter, which aligns with the sponsors' intention.

3. Pages 4-7: We anticipate offering language for an amendment that would ensure the distribution-connected, front-of-the-meter energy storage goals work equally well for short- and long-duration energy storage.

4. Page 5: The House sponsor has indicated there will be an amendment to specify the goal that at least 30% of distribution-connected, front-of-the-meter batteries will be owned by third parties, not a maximum of 30%. We support this amendment.

5. Page 6: We may offer language for an amendment for a more robust cost-benefit analysis for the construction or procurement of energy storage devices.

Page 10, lines 15-19: We anticipate offering language for an amendment to include the consideration of advanced transmission technologies. Our preferred definition of "advanced transmission technology" is:

"Advanced transmission technologies" means a set of hardware and software technologies that increase the capacity, efficiency, reliability, or resilience of an existing or new transmission facility, including, but not limited to:

a. Advanced conductors;
b. Grid-enhancing technologies; and
c. Any other technology as determined by the Commission.

"Advanced conductor" means a conductor that has a direct current electrical resistance at least 10 percent lower than existing conductors of a similar diameter, while simultaneously increasing capacity by at least 75% on the system and may include rebuilding support structures or other associated facilities.

"Grid-enhancing technology" means a hardware or software technology that reduces congestion or enhances the flexibility of electric transmission and distribution systems by increasing the capacity of a line or rerouting electricity from overloaded to uncongested lines, while maintaining industry safety standards. This includes, but is not limited to:

a. *Dynamic line ratings;*
b. *Advanced power flow controllers;*
c. *Topology optimization; and*
d. *Other technologies that increase grid reliability, flexibility, and capacity.*

6. Page 15: We anticipate offering language for an amendment to clarify that electric companies may only pay the ACP if they are unable to purchase a REC for below that amount.

7. Page 20: While we generally believe that deployment of distributed energy resources like solar will provide benefits to the distribution system, we do not believe it is necessary for the Public Service Commission to make this determination, in light of other provisions related to the 5% net rate impact cap, which already will take such benefits into consideration. We are concerned that if a project doesn't pass whatever criteria the Public Service Commissions sets, that would endanger the State's ability to meet our goal. In addition, it creates an administrative burden, and extra layer of bureaucracy, for the Public Service Commission to make that determination.

8. Page 25: We have asked the House sponsor for clarification about aspects of the front-of-the-meter energy storage program, specifically where the money comes from for the State to enter into contracts, how those costs will be recovered from customers, or if there will be some kind of rate cap.

9. Page 27: We have been informed that the House sponsor is shaping a clarifying amendment regarding the pricing schedule for solar, which we look forward to seeing.

We respectfully request the Committee issue a favorable report, with amendments. Thank you for your time.

Best Regards,

Katie Mettle, Policy Principal
Advanced Energy United
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sb316test - Abundant Affordable Clean Energy Act.p

Uploaded by: Marcus Jackson

Position: FWA

Associated Builders and Contractors, Inc.

Maryland Joint Legislative Committee

The Voice of Merit Construction

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February 13, 2025

TO: EDUCATION, ENERGY, AND ENVIRONMENT COMMITTEE

FROM: ASSOCIATED BUILDERS AND CONTRACTORS

RE: S.B. 316 – ABUNDANT AFFORDABLE CLEAN ENERGY – PROCUREMENT AND DEVELOPMENT (AACE ACT)

POSITION: FAVORABLE WITH AMENDMENT

On behalf of the Associated Builders and Contractors of Maryland, we appreciate the opportunity to opine on S.B. 316, the Abundant Affordable Clean Energy (AACE) Act. We believe this legislation has the potential to significantly advance Maryland's clean energy goals, and we applaud the bill's focus on promoting diverse clean energy resources, including energy storage, offshore wind, and solar power. With that said, we respectfully ask for the removal of the Community Benefit Agreement (CBA) requirements as currently drafted.

We strongly believe in the expansion of clean energy in Maryland. The AACE Act's provisions regarding distribution-connected energy storage, zero-emission credits for nuclear facilities, coordinated offshore wind transmission development, and the establishment of new programs for solar energy development are all positive steps towards a cleaner energy future. We particularly support the emphasis on cost-effectiveness and the inclusion of various technologies to achieve our clean energy targets.

However, the inclusion of mandatory CBAs presents significant concerns. While we understand the desire to ensure community benefits from these projects, mandating CBAs through legislation can create unnecessary burdens and complexities that may hinder project development and ultimately increase costs for ratepayers. These mandated agreements can lead to protracted negotiations, introduce uncertainty into the project timeline, and potentially discourage investment in Maryland's clean energy sector.

We believe that community engagement and benefits are important, but they should be addressed through a more flexible and collaborative approach. Existing mechanisms, such as local permitting processes and voluntary agreements, can effectively address community needs without the rigid mandates of a legislative CBA requirement. Removing the mandatory CBA provisions will streamline the project development process, reduce costs, and ultimately accelerate the deployment of clean energy technologies in Maryland.

Therefore, we urge you to amend the AACE Act by removing the mandatory Community Benefit Agreement requirements. With this modification, we believe

the bill will be a powerful tool for achieving Maryland's clean energy objectives in a timely and cost-effective manner. We are confident that a balanced approach, promoting clean energy development while respecting community interests, will best serve the long-term energy needs of Maryland.

On behalf of the over 1,500 ABC members in Maryland, we respectfully request an unfavorable report on S.B. 316.

Marcus Jackson, Director of
Government Affairs

NCS EEE Testimony SB316 Favorablewithamendments 20
Uploaded by: Nicole Rentz
Position: FWA

NEW COLUMBIA SOLAR

(202) 810-1661
705 Edgewood St NE, Suite 110
Washington, DC 20017

February 13, 2025

Senator Brian Feldman, Chair
Education, Energy, and the Environment Committee
2 West
Miller Senate Office Building
Annapolis, Maryland 21401

Written Testimony
SB316: Abundant Affordable Clean Energy – Procurement and Development (AACE Act)

Position: Favorable with Amendments

Thank you for the opportunity to submit testimony on Senate Bill 316, the Abundant Affordable Clean Energy – Procurement and Development 3 (AACE Act).

New Columbia Solar is a commercial and community rooftop solar developer with offices in Prince George's County, Maryland, and DC. Our company began operating in 2016 with a team of about 5 people and now employs roughly 70 people working across all aspects of solar development and construction. Our company is made up of administrative staff, accountants, engineers, electricians, construction teams, and project and business development managers. New Columbia has successfully completed more than 30 Maryland rooftop commercial net-metered and rooftop community solar projects totaling more than 10 megawatts and has another 30 projects across 6 Maryland counties in development.

New Columbia Solar specializes in providing commercial, industrial, and institutional building owners with the benefits of clean energy by installing solar on their rooftops and parking structures. This market for solar installation has enormous growth potential in Maryland, and provides numerous benefits to the state. Adding solar on commercial buildings buildings provides direct benefits to Maryland businesses and property owners while also providing grid benefits and cost savings to the state by reducing energy needs in load centers, which reduces the need for expansion of the transmission grid.

In our experience, installing solar on rooftops and parking canopies faces almost no local or community opposition, as it's installed on already developed land. Despite this advantage, annual installation of commercial and industrial rooftop solar in Maryland has remained relatively low and static for the past few years, adding only about 35 MW per year out of the more than 200 MWs installed annually in the state. This is due in large part to the fact that, before the temporary bridge in the Brighter Tomorrow Act passed last year, Maryland solar incentives have been structured in a one-size-fits-all program, with all solar systems receiving the same incentive, whether they are a 7 kW system on a homeowner's roof or a 150 MW system installed on a greenfield. This program structure has not incentivized significant expansion of the commercial/industrial building solar market because installing solar on a rooftop typically costs significantly more per watt than installing on the ground due to smaller individual system sizes, the complexity of installing systems on differing rooftop slopes, the need to hire cranes to lift equipment, and the need operate in public space.

While the Brighter Tomorrow Act adopted a temporarily differing incentive to rooftop and parking canopy solar, the ACCE Act would adopt a permanent policy that directs consideration of these factors in setting incentive levels, directing the Public Service Commission to set and change solar incentives at differing levels for different market segments. This will save ratepayers money in the long-term by creating a more effective and efficient incentive program that doesn't over-subsidize some market segments while under-subsidizing others. Further, the design of the program will decrease the cost to build systems by decreasing the risk of developing systems, because it would provide a 15-year fixed incentive that does

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not rely on a potentially unstable market for pricing. Financiers who provide capital to build solar systems know that market-based incentives are subject to market price changes, and they increase their pricing to account for this risk. Eliminating the market risk inherent in the current incentive structure will reduce the cost of installing solar in Maryland, which is a factor that can be considered in setting incentive levels pursuant to the bill, as well. Additionally, the fixed incentive price will be determined at the level needed to generate new solar installations each year and only apply to systems installed in that year, allowing a more efficient use of incentive dollars each year. With changing and increasingly uncertain federal energy policies, the incentive program proposed in the AACE Act would also allow Maryland to respond quickly to ensure its in-state solar installation and jobs are protected from harmful federal policies that may be adopted in the future.

Some amendments are needed to fully effectuate the intent of this legislation, and New Columbia Solar supports the sponsor amendments for HB398, as well as additional amendments. Importantly, the sponsor amendments clarify the purchase obligation for the credits created pursuant to the administratively-determined small solar incentive program, and clarify that SREC IIs cannot be used to meet the solar carve out in the renewable portfolio standard. These amendments protect against oversupply that would cause legacy system SRECs to potentially become worthless, which would cause solar investors and installers to lose confidence in the state's program and increase costs of solar in the future due to perceived risk.

Further, the bill should add a market category for rooftop and parking canopy community solar in section 7-709.3(F), as rooftop solar differs significantly from groundmount solar in installation and customer requirements and costs, as well as average size of systems, as described above. Alternatively, the Committee could replace the phrase "behind the meter non-residential" in 7-709.3(F)(1)(II) with "rooftop and parking canopy non-residential," covering both net-metered and community solar systems on this type of building. Without one of these amendments, the market capacity block for "community solar" will quickly be almost entirely absorbed by groundmount systems each year, leaving little room for expanding solar installation on commercial and industrial building rooftops. Many commercial and industrial building owners choose to install front-of-the-meter community solar on their rooftops rather than behind-the-meter net-metered solar as their own building loads are irregular or small (often due to the fact that their electric accounts are only for electricity provided in common areas of leased office or multifamily buildings), circumstances that would require a behind-the-meter net-metered solar system to be sized down and use less than the full rooftop, providing little financial benefit. As currently drafted, the AACE bill would not allow the Commission to establish a separate capacity block for rooftop community solar, as the "other market categories" option in 7-709.3(F) would necessarily apply to "other" categories not already listed. This issue could be addressed by one of the two amendment options described above.

In support of its 100% clean energy goals, Maryland is changing how it is powered, and adding solar generation on and near buildings and load centers in developed areas will reduce the overall cost of that transition. We are hopeful that the AACE Act can help accomplish that goal by growing and supporting all of the different sectors of solar in Maryland.

Sincerely,

Nicole Rentz
Director of Market Development and Policy
New Columbia Solar
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SB0316_FAVwith Amendments_AACE_ClimateCC.pdf
Uploaded by: Sonia Demiray
Position: FWA

SB0316 – SUPPORT WITH AMENDMENTS

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SB0316 – Abundant Affordable Clean Energy - Procurement and Development (AACE Act)

Education, Energy, and the Environment
February 13, 2025

Dear Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy and the Environment Committee:

My name is Sonia Demiray, I am the Executive Director of the Climate Communications Coalition, a member of the Mid-Atlantic Justice Coalition, and of the MLC Climate Justice Wing. The Climate Communications Coalition supports SB0316 with amendments.

SB0316 is a comprehensive bill. Our group agrees with large parts of it, including the need for storage, strategic planning and streamlining, coordinated approaches to transmission, and upgrades of the SREC and OREC systems and we thank the sponsors for their hard work. However, we have two major concerns with the AACE:

1) The AACE keeps dirty energy generation sources within the Tier 1 Renewable Source of the RPS and seeks to expand the RPS. We hope that SB0010 will finally remove trash incineration from Tier 1 this year. However, we must also remove woody biomass and biogas from the RPS before we expand it. Biomass burning power plants emit 150% the CO2 of coal plants, and 300 – 400% the carbon dioxide (CO2) of gas plants per unit of energy produced (Partnership for Policy Integrity). Meanwhile, biogas is methane - same as regular gas- and 80 times more potent at trapping heat than CO2 in the first 20 years after its release. Once burned, it also releases CO2 which continues to accumulate in our atmosphere for millennia, dangerously altering our climate.

2) Maintaining nuclear power in the mix is a problem: while nuclear is a "zero-carbon emissions source", mining, waste, and water discharge damage the environment. Uranium is not renewable and mining it risks contaminating the surrounding area with arsenic and radon; nuclear plants cause thermal pollution; they generate radioactive waste which remains harmful for thousands of years and we do not know what to do with; it uses enormous amounts of water; and, there is always the risk of an accident. Maryland should not expose itself to all these risks.

Thank you.

###

SB316.(HB398).Pavlak.UNF - AACE Act.pdf
Uploaded by: Alex Pavlak
Position: UNF

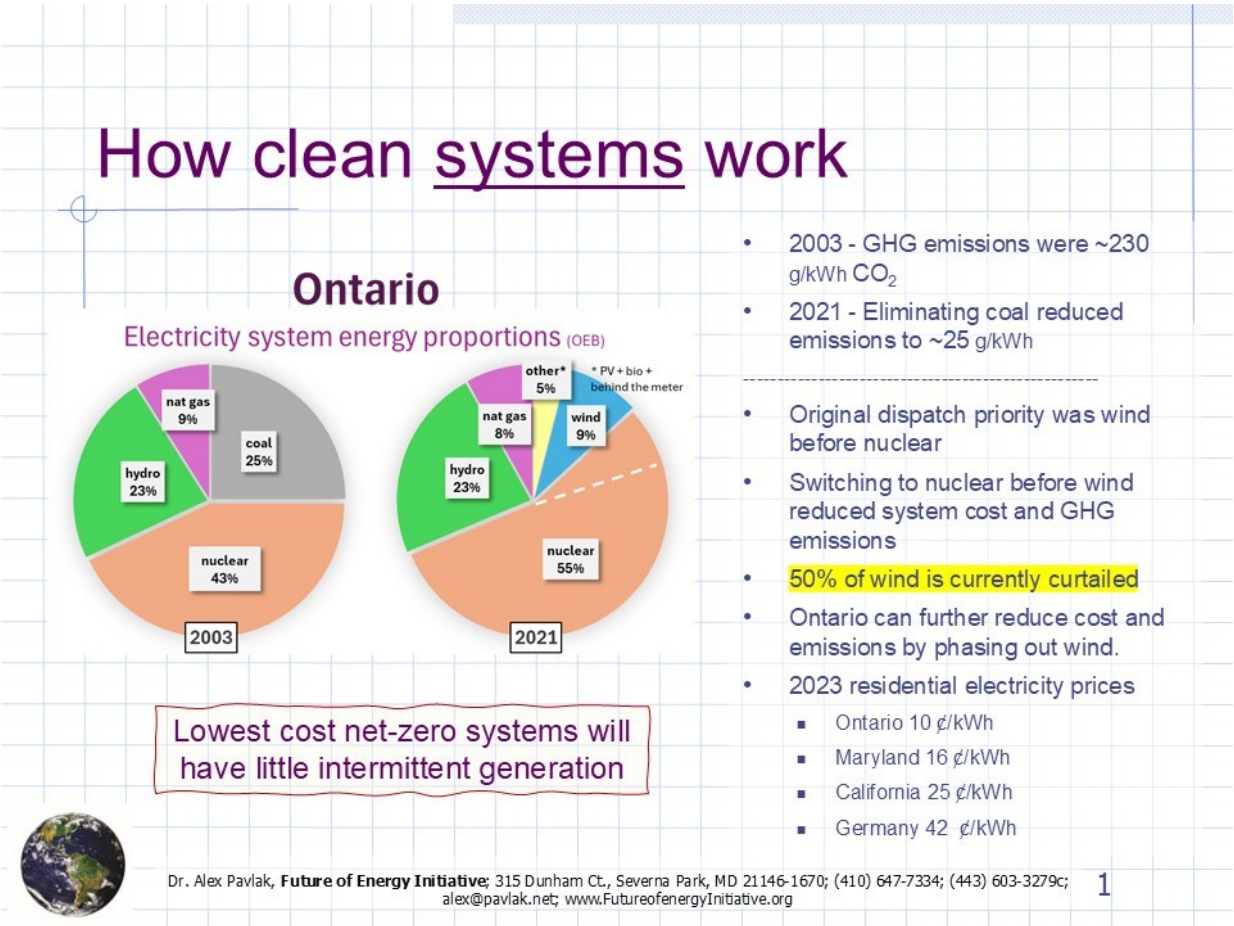
February 13, 2025

SB316.(HB398) .Pavlak.UNF – AACE Act

SB316 MAKES PRODUCTION COMMITMENTS THAT ARE INADEQUATELY SUPPORRTED BY EVIDENCE

- 100% renewables
- 8,500 MW of OSW
- 150 MW distribution connected storage devices
- 1,600 MW front of the meter transmission energy storage devices

Evidence is provided by precedented systems:



OPC Testimony SB0316.pdf
Uploaded by: David Lapp
Position: INFO

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BILL NO.:	Senate Bill 316 – Abundant Affordable Clean Energy Act
COMMITTEE:	Education, Energy, and the Environment
HEARING DATE:	February 13, 2025
SPONSOR:	Senator Brooks
POSITION:	Informational

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The Office of People's Counsel (OPC) respectfully offers the following informational comments on SB 316, the Abundant Affordable Clean Energy (AACE) Act. SB 316 aims to support the State's electric system and advance its clean energy goals by fast tracking the development of energy storage and clean, renewable energy. Specifically, the bill directs the Public Service Commission (PSC) to conduct procurements for distribution and transmission connected batteries, directs the PSC to conduct transmission planning related to Maryland's offshore wind goals, and creates new SREC-II and REC-II programs, which function similarly to the State's existing OREC program. The bill also creates a Zero Emissions Credit program for nuclear energy facilities.

Resource adequacy, or the ability to "keep the lights on," requires having enough electricity generation to serve peak demand along with enough room on the transmission system to reliably deliver the power to customers. Under conservative assumptions, Maryland has sufficient resource adequacy in the near term to meet the peak demands on its system. Specifically, sufficient transmission and generation resources currently exist to meet the resource adequacy needs for every part of the State through at least 2029.[1]

[1] *See* Office of People's Counsel Comments, Public Service Commission Admin Doc. No. PC66, Submission No. 31 (explaining results of technical analysis). Beyond 2029, additional planned transmission capacity is needed. PJM has already approved construction of transmission—scheduled to come online in 2028—to fill this need. *Id.*

For additional information and context, please see the attached FAQs, also available on OPC's website.

Many of the policy objectives of the AACE Act have the potential to decrease costs for Maryland ratepayers and enhance resource adequacy:

- Connecting additional distributed energy resources (DERs) —such as rooftop solar, community solar, and batteries—to the distribution grid can promote resource adequacy and decrease capacity costs. DERs connect to the distribution grid—not the transmission grid—and so are not impacted by the current delays in PJM's process for connecting generation at the transmission level.

- Energy storage specifically—whether connected to the transmission grid or the distribution grid—can decrease costs for consumers if (1) it is strategically deployed to decrease generation, transmission, or distribution costs or to generate wholesale market revenues, and (2) said decreased costs or market revenues exceed the costs that customers are required to pay to procure the storage.[2] Energy storage can "firm up" intermittent renewable generation by allowing energy from solar and wind to be stored and later deployed at times of peak demand, although energy storage devices can also, and often do, charge from gas plants. Energy storage can also help avoid costly transmission-system upgrades by pre-flowing energy over a transmission line and storing it on the other side of the line prior to times of peak demand.

- Robust transmission planning can ensure that least-cost transmission system configurations are built.

While these measures have the potential to decrease costs for Maryland ratepayers, locking in energy prices through ratepayer-backed, long-term procurements also has the potential to raise costs for ratepayers. Whether the AACE would increase or decrease costs for customers depends on whether there will be sustained high market prices and whether the solicitation processes proposed by the bill procure energy at prices that end up being below market rates. If the solicitation process locks in prices that are higher than actual market prices, customer bills will be higher than they otherwise would be. This

[2] The Public Service Commission's 2024 interim report to the General Assembly on the Energy Storage Pilot Program shows that of the eight projects approved by the Commission (several of which have yet to be placed in service) only one is projected to have benefits that exceed its costs. As of June 2024, the projects had *collectively* generated less than $50,000 in PJM wholesale market revenues.

risk for ratepayers exists if the facility is owned by a utility or a third party under a long-term, fixed-price arrangement.

If the new facility is owned by a utility—as the AACE Act only anticipates for a portion of distribution-connected storage devices—there is an additional risk for ratepayers. With utility ownership, ratepayers—rather than private investors—would be supporting and fully taking the risks of facility investments, including potential cost overruns. Moreover, as a general rule, utility ownership means customers must rely on regulation—not competition—to keep costs down. Stated otherwise, utility ownership of resources that can be provided competitively means not taking advantage of the opportunity to keep prices lower through competition. Alternatively, if the utility participates in actual competition to provide the resource, the utility has advantages of information and other ratepayer-funded resources (such as access to land) that its competitors don't have—undermining the efficacy of the competition. Finally, utilities have exclusive government monopolies and captive customers and are paid on a "cost plus return" basis. Even if the costs are higher than competitors' costs, the utility is generally entitled, as a matter of law, to recover its costs—including potential cost overruns—plus an opportunity to earn a return.

The competitive procurements contained in other parts of the bill could be more protective of utility customers, avoiding some—though not all—of the problems described above. Competitive procurements would not avoid locking in prices, which puts ratepayers at risk. Further, we are in a period of high wholesale future prices. Competitive procurements could lock in those high prices for years into the future, even though future prices could drop. And today's high capacity market prices could provide sufficient incentive for competitive entities to build generation—though not necessarily clean energy—without the set-prices created by the REC-II, SREC-II, and procurement policies in the AACE Act. To be more protective of utility customers, the legislation should require any such procurements to be tested for cost-effectiveness.

While there are risks inherent to locking in energy prices through ratepayer-backed long-term procurements, the AACE Act includes important provisions that aim to mitigate these risks, including:

- a 5 percent net ratepayer impact cap on the costs of the small-scale solar program;

- refunding 75 percent of data center franchise tax revenue and sales and use tax revenues to ratepayers; and

- refunding alternative compliance payments to ratepayers.

OPC appreciates these efforts to minimize the potential impact on residential customer bills, although we have not quantified the extent to which these measures would offset the risks associated with ratepayer-backed procurements. We also have not assessed how directing alternative compliance payments to ratepayers would impact other programs that help Maryland ratepayers, such as programs for low- and moderate-income households run by the Maryland Energy Administration. We recommend further mitigating the risks to ratepayers by requiring the PSC to find that each procurement is cost effective, meaning that projected benefits must be greater than projected costs, as determined by the PSC.

Finally, as a general matter, public policies funded through electricity rates are regressive. All utility customers—rich and poor alike—pay the same rates, unlike other funding mechanisms such as general funds that rely on progressive income taxes. These policies can increase costs for Maryland residents who already are having a hard time meeting their energy bills.

OPC appreciates the opportunity to provide comments on SB 316.

SB0316-EEE_MACo_LOI.pdf
Uploaded by: Dominic Butchko
Position: INFO

Senate Bill 316

Abundant Affordable Clean Energy – Procurement and Development (AACE Act)

MACo Position:
LETTER OF INFORMATION

To: Education, Energy, and the Environment Committee

Date: February 13, 2025

From: Dominic J. Butchko

The Maryland Association of Counties (MACo) offers a **LETTER OF INFORMATION** on SB 316. This bill sets new goals and targets for increasing Maryland's energy storage capacity.

Maryland is facing a budding energy crisis, largely brought on by Virginia data centers. With exponential increases in regional demand, residents are for the first time in generations facing real concerns of escalating utility costs and potentially even brownouts during extreme demand periods. As Maryland continues to build toward a fully renewable future, utility scale batteries will become an even greater component in our electric infrastructure.

During the 2024 legislative session, this committee passed HB 468, establishing the Commission to Advance Lithium-Ion Battery Safety in Maryland. The committee charged the body with developing legislative, regulatory, programmatic or other recommendations related to ensuring lithium-ion batteries are safely used in Maryland. Counties recognize the need for utility scale batteries both to meet the General Assembly's climate goals and to stabilize the electric grid.

Counties urge that as the committee deliberates on the exact pathway to increase energy storage, legislators consider the hazards of current technologies and require sufficient safety requirements. Lithium-ion battery fires can be several orders of magnitude more destructive than a traditional fire, and add the additional complication of voluminous toxic fumes. Many county career and volunteer fire departments are not yet equipped or trained to handle a worst-case scenario fire for electric vehicles, let alone for a large utility scale fire in a neighborhood.

Additionally, counties urge legislators to consider livability requirements that take into account the diverse environments utility scale batteries may be placed in. Whether in a rural, suburban, or urban landscape, projects should be required to blend in with the larger look, smell, and feel of a community.

Counties have no position on the underlying fundamentals on SB 316, but urge the committee to consider safety and livability factors as they deliberate the future of energy storage in Maryland. For these reasons, MACo offers the Committees this **LETTER OF INFORMATION** on SB 316.

2022 Convention_Resolution on Climate Change and J

Uploaded by: Donna Edwards

Position: INFO

Resolution # **Climate Change and Jobs**

WHEREAS, numerous studies suggest that there is major job creation potential from tackling the climate crisis, reducing greenhouse gas emissions, and transitioning to a low-carbon, sustainable economy; and

WHEREAS, the overall lack of high-road jobs in the green economy and the prevalence of non-union jobs in the limited existing green sectors, such as solar and residential retrofitting, have dampened enthusiasm for the long-promised “clean, green economy” among workers and labor organizations that are anxious to address the climate crisis and build a pro-worker, equitable green economy; and

WHEREAS, the growing clean energy sector, driven by the dictates of its investors, in many cases does not provide the high-quality union jobs that exist in traditional energy and manufacturing industries, and it is highly reliant on imported goods

WHEREAS, the fossil fuel industries have high rates of unionization. The high-quality jobs held by union members across our economy in sectors producing or using fossil energy are at risk, as well. Fossil-fuel production and use has not only provided the energy that made our modern economy, but also supports union jobs in a broad range of sectors— energy production, manufacturing, transportation and more; and

WHEREAS, strong job and training quality standards are needed in the clean and renewable energy sector, among them being prevailing wage, state-approved apprenticeship job training requirements, project labor agreements, and labor peace agreements; and

WHEREAS, a functioning jobs pipeline could ensure that local workers from our communities have a path to career employment by offering access to training programs such as direct-entry pre-apprenticeship programs and other skill-building opportunities; and

WHEREAS, these job and training quality standards should be central to all “climate jobs” proposals; and

WHEREAS, climate efforts should include funding and guaranteed protection for workers and communities who are displaced or negatively affected by the transition to a low-carbon economy; and

WHEREAS, the AFL-CIO has developed strong policy proposals for protecting workers who are impacted by climate protection policies. These proposals provide a just transition, including 70% wage replacement and 80% health benefit replacement for up to three years, as well as “bridge to retirement” funding for workers who are near retirement.

THEREFORE, BE IT RESOLVED, the Maryland State and D.C. AFL-CIO supports measures that ensure that energy infrastructure development creates good jobs and builds our industrial base by requiring project labor agreements, prevailing wage, apprenticeship job training requirements, Buy Union and Buy America provisions, labor peace, card check neutrality, robust training requirements for all projects, and includes all the labor requirements passed in the Clean Energy Jobs law.

THEREFORE, BE IT FURTHER RESOLVED, the Maryland State and D.C. AFL-CIO in facing the challenge of impacting energy policies embraces a balanced and just approach for workers, communities, manufacturers, businesses and consumers and will continue to work with community, business and environmental allies committed to recognizing the need for worker protections, rights, and sustainable wages and benefits, to maintain a wide range of energy sources, traditional and newer, to secure Maryland's and the District of Columbia's competitiveness.

THEREFORE, BE IT FURTHER RESOLVED, that the Maryland State and District of Columbia AFL-CIO will, in every forum, demand that clean energy technologies be mined, produced, constructed, and operated under union contracts. The growth of the clean energy economy cannot provide cover for employers that want to operate nonunion and must provide the high-quality jobs that Americans want and deserve.

THEREFORE, BE IT FINALLY RESOLVED, that the Maryland State and District of Columbia AFL-CIO will advocate for legislation, administrative rules, and the development of an initiative to enable a transition that is just for workers and communities directly affected by the transition to a clean energy economy by providing income, benefit, and retraining for comparable wage jobs, as well as a bridge to retirement, as part of the just transition and concurrently support the creation of these policies in an equitable fashion.

Resolution-5.pdf
Uploaded by: Donna Edwards
Position: INFO

RESOLUTION 5
CLIMATE CHANGE, ENERGY AND UNION JOBS

Submitted by the Committee on Legislation/Policy and the Executive Council

The effects of climate change in the United States and around the world are serious and growing. Severe weather, including floods, droughts, wildfires, extreme heat and sea-level rise are affecting working people, our health and our communities in ways that call for an urgent and sustained response. We need increased investment in reducing emissions and adaptation to the unavoidable challenges across our economy and to our infrastructure.

We know that climate change places a disproportionate burden on childhood development, low-income families and communities of color, raising serious issues of socioeconomic and racial justice. It is also destabilizing less-developed nations and causing climate migration, especially in the Western Hemisphere. The labor movement is built to confront these issues and demand equitable solutions to the problems climate change forces on working people.

The high-quality jobs held by union members across our economy in sectors producing or using fossil energy are at risk as well. Fossil-fuel production and use has not only provided the energy that made our modern economy, but also supports union jobs in a broad range of sectors—energy production, manufacturing, transportation and more.

The growing clean energy sector, driven by the dictates of its investors, in many cases does not provide the high-quality union jobs that exist in traditional energy and manufacturing industries, and it is highly reliant on imported goods. We know that true energy security means domestic production of both the fuels we need and the clean energy goods of the future. The labor movement is built to confront these issues too, and we must meet this moment by demanding that unions and workers are at the center of the clean energy economy.

The AFL-CIO commits to take the following actions:

In every forum, we will demand that clean energy technologies be mined, produced, constructed and operated under union contracts. The growth of the clean energy economy cannot provide cover for employers that want to operate nonunion, and must provide the high-quality jobs that Americans want and deserve.

We will focus on developing, demonstrating and deploying new clean energy technologies that reduce emissions in ways that preserve and grow high-quality union jobs with existing employers. Preserving existing nuclear plants while we bring new nuclear technologies to the market, increasing the production and use of hydrogen, continued use of natural gas and coal while abating emissions and leaks, and deploying carbon capture and storage in the industrial and power sectors all support union jobs.

- We will demand the development of a robust domestic clean energy goods sector, including the critical minerals and raw materials that are essential for these goods. This will require a commitment to a U.S. industrial policy, and significant changes to how trade is conducted, as called for in Resolutions 4 and 9.
- We will work with our partners in the international labor movement to make sure foreign firms in the energy and energy goods industries work with U.S. unions to facilitate union representation rather than adopting U.S.-style anti-union labor relations.
- We will engage with environmental, community, and environmental and racial justice organizations to advance equitable solutions to pollution and climate change centered on preserving and growing good union jobs for everyone.
- We will fight for long-term spending on climate adaptation and resilience, for public and private investments that protect and improve the lives of working people and modernize our energy systems. To

cope with climate change, we must upgrade our electric generation and grid, pipeline systems, water, sewage and flood control infrastructure, schools and other public buildings, our health care system, our housing stock and all forms of public transit.

- Use the long-term changes in our economy resulting from climate change to create more racial and economic justice. We will expand equitable access to good jobs by growing the labor movement and reverse the unacceptable inequality and economic discrimination in America.
- We will fight for investment in communities that have suffered from pollution and historic underinvestment, and in communities dependent on lost or at-risk fossil-fuel employment, thereby creating jobs for the future and renewing the tax base that supports public services.
- We will ensure workers affected by changes in technology get the training they need to keep the good union job they have, and that those who lose jobs have free training that is connected to a job, appropriate and accessible. Our education system must also develop robust career and technical education programs for new and emerging climate work, and institute programs to embed climate-related topics in all subject areas.

SB 316 - Maryland State and DC AFL.CIO_INFO.pdf
Uploaded by: Donna Edwards
Position: INFO

The state of Maryland, like many other states, faces increased demand for electricity. To meet that demand, power and grow our state's economy, and address serious and growing threats from the effects of climate change, Marylanders need increased investment in all forms of electricity generation and storage that also reduce emissions.

Our focus is on developing and deploying existing and new clean energy technologies that reduce emissions in ways that preserve and grow high-quality union jobs, in the first instance with existing employers. Preserving existing nuclear plants while we bring new nuclear technologies to the market, continued use of natural gas and coal while abating emissions and leaks, and deploying carbon capture and storage where appropriate in the power sectors all support union jobs. Newer sectors, such as utility scale solar, residential solar, energy storage in different forms, and offshore wind can, do, and must support union jobs as well.

Unions and workers must be at the center of these investments. The growth of the clean energy economy cannot provide cover for employers that want to operate nonunion, and must provide the high-quality jobs that Marylanders want and deserve. Similarly, it cannot provide cover for the destruction of existing union jobs in fossil fuels.

SB316 is comprehensive. The nuclear RECs we believe are intended as a backstop in case the IRA nuclear tax credit gets cut. The multistate offshore wind transmission provisions are intended to provide a voluntary agreement for an offshore transmission line system in case PJM doesn't deliver on a transmission system for electricity from offshore wind projects. We support both initiatives.

We follow these Principles:

1. Energy policy must be based on solid scientific review that acknowledges that climate change is real, anthropogenic, and represents an existential threat to human society.
2. Successful social solutions to climate change must be based on an "all-of-the above" energy source strategy that is regionally focused, flexible, preserves optionality, and addresses the crisis of stranded workers.
3. An essential priority of all climate policy solutions is the preservation of existing jobs, wherever possible, and the creation of new ones that are equal to or better than those that are displaced.
4. Climate policy represents an economic opportunity to the Maryland when the benefits of new technology deployment result in the creation of quality jobs and the creation of competitive domestic supply chains.

To provide further detail to the principles we follow, I am attaching Resolutions passed by the AFL-CIO https://aflcio.org/resolutions/resolution5, and the Maryland State and DC AFL-CIO.

Thank you.

SB316_LOI_Abundant Affordable Clean Energy - Procu
Uploaded by: Kevin O'Keeffe
Position: INFO

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February 13, 2025

To: Members of the Senate Education, Energy, and the Environment Committee

From: Independent Electrical Contractors (IEC) Chesapeake

Re: **Letter of Information SB316 - Abundant Affordable Clean Energy - Procurement and Development (AACE Act)**

Independent Electrical Contractors (IEC) Chesapeake represents approximately 200 electrical contractors who employ approximately 15,000 workers in the mid-Atlantic region. In addition, IEC Chesapeake has nearly 1,000 electrical apprentices. IEC Chesapeake would like to provide the Committees with informational comments opposing the required use of Community Benefit Agreements in SB316

The required use of Community Benefit Agreements has the potential to create a disadvantage for merit shop contractors in Maryland. More than eighty percent (80%) of construction in Maryland is performed by non-union contractors. It is unwise public policy to put merit shop contractors at a competitive disadvantage on construction projects in Maryland. Most certified MBE contractors are non-union.

In addition, the mandated requirement of Community Benefit Agreements may significantly drive up the costs of projects at time when the state is facing significant budgetary challenges. We respectfully ask that the Committee eliminate the requirements for the use of Community Benefit Agreements in SB316.

Thank you for your consideration. If you have any questions, please contact Grant Shmelzer, Executive Director of IEC Chesapeake, at 301-646-0197 or at gshmelzer@iec-chesapeake.com or Kevin O'Keeffe at 410-382-7844 or at kevin@kokeeffelaw.com.

About Us

Independent Electrical Contractors (IEC) Chesapeake represents members throughout Delaware, Maryland, Virginia, West Virginia, and Washington, D.C. Our headquarters are located in Laurel, Maryland. IEC Chesapeake has an extensive apprenticeship program for training electricians. In addition, IEC Chesapeake promotes green economic growth by providing education and working with contractor members, industry partners, government policy makers and inspectors to increase the use of renewable energy.

SB0316 (HB0398) - LOI - Abundant Affordable Clean

Uploaded by: Landon Fahrig

Position: INFO

Maryland Energy Administration

TO: Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy, and the Environment Committee
FROM: MEA
SUBJECT: SB 316 - Abundant Affordable Clean Energy - Procurement and Development (AACE Act)
DATE: February 13, 2025

MEA Position: LETTER OF INFORMATION

The Maryland Energy Administration (MEA) appreciates the opportunity graciously provided by the bill sponsors to collaborate throughout the interim on this legislation. The house sponsor provided amendments, and we are reviewing them. This testimony does not address those amendments. MEA offers the following information for the Committee's consideration.

This bill would make significant energy policy changes for the State including: creating a distribution-level energy storage program within the Public Service Commission (PSC); creating a zero-emission credit for nuclear generation assets in the State under certain circumstances; making alterations to a PSC study regarding the interconnection and transmission of offshore wind energy; altering the use of Alternative Compliance Payments within the State's Renewable Portfolio Standard (RPS); stand up a novel procurement mechanism for utility-scale renewables and small-scale solar energy projects in the State; and creating a transmission-level energy storage program within the PSC, amongst other changes not discussed herein.

Reallocation of Alternative Compliance Payments (pg. 13-16 & 36-37)

Alternative Compliance Payments (ACP) were originally intended to provide flexibility within the RPS while guaranteeing in-state investment to develop renewable generation targeted towards low- to moderate-income, overburdened or underserved (LMIOU) communities. Currently, ACP funds a number of MEA's clean energy initiatives, including the Customer-Sited Solar Program instituted by the Brighter Tomorrow Act passed just last year. In total, ACP contributed ~$49,665,000 in FY24, directly benefiting local governments, neighborhoods and hundreds of Maryland households, and will contribute a total of ~$101,799,000 to MEA's efforts in FY25, benefiting even more LMIOU Marylanders than before. It is noteworthy that the reallocation of ACP proposed in this legislation would result in limiting the following MEA efforts to invest in clean energy initiatives in LMIOU communities:

- Reducing energy burdens for low- to moderate-income Marylanders through community solar
- Increasing access for rooftop solar for low- to moderate-income Marylanders
- Increasing community energy resilience efforts
- Decarbonizing Public Schools

- Supporting solar canopies
- Supporting clean energy for higher education

To the extent that Regional Greenhouse Gas Initiative (RGGI) funding is needed to replace ACP funding, other SEIF-funded programs could be severely affected.

Distribution-Level Energy Storage (bill pg. 4-7)

The bill creates a goal of developing 150 megawatts (MW) of distribution-connected energy storage devices by August 2028. The energy storage devices must include a combination of utility-owned and third party-owned devices, but not more than 30% of the devices can be owned by a third party. Each energy storage device will be reviewed by the PSC to ensure the device is beneficial in terms of cost.

Resource adequacy is a growing concern for our State and the nation. In Maryland, to date, its impact and timeline have not yet been quantified. Though there is no panacea to immediately relieve resource adequacy concerns, energy storage can – and should be – part of the solution. By helping to reduce peak load and demand on energy generation and transmission elements, energy storage can serve an important role. For instance, because distribution-level storage does not have to clear the PJM interconnection queue, it can be deployed relatively quickly. This partial solution comes at a cost. The Maryland Energy Administration (MEA) has historically taken a cautious position when considering utility-owned battery storage assets, having warned of the pitfalls of such during the PSC's energy storage pilot program. However, in this limited instance, MEA can support the utility-ownership model outlined in the legislation because of the need to deploy these assets quickly. This also has the added benefit of reducing ratepayer impact, though total ratepayer impacts are unknown at this time. It is possible to consider more stringent ratepayer protections in the form of firm cost caps.

Zero-Emission Credits for Existing Nuclear Generation (bill pg.7-8)

Section 13105 of the Inflation Reduction Act (IRA) added a section 45U to the Internal Revenue Code, providing a tax credit for electricity generation at nuclear facilities. The credit is set at a base rate of 0.3 cents per kilowatt hour of electricity generated at a nuclear generation placed in service before entry into force of the IRA. The credit expires on December 31, 2032.

The AACE Act provides a similar benefit when and if the IRA credit expires, and then provides that subsidy through the calendar year 2055. MEA urges the committee to carefully consider the ratepayer impact of such a maneuver. Until now, all information has pointed to the two nuclear reactors in the State as being profitable without the need for subsidization to maintain a profit motive for continued operation.

Adjustments to Offshore Wind Policy (pg. 9-12)

The bill modifies Public Utilities Article 7–704.3, declaring that it is the policy of the State to engage in a coordinated transmission planning process to support offshore wind energy on a multi-state

and regional basis. The bill further requires the PSC to pursue either PJM's long-term transmission planning process or "an alternative voluntary agreement"[1] as a coordinated approach to transmission for energy derived from offshore wind. Additionally, the bill alters a provision of law that requires the PSC to consult with other states to evaluate regional transmission options for offshore wind energy, opening up that analysis for substation(s) location(s) located outside of the Delmarva Peninsula.

MEA supports the bill sponsor's approach to interconnection of offshore wind energy through alternative approaches, and especially approaches that look beyond the Delmarva Peninsula for interconnection.

Creation of an SREC-II and REC-II (bill pg. 16-24 & 29-33)

The bill calls for an overhaul to the RPS system in which, instead of utilizing market mechanisms to determine the price of Renewable Energy Credits (RECs), the price of RECs would be administratively set by the PSC. While this approach would be novel for the State, New Jersey has recently adopted a similar model. The model and its impact are still unproven as far as its efficacy and cost on ratepayers. Here, the bill sponsor attempts to limit cost implications of small-scale SREC-IIs by capping the overall bill impact to 5% of the total utility bill. However, MEA would note that 5% may constitute a considerable increase in light of other expected increases in residential utility rates.

Transmission-Level Energy Storage (bill pg. 25-29)

The bill creates a competitive process for the procurement of transmission energy storage devices, with a goal of achieving 1,600 MW of transmission energy storage.

MEA would note that these energy storage devices must clear the PJM queue. This creates two challenges. Firstly, the queue is severely delayed. It is unclear how quickly these projects could clear the queue and be brought online. Additionally, very few energy storage projects that make it through the PJM queue have been developed/built. Because of this, the 1,600 MW goal may be too high. For comparison –though California's total deployment of energy storage is much more significant (13,391 MW)– California has only been able to procure ~1,500 MW of such storage through its Public Utilities Commission program, of which only 506 MW are operational.[2]

[1] PJM's State Agreement Approach (SAA) is a provision in PJM's Operating Agreement that enables a state to propose a transmission project for inclusion in PJM's Regional Transmission Expansion Plan that advances that state's Public Policy Requirements, as long as the state agrees to assume the cost of the project's build-out.

[2] In 2013, the California Public Utilities Commission issued Decision (D.)13-10-040, which set an energy storage procurement target of 1,325 MW by 2020. To date, the CPUC has approved procurement of more than 1,533.52 MW of new storage capacity to be built in California. Of this total, 506 MW are operational.
Reference: California Public Utilities Commission, Energy storage, CPUC, n.d., https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/energy-storage.

Given the option of being ambitious with distribution-connected storage and transmission-connected storage, it is appropriate to be more ambitious with the distribution goal rather than the transmission goal since we would not be relying upon the PJM queue.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Landon Fahrig, Legislative Liaison, directly (landon.fahrig@maryland.gov, 410.931.1537).

SB 316-Md Energy Advocates Coalition-Informational
Uploaded by: Laurel Peltier
Position: INFO

Education, Energy, and the EnvironmentCommittee Hearing
Senate Bill 316 February 13, 2025
Abundant Affordable Clean Energy - Procurement and Development (AACE Act)
Informational Testimony

Hello Mr. Chairman, Vice Chair and members of this committee. I want to first thank you all for the enormous focus and time on addressing the utility rate crisis that has hit home this winter.

Like you, I'm out in-the-field, directly helping residents, and I am also seeing and hearing about today's utility rate unaffordability first-hand.

I am Laurel Peltier, the Chair for Maryland Energy Advocates Coalition, we focus on low-income affordability. I share that SB316 includes 3 smart, consumer rates relief ideas that do not cost the state anything. SB316's positive ratepayer relief idea fall into 2 categories: Short-term/immediate rate relief and mid-term rate relief.

SB316 includes a practical **SHORT-TERM** idea to refund future ACP balances starting after bill implementation. The same ratepayers struggling to keep their power on, funded this ACP balance. Given today's high compliance REC prices, electricity suppliers paid the lower ACP fees. **This large, ratepayer funded account could be refunded after implementation.** A similar refund process happened during COVID in 2021 under PC53 when the PSC worked with utilities to distribute $83 million in COVID relief funds directly to residential utility bills.

One **MEDIUM-TERM** rate relief provision is redesigning the SREC procurement process, which was modeled on New Jersey's state-run SREC market. Rate payer RPS SREC investments should only go to new solar facilities that generate new, local solar in Maryland.

Another **MEDIUM-TERM** rate protection has been designed within SB316 is about future Data Center tax revenues. This critical idea should be incorporated into any Maryland data center legislation as this industry takes off in Maryland. This bill requires that a portion of data center tax revenue be used to pay data centers' fair share for clean energy. Not the rate payers.

I wish I had better news to report from the field, especially for Maryland's 450,000 low-income accounts. Immediate rate relief is needed because we anticipate very high account terminations in 2025.

SB 316
Uploaded by: Maurice Simpson, Jr.
Position: INFO

Constellation

February 12, 2025

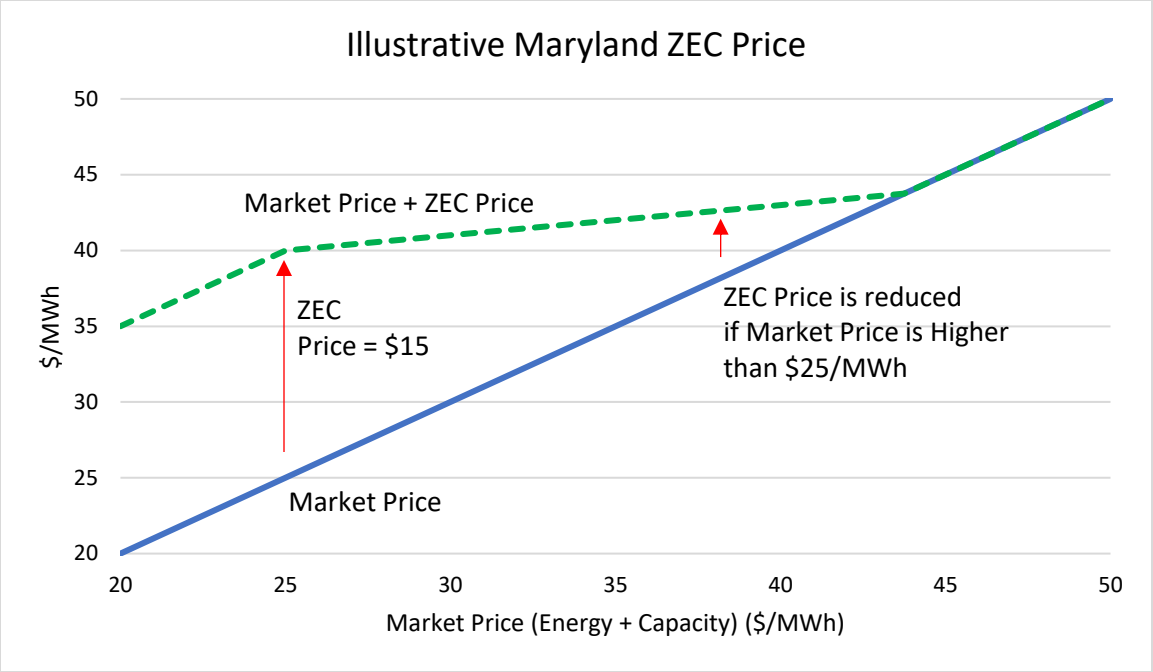
Chairman Brian Feldman
Senate Education, Energy, and the Environment Committee
2 West Miller Senate Office Building
Annapolis, Maryland 21401

RE: Information – Abundant Affordable Clean Energy – Procurement and Development (SB 316/HB 398)

Constellation is pleased to provide information on the Abundant Affordable Clean Energy Act (SB 316/HB 398) -- specifically the benefits to Maryland, with clarifying amendments, of a Zero Emission Credits (ZEC) program. Sections 7–231 to 7–235 reflect the federal nuclear production tax credit in Section 13105 of the Inflation Reduction Act of 2022, as codified in Section 45U of the Internal Revenue Code (Federal Nuclear Credit). The Maryland ZEC program will serve as a state-level backstop to the Federal Nuclear Credit should the federal program not be extended beyond its current 2032 expiration or is repealed.

The Federal Nuclear Credit program has provided significant benefits to the nuclear industry, and the country, by providing a revenue floor to the nation's existing nuclear fleet, which secures the continued operation of the country's most abundant and reliable sources of clean energy. Beneficiaries of the Federal Nuclear Credit include Maryland's largest producer of zero-emission electricity – the Calvert Cliffs Clean Energy Center.

The ZEC program proposed in SB 316/HB 398 will provide consumer protection similar to the Federal Nuclear Credit through a simple to administer formula that caps the maximum amount of the ZEC at $15/mwh, inflation adjusted, and reduces the amount of the credit between $15 to $0 in each year based on the amount of revenues a nuclear plant receives from the market in that year. The chart below illustrates a $15/mwh ZEC price when market prices are at or below $25/mwh, and linear reduction of the ZEC price from $15 to $0 when market prices are between $25/mwh and $44/mwh.



The proposed Maryland ZEC program, with the attached clarifying amendments to more directly align with the Federal Nuclear Credit will provide similar benefits to Maryland by safeguarding the environmental and reliability benefits of Calvert Cliffs. Further, by serving as a backstop to the Federal Nuclear Credit, it provides necessary long-term certainty to justify important investment decisions, most notably a decision to relicense Calvert Cliffs to operate for another 20 years and play its vital role in Maryland reaching its ambitious 100% clean climate goals.

The licenses are set to expire for Calvert's two units in 2034 and 2036, both after the 2032 expiration of the Federal Nuclear Credit, assuming no extension. However, the relicensing process begins five or more years prior to current license expiration, meaning that important business decisions to move forward with a costly relicensing process will need to be made by 2029. Currently, these decisions must be made under the uncertainty of an expiring Federal Nuclear Credit. The proposed 2055 expiration of the Maryland ZEC program would match the end of extended 20-year license renewals for Calvert Cliffs, thereby, removing post-2032 uncertainty by preserving a policy in Maryland through 2055.

Attached to this testimony are proposed clarifying amendments to HB 398 to better align the Maryland program with the federal program, but to not alter the purpose and intent of the bill. We appreciate the sponsor's willingness to work with us.

Sincerely,

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Amendments to Nuclear PTC Backstop Provision

PART III. ZERO–EMISSION CREDITS.

7–231.

(A) IN THIS PART THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "BENEFICIAL NUCLEAR FACILITY" MEANS A NUCLEAR REACTOR THAT IS LOCATED IN AND PROVIDES ENVIRONMENTAL BENEFITS TO THE STATE.

(C) "ZERO–EMISSION CREDIT" OR "ZEC" MEANS A PAYMENT EQUAL TO THE GENERATION ATTRIBUTES OF 1 MEGAWATT–HOUR OF ELECTRICITY THAT IS DERIVED FROM A BENEFICIAL NUCLEAR FACILITY.

7–232.

(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A BENEFICIAL NUCLEAR FACILITY MAY SUBMIT AN APPLICATION TO THE COMMISSION TO RECEIVE ZERO–EMISSION CREDITS FOR A TERM OF TEN YEARS.

(B) (1) A BENEFICIAL NUCLEAR FACILITY MAY NOT RECEIVE ZERO–EMISSION CREDITS DURING ANY PERIOD IN WHICH THE FACILITY RECEIVES ZERO–EMISSION NUCLEAR POWER PRODUCTION TAX CREDITS UNDER § 13105 OF THE INFLATION REDUCTION ACT OF 2022.

(2) THE COMMISSION MAY NOT OFFER ZERO–EMISSION CREDITS AFTER 2055.

(3) TO BE ELIGIBLE TO RECEIVE A ZERO–EMISSION CREDIT, A BENEFICIAL NUCLEAR FACILITY MUST MAINTAIN A NEUTRAL POSITION IN ANY LABOR ORGANIZING THAT TAKES PLACE AT THE FACILITY AND ENSURE THAT ANY LABORERS AND MECHANICS EMPLOYED BY THE TAXPAYER OR ANY CONTRACTOR OR SUBCONTRACTOR IN THE ALTERATION OR REPAIR OF SUCH FACILITY SHALL BE PAID WAGES AT RATES NOT LESS THAN THE PREVAILING RATES FOR ALTERATION OR REPAIR OF A SIMILAR CHARACTER IN THE LOCALITY IN WHICH SUCH FACILITY IS LOCATED AS MOST RECENTLY DETERMINED BY THE SECRETARY OF LABOR, IN ACCORDANCE WITH SUBCHAPTER IV OF CHAPTER 31 OF TITLE 40, UNITED STATES CODE.7–233.

(A) AFTER NOTICE AND AN OPPORTUNITY FOR A HEARING, THE

COMMISSION SHALL APPROVE OR DENY AN APPLICATION SUBMITTED UNDER § 7–232 OF THIS SUBTITLE WITHIN 9 MONTHS AFTER THE APPLICATION IS FILED.

(B) THE COMMISSION MAY APPROVE AN APPLICATION:

(1) IN WHOLE OR IN PART; AND

(2) SUBJECT TO ANY LIMITATIONS AND QUALIFICATIONS THAT THE COMMISSION CONSIDERS NECESSARY AND IN THE PUBLIC INTEREST.

(C) EACH ELECTRIC COMPANY MUST PURCHASE THE PORTION OF THE ZERO EMISSION CREDITS APPROVED BY THE COMMISSION EQUAL TO THE RATIO OF THE ELECTRIC COMPANY'S DISTRIBUTION SALES DURING EACH DELIVERY YEAR COMPARED TO THE TOTAL DISTRIBUTION SALES IN THE STATE DURING SUCH YEAR.

18 7–234.

(A) (1) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE PRICE FOR A ZERO–EMISSION CREDIT SHALL BE CALCULATED ANNUALLY BY THE COMMISSION STAFF EQUAL TO THE AMOUNT THAT THE BASE ZEC PRICE EXCEEDS THE REDUCTION AMOUNT.

(2) THE BASE ZEC PRICE SHALL BE $15 PER MEGAWATT-HOUR.

(3) THE REDUCTION AMOUNT SHALL EQUAL 80% OF THE AMOUNT THAT THE MARKET INDEX PRICE EXCEEDS $25 PER MEGAWATT-HOUR.

(4) THE MARKET INDEX PRICE SHALL EQUAL THE SUM OF:

(i) THE ANNUAL AVERAGE LOCATIONAL MARGINAL PRICE FOR THE PJM WESTERN HUB FOR THE APPLICABLE DELIVERY YEAR, AS DETERMINED BY PJM INTERCONNECTION, LLC, AND

(ii) THE BASE RESIDUAL AUCTION PRICE FOR THE SWMAAC LOCATIONAL DELIVERABILITY AREA FOR THE APPLICABLE DELIVERY YEAR, AS DETERMINATED BY PJM INTERCONNECTION, LLC., DIVIDED BY 24 HOURS PER DAY.

(B) THE $15 PER MEGAWATT-HOUR AND $25 PER MEGAWATT-HOUR IN SUBSECTION (A) SHALL BE ADJUSTED FOR INFLATION FROM A BASE YEAR OF 2023.

24 7–235.

(A) THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT THIS PART NOT LATER THAN 365 DAYS BEFORE THE EXPIRATION OF THE AVAILABILITY

OF ZERO–EMISSION NUCLEAR POWER PRODUCTION TAX CREDITS UNDER § 13105 OF

THE INFLATION REDUCTION ACT OF 2022.

(B) THE REGULATIONS SHALL:

(1) INCLUDE DATA SUBMISSION REQUIREMENTS NECESSARY TO

EVALUATE A BENEFICIAL NUCLEAR FACILITY'S PROJECTED ENVIRONMENTAL

BENEFITS AND ANNUAL GROSS RECEIPTS;

(2) ESTABLISH A NONBYPASSABLE SURCHARGE APPLICABLE TO ALL DISTRIBUTION CUSTOMERS THAT ALLOWS EACH ELECTRIC COMPANY IN THE STATE TO RECOVER ITS COSTS ASSOCIATED WITH THE PURCHASE OF ZERO EMISSION CREDITS; AND

(3) PROVIDE FOR THE RECAPTURE OF THE ALLOCATION OF ANY

ZERO–EMISSION CREDIT WITHIN THE PREVIOUS 3 YEARS TO A BENEFICIAL NUCLEAR

FACILITY THAT PERMANENTLY TERMINATES OPERATIONS, EXCEPT IN THE CASE OF

FORCE MAJEURE.

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§45U. Zero-emission nuclear power production credit

(a) Amount of credit

For purposes of section 38, the zero-emission nuclear power production credit for any taxable year is an amount equal to the amount by which-

PTC Price = 5 x 0.3 = 1.5 ¢/kWh or $15/MWh

(1) the product of-

(A) 0.3 cents, multiplied by

(B) the kilowatt hours of electricity-

(i) produced by the taxpayer at a qualified nuclear power facility, and

(ii) sold by the taxpayer to an unrelated person during the taxable year, exceeds

(2) the reduction amount for such taxable year.

(b) Definitions

(1) Qualified nuclear power facility

5x multiplier in formula defined below

For purposes of this section, the term "qualified nuclear power facility" means any nuclear facility-

(A) which is owned by the taxpayer and which uses nuclear energy to produce electricity,

(B) which is not an advanced nuclear power facility as defined in subsection (d)(1) of section 45J, and

(C) which is placed in service before the date of the enactment of this section.

(2) Reduction amount

(A) In general

For purposes of this section, the term "reduction amount" means, with respect to any qualified nuclear power facility for any taxable year, the amount equal to the lesser of-

(i) the amount determined under subsection (a)(1), or

(ii) the amount equal to 16 percent of the excess of-

(I) subject to subparagraph (B), the gross receipts from any electricity produced by such facility (including any electricity services or products provided in conjunction with the electricity produced by such facility) and sold to an unrelated person during such taxable year, over

(II) the amount equal to the product of-

(aa) 2.5 cents, multiplied by

(bb) the amount determined under subsection (a)(1)(B).

PTC Adj. = 5 x 16% x (Gross Rec. – 2.5 ¢/kWh) or 80% x (Mrkt Price – $25/MWh)

(B) Treatment of certain receipts

(i) In general

Subject to clause (iii), the amount determined under subparagraph (A)(ii)(I) shall include any amount received by the taxpayer during the taxable year with respect to the qualified nuclear power facility from a zero-emission credit program. For purposes of determining the amount received during such taxable year, the taxpayer shall take into account any reductions required under such program.

(ii) Zero-emission credit program

For purposes of this subparagraph, the term "zero-emission credit program" means any payments with respect to a qualified nuclear power facility as a result of any Federal, State or local government program for, in whole or in part, the zero-

emission, zero-carbon, or air quality attributes of any portion of the electricity produced by such facility.

(iii) Exclusion

For purposes of clause (i), any amount received by the taxpayer from a zero-emission credit program shall be excluded from the amount determined under subparagraph (A)(ii)(I) if the full amount of the credit calculated pursuant to subsection (a) (determined without regard to this subparagraph) is used to reduce payments from such zero-emission credit program.

(3) Electricity

For purposes of this section, the term "electricity" means the energy produced by a qualified nuclear power facility from the conversion of nuclear fuel into electric power.

(c) Other rules

(1) Inflation adjustment

Inflation adjustment for the $15 and $25 with 2023 base year

The 0.3 cent amount in subsection (a)(1)(A) and the 2.5 cent amount in subsection (b)(2)(A)(ii)(II)(aa) shall each be adjusted by multiplying such amount by the inflation adjustment factor (as determined under section 45(e)(2), as applied by substituting "calendar year 2023" for "calendar year 1992" in subparagraph (B) thereof) for the calendar year in which the sale occurs. If the 0.3 cent amount as increased under this paragraph is not a multiple of 0.05 cent, such amount shall be rounded to the nearest multiple of 0.05 cent. If the 2.5 cent amount as increased under this paragraph is not a multiple of 0.1 cent, such amount shall be rounded to the nearest multiple of 0.1 cent.

(2) Special rules

Rules similar to the rules of paragraphs (1), (3), (4), (5), and (13) of section 45(e) shall apply for purposes of this section.

(d) Wage requirements

5x multiplier, if satisfying prevailing wage reqs.

(1) Increased credit amount for qualified nuclear power facilities

In the case of any qualified nuclear power facility which satisfies the requirements of paragraph (2)(A), the amount of the credit determined under subsection (a) shall be equal to such amount (as determined without regard to this sentence) multiplied by 5.

(2) Prevailing wage requirements

(A) In general

The requirements described in this subparagraph with respect to any qualified nuclear power facility are that the taxpayer shall ensure that any laborers and mechanics employed by the taxpayer or any contractor or subcontractor in the alteration or repair of such facility shall be paid wages at rates not less than the prevailing rates for alteration or repair of a similar character in the locality in which such facility is located as most recently determined by the Secretary of Labor, in accordance with subchapter IV of chapter 31 of title 40, United States Code.

(B) Correction and penalty related to failure to satisfy wage requirements

Rules similar to the rules of section 45(b)(7)(B) shall apply.

(3) Regulations and guidance

The Secretary shall issue such regulations or other guidance as the Secretary determines necessary to carry out the purposes of this subsection, including regulations or other guidance

which provides for requirements for recordkeeping or information reporting for purposes of administering the requirements of this subsection.

(e) Termination

This section shall not apply to taxable years beginning after December 31, 2032.