



Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Mary Beth Tung, Director

TO: House Economic Matters Committee
FROM: Mary Beth Tung – Director, MEA
SUBJECT: HB0853
DATE: February 27, 2020

MEA POSITION: FWA

House Bill 853 will authorize grid resilience as one of the technologies that can be incorporated into a Clean Energy Loan Program (CELP), and by doing so, will support a greater number of future energy efficiency and renewable energy projects and investments. Grid resilience projects could reduce stress on Maryland’s energy infrastructure and reduce system outage durations by enabling the consumption of electricity from an on-site source.

CELP already allows property owners to finance energy efficiency and renewable energy projects. The proposed legislation seeks to expand CELP to allow property owners to finance grid resilience projects that would enhance or complement existing and future energy efficiency and renewable energy projects. The bill will not change the existing requirements of the program as they relate to creditworthiness or the ability of the county or municipality to collect loan payments.

In 2012 The Grid Resiliency Task Force was commissioned to solicit input and make recommendations on how to improve the resilience and reliability of the Maryland electric grid. That Task Force estimated the costs of storm outages on residential customers between 2010 & 2012 to be more than \$1 billion.¹ Additionally, the Lawrence Berkeley National Laboratory estimated that outages lasting more than eight hours on a Summer weekday afternoon can cost a small C&I customer between \$400 and \$1,272 per hour; and a medium or large C&I customer can incur between \$1,063 and \$41,691 on average per event of a one hour outage but as high as \$174,763.²

Electric grid resilience measures can benefit households and communities by helping to reduce the negative impacts of wider system outages by providing electricity during those outages. Resilience projects can also be used to support communications and health functions for at risk populations, such as dialysis services and refrigeration of medicines. Grid resilience projects can

¹ WEATHERING THE STORM: Report of the Grid Resiliency Task Force.
https://www.bateswhite.com/media/publication/13_GridResiliencyTaskForceReport.pdf

² Sullivan et. al. “Estimated Value of Service reliability for Electric Utility Customers in the United States” Ernest Orlando Lawrence Berkeley National Laboratory, June 2009.
<https://emp.lbl.gov/publications/estimated-value-service-reliability>

even minimize power restoration timelines to residential customers through the use of integrated systems that have the ability to operate completely independently from the rest of the electrical grid. One additional benefit of the independent operation feature is that the economic impact on a community during electrical disruptions can be minimized by allowing businesses to mitigate some of the resulting economic and productivity losses.

Modifying the eligibility of the Clean Energy Loan Program to include resilience projects will allow a greater number of projects to pass economic muster, leading to an overall increase in adoption and the associated investments; thus providing benefits to residents and businesses in the State of Maryland. The Maryland Energy Administration currently administers programs that compliment House Bill 853, including, but not limited to, microgrid and energy storage incentive programs. Many times these are paired with renewable technology, such as solar.

As the bill was originally drafted, residential property owners would not benefit from the proposed changes. MEA submits the accompanying amendment to extend the proposed changes for use on residential properties in addition to commercial properties, and for the foregoing reasons urges a **favorable report as amended**.

Respectfully requested,

/s/

Mary Beth Tung
Director, MEA

MEA Proposed Amendment

1-1103.

- (a) The purpose of a program is to provide loans to:
- (1) residential property owners, including low income residential property owners, to finance “:”
 - “(I)” energy efficiency [and]
 - “(II)” renewable energy projects; and
 - “(III) **GRID RESILIENCE PROJECTS**”
 - (2) commercial property owners to finance:
 - (i) energy efficiency projects; [and]
 - (ii) renewable energy projects; AND
 - (III) GRID RESILIENCE PROJECTS.**