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Committee: Environment and Transportation
Testimony on: HB1425 “Climate Solutions Act of 2020 – Greenhouse Gas Emissions Reduction Act”
Position: Support with Amendments
Hearing Date: February 19, 2020

The Maryland Sierra Club urges a Favorable with Amendments report on this legislation.

The planet is facing a climate crisis and the response from Maryland and other wealthy nations must be immediate and ambitious. The Climate Solutions Act of 2020 commits Maryland to additional, positive climate action. We believe that the legislation should advance in the General Assembly, and should do so with the following amendments (further detailed beginning on page 2 of this testimony):

1. The Sierra Club strongly believes that the priority for SEIF restructuring in 2020 should be the establishment of workforce and community transition programs, specifically in relation to a state-facilitated and managed transition off of coal-fired power plants. This has become even more important as the Senate cross-file for this legislation has adjusted the SEIF allocation structure via Committee amendments (to allocate a potentially large amount of SEIF money to programs initiated by the bill) but failed to address worker and community transition in that restructuring.
2. We request the EmPOWER Maryland program require the reduction of climate-disrupting greenhouse gas emissions rather than simply a reduction in electricity consumption (the current approach), in Public Utilities Art. sections 7-211 (g)(2)(i); 7-211 (g)(2)(ii); and 7-211 (g)(2)(iv).
3. We request that the “High Performance Building” definition be further defined to include a reference to “all-electric,” net-zero buildings, in State Finance and Procurement Art. sections 3-602.1(a)(2)(i)(II) and 4-809(f)(7).
4. We request that the deployment targets for zero emission electric buses be strengthened to target an electric bus goal closer to 100% deployment by 2035 by adopting a policy to end procurement of non-electric buses beginning in 2022.
5. We request that Environment Art. section 2-1305(D) be amended to provide additional guidance to state agencies.
6. We request that the Committee consider the adoption in this legislation of a specific, time-bound transition off coal-fired power in Maryland, and the establishment of a funded workforce and community transition account to aide in the transition off fossil fuels.

The Sierra Club is strongly supportive of the provisions in this legislation. We would like to specifically highlight the need to move forward with the following provisions, without in any way diminishing the significance of those provisions not specifically noted in this testimony.

Establishment of greenhouse gas emissions reduction targets of 60% by 2030 and net-zero by 2045

In 2018 the Intergovernmental Panel on Climate Change (IPCC) – the globe’s leading scientific authority on climate disruption – cited the devastating impacts of global warming above 1.5 degrees Celsius. To supplement the report, the IPCC noted the emissions reduction pathway to limit warming to no more than 1.5 degrees Celsius and explained that wealthy nations like the United States must reduce climate-disrupting pollution by 60% by 2030. This legislation will amend Maryland’s climate action goals to put them in line with what leading scientists say is necessary to avoid the worst impacts of climate change.

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Requirement that the Department of the Environment to use the latest science on methane pollution and leakage rates

Methane pollution is a potent climate-warming greenhouse gas and the state should be evaluating climate action plans with the latest science. Methane has a warming-potential 86 times greater than carbon dioxide in the near-term. As the IPCC has identified 2030 as a critical year for climate pollution reductions, Maryland should evaluate its climate action plans on the 20-year time horizon for the impact methane has on our climate.

Discouragement of “counting” highway expansion programs as net-climate beneficial to the state

Studies show that the expansion of highways induces demand of additional cars on the road, which leads to the additional consumption of fossil fuels via gasoline and diesel. The legislation’s specific denouncement of evaluating highway expansion proposals as beneficial to climate action is a positive provision in this bill.

Commitment to solar energy on rooftops

The Sierra Club prioritizes the deployment of solar energy as a climate mitigation practice. The commitment to rooftop solar in this legislation helps ensure that distributed energy resources will grow to better enable our electricity grid to become more resilient.

Discussion of requested amendments

- 1. The Sierra Club strongly believes that the priority for SEIF restructuring in 2020 should be the establishment of workforce and community transition programs, specifically in relation to a state-facilitated and managed transition off of coal-fired power plants. This has become even more important as the Senate cross-file for this legislation has adjusted the SEIF allocation structure via Committee amendments but failed to address worker and community transition in that restructuring.*
 - The Sierra Club urges that the top priority for changes in SEIF spending should be the creation of a Fossil Fuel Transition Fund, as outlined in HB1545.
 - While we support the goals of many of the other bills seeking to utilize this fund, we are very concerned that there is a risk of overcommitting SEIF for new purposes before securing funding for a just transition for workers and communities affected by the transition off of fossil fuels.
 - HB1545 includes both a plan for retirement of Maryland’s six remaining coal-fired power plants, and a proposal to create a Fossil Fuel Transition Fund, which would be funded by allocating 20% of SEIF funding to the Fossil Fuel Transition Fund annually from 2020-2030. The fiscal note estimated the 2021 allocation to this fund would be \$11 million.
 - We would encourage the committee to consider methods to secure and protect this SEIF funding for this purpose.
 - We have provided an additional outline of a proposed amendment at the end of this testimony.
- 2. We request the EmPOWER Maryland program require the reduction of climate-disrupting greenhouse gas emissions rather than simply electricity consumption. Updates may be needed in sections 7-211 (g)(2)(i) and 7-211 (g)(2)(iv).*

3. *We request that the “High Performance Building” definition be further defined to include the reference to “all-electric,” net-zero buildings in sections 3-602.1 (a)(2)(i)(II) and 4-809 (f)(7).*
 - The use of fossil fuels in buildings is the fourth-largest source of climate pollution in Maryland and a significant public health risk.
 - The state has approximately 1.2 million households that burn gas or another fossil fuel on-site, which means that we will have to retrofit approximately 40,000 homes per year off of fossil fuels to electric alternatives to decarbonize the sector by 2050.
 - Because of the program’s focus on reducing electricity consumption, the EmPOWER Maryland program does not currently properly incentivize a switch from fossil-fuel-based heating and cooking systems in homes to electric. The energy conservation programs are evaluated based on how much electricity they reduce – not on how much climate pollution is being reduced, which could, in practice, discourage the addition of electric load via deployment of electric heating and cooking systems despite their net climate benefit.
 - The EmPOWER Maryland program needs an update to better incentivize all-electric buildings by replacing gas- and oil-heating and cooking systems with efficient, clean electric alternatives. Air-source heat pumps and water heaters, along with induction cook stoves, have become less expensive, as well as more advanced to successfully perform in cold climates, and they remove a major pollution source from our homes and businesses.
 - States like California, Massachusetts, and Maine are more ambitiously reducing fossil fuel use in buildings by deploying significant numbers of electric heat pumps and cook stoves.
 - **An upgrade to the EmPOWER program to require an evaluation and testing of greenhouse gas emission reductions is critical to meeting a climate reduction target of 40% by 2030 or 60% by 2030.**
4. *We request that the deployment targets for zero emission electric buses be strengthened to target an electric bus goal closer to 100% deployment by 2035 by adopting a policy to end procurement of non-electric buses beginning in 2022.*
 - Transportation is the largest source of climate pollution in Maryland and the advancement of zero-emission public transportation is one of the most critical actions the state can make to simultaneously reduce pollution and address historic inequities in access to clean transportation options.
 - Similar to SB423, we urge the Committee to amend this legislation to require that the administration only enter into contracts to purchase electric buses starting in 2022.
5. *We request that section 2-1305(D) be amended to provide more guidance to state agencies.*
 - Currently, Maryland agencies are required to engage with the Maryland Department of the Environment in the development of the state’s Greenhouse Gas Reduction Act plans; however, the agencies are not as clearly responsible, in statute, for considering and acting to mitigate or adapt to climate change.
 - We encourage the Committee to amend this section to reflect the intent of the following language, which is consistent with legislation recently signed in New York.
 - i. “In considering and issuing permits, licenses, and other administrative approvals and decisions, including but not limited to the execution of grants, loans, and

contracts, all state agencies, offices, authorities, and divisions shall consider whether such decisions are inconsistent with or will interfere with the attainment of the statewide greenhouse gas emissions reduction goals of the state. Where such decisions are deemed to be inconsistent with or will interfere with the attainment of the statewide greenhouse gas emissions goals, each agency, office, authority, or division shall provide a detailed statement of justification as to why such limits/criteria may not be met, and identify alternatives or greenhouse gas mitigation measures to be required where such project is located.”

6. *We request that the Committee consider the adoption of a specific, time-bound transition off coal-fired power in Maryland and establishment of a funded workforce and community transition account to aide in the transition off fossil fuels.*
- Maryland remains home to six coal-fired power plants that are responsible for millions of tons of climate pollution annually – the first step to address climate change in the new decade is to secure the cessation of coal burning in Maryland for electricity production.
 - Based on the state’s most recent climate pollution inventory, Maryland’s six coal plants were responsible for nearly nine million metric tons of climate pollution – the same climate pollution as nearly 2,000,000 cars.
 - The Maryland General Assembly needs to manage the transition off coal by specifying the end-date of coal-burning in Maryland for power, and establishing funded transition programs for the workers and communities that are facing the impact of losing a fossil fuel facility such as a coal power plant.
 - The Committee can commit the state to a responsible, managed transition off coal-fired power by incorporating that goal into this legislation (the separate coal transition legislation, HB1545 is before the House Economic Matters Committee).

For these reasons, we respectfully request a Favorable with Amendments report on this bill, inclusive of the amendments described above and in the Appendix below.

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Appendix - Suggested Amendments to Address Intent in Items 1, 2 & 3 (new language for 2& 3 in RED)

Amendment 1 – coal transition and SEIF spending

- **Purpose**
 - Create the “fossil fuel workforce and community transition account” as being considered (with Chairman Barve amendments) in HB1545, with the distribution of the funds contingent upon the passage of legislation to schedule a phase out of Maryland’s coal-fired power plants, with facility operations phase-out schedules between 2023 and no later than 2030.
- **Funding: (offering two options, based on mechanism)**
 - Allocate funding, using the following formula, into a “fossil fuel workforce and community transition account,” which would begin to accrue funds upon adoption of the legislation.
 - 20% of total RGGI allowance revenue that is distributed to the SEIF, amending the allocation formula in 9–20B–05 (g) to reflect 50% for Electric Universal Service Program, 10% to renewable and clean energy programs, 10% to low and

moderate income energy efficiency and conservation programs, 20% to the newly-established fossil fuel workforce and community transition account, and up to 10% not to exceed \$5,000,000 for administrative expenses.

- Or \$13 million annually.
- **Funds in the fossil fuel workforce and community transition account will not be distributed until enabled by future legislation that meets the following criteria:**
 - Creates a scheduled phase out of Maryland’s coal-fired power plants, with facility operations phase-out schedules between 2023 and no later than 2030, consistent plant age and with analysis of the Intergovernmental Panel on Climate Change’s *“Special Report on Global Warming of 1.5 degrees Celsius” (2018)*.
 - Develops a “fossil fuel workforce and community transition account” advisory group, including representatives from labor, power plant owners, environmental representatives and counties, to recommend priority uses for the fund, including a review of best practices from other state’s and recommendations from AFL-CIO and other labor leaders on model policies for transition.
 - **If no enabling legislation is enacted into law by Dec 31, 2021**, the funds will be relinquished back into SEIF, and distributed according the distribution formula.

Amendment 2 – All Electric Buildings Support

Page 12 of the legislation

Article – Public Utilities

7–211.

(2) (i) Except as provided in subsection (e) of this section, for the duration of the [2018–2020 and] 2021–2023 **AND 2024–2026** program cycles, by regulation or order, the Commission shall, to the extent that the Commission determines that cost-effective energy efficiency, **GREENHOUSE GAS REDUCTION**, and conservation programs and services are available, for each affected class, require each electric company to procure or provide for its electricity customers cost-effective energy efficiency, **GREENHOUSE GAS REDUCTION**, and conservation programs and services with projected and verifiable electricity, **OR GREENHOUSE GAS**, savings that are designed on a trajectory to achieve a targeted annual incremental gross energy savings of at least [2.0%] **3.0%** per year, calculated as a percentage of the electric company’s 2016 weather-normalized gross retail sales and electricity **AND DISTRIBUTION** losses.

(ii) The savings trajectory shall use the approved 2016 plans submitted under subsection (h)(2) of this section as a baseline for an incremental increase of a rate of .20% per year until the minimum [2.0%] **3.0%** per year savings rate is achieved.

(iii) The gross retail sales against which the savings are measured shall: 1. reflect sales associated with customer classes served by utility-administered programs only; and 2. be updated by the Commission for each plan submitted under subsection (h)(2) of this section.

(iv) The targeted annual incremental gross energy **AND GREENHOUSE GAS** savings shall be achieved based on the 3-year average of an electric company’s plan submitted under subsection (h)(2) of this section.

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Article – State Finance and Procurement

3-602.1.

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(II) 1. MEETS OR EXCEEDS THE CURRENT REQUIREMENTS FOR CERTIFICATION UNDER THE U.S. GREEN BUILDING COUNCIL'S LEED (LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN) ZERO ENERGY PROGRAM; OR

2. ACHIEVES A ~~AN~~ ALL-ELECTRIC, NET-ZERO ENERGY BALANCE IN ACCORDANCE WITH STANDARDS OR GUIDELINES RECOMMENDED BY THE MARYLAND GREEN BUILDING COUNCIL AND APPROVED BY THE SECRETARIES OF BUDGET AND MANAGEMENT AND GENERAL SERVICES.

4-809

(7) DEVELOP GUIDELINES FOR EVALUATING THE ENERGY BALANCE AND ACHIEVING A ~~AN~~ ALL-ELECTRIC, NET-ZERO ENERGY BALANCE IN BUILDINGS SUBJECT TO § 3-602.1 OF THIS ARTICLE.