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Senate Finance Committee
The Honorable Delores G. Kelley
3 East Miller Senate Building
Annapolis, Maryland 21401-1991

RE: SB 887 – Electric Generation – Transition from Fossil Fuels – Carbon Dioxide Emissions Rate and Transition Account

Dear Chairman Kelley and Members of the Committee:

This bill is a significant bill. It establishes a carbon dioxide emissions limit for all six of the remaining coal-burning electrical generating facilities in Maryland that is so low that none of the facilities will be able to qualify. Therefore, it provides for the permanent phase-out of burning coal in Maryland to generate electricity.

The burning of coal is a 19th Century technology which is far and away the dirtiest way of generating electricity. It fouls the air, and it is one of the principal causes of global warming. As a matter of public policy, this bill ensures that the era of coal furnaces belching carbon into the air in Maryland will come to an end.

Three of the six remaining coal burning electrical generating plants in Maryland are Chalk Point Units 1 and 2 on the Patuxent River in Prince George's County, Dickerson Units 1, 2 and 3 on the Potomac River in northern Montgomery County and H. A. Wagner Units 2 and 3 on the Patapsco River in northern Anne Arundel County. The bill provides that all of these units will be governed by the cap and therefore have to stop burning coal on October 1, 2023. The fourth remaining coal burning electrical generating plant is Morgantown Units 1 and 2 on the Potomac River in Charles County. The bill provides that these units will fall under the cap on October 1, 2024. The fifth remaining coal burning electrical generating plant is Brandon Shores units 1 and 2 on the Patapsco River in northern Anne Arundel County. These units will be covered by the cap starting on October 1, 2025. The sixth remaining coal burning electrical generating plant is Warrior Run unit 1 in Cumberland. An agreement was reached with Warrior Run, providing for Warrior Run to cease burning coal as of March 1, 2030.

Of course, the closure of the coal-burning furnaces in these facilities will have a major impact on the workforce at the plants, so the rest of Senate Bill 887 (from pages 3 through 10) deals with extensive measures to provide a fair transition for the employees. The bill creates a Fossil Fuel Community Transition Account with the mission of providing grants to support both the

individuals transitioning out of employment at one of the six coal-fired plants and also the communities impacted by the closure of the coal boilers. The grants are to be used for: (a) worker retraining, (b) union-sponsored apprenticeship programs, (c) clean energy projects in the affected counties, (d) (for up to three years after the closure of a coal-burning plant) payments to an affected county to offset losses in tax revenue due to the closure, (e) payments to individuals who are within three years of retirement age and (f) payments to individuals to fill wage gaps during the transition to new employment. These payments of approximately \$13 million per year will come from a dedicated, protected funding stream from the existing Maryland Strategic Energy Investment Program, which is funded by the sale of allowances under the Regional Greenhouse Gas Initiative.

Let me speak briefly about why this bill makes sense. The six coal plants that are the subject of this bill are the #2 source of in-state climate pollution in Maryland. In 2017, Maryland's six coal plants generated over 75% of the state's climate pollution from in-state electricity generators.

Coal-burning electrical generating plants are on their way out across the nation. Over 300 coal plants have closed or announced their retirement in recent years. Here in Maryland, the C. P. Crane coal plant closed in 2017. One of the two units at the H. A. Wagner plant is scheduled to close this summer. In 2015, 5 units at the Chalk Point and Dickerson plants were slated for deactivation, only to be reprieved in 2017.

I understand the opponents of this bill are prepared to make three major arguments, so let me preview them and respond to them. First, they plan to argue that Maryland needs the six coal-burning plants, that we might experience blackouts without them. Well, the dirty little secret is that Maryland's coal plants sit idle nearly the entire year. So far this year, not a single one of the six coal plants has operated for a single day. Last year, the best information available to us is that they operated for a grand total of 17 days out of 365 days. So what's going on? The regional electrical transmission system known as PJM has contracted with them to just standby. PJM pays all of the overhead associated with keeping full workforces on hand at each of the six plants. The plant operators therefore have their overhead paid for the 348 days when the plants are idle, and on the 17 days when the boilers in the plants are fired up, the plant operators make some profits. But their profits are meager. I submit to you that keeping six plants fully staffed year-round at a cost of millions of dollars so they can operate only 17 days a year is not a sustainable model.

And that brings me to the second argument that the opponents will make, namely that the workers in these plants need their jobs. But if you agree with me that the current model is not sustainable, something's going to give. Burning coal is far more expensive these days than other ways of creating electricity. All six of these plants are surely going to close. Whether they close on the sort of schedule envisioned by this bill or just close abruptly due to corporate decision-making, they are going to close. This bill bends over backwards to create a fund of money to pay for transition expenses. If the bill fails and no such fund is set up, when the plants close, whether tomorrow or three years from now, the employees will be left high and dry, without any financial support as they seek to transition to new jobs.

Finally, the third argument that will be made by the opponents is that this bill should be consigned to summer study and then brought back next year. Remember that one of the operating boilers is already slated to close this summer. Others could follow suit. The groundwork for this bill was laid in 2018, when GenOn, one of the plant operators, laid off 60 workers. In 2019, legislators began discussions about legislation that would protect the workers in the plants, but the legislation was deferred after assurances were given that talks would continue last summer. Not through want of trying, this didn't occur. So this bill is needed now to create the fund and start to fund it so that as these plants close, money is available to provide for the transition needs of the workers and the surrounding communities.

There are a couple of modest amendments that we will be offering to improve the bill. Members of the panel will describe them.

I hope the Committee will issue a favorable report on this bill.