

SB890: Clean Energy Attribute Credits and Procurement
Finance Committee Hearing
March 10th, 2020

OPPOSED

Nuclear Information and Resource Service and Food and Water Action are opposed to SB890, the Clean Energy Attribute Credits and Procurement bill.

Maryland can create a safe, sustainable, healthy, affordable energy future. We can build a robust and dynamic clean energy economy before today's youngest Marylanders graduate high school. We can provide thousands of good jobs to families, making sure that our children grow up breathing clean air and drinking clean water; that their parents never have to choose between paying the rent or keeping the heat on; and that their homes and communities are as safe and secure as possible from extreme weather, sea-level rise, and the environmental pressures of the changing climate. We can do all this by making the right choices – and adopting the right policies – now.

But the policy proposed in SB890 would preclude all of that. This legislation would abolish the current renewable portfolio standard (RPS) and replace it with an auction for deceptively titled “Clean Energy Attribute Credits”. Instead of repairing and improving the current RPS to remove black liquor and waste incineration, as Chair Kelly’s SB168 and SB560 would do, SB890 would compromise the very purpose of Maryland’s renewable energy policies: to expand our use of cleaner, safer, less polluting, and more sustainable energy sources, and reduce our reliance on polluting, unsustainable energy sources.

This bill would require consumers to subsidize several dirty, unsustainable energy sources through the “so-called” Clean Energy Attribute Credits (CEAC), while compromising the growth of solar, wind, and other renewable energy sources. It would do this explicitly by ending the solar and offshore wind targets that are driving the expansion of new clean energy industries in Maryland. But it undermines renewable energy principally by adding nuclear energy and existing large-scale hydro energy to the CEAC procurement targets. This would effectively block renewable energy growth in Maryland for years, by enabling three decades-old power plants to consume the vast majority of the available credits: the Calvert Cliffs Nuclear Power Plant; the Conowingo hydropower dam; and the out-of-state Peach Bottom Nuclear Power Plant.

Together, these nuclear and hydro sources would constitute about 65% of electricity sales in Maryland. The CEAC procurement targets in SB890 do not even reach that level until 2027—and because existing Tier 1 energy sources constitute 25% of electricity, credits to support new solar and wind development may not be available until the targets reach 90% in 2037.

This policy would also impose massive costs on Maryland ratepayers. The current RPS prices renewable energy credits as affordably as possible, through competitive auctions. This system in Maryland and other states has helped to drive enormous cost reductions for wind and solar over the last decade. Instead, SB890 would become more and more costly every year. It sets a maximum price for CEA credits, which increases by 4% every year. And SB890 uses the pricing system to create a pool of money that would be used to purchase CEA credits from qualifying sources.

Under this system, the annual cost of CEA credits would start at \$625 million in 2021, and rise to approximately \$1 billion in 2025. The vast majority of these funds would subsidize old, polluting nuclear and hydro power plants instead of on developing safe, clean, sustainable, solar and wind energy. We cannot afford to waste time and money on such a policy. It would be a dead for our climate, for our environment, and for our economy.

We recommend an unfavorable report on SB890.

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