Climate Law & Policy Project

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Committee: Economic Matters
Testimony on: HB1007 Renewable Energy Portfolio Standard and Geothermal Heating and Cooling Systems
Organization: Climate Law & Policy Project
Submitted by: Donald M. Goldberg, Executive Director
Position: Favorable
Hearing Date: February 25, 2021

Dear Chairman and Members of the Committee:

Climate Law & Policy Project strongly supports HB1007 and urges a favorable report.

HB1007 requires increasing percentages of Renewable Energy Portfolio Tier 1 renewable energy credits be derived from geothermal heating and cooling systems placed in service after January 1, 2022 and eliminates the requirement that geothermal systems replace or displace inefficient heating and cooling systems that fail to meet federal Energy Star standards. It requires that at least 25% of geothermal credits come from systems installed at low or moderate housing units or institutions that serve that segment of the population. It requires that systems with 360,000 BTU capacity be installed by PSC-certified companies that meet minimum labor requirements and enroll at least 10% of their workers in certified apprenticeship programs. It increases compliance payments for geothermal systems and directs those payments into a separate fund within the SEIF to support low and moderate income installations. It requires the PSC to report on the status of geothermal systems in the State. It creates a Geothermal Energy Workgroup and requires the Maryland Energy Administration to conduct a study of geothermal energy and submit it to the Workgroup.

Geothermal energy is an essential technology for reducing greenhouse gas (GHG) emissions and ensuring access to clean, efficient and inexpensive energy. Air sourced and ground-sourced (geothermal) heat pumps have been identified by the Maryland Commission on Climate Change as a key technology for decarbonizing buildings in the State. While ground-source heat pumps are more expensive to install than air-sourced ones, they are much cheaper to operate and save money over their lifetimes.

It is appropriate that a specific percentage of Maryland renewable energy credits be derived from geothermal, which is one of the cleanest energy sources in the RPS (along with wind, solar, small hydro and ocean). Compared to the power sector, building decarbonization can be more difficult and costly, hence, more in need of incentives, such as RECs. RECs can help overcome the higher upfront cost of installing geothermal, which often prevents it from being utilized despite its lower lifetime cost.

It is also appropriate to direct a high percentage of REC-supported geothermal to low and moderate income households and institutions that serve them. These households often have the highest energy bills but receive little benefit from programs like EmPOWER Maryland, which are designed to lower energy bills through efficiency. This is due, in part, to preexisting conditions, such as mold, which may preclude making building more air tight. Heat pumps are ideal in these situations because they do not affect a building's ability to "breathe".

Developing geothermal, especially for low and moderate income residents, is both equitable and essential if Maryland is to meet its Greenhouse Gas Reduction Act goals, and we urge passage of HB1007.