



Maryland

Department of the Environment

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor

Ben Grumbles, Secretary
Horacio Tablada, Deputy Secretary

January 26, 2021

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

Re: SB83- Utility Regulation - Consideration of Climate and Labor

Dear Chair Kelley and Members of the Committee:

The Maryland Department of the Environment (MDE or the Department) has reviewed *SB83-Utility Regulation - Consideration of Climate and Labor*. The Department would like to provide some information related to this bill.

Under the amendments to §2-405(a) of the Environment Article, when a certificate of public convenience and necessity (CPCN) application is received, the Department would be required to prepare a recommendation for the Public Service Commission (PSC) on climate change issues under § 7-207 of the Public Utilities Article.

Specifically, the bill would amend § 7-207 of the Public Utilities Article to require the Department to analyze the effect of climate change on the generating station; the impact of the generating station on the quantity of annual and long-term statewide greenhouse gas emissions; and the consistency of the application with the State's climate commitments for reducing statewide greenhouse gas emissions. This would be in addition to the other issues for which the Department already prepares a recommendation under § 7-207 on the effect of the generating station on air quality and water pollution.

MDE is interpreting the bill's amendments to § 7-207 of the Public Utilities Article to require a quantitative assessment of the statewide emissions impact of a generating station. The most thorough analysis would entail targeted electricity dispatch modeling to evaluate how the State's electricity system would operate both with and without the facility in question over the relevant time period for CPCN assessments. That would estimate not only the emissions from the facility, but also the accompanying change in emissions from all of the other relevant electricity sources in Maryland and in regions from which Maryland imports power, consistent with the cited definition for statewide emissions (§ 2-1202 of the Environment Article).

MDE does not currently have the capability to perform such an analysis in-house. Given the inconsistent flow of applications for new or expanded electric generating stations, it would not

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be practical to hire an engineer for the sole purpose of performing the required analysis as the need for such arises. Instead, MDE would contract with an entity to use a sophisticated electricity dispatch model, such as the ones used by EPA and states to develop air pollution regulations. This work would cost as much as \$15,000 to \$20,000 per assessment. The number of CPCN applications submitted each year varies, but on average MDE's experience has been that one or two CPCN applications for new or modified electric generating stations can be expected to be received each year. MDE does not currently have a means to charge an applicant to recoup this cost.

An assessment of statewide emissions would also include relevant upstream emissions, including leakage of methane from the transmission system supplying a generating station running on natural gas, to the extent that leakage occurs within Maryland. The references to greenhouse gas emissions in other parts of the bill are worded more broadly, and would cover upstream emissions outside of Maryland, including leakage of methane from the extraction, processing, and transmission systems in the states and regions that produce the natural gas that would be consumed in a Maryland generating station.

Thank you for your consideration. We will continue to monitor, *SB83- Utility Regulation - Consideration of Climate and Labor* and I am available to answer any questions you may have. Please feel free to contact me at 410-260-6301 or by e-mail at tyler.abbott@maryland.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Tyler Abbott", written over a horizontal line.

Tyler Abbott

cc: George "Tad" Aburn, Director, Air and Radiation Administration