



**TO:** Members, House Economic Matters Committee  
**FROM:** Mary Beth Tung – Director, MEA  
**SUBJECT:** HB 1366 - Zero-Emission Energy Resources and Carbon Capture, Use, and Sequestration – Renewable Energy Portfolio Standard and Study  
**DATE:** March 10, 2022

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**MEA POSITION: FAV**

HB 1366 builds on the state’s strong record of supporting decarbonization by sending a market signal that Maryland’s doors are open to the carbon capture, utilization, and sequestration (CCUS) industry. The bill does so by adding electricity generation fueled by natural gas or qualifying biomass to Tier 1 of the Renewable Portfolio Standard (RPS), but only to the extent the emissions of that generation are offset by CCUS.

**Explanation**

HB 1366 accomplishes this by adding the term “zero emission energy sources” to the list of eligible Tier 1 technologies, and then defines that term to include:

*a natural gas or qualifying biomass generating station with a concomitant carbon capture system to the extent the captured carbon dioxide offsets the carbon output of the generating station and is indefinitely sequestered through another method.*

The bill also creates a pathway to lower any existing barriers to market entry by assigning MEA the task of reporting to the General Assembly on regulatory and statutory hurdles to the adoption of CCUS in Maryland. MEA is required to work with other appropriate state agencies in making these observations and recommendations, including the Public Service Commission, Department of the Environment, and Department of Natural Resources. Their combined efforts will be reported on or before December 31, 2022 in accordance with § 2–1257 of the State Government Article.

**Reasoning**

CCUS is a key ingredient in meeting climate and emissions goals while also stimulating our economy, protecting the health of Marylanders by supplying cleaner air, and contributing to energy security. CCUS aids in national energy security by promoting fuel/energy diversity and spurring investments in existing infrastructure. CCUS also brings with it the promise of high paying jobs to fill such roles as Process Engineer (~\$90k/yr) and Project Manager (~120k/yr).

CCUS is the process of capturing carbon dioxide (CO<sub>2</sub>) emissions from sources like power plants or industrial processes, and either reusing or storing it so that it will not reenter the atmosphere.

This often means sequestration deep in geological formations. Despite the adoption of renewable energy, the cumulative amount of CO<sub>2</sub> in the atmosphere still needs to be reduced to limit the detrimental impacts of climate change<sup>1</sup>. Therefore, regardless of the deployment of clean and efficient energy solutions, CCUS technologies must be implemented, including Direct Air Capture, a negative emissions technology.

The policy of incentivizing carbon capture paired with natural gas- or qualifying biomass-fueled generation was first proposed in Governor Hogan's 2020 Clean and Renewable Energy Standard (CARES) legislation. Though the General Assembly did not vote on the Governor's CARES initiative, they have since adopted several of the objectives of the original legislation piecemeal. This bill would add the incentivization of CCUS to that list.

### **Summary**

This bill produces cleaner and cheaper outcomes for Marylanders. HB 1366 will invite an emerging industry to take advantage of Maryland's electricity generation mix as well as its geology; an industry that supports stable, high-income jobs. It will also continue the administration's strong record of leading from the front when it comes to a cheaper, faster, and more technology-neutral approach to clean energy and a clean environment.

For these reasons, MEA requests a **FAVORABLE REPORT** on HB 1366.

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<sup>1</sup> IPCC, 2013.