



P.O. Box 278  
Riverdale, MD 20738

**Committee: Environment and Transportation**

**Testimony on: HB 708**

**Position: Favorable with amendments**

**Hearing Date: March 4, 2022**

Committee: House Economic Matters Committee

Testimony on: HB708 – Comprehensive Climate Solutions Act

Position: Favorable with Amendments

Hearing Date: March 4, 2022

The Sierra Club Maryland Chapter, on behalf of our 70,000 members and supporters, urges a favorable report with amendments on HB708.

This legislation is one of the most important bills before the General Assembly this year, and is a Sierra Club priority (together with its companion bills, HB806 assigned to the Appropriations Committee, and HB831 assigned to the Environment and Transportation Committee).

Our proposed amendments mainly, though not exclusively, deal with the environmental justice provisions of the bill, and are aimed at further strengthening a strong bill.

To combat the existential threat of climate change, this bill sets ambitious and achievable goals for the state, and strengthens existing programs and launches new programs to ensure that we have a path to achieve these goals. The bill will put Maryland on track to reduce greenhouse gas (GHG) emissions by 60% (compared to 2006 levels) by 2032, and reach net-zero greenhouse gas emissions by 2045. It will enhance control of methane emissions from landfills and elsewhere; promote building energy efficiency and electrification; establish climate-related workforce training and mitigation efforts for vulnerable communities; and establish Climate Transition and Clean Energy Hub to support financing of clean energy projects.

Maryland's ongoing efforts to reduce GHG emissions were given additional urgency by the report issued this past Sunday, February 27, 2022, by the United Nations Intergovernmental Panel on Climate Change (IPCC). As described in articles contained in the Washington Post and New York Times, this most recent update by the IPCC provides a detailed analysis of the

ongoing failures to control and limit GHG emissions, the current devastating impacts of climate change, and the real and looming potential for even more serious, destructive, and deadly consequences.<sup>1</sup>

### **Increase Maryland’s GHG emissions reduction mandate to 60% by 2032, and achieve net-zero emissions by 2045**

*New, science-based goals:*

This legislation will put Maryland’s climate action targets in line with what leading scientists say is necessary to avoid the worst impacts of climate change. In its most recent report and previously, the cited the devastating impacts of global warming above 1.5 degrees Celsius. The IPCC has emphasized that it is crucial to limit warming to no more than 1.5 degrees Celsius, and explained that wealthy nations like the United States must reduce climate-disrupting pollution by 60% by 2030. This bill uses 2032 as the target date for a 60% reduction, and though we prefer a 2030 date, this requirement, together with the 2045 net-zero target, would put Maryland on track to do its part to meet what the IPCC has determined is a necessity.

*Additional, important parameters when the state develops its plans to achieve a 60% reduction and net-zero emissions:*

- use the latest science relating to methane pollution and methane leakage rates, in recognition of the fact that methane is an extremely potent climate-warming greenhouse gas with a warming potential 86 times greater than carbon dioxide in the near-term;
- factor in the substantial costs that climate change imposes on our economy (referred to as the “social cost of carbon”); and
- recognize that expanding public transit may reduce GHG emissions, while highway expansions do not (since, as shown by studies, they induce more fossil fuel burning cars being driven on the roads).

### **Strengthening EmPOWER Maryland to reduce GHG emissions from the building sector; use of SEIF funds for energy efficiency projects**

*EmPOWER background:*

EmPOWER Maryland has long been one of Maryland's most important and successful climate action programs. As presently conceived, the program incentivizes electricity users to implement efficiency measures so as to reduce their electricity consumption, with the added benefit of saving money.

It is crucial to now update EmPOWER to align its grants and incentives with the recognition that transitioning buildings off of fossil fuels must be a key part of Maryland’s climate efforts. The building sector is responsible for more climate pollution in Maryland than the state's remaining coal-fired power plants because of the heavy reliance of commercial buildings and households

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<sup>1</sup> <https://www.washingtonpost.com/climate-environment/2022/02/28/ipcc-united-nations-climate-change-adaptation/>; <https://www.nytimes.com/2022/02/28/climate/climate-change-ipcc-report.html>. The report may be found at <https://www.ipcc.ch/report/ar6/wg2/>.

on burning fossil fuels for heating and other uses. The Maryland Department of the Environment (MDE) and the Maryland Commission on Climate Change have both made it clear that decarbonization of the building sector, with a prioritization of building energy efficiency and electrification pathways, is foundational to achieving mid-century climate commitments.<sup>2</sup>

*EmPOWER reforms:*

- EmPOWER would be used to encourage and promote the electrification of existing fossil fuel heating systems, with priority given to low-income households and consumers.
- EmPOWER also would encourage and promote “beneficial electrification.” Beneficial electrification strategies are those that provide three forms of societal benefits: reduced energy consumption (total source BTUs); lower consumer costs; and reduced GHG emissions. Beneficial electrification programs should be prioritized first for low-income households and consumers, and should be aligned with other health and safety upgrades to consider a whole-home or whole-building retrofit approach to ensure cost effectiveness and a focus on benefitting underserved homes and businesses first.
- In tandem with these changes, the bill provides that, starting in 2024, EmPOWER funds could not be used to subsidize new fossil fuel heating systems. Furthermore, in implementing fuel-switching and beneficial electrification in a cost-effective manner, the social cost of carbon would need to be included in calculations.

*Limiting the use of SEIF for fossil fuel projects:*

The Strategic Energy Investment Fund (SEIF) is a critical part of Maryland’s efforts to respond to the climate crisis in the electricity sector. SEIF is sourced from a variety of programs, including auction revenues from the Regional Greenhouse Gas Initiative (RGGI), and Alternative Compliance Payments (ACPs) from the Renewable Portfolio Standard (RPS).<sup>3</sup> SEIF moneys are used, in part, to support energy efficiency projects.

In conformance with the effort to electrify buildings, the bill specifies that SEIF could be used for a fossil fuel project only if that project’s lifecycle GHG emissions are less than those of an all-electric alternative.

**Methane emissions from municipal solid waste landfills**

The bill would improve the monitoring and control of such emissions, including requiring MDE to adopt emissions standards on or by January 1, 2023.

*Recommended amendment:* We recommend that the adoption date be changed to later in 2023, such as June 30 of that year.

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<sup>2</sup> Maryland Commission on Climate Change, “2021 Annual Report and Building Energy Transition Plan, Appendix A (“Building Energy Transition Plan”), <https://mde.maryland.gov/programs/air/ClimateChange/MCCC/Documents/2021%20Annual%20Report%20Appendices%20FINAL.pdf>.

<sup>3</sup> The moneys included in SEIF have been and are growing substantially, in part due to the 2019 update to RGGI, and in part due to slower than expected growth in projects covered by the RPS solar carve-out.

## **Environmental Justice**

*The bill would require MDE, in consultation with other state agencies, to do the following:*

- develop a methodology for identifying communities “disproportionately affected by climate change” (p. 5);
- develop remedial plans for these communities; and
- set funding goals for these plans.

## **Amendments**

Sierra Club endorses the amendments compiled by the Maryland Climate Partners, which we’ve appended to our testimony.

We have one additional suggestion. As part of the product of the Greenhouse Gas Reduction Act planning, we recommend that the plan require “include an examination of environmental remediation and repurposing at closed fossil fuel sites such as coal plants, and distribution of this information to local government and community organizations.

## **Conclusion**

For these reasons, we strongly urge the Committee to favorably report this critical legislation, and, in addition, to include the strengthening amendments we are proposing.

Josh Tulkin  
Chapter Director  
[josh.tulkin@mdsierra.org](mailto:josh.tulkin@mdsierra.org)