

SB0528 - Climate Solutions Now Act of 2022

Date: February 15, 2022

Committee: Senate Education, Health, and Environmental Affairs Committee

Position: Favorable with amendments

Victoria Venable, Maryland Director - Chesapeake Climate Action Network Action Fund

On behalf of the Chesapeake Climate Action Network Action Fund, I urge a favorable report from the committee on **SB0528 - Climate Solutions Now Act of 2022**. While CCAN Action Fund strongly supports this bill, we offer several amendments to strengthen it.

The CCAN Action Fund is the advocacy arm of Chesapeake Climate Action Network, a grassroots organization dedicated exclusively to fighting for bold and just solutions to climate change in the Chesapeake region of Maryland, Virginia, and Washington, DC. The latest report from the Intergovernmental Panel on Climate Change, issued in August of 2021, has declared a “code red for humanity” due to rapidly worsening climate change. The report declared that nations have delayed curbing their fossil-fuel emissions for so long that they can no longer [stop global warming from intensifying](#) over the next 30 years. However, there is still a short window to prevent the most harrowing future. SB0528 meets this urgency with ambitious but achievable climate commitments and a comprehensive plan to reach them.

The Climate Solutions Now Act of 2022 addresses the top three emitting sectors – transportation, energy consumption, and buildings– while centering environmental justice concerns and promoting climate equity.

Environmental Justice and Climate Equity

Similar to the COVID 19 crisis and natural disasters, climate change does not impact communities equally. Systems of oppression have created sacrificial zones that are overburdened with multiple, overlapping environmental stressors and sources of pollution such as coal plants, landfills, and incinerators. Meanwhile, climate impacts, such as flooding, are felt hardest by [low-lying neighborhoods](#) which are disproportionately communities of color and low-income.

The Climate Solutions Now Act takes some initial steps to address these injustices and ensure that our climate solutions are targeted to the communities that need them the most. By establishing programs like the Climate Catalytic Capital Fund and the Climate Justice Corps, this bill aims to target investments such as projects to reduce greenhouse gas emissions or increase clean energy deployment to overburdened communities. Importantly, this bill also directs the Maryland Department of the Environment to work in consultation with the Maryland Commission on Environmental Justice and Sustainable Communities to conduct research on cumulative impacts and overburdened communities. It also requires that MDE

establish strategies to address environmental justice and advance climate equity. This is a crucial step in understanding how to best serve our vulnerable communities.

Transportation

Our state's Greenhouse Gas Inventory indicates that transportation is the greatest contributor to climate pollution in the state, with gasoline and diesel-powered motor vehicles accounting for more than one-third of all greenhouse gas emissions in Maryland. To meet our greenhouse gas reduction goals, Maryland needs to transition as many vehicles to zero-emission vehicles as possible.

Additionally, vehicle tailpipe emissions create significant health hazards, particularly in communities near major highways and roadways. In fact, an [academic study](#) published in *Environmental Research Letters* in June of 2021 found that vehicle emissions (namely, ozone and fine particulate matter) led to an estimated 7,100 premature deaths in the mid-Atlantic and Northeast region in 2016 alone. This includes 664 deaths in Maryland.

It is crucial that the state lead by example and transition our state fleet to zero-emission vehicles (ZEV). Climate Solutions Now begins that process by requiring that a portion of the passenger cars and light-duty vehicles purchased for the state fleet be zero-emission vehicles (ZEV) starting in the fiscal year 2023. By 2033, 100% of all light-duty vehicles purchased by the state will be ZEV.

Buildings

A critical new addition to the Climate Solutions Now Act of 2022 is a focus on building electrification and emissions. In November of 2021, the Maryland Commission on Climate Change released its [annual report and Building Energy Transition Plan](#), recommending the adoption of Building Emission Standards and an "all-electric new construction code." The Climate Solutions Now Act of 2022 introduces versions of both of these recommendations. While we believe that new construction should adhere to a true all-electric standard, we appreciate the introduction of an electric standard for water and space heating. Based on current trends, Maryland is on track to have [12% more residential gas customers in 10 years](#) than today. In order to meaningfully reduce emissions from our building sector, we must not invest in new fossil fuel infrastructure. Electrifying our new buildings will help us shift this trend and decarbonize our buildings.

Building electrification is particularly important for residential buildings due to the cost and health benefits associated with shifting from gas to electric energy systems. [According to Rewiring America](#), 99% of households in Maryland—2.2 million homes—could save money on energy bills if they converted an existing appliance to a high-efficiency electric appliance. Rewiring America also found that the average household in Maryland will save **\$393 on their energy bills** by switching to modern, electric appliances.

The Maryland Department of the Environment worked with Energy + Environmental Economics (E3) to model the costs of construction of all-electric new buildings. E3's [Maryland Buildings Decarbonization Study](#) found that:

- For single-family homes, all-electric homes **cost less to construct** than new mixed-fuel homes.
- For multifamily buildings, all-electric **costs about the same to construct** as mixed-fuel buildings.

- At current utility rates, **annual energy costs are comparable** between homes with electric heat pumps and homes with gas furnaces. [Gas rates are expected to increase this winter.](#)
- **Annual energy costs are lower** for homes with electric heat pumps than homes heated by electric resistance, oil, or propane.
- As Maryland moves toward a net-zero-emissions goal, all-electric new buildings of any type—residential and commercial—will have the **lowest total annual costs** (including equipment, maintenance, and energy costs).

These cost savings are more relevant than ever, as fuel prices across the country continue to rise. The [U.S. Energy Information Administration predicts](#) that utility bills will continue to increase through this winter, largely due to the volatility of fossil fuel prices. Households with electric heat pumps will feel this impact significantly less than homes using natural gas, propane, or fuel oil. In fact, households using fracked gas for heat should expect to pay on average \$161 more this winter compared to last year, and households using delivered fuels (propane and fuel oil) will see even greater increases (\$582 and \$524, respectively), while households with electric heat pumps can expect to pay only \$21 more. Electrifying our homes can help provide Maryland families with more energy cost stability while helping reduce emissions.

Climate change is a complex and intersecting issue, which will require comprehensive and iterative solutions. With 3,000 miles of tidal shoreline, Maryland is one of the [most climate-vulnerable states in America](#) – just from sea-level rise. The Climate Solutions Now Act begins to tackle this problem. Alongside our strong support of this bill, we offer minor amendments attached. We believe that with the passage of a strong version of the Climate Solutions Now Act, we can put Maryland back on track as a leader in climate action.

Thank you for your consideration of SB0528, Climate Solutions Now. For all the reasons stated above, we urge a favorable vote from the committee.

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Proposed Amendments

Chesapeake Climate Action Network Action Fund

Building electrification and efficiency:

- Climate Catalytic Capital Fund
 - Explicitly state that 40% of funds from the Climate Catalytic Capital Fund be spent in low and moderate-income neighborhoods and that funds can be spent on whole-structure retrofits (including multi-family buildings) including health, safety, weatherization, and electrification measures.
 - Fund Oversight committee membership should include representatives from overburdened communities and affordable housing communities.
 - The purpose of the funds should explicitly include “Facilitate the electrification of the building sector”.
 - Page 8 as a new section (F) -- "The Fund may not be used for a project to install new equipment that uses fossil fuels or upgrades the efficiency of existing equipment that uses fossil fuels."
 - Funds from alternative compliance payments should go to the Climate Catalytic fund to be spent on low-income whole-structure retrofits, including low-income multi-family buildings.
- On page 35, lines 2-3, strike “water and space heating” and substitute “on-site energy” and add on line 3, “except for kitchen appliances”.
- On page 35, following line 9, add energy efficiency provisions for buildings. Add:
 - D. For new covered buildings funded at least 25% by State funds
 - A 40% reduction in modeled energy use consumption over the 2018 International Energy Conservation Code for permit applications received between Jan 1 2023 and Dec 31 2025
 - A 60% reduction in modeled energy use consumption over the 2018 International Energy Conservation Code for permit applications received between Jan 1 2025 and Dec 31 2027
 - E. For all other new covered buildings
 - A 40% reduction in modeled energy use consumption over the 2018 International Energy Conservation Code for permit applications received between Jan 1 2025 and Dec 31 2027
 - A 60% reduction in modeled energy use consumption over the 2018 International Energy Conservation Code for permit applications received F. MAJOR RENOVATIONS – Energy Conservation
 - F. “Major Renovation” means a renovation project:
 - For which the total projected cost exceeds 50% of the assessed value of the existing building; or
 - Involving a change of use, if the change involves the application of different requirements of the standards.
 - G. Except as provided in subsection () of this section, if a covered building is undergoing a major renovation, the building shall be renovated to achieve:
 - A 40% reduction in the building’s average annual energy use; or
 - A 20% reduction in modeled energy use consumption over the current Energy Code.

H. A local jurisdiction may waive the requirements under subsection () of this section if the building owner demonstrates that the cost of the improvements necessary to achieve the required energy reductions would exceed projected operational and energy savings from the improvements over a certain payback period:

- A 25–year period for all buildings funded at least 25% by the State.
- A 15–year period for all other buildings.
- Provisions regarding “alternative compliance pathway” on page 47, lines 20 -23, and lines 27-29, should be sunsetted. We suggest a sunset of 12/1/2030
- Pages 47, delete lines 18-19 (“PROVIDE MAXIMUM FLEXIBILITY TO THE OWNERS OF COVERED BUILDINGS TO COMPLY WITH BUILDING EMISSIONS STANDARDS”)
- The Building Emission Performance Standards regulations directive under 2-1602 (C) should
 - require that the adopted regulations prioritize direct emission reductions from qualified buildings via electrification plans and pathways,
 - provide protection against financial cost pass-through and evictions for tenants in covered multi-family buildings, 3) require covered public buildings’ retrofits to be completed with a high-quality workforce (i.e. prevailing wage, insurance coverage, paid leave, etc.) (pg. 48)
- Pg 51, lines 7-10 Edit language for the Building Energy Transition Task Force charge in section (F) (1) to read “STUDY AND MAKE RECOMMENDATIONS REGARDING THE DEVELOPMENT OF COMPLEMENTARY PROGRAMS, POLICIES, AND INCENTIVES AIMED AT REDUCING GREENHOUSE GAS EMISSIONS **AND DIRECT EMISSIONS** FROM THE BUILDING SECTOR IN ACCORDANCE WITH THIS SUBTITLE; AND”
- Edit language for the Building Energy Transition Task Force charge in section (F) (2) to ensure the Plan may include recommendations related to aligning and maximizing federal health, safety, weatherization, energy affordability, and electrification resources and programs.
- The Building Emission Performance Standards regulations directive under 2-1602 (C) should 1) require that the adopted regulations prioritize direct emission reductions from qualified buildings via electrification plans and pathways, 2) provide protection against financial cost pass-through and evictions for tenants in covered multi-family buildings

Equity and Environmental Justice Provisions

- Strengthen the provisions on pages 9-12 by including language that requires 40% of investments to go to overburdened communities and Rosenberg Justice 40 bill and/or the Boyce/Watson all agency climate, equity, and labor test language.
 - The language in the Boyce/Watson all agency climate, equity and labor test should be incorporated on page 22, lines 12-15 as well
 - The Interagency Commission on School Construction should be included as an agency required to consider the climate in long-term planning

Just Transition Employment Working Group

- Page 18, line 6 - Regarding membership of the working group, do not explicitly mention a group, rather state that there will be *two* representatives from the environmental community

State Fleet Electrification: pages 48 - 51

- On page 42, in line 14, delete “subject to the availability of funding”

Net Zero Schools

- Explicitly state that the IAC state school construction funding process may cover planning, design, and engineering for net-zero schools.
- School buildings that are not net-zero energy should be net-zero energy ready.