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Maryland Clean Energy Center (MCEC) was created as a not-for-profit corporate instrumentality of state in 2008 through an act of the Maryland General Assembly.

MCEC focuses on an economic development mission to advance the adoption of clean energy and energy efficiency products, services and technologies along with the associated jobs and wages for Maryland. MCEC leverages private capital and private sector capabilities; facilitates the commercialization of innovative advanced energy technologies; strives to reduce energy costs for consumers, and drive reductions in greenhouse gas emissions associated with the use of fossil fuels.

SB 528 – Climate Solutions Act of 2022

Hearing Dates: February 15, 2022
Senate Education, Health, Environmental Affairs Committee

FAVORABLE SUPPORT REQUESTED

MCEC appreciates the comprehensive nature of this proposed legislation, with the understanding that addressing the potential impacts of climate change while ensuring environmental justice requires a broad scope of measures and investments. The Economic Development Article within SB 528 calls for the creation and implementation of a Climate Catalytic Capital Fund (C3F) to be managed by the Maryland Clean Energy Center (MCEC). My testimony is offered with primary focus on this piece of the bill.

The purpose of the C3 Fund is to “promote environmental justice and to leverage increased private capital investment in technology development and deployment”. As proposed, this fund would be capitalized in the amount of \$5M per year over 3 years with funds deployed for specific purposes. The Fund is intended to act as leveraging capital to attract greater amounts of private investment to achieve certain desirable outcomes helping address climate change and environmental justice for Maryland. The bill specifies the types of investments that can be facilitated with the fund, and directs MCEC to administer the fund.

Key Messages I would like to leave with the committee in testimony are:

- There will always be more need for investment to commercialize and implement advanced clean energy infrastructure and climate mitigation measures than public funds alone can address.
- The proposed Climate Catalytic Capital Fund seeks to use a smaller investment of public funds to “crowd in” greater amounts of private capital for projects to address related challenges.
- Operating as a statewide green bank, MCEC is statutorily enabled to implement the directive in SB 528 related to the C3F. MCEC can effectively deploy these targeted resources to increase the overall amount of funds invested by public and private sources and achieve the intent of SB 528.

- Based on its demonstrated track record, MCEC anticipates leveraging \$10 for every \$1 invested by the State.

MCEC provides the link below for access to a report, directed by statute in SB 313 passed in 2017. Among the recommendations in this report, one calls for the State to “Create a Maryland Green Infrastructure Fund, supported by \$55M in funding over five years to crowd in private capital, facilitate leveraging and generate fee income for MCEC”. The proposed C3F could certainly be considered an appropriate response to that recommendation. <https://www.mdcleanenergy.org/wp-content/uploads/2019/12/MCEC-Impact-and-Sustainability-Strategy-Report-12.2019.pdf>

The MCEC Board of Directors has adopted the creation of a Climate Catalytic Capital Fund in the MCEC FY22 Strategic plan. As a quasi-governmental entity, MCEC is well positioned to enter into P3 structured transactions, which would not be duplicative of current grant and incentive programs offered by the Maryland Energy Administration. As a green bank, MCEC is able to utilize financing incentives to attract private capital in the form of loss reserves, rate buy-downs, gap financing and direct investment of lower cost capital as examples.

With the resources made available from the C3 Fund and using its bonding authority, MCEC can create a Maryland Green Bond program modelled after the successful version implemented by the Connecticut Green Bank, which has generated over \$16M in private capital investment since its inception in 2021. <https://www.ctgreenbank.com/2021-green-liberty-bond-the-issuance-announced/>

In regard to other directives proposed in SB528, which might impact MCEC, I wish to state for the record that the Center can make current personnel resources available to work in consultation with the proposed Maryland Climate Justice Corps.

MCEC participation in the proposed Building Implementation Energy Task Force, as proposed in SB528 may require MCEC to identify additional staff or consultant resources to contribute to the work of the group most effectively, and utilize available fiscal resources to address this directive.

MCEC urges this committee to give a FAVORABLE REPORT to SB 528.