Testimony-SB 528-Support-UULMMD-Phil Webster - Goo
Uploaded by: Ashley Egan
Position: FAV

Testimony in Support
SB 528 - Climate Solutions Now Act of 2022

To: Delegate Barve, Chair and the members of the Environmental and Transportation Committee
From: Phil Webster, PhD Lead Advocate, Climate Change
Unitarian Universalist Legislative Ministry of Maryland.
Date: March 24, 2022

The Unitarian Universalist Legislative Ministry of Maryland (UULM-MD) strongly supports **SB 528 Climate Solutions Now Act of 2022** and urges a FAVORABLE report by the committee.

The UULM-MD is a faith-based advocacy organization based on the Principles of Unitarian Universalism. Two Principles are particularly relevant. The Second Principle, Justice, equity and compassion in human relations and the Seventh Principle, Respect for the interdependent web of all existence of which we are a part.

This legislation has notable provisions of justice and equity. We know that global climate change impacts marginalized communities first and worst. How can there be justice and equity if one part of society is reaping in the benefits, while another is paying all of the costs? The CSN Act creates the *Environmental Justice & Sustainable Communities Commission* to ensure that under invested communities are not left behind. The Act creates a *Just Transition Employment & Retraining Working Group* to ensure workers will receive fair and equitable labor standards and family-sustaining jobs. The Act also creates the *Maryland Climate Justice Corps* focusing on preparing youth for careers in green energy. We would support an amendment of this portion of the Act to include a $15 per hour wage with benefits.

We also believe that we should all have respect for the interdependent web of all existence of which we are a part. We all know that the growing use of fossil fuels increases greenhouse gasses (GHG) leading to increasing global temperatures, increased frequency and intensity of severe weather and sea level rise. We applaud the accelerated targets for GHG reductions. The Act includes admirable provisions in energy generation and efficiency, reducing GHG reductions in the transportation and buildings sector, and starting to address methane leakage in landfills.

All Marylanders need bold and urgent action! Please keep us on the right and moral path towards a livable climate and a sustainable world. We owe it to our children.

We support this bill and recommend a FAVORABLE report in committee.

Phil Webster, PhD
Lead Advocate, Climate Change UULM-MD

SB0528 - House_FAV_City of Rockville_Climate Solut
Uploaded by: Bridget Donnell Newton
Position: FAV

Mayor and Council of Rockville

SB 528: Climate Solutions Now Act of 2022
SUPPORT

The Rockville Mayor and Council are thankful to Chair Barve and members of the House Environment and Transportation Committee for the opportunity to comment on SB 528 Climate Solutions Now Act of 2022. The Mayor and Council support the objectives of SB 528 and State efforts to demonstrate climate and energy leadership.

As reflected in our recently adopted Climate Action Plan, the City prioritizes actions to address climate change through emission reductions and climate resilience. We are pleased that climate legislation is also a priority for the General Assembly and are encouraged by the robust discussions and efforts to work with stakeholders in the Senate to move this legislation forward. This has resulted in amendments to the bill that detail a more thoughtful implementation process, address questions related to infrastructure readiness, and provide more flexibility for achieving building emission reduction requirements.

SB 528 strengthens Maryland's current statewide greenhouse gas emissions reduction requirement of 40 percent to 60 percent from 2006 levels by 2030 and requires the State to achieve net-zero statewide emissions by 2045. SB 528 contains a multi-pronged approach to achieve these goals. We agree with the bill's provisions that prohibit highway widening or additional road construction to be used as emission reduction pathways in the State's climate plan. Rockville is pleased with state leadership aiming to expand the state's electrical vehicle fleet, support the construction of net-zero schools, and reduce emissions from large buildings. The creation of the Climate Catalytic Capital fund and the Climate Transition and Clean Energy Hub are important for both the State's and City's climate and equity goals. Finally, the City supports efforts to develop and implement strategies to address climate change in disproportionately affected communities and the establishment of a Climate Justice Corps.

We understand the House will continue to work with stakeholders to resolve any outstanding issues and we strongly encourage the ultimate adoption of this legislation. We thank the House for the opportunity to comment.

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CONTACT: Erica Shingara, Chief of Environmental Management

testimony Climate Solutions Now2022 house hearing.

Uploaded by: Elise Riley

Position: FAV

Committee: Education, Health and Environmental affairs
Testimony in SUPPORT of SB 528 – *Climate Solutions Now Act 2022*
Position: Favorable
Hearing Date: March 24, 2022

Dear Chairman Barve and members of the committee,

Chesapeake Physicians for Social Responsibility is a statewide organization of over 940 physicians and other health professionals and supporters that addresses the existential public health threats to life on this planet: the climate crisis, nuclear weapons and the issues of pollution and toxic effects on health. We advocate for public policy that addresses these threats based on evidence and through the lens of racial justice and equity.

Today we face the multigenerational threat of climate change. We are at a critical decision point that will determine the course of our future forever. Climate change is already here, and we are the last generation that will be able to course correct towards a livable future for all. This requires urgent action from many sectors. The Climate Solutions Now Bill 2022 is a major step in addressing this urgent issue. .

This bill ensures Maryland will be part of the new green future by addressing multiple issues including:

- Ensuring Maryland is in line with the current climate science by requiring a 60% reduction in greenhouse gases by 2030 (based on 2006 levels) and to reaching net neutrality by 2045
- Investing resources in overburdened communities
- Updating our methane accounting practices
- Taking a number of steps to reduce emissions, such as electrifying state vehicles, and school buses, measures improve energy efficiency in schools and new buildings

Climate change is on our doorstep. Rising seas caused by Climate Change result in frequent flooding in Annapolis and all along Maryland's extensive coastline. NOAA notes that the Chesapeake Bay is the 3rd most vulnerable area of the United States to sea level rise. Dorchester
County is presently the 4th largest county and it is expected to be the 14th largest by the year 2100 as ½ of the county becomes open water. Ellicott City had 2 episodes of "once in a 1000 year rains" in 2 years. Sirens now warn residents after heavy rains .Statistics confirm what Marylanders already know our summers are heating up and lasting longer. Extreme heat events have increased by more than 100% between the 1980's and the 2000's when compared to the 1960s-1970s, a rapid rise that is unprecedented. In addition to all the problems that occur because of this there are specific effects on the health of our citizens particularly our most vulnerable populations.

Patients now suffer more seasonal allergies from plants such as ragweed whose pollen seasons have lengthened with rising temperatures. Levels of pollutant are higher and put air quality in the unhealthy zone more often with heat. People with chronic lung conditions have more serious challenges on Code Red bad air days. In April 2016 the “Maryland Climate and Health Profile Report” from the Maryland Department of Health and Mental Health Hygiene and University of Maryland School of Public Health noted that extreme heat was associated with more heat related hospitalizations especially in Baltimore, There were increased hospitalizations for Asthma overall but especially for non-Hispanic whites and children age 5-17. It is not just our breathing that is affected by heat and pollution but also heat exacerbates the effects of cardiovascular disease Extreme heat events increased the risk of heart attacks in those over the age of 65.The increase risk for heart attacks due to heat events was a 27% increase for non- Hispanic blacks and 9% for non-Hispanic whites

Severe heat also results in more food and waterborne infections such as Salmonella and Campylobacter which can cause food poisoning and lead to serious illness. Coastal communities in particular suffer higher incidences of Salmonella related outbreaks as a result of these extreme weather events. Public Health Research has demonstrated that small temperature changes can lead to the emergence of serious insect borne diseases not previously seen in Maryland as well as an increase incidence of known vector borne diseases, notably Lyme Disease.

The 4th National Climate Assessment from 2018 noted that “the health and wellbeing of Americans is already affected by climate change, with adverse health consequences projected to worsen with additional climate change .Climate change affects human health by altering exposures to heat waves, floods, droughts, and other extreme events: vector-, food-, and waterborne infectious diseases, changes in the quality and safety of air, food and water and stresses to mental health and wellbeing”

The 2019 US call to Action on Climate Health and Equity a Policy Action Agenda. Noted Climate change is a Health Care **Emergency**. This call to Action was signed onto by more than 70 major medical groups. Including the AMA , ACP, AAFP and the AAP.

Our own Maryland Commission on Climate Change, which is an intergovernmental panel on Climate Change and the International Panel on Climate Change both, noted that developed nations need to reduce emissions to net zero by 2045. This bill is a major step towards achieving that goal. We have an opportunity to listen to scientists now while signaling to the nation that Maryland is a leader in addressing climate issues. There is no more time to delay on meaningful climate action. Chesapeake Physicians for Social Responsibility urges support for SB528 Climate Solutions Now Act 2022. The public health costs of inaction are too great.

Elise Riley MD FACP
Steering Committee
Chesapeake Physicians for Social Responsibility

Resources:

1. NOAA National Centers for environmental Information/ State Climate summaries, www.NCEI.NOAA.gov

2. Documentary Film “High Tide in Dorchester” https://www.mpt.org/stationrelations/high-tide-in-dorchester

3. Maryland Climate and Health Profile Report 2016 through mde.maryland.gov

4. 4th National Climate Assessment, Climate Impacts in the United States, https://nca2018.globalchange.gov

5. 2019 US Call to Action on Climate Health and Equity, signed onto to by more than 70 health care organizations, climatehealthaction.org

6. Maryland Commission on Climate Change, through mde.maryland.gov

SB528 House Side.pdf
Uploaded by: Jamal Fox
Position: FAV

CITY OF TAKOMA PARK, MARYLAND

SB 528

House Environment and Transportation Committee
March 24, 2022
SB 528 Climate Solutions Now Act of 2022
City Contact: Cindy Dyballa, City Council Member
CindyD@takomaparkmd.gov

The City of Takoma Park supports the goals and intent of Senate Bill 528, and urges favorable consideration.

This bill would accelerate the state's overall greenhouse gas (GHG) emissions reduction goal from 40% to 60% by 2030, with a goal of net zero GHG emissions by 2045. Provisions address a wide range of state policies and actions to meet these goals: establish statewide building performance standards, electrify the state vehicle fleet, invest in climate pollution reduction in environmental justice communities, and address job impacts, among other provisions. These efforts, and more, are urgently needed statewide.

Throughout Maryland, we have seen that our climate statewide is dramatically and rapidly changing with devastating local consequences, and that we must dramatically reduce greenhouse gas emissions in the short term to address this. We must accelerate and expand efforts on the part of all levels of government, and the state of Maryland must take an aggressive leadership role and lead by example. Impacts statewide include more severe and frequent storms, greater rainfall, increased flooding, more frequent and extreme heat waves, sea level rise along our extensive coasts, and more. These impacts have significant economic consequences for us all. One major impact in Takoma Park is more stormwater runoff more often, challenging the capacity of our older infrastructure. There's no time to waste.

Takoma Park has been a leader among Maryland communities in responding to the challenges of climate change and in reducing greenhouse gas emissions through our many local policies and actions. But to truly fulfill our City's commitments, and dramatically reduce our GHG emissions, we need strong state leadership and action to support us.

In 2019 the City declared a climate emergency and set a goal of net zero GHG emissions by 2035. In 2020 the City adopted a Climate Emergency Response Framework to move aggressively to implement that goal. It focuses on buildings and transportation, the two areas of greatest GHG emissions in our community, and two major focus areas of this bill. Our City is publicly committed to action on climate change through the Global Covenant of Mayors for Climate and Energy, the Paris Climate Agreement and the Sierra Club 100% renewable energy pledge. Our City cannot reduce GHG emissions alone. Strong statewide programs and funding for climate solutions now is critical.

In sum, the City of Takoma Park supports the goals and intent of this bill, and encourages a favorable vote.

SB528-House-Hopkins-Support.pdf
Uploaded by: Jeanne Hitchcock
Position: FAV

JOHNS HOPKINS
UNIVERSITY & MEDICINE
Government and Community Affairs

SB528
Support

TO: The Honorable Kumar Barve, Chair
House Environment and Transportation Committee

FROM: Jeanne Hitchcock, Interim Vice President
Government and Community Affairs, Johns Hopkins University and Medicine

Annie Coble
Assistant Director, State Affairs, Johns Hopkins University and Medicine

DATE: March 24, 2022

Johns Hopkins is very supportive of the State's efforts to reduce greenhouse gas emissions as a method for fighting climate change and is supportive of SB528 as amended. The version passed by the Senate addresses our primary concerns described below and we are hopeful the bill will pass the House. If the bill advances through the House, we strongly support that the Senate amendments remain on SB528.

Johns Hopkins owns and operates many buildings (over 20 million square feet in total) throughout the State that would be required to comply with the building emissions standards established in this bill. While Johns Hopkins supports the bill's intent and a majority of its strategies, we believe there are opportunities to meet the outlined objectives of the legislation while providing responsible compliance pathways for different categories of building owners and operators to achieve the desired results, and be easier for industries to implement.

Requested Amendment: Replace Emissions Requirement with Building Performance Standards (BEPS)
Johns Hopkins recognizes that interim targets are important to holding building owners accountable and achieving long-term net zero emissions goals. However, other states and localities with similar climate change legislation, have addressed climate mitigation in the building sector by setting escalating performance efficiency requirements by building types rather than requiring an across-the-board greenhouse gas emissions reduction as written in the current bill. BEPS would establish performance thresholds, such as Energy Use Intensity (EUI) or related standards, for respective building types through which building owners would be required to increase their efficiency incrementally towards an overall net zero target. Using a BEPS policy, energy and/or emissions efficiency requirements for a traditional office building would not be the same as the required performance expectations for labs, residence halls, health care facilities, etc., as these buildings vary significantly in terms of their equipment, operations, and utility use. Additionally, these policies are effective in requiring building owners to improve their overall efficiency and reduce greenhouse gas emissions, while allowing for greater flexibility in the types of strategies employed, including

electrification as highlighted in the current bill, but also other methods such as energy efficiency. We believe this approach will support the intent of the bill while giving greater flexibility to building owners and operators, so they can plan accordingly and have more options in meeting the set 2030, 2035, and 2040 targets.

Additionally, owners such as Johns Hopkins, have a number of older research facilities that due to their age and use, will be challenged to meet established BEPS standards within a short-time frame. It is likely that an alternate compliance path for these buildings will be required, one that allows an institution to demonstrate meaningful steps to improve efficiency and steps to net zero, while acknowledging the limits on making a 40-year-old, energy-intensive lab building significantly reduce its emissions in a short period of time.

Requested Amendment: Compliance Pathways for District Energy System Operators
Johns Hopkins has invested significantly in developing district energy systems that ensure critical reliability and redundancy for healthcare facilities, laboratories, offices and classrooms through the delivery of heating and power. While there is a variance for buildings whose electrification costs would exceed the social cost of carbon, the bill does not offer any additional variance pathways for building owners to fully study and propose solutions for the decarbonization of large district energy systems. District energy systems require a longer time horizon to decarbonize, new buildings cannot easily be constructed separately from an existing district energy loop, and it is more effective to allow for planning at the campus level than taking a building-by-building approach. An amendment that allows district energy system operators to submit a campus-level plan to achieve net zero targets is requested.

Requested Amendment: Inclusion of Indirect Emissions
Moreover, for institutions with central plants and district energy systems, it is unclear how individual buildings will be required to report their greenhouse gas emissions. Currently, using common approaches in EnergyStar Portfolio Manager, campuses can report a large number of buildings as a single entity encapsulating a central plant as direct emissions or as a set of individual buildings whereby emissions from a central plant are considered indirect and would not be counted under the current legislation. Additionally, by excluding greenhouse gas emissions from electricity, the bill does not incentivize institutions to address onsite or offsite renewable energy solutions. It would be helpful if the reporting requirements called for in the bill included all Scope 1 and 2 greenhouse gas emissions sources and the subsequent targets took all scopes into account including incentives for sourcing renewable electricity, improving energy efficiency and decarbonizing heating.

Requested Amendment: Establish Baseline Year for Existing Buildings
While the current bill requires owners to report greenhouse gas emissions for all covered buildings by 2025, it does not specify a baseline year for reporting of emissions reductions. For owners of existing buildings that have been tracking emissions and investing in energy efficiency improvements over the course of many years, there should be a set year by which baseline reporting would be allowed.

Requested Amendment: Reliability and Redundancy Power Backup Standards
Many of the facilities that Johns Hopkins operates, including hospitals, animal care facilities, and research laboratories must be protected from power supply interruptions in order to operate 24/7 and protect patient care, research, and animal welfare. These facilities often require backup generation capacity in the case of power outages, which are currently reliant on fossil fuels. Although Johns Hopkins is committed to limiting the use of fossil fuels on our campuses in the coming years, this will require a phased in approach that could not be met through the immediate electrification of new facilities and would not be in compliance with federal standards for reliability and redundancy of power systems. As written, the bill does not provide for this important contingent need.

Requested Amendment: Initial Exemption for Hospitals per the Maryland Hospital Association
Johns Hopkins is also supportive of the amendment we expect will be suggested by the Maryland Hospital Association to exempt hospitals from the definition of covered buildings in this bill for a period of one year during which time a workgroup will be established and to establish a workgroup that will make recommendations on the most appropriate path to compliance by hospitals to the State's goals to reduce greenhouse gases emissions.

In summary, Johns Hopkins is appreciative of the sponsor and legislators who have introduced this bill as a means to address the urgency of climate change both locally and globally. Our institution is deeply committed to the important goal of reducing greenhouse gas emissions and fighting climate change and requests considerations of the issues raised herein to ensure this legislation works for building owners of all types, especially those with complex healthcare and research facilities and those connected through district energy systems. We respectfully request that there would be more time to work with the State to develop standards that meet all the needs of building owners under this bill and look forward to collaborating towards impactful legislative outcomes.

IPL Testimony on SB 528 Climate Solutions Now Act.
Uploaded by: Jonathan Lacock-Nisly
Position: FAV

Interfaith Power & Light (DC.MD.NoVA)
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Jonathan Lacock-Nisly, Director of Faithful Advocacy
March 23, 2022

Testimony on SB 528 –
SB 528: Climate Solutions Now Act
Environment & Transportation Committee // Economic Matters Committee

Position: Favorable

Interfaith Power & Light (DC.MD.NoVA) supports SB 528.

Congregations of many faith traditions all across Maryland are taking action on the climate crisis because we are heartsick knowing that our climate pollution is hurting our neighbors, here and throughout the world.

It is simply not just that all of us, and especially communities of color, our elderly, and our young people, have paid the price for that pollution. Marylanders have paid for dirty energy with our health. We've paid when a disrupted climate exacerbates storms and brings flooding, like the *two* "thousand-year" floods that hit Ellicott City in 22 months.

That's why people of faith are taking action—choosing electric appliances that don't use harmful methane gas, installing solar panels on houses of worship and buying clean energy for our sacred spaces, and changing our transportation habits by riding public transit and buying electric vehicles.

In houses of worship across the state, clergy and lay leaders are sharing the message that another world is possible. The Climate Solutions Now Act is a way, here in Maryland, to take a meaningful step towards making that vision more real.

We can set a timeline for getting Maryland to net-zero climate pollution. We can make our largest buildings more efficient, saving money and saving our lungs from the damage caused by indoor air pollution. We can electrify our state vehicles, cleaning our air and reducing the number of childhood asthma attacks. And, with amendments listed below, we can ensure that all of our communities benefit from and have a say in this process.

Maryland's faith communities are acting for our common home, for our neighbors, and for a clean energy economy. We call on our legislators to do the same.

We urge the committee to give SB 528 a favorable report, and we support the amendments submitted by the Maryland Climate Partners.

maryland climate partners

Climate Solutions Now Act of 2022 (SB528)

The Maryland State Senate passed the Climate Solutions Now Act (SB 528) - now it's up to the House to strengthen and pass it quickly!

The Climate Solutions Now Act of 2022 was introduced to set ambitious but achievable climate pollution reduction goals and outline a plan to reach those goals. After going through two standing committees and passing the Senate on the third reader, the bill looks a little different. So, what are the best parts of the Climate Solutions Now Act of 2022 and what do we need to improve in the House?

Strengths of Climate Solutions Now

- **Updating our GHG Reduction Plan -** SB528 sets a goal of 60% reductions by 2030, in order to reach net-zero GHG emissions by 2045 and updates our methane accounting practices.
- **Reducing emissions from our buildings -** SB528 directs the Maryland Dept. of the Environment (MDE) to create a **Building Energy Performance Standard** for existing buildings to reduce the direct emissions from state-owned buildings by 50% by 2030 and large private buildings by 30% by 2035. It also requires state-owned buildings to reach net-zero emissions by 2035 and private buildings to reach net-zero emissions by 2040.
- **Piloting Net-Zero School Construction** - SB528 provides funding for at least one new net-zero school in each county by 2033.
- **Promoting Climate Equity** - SB528 directs the MDE to study cumulative impacts and define/identify communities disproportionately affected by climate change, creating a **Climate Justice Corps** to assist the state in achieving GHG targets, establishing a **Just Transition Employment and Retraining Working Group,** and establishing the **Climate Catalytic Capital Fund** (administered by the Maryland Clean Energy Center) to support projects to reduce GHG emissions in low-to-moderate income (LMI) communities.
- **Electrifying our state-owned vehicles -** SB528 requires that a portion of the passenger cars and light-duty vehicles purchased for the state fleet be ZEV starting with passenger cars in fiscal year 2023 and reaching 100% of all new light-duty vehicles by 2027. It also requires all new contracts for the purchase or use of a school bus to be zero-emission vehicles, starting in 2025.

Opportunities for the House to improve Climate Solutions Now

Ensuring the Electrification Study is efficient, legitimate, and inclusive

New provisions in SB528 direct the Public Service Commission (PSC) to study the state's electric grid infrastructure to determine if it is capable of accommodating the additional load of building electrification. As written, the bill gives a lot of deference to utilities without any assurances of stakeholder engagement, data transparency, or guidelines to ensure accurate and legitimate results. Amendments need to be made to ensure that the PSC study is done **accurately, efficiently, and with broad electrification in mind.**

Improving the Building Energy Performance Standard program

First, the language in SB528 regarding exceptions from the Building Energy Performance Standards is overly broad and vague. Some categorical exemptions in the bill are appropriate, such as for historic properties. The legislation already directs MDE to create rules that offer maximum flexibility, including special provisions for unique circumstances or the ability to pay an alternative compliance fee. The

legislation should be amended to clarify building types and conditions which may warrant special consideration, but not additional exceptions.

Second, a successful program must have clear guidance for what information a building owner is expected to report and how. Initially, the Senate bill was clear that building owners should report their electricity and gas usage (found on their utility bills). It also specified a widely-accepted tool, Energy Star Portfolio Manager, or another similar benchmarking tool should be used. However, this language was removed, leaving only a confusing requirement that building owners report on their emissions, which is overly burdensome and hard to do. The legislation should be amended to require building owners to report on electricity and gas usage, fuel type, and square footage, and to direct MDE to adopt an easy, available reporting tool, so they can calculate direct emissions for building owners. These amendments will make it easier for building owners to comply and provide MDE with the information they need.

Electrifying our state-owned buildings

Though provisions to electrify new private buildings were removed from SB528, we have an opportunity for state buildings to lead by example. We should advance provisions from HB806 that require all newly constructed buildings that receive 25% or more of their funding from the state to meet water and space heating needs with electric systems.

Defining "overburdened" and "underserved" communities

Over the last several months, a coalition of community, legal, research, and advocacy groups from across the state worked on consensus definitions for overburdened, underserved, and environmental justice communities across legislative proposals. The indicators used to identify underserved communities are based on U.S. Census data to capture communities with a higher proportion of non-white, low-income, and linguistically isolated residents than the statewide average. The indicators used to identify overburdened communities are based on exposure to environmental harm, health risk, and access to decision-making. As MDE undertakes the work to identify communities disproportionately affected by climate solutions, we recommend using these consensus definitions of "overburdened" and "underserved." Including these definitions in the bill text is critical and will save MDE and the CEJSC time and money as they direct climate investment to communities that need it the most.

Aligning EmPOWER and SEIF with climate and energy goals

Climate Solutions Now, as well as several other state laws and bills under consideration, expresses Maryland's intent to move towards electrification. Yet, funding from EmPOWER and the Strategic Energy Investment Fund (SEIF) still incentivize fossil fuel energy systems. Amendments should include:

- Provisions from HB708 that prohibit the use of EmPOWER Funds for fossil fuel systems and encourage and promote the replacement of fossil fuel systems with electric systems should be added to SB528.
- Provisions that specify that SEIF funding can only be used for new fossil fuel projects if they have lower GHG than all-electric options.
- The core objective of EmPOWER should shift from focusing solely on reduced electricity consumption to emphasizing reduced/avoided greenhouse gas emissions.

For more information or if you'd like exact amendment language, contact Victoria Venable at victoria@chesapeakeclimate.org

MCEC T2022 SB 528 House 03.24.22.pdf
Uploaded by: Katherine Magruder
Position: FAV

I. Katherine Magruder
Executive Director
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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: March 24, 2022
House Environment and Transportation 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 statue 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.

SB528 -Climate Solutions Now Act 2022-Enviro & Tra

Uploaded by: Lore Rosenthal

Position: FAV

Committee: Environment & Transportation
Testimony on: SB528-Climate Solutions Now Act of 2022
Organization: Greenbelt Climate Action Network
Submitting: Maureen Fine
Position: Favorable
Hearing Date: March 24, 2022

Dear Chairman and Committee Members:

The Greenbelt Climate Action Network (GCAN) is writing in support of SB528-Climate Solutions Now Act of 2022.

GCAN's mission is to educate residents about climate change, "systemic" solutions, how they can change their behaviors to be more sustainable, and take personal, local, systemic, and political action.

The Climate Crisis will only get worse, and we're running out of time. EPA tells us the next decades will bring Maryland increased inland and coastal flooding; it will disrupt fishing and farming; and it will increase risks to human health. Rising temperatures have already weakened our seafood and tourism industries. And, Maryland ranks #4 in the nation when it comes to premature deaths from dirty energy created pollution.

We want Maryland to be a Climate Leader. **SB528 is the big, bold climate solution that Maryland needs!** It increases our greenhouse gas reduction targets to 60% by 2030 and net zero by 2045. It establishes and provides an initial appropriation for a Climate Catalytic Capital Fund to fund more climate pollution reduction programs focused on investments in Environmental Justice communities. It also establishes a Just Transition Employment and Retraining Task Force, electrifies the state vehicle fleet, and funds a net zero school program.

For the buildings sector, it establishes high-electrification construction code for new building beginning in 2023, so we start building greener buildings, and also establishes a Building Emissions Performance Standard for buildings 25,000 sq. ft and larger that reaches 20% reductions in 2030, 40% by 2035, and Net-zero by 2040. Finally, it creates an inter-agency task force to develop a plan to fund holistic retrofits in the building sector to meet the new 2030 and 2045 state greenhouse gas reduction targets. **These provisions have been removed but we hope they will be added back in.**

For all these reasons, we recommend a FAVORABLE report for SB528- Climate Solutions Now Act of 2022 in committee.

Sincerely,
Maureen Fine
Volunteer
Greenbelt Climate Action Network

SB 528 Climate Solutions Now Act of 2022 (Favorabl

Uploaded by: Michelle Dietz

Position: FAV

The Nature Conservancy
Protecting nature. Preserving life.

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Thursday, March 24, 2022

TO: Kumar Barve, Chair of House Environment and Transportation Committee; C.T. Wilson, Chair of House Economic Matters Committee; and Committee Members
FROM: Michelle Dietz, The Nature Conservancy, Director of Government Relations; and Cait Kerr, The Nature Conservancy, Conservation & Climate Policy Analyst
POSITION: Support SB 528 Climate Solutions Now Act of 2022

The Nature Conservancy (TNC) supports SB 528 offered by Senator Pinsky. In Maryland, TNC's work focuses on delivering science-based, on-the-ground solutions that secure clean water and healthy living environments for our communities, reducing greenhouse gas emissions and increasing resilience in the face of a changing climate. TNC has an institutional goal to help to reduce emissions by avoiding or sequestrating 3 billion metric tons of carbon dioxide per year by 2030. We are dedicated to a future where people and nature thrive together.

SB 528 seeks to increase Maryland's emissions reduction goals to 60% by 2030 and targets a carbon-neutral economy by 2045. This presents us with an opportunity to once again demonstrate our state's ambition and commitment when it comes to approaching climate change head-on. In addition to setting overall state goals, this bill addresses the major carbon emitting sectors in Maryland through establishing clear targets and goals to achieve emissions reductions within these sectors.

The buildings sector is one of the largest carbon emitting sectors in our state. This past year, TNC participated in a work group to inform recommendations in the Maryland Climate Change Commission's Building Energy Transition plan, which aims to decarbonize residential and commercial buildings across the state. The Climate Solutions Now Act builds upon this plan's recommendations in order to set Maryland on a clear path toward significant buildings sector emissions reductions. This bill requires state-owned buildings to meet 50% reduction in net direct greenhouse gas emissions by 2030 and to achieve net-zero direct emissions by 2035. Public buildings are set to follow with at least a 30% net direct reductions goal by 2035, and meeting net-zero direct emissions requirements by 2040. Establishing the Building Energy Transition Implementation Task Force will make meeting these targets possible; this Task Force will study and make recommendations on how best to retrofit buildings and reduce buildings' emissions. SB 528 also calls for a study by the Public Service Commission (PSC) to study Maryland electric grid infrastructure and instructs the Building Codes Administration to develop recommendations for an all-electric building code and building energy performance standards. TNC has signed onto a community letter to be shared with members of the Committee that outlines amendments to the PSC's electrification study, which will ensure this study will be accurate and efficient while also prioritizing broad electrification. Renewable energy sources and a clean energy economy are essential to reaching state, national, and global low-carbon energy goals and combatting the negative health and environmental impacts caused by fossil fuels.

The Climate Solutions Now Act also addresses the transportation sector, which is the largest contributor to emissions in our country, our region, and in Maryland. It accounts for approximately 40% of greenhouse gas emissions statewide, predominately from on-road sources. Gas and diesel-powered vehicles emit air pollutants that harm pulmonary and cardiovascular health. Nitrogen oxides from fossil fuel combustion are precursors of ground level ozone, which trigger asthma attacks. These dangerous health risks disproportionately impact Black and brown communities and low-income neighborhoods. Eliminating emissions from state-owned vehicles will

protect public health by reducing the risks from air pollution and will subsequently reduce households' healthcare costs. The Climate Solutions Now Act requires all passenger cars in the state vehicle fleet be zero-emissions vehicles by 2030. Additionally, all state-purchased light-duty vehicles are to be zero-emissions vehicles by 2036. Addressing the state's contribution to the transportation sector's overall emissions is an important step toward achieving statewide climate targets as well as protecting public health.

TNC commends Senator Pinsky and the co-sponsors for continuing to raise the bar for Maryland's climate commitments and advancing climate solutions that can provide valuable environmental, economic, and public health co-benefits for years to come.

Therefore, we urge a favorable report on SB 528.

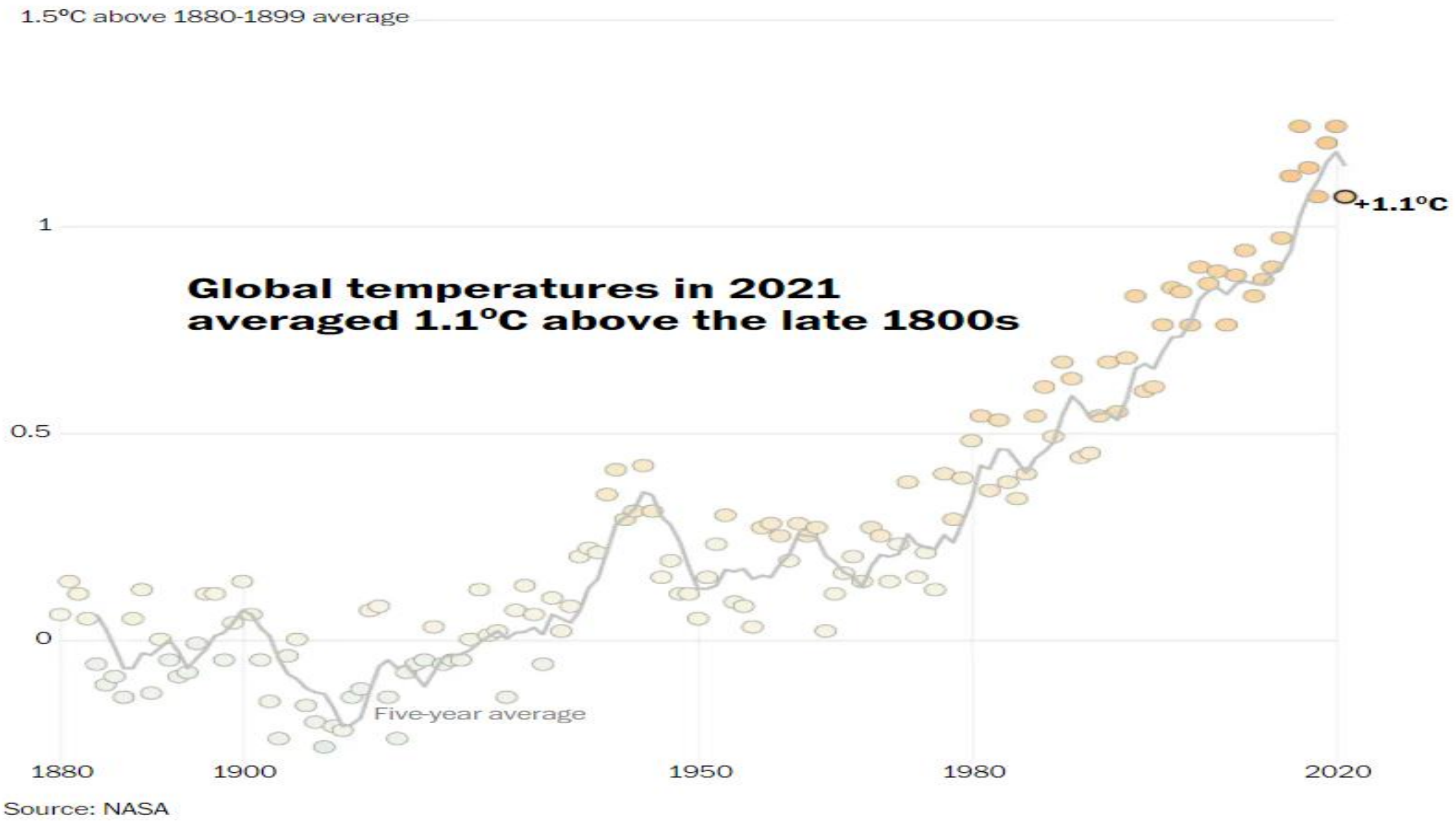
Climate Solutions Hearing Graphics 2022-rev.pdf
Uploaded by: Paul Pinsky
Position: FAV

We are in a climate crisis.

Annapolis-2019

Ellicott City-2018

Route 50, Prince George's County-2020


1.5°C above 1880-1899 average
1
0.5
0
Global temperatures in 2021
averaged 1.1°C above the late 1800s
+1.1°C
Five-year average
1880
1900
1950
1980
2020
Source: NASA

Study: Flooding Losses to rise 26%

"Climate change will cause the nation's flooding losses to jump more than 26 percent over the next three decades, with disadvantaged communities shouldering an outsize share of the economic burden…

The study, published in the journal Nature Climate Change, estimates that the annual cost of flooding in the United States will increase 26.4 percent — from $32.1 billion to $40.6 billion — by 2050. But the forecast assumes nations will reduce planet-warming emissions roughly in line with the targets agreed upon at the recent COP26 climate summit. If those targets aren't met, the costs could be even greater."

Source: Washington Post
Jan 31, 2022

Study: Mountain Glaciers' Melt Could be More Calamitous

"As global temperatures rise, mountain glaciers around the world are sweating. This could affect nearly 1.9 billion people living in and downstream of mountainous areas who depend on melting ice and snow for drinking, agriculture and hydroelectric power."

-Nature Geoscience study published on 2/7/2022

(As seen in Washington Post)

Bill Provisions

Listening to Climate Scientists:

- 60% emission reduction by 2030
- Net zero emissions by 2045

Environmental Justice:

- Environmental Justice commission will work with MDE to identify communities disproportionately impacted by climate change
- Set goal for future state investments in impacted communities
- Establish *Climate Justice Corp* to reduce greenhouse gas emissions, improve environment and address public health issues in impacted communities

Buildings:

- PSC will study electrification and grid capacity
- *Large* ***existing buildings*** (over 25,000 ft^2) must reduce emissions to net zero by 2040
- Building Energy Transition Taskforce will recommend plan to assist building retrofit through tax credits, subsidies or other state support

Bill Provisions cont.

Transportation:

- Transition state government light duty vehicles to electric vehicles
- Transition school buses to electric vehicles as funding (including fed infrastructure funds) becomes available

Schools:

- Each county must build one net zero school by 2030 utilizing special fund to offset additional cost

Take Action and Create Jobs:

- Creates a Climate Jobs Workgroup that includes labor stakeholders to make recommendations as we transition to a green economy

Leading by Example:

- State building electricity use must come from at least 75% clean, renewable sources beginning in 2030

Bill Provisions cont.

Green Bank:

- State fund to leverage private investment in projects to reduce greenhouse gas emissions

Empower:

- Increase energy savings through efficiency programs from 2.0% to 2.75% by 2027

Community Solar:

- Exempt from personal property tax if installed on rooftops, parking lots, roadways or brownfields that serve at least 51% low/moderate income customers

Climate Transition & Clean Energy Hub:

- Clearing center for advanced tech and architectural solutions to reduce emissions from building sector
- Provides technical assistance to public and private entities to comply with building and efficiency requirements

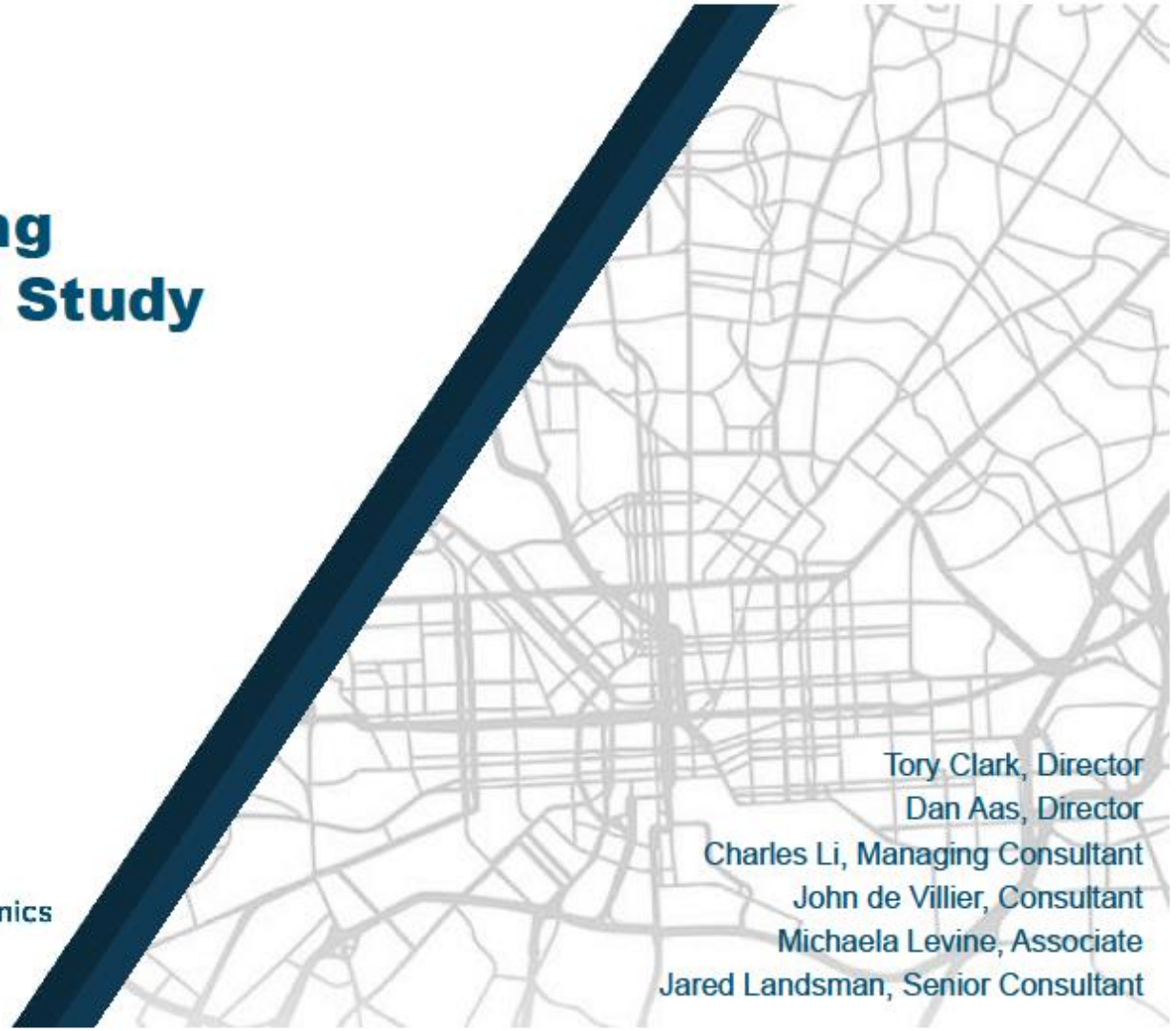
Methane:

- Require more accurate air monitoring at landfills for methane release
- MDE must set cap on landfill emissions

Maryland Building Decarbonization Study

Final Report

October 20, 2021

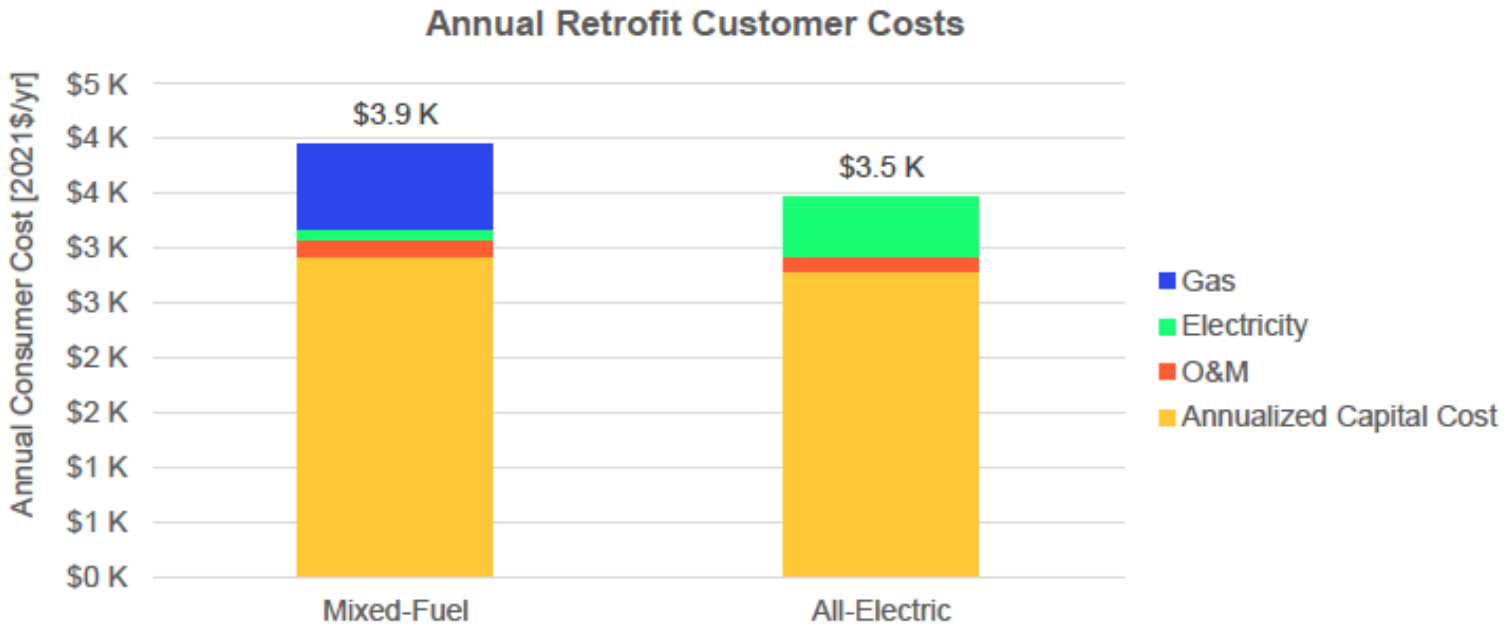


Tory Clark, Director
Dan Aas, Director
Charles Li, Managing Consultant
John de Villier, Consultant
Michaela Levine, Associate
Jared Landsman, Senior Consultant

Energy+Environmental Economics

Multifamily residential retrofit consumer cost impact

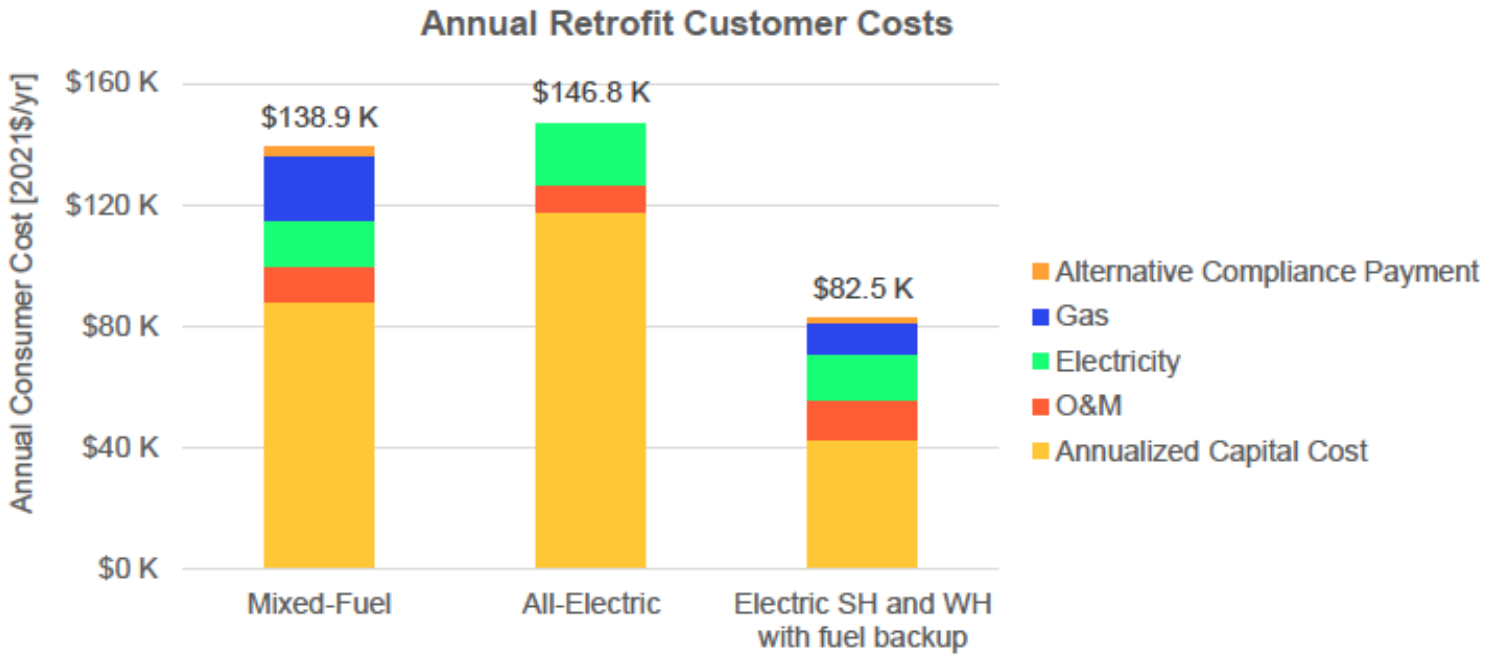
- **Multi-family customers can save both upfront capital and operating costs by retrofitting space and water heating from gas to heat pumps**



* Gas costs, electricity costs, and equipment costs are based on 2035 rates

Large commercial retrofit consumer cost impact

+ **"Hybrid" customers can save money by utilizing their existing fuel-based heating equipment to provide backup heating during coldest hours of a year, and by not having to upgrade building shells**



* Gas costs, electricity costs, and equipment costs are based on 2035 rates

GHHI Written Testimony - SB528 House ET EM Hearing
Uploaded by: Ruth Ann Norton
Position: FAV

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March 23, 2022

Delegate Kumar P. Barve, Chair
House Environment and Transportation Committee
House Office Building, Room 251
Annapolis, Maryland 21401

Delegate C.T. Wilson, Chair
House Economic Matters Committee
House Office Building, Room 231
Annapolis, Maryland 21401

Re: **FAVORABLE** – SB528 – Climate Solutions Now Act of 2022

Dear Chairmen Barve and Wilson and Members of the Committee:

On behalf of the Green & Healthy Homes Initiative, I offer this testimony in support of SB528. GHHI is dedicated to addressing the social determinants of health and the advancement of racial and health equity through the creation of healthy, safe and energy efficient homes. The Green & Healthy Homes Initiative (GHHI) has been at the frontline of holistic healthy housing for over three decades. GHHI is a member of Energy Efficient Maryland and the Maryland Public Health Association Advisory Committee. In addition, I represent GHHI as a member of the EPA Children's Health Protection Advisory Committee and as Chair of the Maryland Lead Poisoning Prevention Commission.

Over its 30-year history, GHHI has developed the holistic energy efficiency, health and housing service delivery model that is implemented in our nationally recognized, Maryland-based direct services program. The model was adopted by the U.S. Department of Housing and Urban Development and is currently being advanced in partner jurisdictions nationally. In addition, GHHI helped to elevate Maryland as a national leader in healthy housing by reducing childhood lead poisoning by 99% in the state and helping design over 45 pieces of healthy housing legislation that became law in the State of Maryland and local jurisdictions. GHHI's preventive asthma programs in Baltimore City have produced a 66% reduction in client asthma related hospitalizations and 62% increase in asthma related perfect school attendance.

By delivering a standard of excellence, GHHI aims to eradicate the negative health impacts of unhealthy housing to ensure better health, economic, and social outcomes for children and

families with an emphasis on black and brown and low-income communities. Most recently, GHHI's programs and holistic approach was specifically cited by EPA and by HUD as a model for effective coordination of federal healthy homes and weatherization programs and resources.

Through our own research and evidence-based practice, GHHI has found that a healthy and energy efficient home yields a multitude of energy and non-energy benefits for Maryland residents, particularly low-income residents who can benefit the most from such energy efficiency improvements in terms of economic mobility, housing stability and wealth attainment over the long-term. We are deeply committed in our mission to advance racial and health equity, economic mobility and climate resiliency through efficiency standards, electrification, decarbonization for low-income housing. I write in support of SB528 which is critical in the effort to advance energy equity and reduce climate impacts as well as addressing home health and energy efficiency gaps for Maryland's low-income families and communities. Through improved indoor and outdoor air quality and other benefits of energy efficiency and climate change mitigation, this legislation will result in improved health outcomes including for asthma.

Why is SB528 Needed?

- SB528 presents an opportunity to place Maryland in a position of national leadership in advancing racial, health and energy equity and supporting economic mobility by moving the state to a net zero carbon emissions goal while meeting the critical housing and energy needs of Maryland's residents.
- State and local governments around the country are setting standards for building energy efficiency and electrification as part of broader emissions reductions goals, putting in place innovative funding mechanisms to support these standards and focusing on growing opportunities for employment in the green jobs sector. Maryland can realize these benefits for families, older adults, workers and our environment by passing the targeted commitments in SB528.
- These investments will strengthen our neighborhoods and provide underserved communities with access to electrification and renewable energy measures that is currently lacking.

Our decades of work providing whole-home interventions has shown us that there is a high need across the state, and that providing these services offers tremendous benefits to our most vulnerable families. The energy and non-energy benefits of investing in people's homes can transform lives for generations. This investment also strengthens our neighborhoods and our workforce.

The Climate Solutions Now bill presents specific opportunities and actions among others across a number of sectors that are important to mitigating climate change:

- Development of energy efficiency and electrification requirements for buildings
- Establishing the Climate Catalytic Capital Fund (Green Bank)

- Setting Building Emissions Standards
- Requiring state buildings, public schools and colleges to meet high performance building standards
- Providing personal property tax exemptions for solar equipment and shares in community solar
- Expanding EmPOWER and increasing weatherization and energy efficiency interventions in low-income homes
- Altering the duties of the Maryland Green Building Council
- Establishing the Building Energy Transition Implementation Task Force to study certain matters and develop a plan for funding the retrofit of certain buildings.

In Maryland, the building sector is responsible for about 90% of the energy consumption statewide. SB528 includes a broad array of policy solutions, innovative funding mechanisms and opportunities for alignment and collaboration that will advance racial equity and environmental justice and meet Maryland's climate goals. The need for energy solutions for Maryland's low-to-moderate income housing stock is also clear. Throughout our state, low-income residents face disproportionately higher utility bills. As a proportion of total income, low-income residents in the state of Maryland pay 550% more as a portion of income for energy than non-low-income residents in the state. Some low-income Marylanders devote such an extremely high share of their income to energy services that up to 42 cents out of every dollar is spent on energy bills (APRISE: Applied Public Policy Research Institute for Study and Evaluation, 2018). Every dollar that low-income residents allocate to costly utility bills is a dollar that cannot be used on other household essentials ranging from affording medical bills and school supplies to food (APRISE: Applied Public Policy Research Institute for Study and Evaluation, 2018).

Low-income households have less access to affordable, energy efficient and healthy homes (Lucy Laflamme, N.D.). These disparities persist across the state, characterized by energy inefficient homes and health hazards like lead-based paint, leaky roofs, poor indoor air quality and mold. These conditions often cause DHCD to defer energy efficiency service delivery until all health and safety hazards are addressed. Because there are not sufficient resources to help low-income households address the hazards themselves, increased funding is needed to increase weatherization program resources and to more holistically address housing conditions.

Benefits of providing low-income households with energy efficiency upgrades and building decarbonization

Energy efficiency, weatherization and decarbonization interventions provide not only energy benefits, related to reductions in energy usage and costs, but also non-energy benefits as well. Non-energy benefits are "the wider socio-economic outcomes that arise from energy efficiency improvement, aside from energy savings". Studies have shown that energy efficiency and weatherization can improve housing conditions relating to thermal comfort, indoor air quality,

pest management, and fire safety. Furthermore, household energy efficiency upgrades can spur community benefits such as economic growth, neighborhood revitalization, and resilience. These investments can help to support and stimulate the local economy by providing families and individuals with greater disposable income, which can help alleviate poverty and increase purchasing power while generating more local jobs (Bell 2014; IEA 2014). One study found that between 9 and 13 gross jobs are generated per every $1 million investment. By targeting energy efficiency upgrades at low-income households, all Marylanders will benefit.

The Climate Solutions Now Act also has tangible implications for racial equity. In the US, black households have the greatest likelihood of residing in older homes with compromised energy systems, aging or ineffective appliances and other assorted structural deficiencies, all of which contribute to making the home energy inefficient (Diana Hernández Yumiko Aratani Yang Jiang, 2014; Diana Hernández, Yang Jiang, Daniel Carrión, Douglas Phillips, and Yumiko Aratani, 2016). Disinvestment in low income communities, including in Maryland, result in conditions that contribute to poor health and high energy burdens, including inadequately sustained and inefficient ventilation (HVAC), cooling and heating systems, drafts or air leaks, and poor insulation (Ariel Drehobl and Lauren Ross, 2016; Diana Hernández and Douglas Phillips, 2015; Tony Gerard Reames, 2016; United States Census Bureau, 2015).

These structural conditions, coupled with a household's inability to obtain energy – independent systems within higher quality homes, all contribute to increased costs for fundamental home utilities such as cooling and heating systems and lighting, through inefficient household energy usage (Jamal Lewis, Diana Hernández & Arline T. Geronimus, 2019). In addition, data demonstrates that low income households are disproportionally subjected to trade-offs, for instance choosing between paying energy expenses or food and medicine. Investigations have revealed how challenges central to energy insecurity, including difficulties paying energy bills or experiencing reduced thermal comfort, were connected to raised stress levels, known to be damaging to long term health when chronically sustained (Arline T. Geronimus, 2000; Diana Hernández, 2016).

Decarbonization slows the pace of climate change which affects the health, safety, and economy of the entire population. As a coastal state, Maryland is on the front lines of many of the project dangers of climate change, and within the state these impacts are projected to affect the most vulnerable populations disproportionately (Maryland 2030 GGRA Plan 2021). Over the next 30 years, the increased flood risk from climate change is modelled to disproportionately affect low-income communities in Maryland and across the country (Wing et al. 2022). Furthermore, extreme heat and weather events are projected to have the most severe health impacts (e.g. increased hospitalizations from asthma and heart attacks) in the low-income and minority population centers of the state such as Baltimore City (Maryland Climate and Health Profile Report 2016).

Buildings are significant emitters of greenhouse gases that contribute to global climate change as well as particulates that have significant effects on local health. In 2017, buildings accounted for 18% of direct greenhouse gas emissions in Maryland. (The 2030 GGRA Plan 2021). Numerous studies have demonstrated a link between particulate ($PM_{2.5}$) levels and premature loss of life. Decarbonization is an essential step to reducing this burden because both nationally and within Maryland, gas emissions have passed coal as the energy source with the largest impact on human health from pollutant emissions (Buonocore et al. 2021). In a major 2012 paper, researchers looked at 35 years of data collected across six US cities and found a statistically significant 14% increase in all-cause mortality for a 10-μg/m3 annual increase in local $PM_{2.5}$ measures, confirming the findings of previous studies (Lepeule et al. 2012; Dockery et al. 1993; Laden et al. 2006). Beginning the process of decarbonization immediately is the best way to reduce total harm caused to residents' health.

Finally, recent studies have highlighted the health impacts of indoor air pollution from gas appliances. A team of researchers at Stanford University found that stoves emit significantly more methane emissions than previously understood because most of their emissions occur when in their steady state off position (Lebel et al 2022). Furthermore, families who do not use their range hoods or who have poor ventilation can surpass the 1-h national standard of acute NO_2 (100 ppb) within a few minutes of stove usage, particularly in smaller kitchens. Because many people live in small, older housing, and most appliance remain in use for long periods of time, both the contributions to greenhouse gas emissions and unhealthy levels of indoor air pollution point to a need to prioritize gas-free appliances in most buildings. Preparing buildings for a gas-free operation promotes improvements in indoor and outdoor air quality, as well as allowing a transition off the gas infrastructure which will reduce costs both for energy and gas system maintenance.

How Does Maryland Compare with Other States and Federal Actions?

SB528 presents an opportunity to establish Maryland as a leader in mitigating climate change and advancing energy equity. Federal and local governments in the Untied States are moving toward setting clear, statewide standards for building energy efficiency and electrification.. In January, 2022 the federal government launched a Coalition of State and Local Governments to Strengthen Building Performance Standards, with the understanding that:

> "When building performance standards are designed in partnership with frontline communities and key stakeholders, innovative and equitable solutions can address multiple needs in a community. Energy efficiency improvements and electrification in multifamily buildings improve indoor air quality, eliminate drafts, and protect residents from extreme heat– delivering health benefits and lower health care costs. For businesses, high-performing

> buildings are not only good for the world, they are good for the bottom line – attracting higher occupancy rates and generating more revenue."

Maryland can realize these benefits for families, older adults, workers and our environment by enacting the suite of innovative policies within the Climate Solutions Now Act. In addition, Maryland will follow states including Connecticut and New York, which have successfully established Green Banks to provide a mechanism for cross-sector private, public and philanthropic investment in clean energy solutions. In each of these states, Green Banks have generated millions in additional capital for building improvements, deep energy efficiency retrofits and clean energy retrofits. Through green jobs training and investments resulting from this legislation, residents of low income communities, which are disproportionately impacted by climate change, can be a greater part of the green jobs economy while mitigating climate change impacts locally. We request a favorable report on SB528.

Respectfully Submitted,

Ruth Ann Norton
President and CEO

LS22, SB528 3.24.22, CCAN Venable, Fav .pdf
Uploaded by: Victoria Venable
Position: FAV

SB0528 - Climate Solutions Now Act of 2022

Date: March 24, 2022
Committee: House Environment and Transportation 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 ensure implementation goes smoothly and to maximize the positive impact of the bill.

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. A recent 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, the Climate Solutions Now Act of 2022, puts forward goals and programs that serve as a down-payment on the climate action we need to meet this urgency.

We urge the committee to support the current strengths of Climate Solutions Now and resist any weakening amendments. We also urge the committee to consider amendments to strengthen key areas of the bill.

Strengths of Climate Solutions Now

- Updating our GHG Reduction Plan - SB528 sets a goal of 60% reductions by 2030, to reach net-zero GHG emissions by 2045 and updates our methane accounting practices.
- Reducing emissions from our buildings - SB528 directs the Maryland Dept. of the Environment (MDE) to create a Building Energy Performance Standard for existing buildings to reduce the direct emissions from state-owned buildings by 50% by 2030 and large private buildings by 30% by 2035. It also requires state-owned buildings to reach net-zero emissions by 2035 and private buildings to reach net-zero emissions by 2040.
- Piloting Net-Zero School Construction - SB528 provides funding for at least one new net-zero school in each county by 2033.
- Promoting Climate Equity - SB528 directs the MDE to study cumulative impacts and define/identify communities disproportionately affected by climate change, creating a Climate Justice Corps to assist the state in achieving GHG targets, establishing a Just Transition Employment and Retraining Working Group, and establishing the Climate Catalytic Capital Fund (administered by the Maryland Clean Energy Center) to support projects to reduce GHG emissions in low-to-moderate income (LMI) communities.

- Electrifying our state-owned vehicles - SB528 requires that a portion of the passenger cars and light-duty vehicles purchased for the state fleet be ZEV starting with passenger cars in fiscal year 2023 and reaching 100% of all new light-duty vehicles by 2027. It also requires all new contracts for the purchase or use of a school bus to be zero-emission vehicles, starting in 2025.

Opportunities for the House to improve Climate Solutions Now

Ensuring the Electrification Study is efficient, legitimate, and inclusive

New provisions in SB528 direct the Public Service Commission (PSC) to study the state's electric grid infrastructure to determine if it is capable of accommodating the additional load of building electrification. As written, the bill gives a lot of deference to utilities without any assurances of stakeholder engagement, data transparency, or guidelines to ensure accurate and legitimate results. Amendments need to be made to ensure that the PSC study is done accurately, efficiently, and with broad electrification in mind.

Improving the Building Energy Performance Standard program

First, the language in SB528 regarding exceptions from the Building Energy Performance Standards is overly broad and vague. Some categorical exemptions in the bill are appropriate, such as for historic properties. The legislation already directs MDE to create rules that offer maximum flexibility, including special provisions for unique circumstances or the ability to pay an alternative compliance fee. The legislation should be amended to clarify building types and conditions which may warrant special consideration, but not additional exceptions.

Second, a successful program must have clear guidance for what information a building owner is expected to report and how. Initially, the Senate bill was clear that building owners should report their electricity and gas usage (found on their utility bills). It also specified a widely-accepted tool, Energy Star Portfolio Manager, or another similar benchmarking tool should be used. However, this language was removed, leaving only a confusing requirement that building owners report on their emissions, which is overly burdensome and hard to do. The legislation should be amended to require building owners to report on electricity and gas usage, fuel type, and square footage, and to direct MDE to adopt an easy, available reporting tool, so they can calculate direct emissions for building owners. These amendments will make it easier for building owners to comply and provide MDE with the information they need.

Electrifying our state-owned buildings

Though provisions to electrify new private buildings were removed from SB528, we have an opportunity for state buildings to lead by example. We should amend the bill and add provisions from HB806 that require all newly constructed buildings that receive 25% or more of their funding from the state to meet water and space heating needs with electric systems.

Defining "overburdened" and "underserved" communities

Over the last several months, a coalition of community, legal, research, and advocacy groups from across the state worked on consensus definitions for overburdened, underserved, and environmental justice communities across legislative proposals. The indicators used to identify underserved communities are based on U.S. Census data to capture communities with a higher proportion of non-white, low-income, and linguistically isolated residents than the statewide average. The indicators used to identify overburdened communities are based on exposure to environmental harm, health risk, and access to decision-making. As MDE undertakes the work to identify communities disproportionately affected by climate solutions, we

recommend using these consensus definitions of "overburdened" and "underserved." Including these definitions in the bill text is critical and will save MDE and the CEJSC time and money as they direct climate investment to communities that need it the most.

Aligning EmPOWER and SEIF with climate and energy goals

Climate Solutions Now, as well as several other state laws and bills under consideration, expresses Maryland's intent to move towards electrification. Yet, funding from EmPOWER and the Strategic Energy Investment Fund (SEIF) still incentivize fossil fuel energy systems. Amendments should include:

- Provisions from HB708 that prohibit the use of EmPOWER Funds for fossil fuel systems and encourage and promote the replacement of fossil fuel systems with electric systems should be added to SB528.
- Provisions that specify that SEIF funding can only be used for new fossil fuel projects if they have lower GHG than all-electric options.
- The core objective of EmPOWER should shift from focusing solely on reduced electricity consumption to emphasizing reduced/avoided greenhouse gas emissions

Landfill methane

Methane is a potent greenhouse gas and must be effectively and efficiently monitored and controlled. Unfortunately, the amended language in SB 528 now carves out so many exceptions that we believe this will hurt efforts to monitor and control this pollution source. We request that the landfill methane section (page 22 line 30 through page 24 line 16) be removed from the bill.

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.

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

CONTACT: Victoria Venable, Maryland Director
Victoria@chesapeakeclimate.org (301) 960-8824

MMHA - 2022 - SB 528 - Climate Solutions Now(2).pd
Uploaded by: Aaron Greenfield
Position: FWA

MARYLAND MULTI-HOUSING ASSOCIATION, INC.

Bill Title: **Senate Bill 528, Climate Solutions Now Act of 2022**

Committee: **Environment and Transportation**

Date: **March 24, 2022**

Position: **Favorable with Amendments**

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996, whose members consist of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities. Our members house over 538,000 residents of the State of Maryland. MMHA also represents over 250 associate member companies who supply goods and services to the multi-housing industry.

For purposes of the residential rental industry, Senate Bill 528 sets forth requirements that covered buildings, not owned by the state must reduce by at least 30% net greenhouse gas emissions on or before January 1, 2035 and net–zero emissions on or before January 1, 2040. The Maryland Department of the Environment (MDE) must require the owners of covered buildings to measure and report direct emissions to the Department annually beginning in 2025. The Department shall adopt regulations and provide maximum flexibility to the owners of covered buildings to comply with building emissions standards, include an alternative compliance pathway allowing the owner of a covered building to pay a fee for building emissions that exceed the building emissions standards. And to the extent available, MDE must make available financial incentives recommended by the building energy transition implementation task force.

Additionally, this bill establishes a Building Energy Transition Implementation Task Force to study and make recommendations regarding the development of complementary programs, policies, and incentives aimed at reducing greenhouse gas emissions from the building sector and develop a plan for funding the retrofit of covered buildings to comply with building emissions standards. The plan developed must include recommendations related to the creation of commercial tax credits or direct subsidy payments for building decarbonization projects, the creation of financial incentives through EmPOWER and other state programs to support all aspects of the transition to electrified buildings. One representative to the Task Force is a facilities or property manager for an apartment building.

MMHA recognizes the significant impact of climate change. As outlined below, we are concerned about the cost implications associated with this bill and the need to engage local inspection offices and utilities.

1. Transitioning to Electric Appliances: Achieving net-zero energy emissions for the housing industry is essentially converting to 100% electric (eliminating carbon emissions). In the next ten 10 to 15 years, a significant percentage of the existing fuel

burning appliances in housing units will require replacement. While the new cost of an electric appliance versus gas is negligible, and in some cases even less expensive, upgrading the electrical infrastructure is the significant financial barrier.

2. Electrical Infrastructure: Upgrading the electrical infrastructure in a multi-family dwelling is a costly proposition. As a result of labor, material and wiring, extra equipment (panel boxes), the logistics of exterior HVAC equipment (placing heat pump condensers and the copper line sets associated with them), such a modernization comes at a heavy price in the apartment setting. Additionally, the majority of apartment buildings receive electrical service underground, which significantly adds cost to a service upgrade. These are costs that housing providers will have no choice but to pass through to our residents.

3. Payback of Improvements: One workforce housing provider from the Baltimore region assessed that the infrastructure retrofits would result in roughly an $8500 per unit cost in a large scale or bulk retrofit scenario under normal global economic conditions. These improvements would likely yield minor energy savings due to the high efficiency heat pumps and water heaters, but since the tenant pays the energy bill, the tenant, not the housing provider, would collect any savings. The rental increase to fund these improvements would amount to $150-$200 per unit per month, which considers interest on a 15-year mortgage, vacancy and delinquency rates, depreciation, and property management costs.

4. Offsite Mitigation Credits: Some housing properties have the benefit of a less cost prohibitive approach, where a property owner could plant trees or install solar to comply with the totality of the required standards. Another provider of workforce housing in the Baltimore area has invested in extensive tree planting, energy saving lighting on private roadways, parking lots, and buildings, roof solar energy systems that power common area building lighting, laundry room appliances, and converting building common hot water heaters from oil to solar. These energy saving initiatives should be considered when calculating compliance under this legislation. This particular solar installation alone is equivalent to planting 114.9 acres of trees or elimination of 13,381,351 lbs. of greenhouse gas or taking 25 fossil fuel cars off the road for 71 years. These improvements – perhaps indirectly benefitting the building - certainly reduce greenhouse gas emissions and demand. Current law allows for the use of offset credits generated by alternative compliance mechanisms executed within the State, including carbon sequestration projects, to achieve compliance with greenhouse gas emissions reductions required by this subtitle. See Section 2-1206(4) of the Environment Article. MMHA urges that the bill provide offsite mitigation credits and consideration for greenhouse emission reduction initiatives that impact an entire community.

5. Subsidies: To avoid having these significant costs passed onto the tenant, the State must offer meaningful subsidies to meet net-zero retrofits.

6. Engagement with Local Inspection Offices and Utilities: The State must engage local inspection offices and utilities to streamline processes for upgrading electrical services to buildings and increase their labor force to accommodate the demand, which will significantly increase over next few years with higher electrical loads in housing and needs for electrical vehicle charging.

7. Building Energy Transition Implementation Task Force: Given the significant impact this bill will have on the multi-family industry, MMHA requests an amendment to be included in the Building Energy Transition Implementation Task Force.

For these reasons, we respectfully request a favorable report with amendments on Senate Bill 528.

Aaron J. Greenfield, MMHA Director of Government Affairs, 410.446.1992

SB 528_BOMA_FWA.pdf
Uploaded by: Bryson Popham
Position: FWA

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March 23, 2022

The Honorable Kumar P. Barve, Chairman
House Environment and Transportation Committee
House Office Building, Room 251
6 Bladen St., Annapolis, MD 21401

RE: Senate Bill 528 - Climate Solutions Now Act of 2022 – FAVORABLE WITH AMENDMENTS

Dear Chairman Barve and Members of the Committee:

I am writing on behalf of the Building Owners and Managers Association (BOMA), to earnestly request your consideration of certain amendments to Senate Bill 528, which is scheduled for a hearing in your Committee on March 24, 2022.

BOMA is a trade association that represents the interests of commercial real estate owners, real estate professionals and our associate members. BOMA, through its nearly 300 members, represents owners and managers of all types of commercial property, comprising 143 million square feet of office space in Baltimore and Central Maryland. Our members' facilities support over 19,000 jobs and contribute $2.5 billion to the Maryland economy each year. It should come as no surprise to Committee members that BOMA buildings comprise a large part of the commercial building infrastructure in downtown Baltimore.

A central concern for BOMA in this legislation is its potential impact on the viability of commercial buildings in Baltimore City. While BOMA Baltimore and our National Association, BOMA International, strongly support sustainable building practices, significant alterations to commercial buildings, especially older buildings, such as those included in Senate Bill 528, must take into account the ability of these buildings to comply with the new requirements under the law, and remain able to lease these properties to the individuals and businesses that are necessary to any vibrant urban area.

Recognizing the momentum that is behind the effort to enact meaningful climate change legislation, and also in recognition that Senate Bill 528 is the likely vehicle for such legislation, BOMA is joining other advocates for the commercial real estate industry in requesting your Committee to consider the following amendments attached to this letter. These amendments are also being offered by others in our industry.

In brief, the amendments add a seat on the Task Force created under the bill to a representative of a commercial building association, of which BOMA is an example. The amendments also provide a specific amendment on the social cost of carbon. The amendments add a requirement for the Maryland Department of Environment regulations under the bill to assure that such regulations are technically feasible, commercially available and cost effective. As a key consideration for BOMA members in particular, the amendments place a requirement for the Task Force on incentives to consider the recommendation of the Maryland Climate Change Commission that such incentives be scaled to recoup costs within a seven year period. Finally, there is an amendment that balances the ability of local building codes to impose more stringent standards with a determination by the Public Service Commission that such standards must be consistent with infrastructure plans developed by the Commission.

With the amendments described above and attached to this letter, BOMA joins our fellow commercial real estate advocates in support of Senate Bill 528.

Thank you for your consideration.

Very truly yours,

Bryson F. Popham

cc: Kevin J. Bauer

Amendment to add Task Force Members

Adds Representative from Statewide Building Owner's Associations to the Task Force studying Financial Incentives for Building Owners.

On page 68, after line 30, insert:

"(XII) ONE REPRESENTATIVE OF A STATEWIDE MULTIFAMILY BUILDING ASSOCIATION;

(XIII) ONE REPRESENTATIVE OF A STATEWIDE COMMERCIAL OR INDUSTRIAL BUILDING ASSOCIATION;"

Amendment on Consideration for Task Force Incentives

On page 69, after line 15, insert:

"(III) CONSIDER THE RECOMMENDATION OF THE MARYLAND CLIMATE CHANGE COMMISSION THAT FINANCIAL INCENTIVES BE SCALED TO ASSURE THAT THE COST OF ENERGY PERFORMANCE IMPROVEMENTS WOULD BE RECOUPED IN NOT MORE THAN SEVEN YEARS"

In context:

(F) (1) THE TASK FORCE SHALL:

(I) STUDY AND MAKE RECOMMENDATIONS REGARDING THE DEVELOPMENT OF COMPLEMENTARY PROGRAMS, POLICIES, AND INCENTIVES AIMED AT REDUCING GREENHOUSE GAS EMISSIONS FROM THE BUILDING SECTOR IN ACCORDANCE WITH THIS SUBTITLE; ~~AND~~

(II) MAKE RECOMMENDATIONS ON TARGETING INCENTIVES TO ELECTRIFICATION PROJECTS THAT WOULD NOT OTHERWISE RESULT IN STRONG RETURNS ON INVESTMENT FOR BUILDING OWNERS; AND

(III) CONSIDER THE RECOMMENDATION OF THE MARYLAND CLIMATE CHANGE COMMISSION THAT FINANCIAL INCENTIVES BE SCALED TO ASSURE THAT THE COST OF ENERGY PERFORMANCE IMPROVEMENTS WOULD BE RECOUPED IN NOT MORE THAN SEVEN YEARS; AND

(IV) DEVELOP A PLAN FOR FUNDING THE RETROFIT OF COVERED BUILDINGS TO COMPLY WITH BUILDING EMISSIONS STANDARDS.

Amendment on Social Cost of Carbon

On page 64, line 17, strike "IS LESS THAN THE SOCIAL COST OF GREENHOUSES GASES ADOPTED BY THE DEPARTMENT OR THE U.S. ENVIRONMENTAL PROTECTION AGENCY."

And insert "FIFTY-ONE DOLLARS PER METRIC TON OF GREENHOUSE GAS EMITTED."

In context:

(3) THE DEPARTMENT MAY NOT SET AN ALTERNATIVE COMPLIANCE FEE THAT ~~IS LESS THAN THE SOCIAL COST OF GREENHOUSE GASES ADOPTED BY THE DEPARTMENT OR THE U.S. ENVIRONMENTAL PROTECTION AGENCY.~~ FIFTY-ONE DOLLARS PER METRIC TON OF GREENHOUSE GAS EMITTED .

Amendment on MDE Regulations

On page 66, after line 15; insert:

(V) ASSURE THAT BUILDING RETROFITS REQUIRED BY THE REGULATIONS ARE TECHNICALLY FEASIBLE, COMMERCIALLY AVAILABLE, AND COST-EFFECTIVE FOR OWNERS AND OCCUPANTS AFTER CONSIDERING FINANCIAL INCENTIVES;

Amendment on Local Building Codes

On page 64, line 25, after DEPARTMENT, insert:

AND THE PUBLIC SERVICE COMMISSION HAS DETERMINED THAT THE MORE STRINGENT STANDARDS ARE CONSISTENT WITH INFRASTRUCTURE PLANS DEVELOPED BY THE COMMISSION TO ACCOMMODATE THE ADDITIONAL LOAD OF BUILDING DECOMMISSIONING

In context:

(E) (1) A COUNTY MAY DEVELOP AND ADOPT LOCAL BUILDING ENERGY PERFORMANCE STANDARDS THAT ARE AT LEAST AS STRINGENT AS THE STANDARDS DEVELOPED BY THE DEPARTMENT, IF THE COUNTY'S STANDARDS ARE APPROVED BY THE DEPARTMENT AND THE PUBLIC SERVICE COMMISSION HAS DETERMINED THAT THE MORE STRINGENT STANDARDS ARE CONSISTENT WITH INFRASTRUCTURE PLANS DEVELOPED BY THE COMMISSION TO ACCOMMODATE THE ADDITIONAL LOAD OF BUILDING DECOMMISSIONING.

SB0528_Climate_Solutions_MLC_FWA.pdf
Uploaded by: Cecilia Plante
Position: FWA

MARYLAND LEGISLATIVE COALITION

TESTIMONY FOR SB0528
CLIMATE SOLUTIONS NOW ACT

Bill Sponsor: Senator Pinksy
Committee: Environment and Transportation
Organization Submitting: Maryland Legislative Coalition
Person Submitting: Cecilia Plante, co-chair
Position: FAVORABLE WITH AMENDMENTS

I am submitting this testimony in favor of SB0528 with amendments on behalf of the Maryland Legislative Coalition. I am speaking for the more than 30,000 citizen lobbyists in our Coalition.

We love this bill. It is a bold, comprehensive attack on the climate crisis and a recognition that we must have a multi-pronged approach if we are to ever get to net zero emissions. We are impressed with all the sectors of greenhouse gases that it targets - the reduction of emissions in transportation with the zero-energy buses and state fleets; the focus on building all electric buildings and reducing emissions in existing buildings; and the support of solar tax incentives that will help 'green' our grid. We love the aggressiveness of the new greenhouse gas reduction targets, and the change in methane accounting. However, we are especially impressed with the provisions that deal specifically with climate justice because we feel that you must lead with equity and take care of the people who will be most disadvantaged by the transition that we must make to have a cleaner future.

There is much to like in this bill. We love the idea that we should not be digging a deeper hole by continuing to support fossil fuel infrastructure in buildings. We agree that we should not be building a greater reliance on fossil fuels. The only weakness that we see in the legislation centers around the building of net zero schools. The bill calls for building only one net zero school in each district between 2023 and 2033.

With the Built to Learn Act funding available, we are about to make the biggest investment in schools that we have made in decades. Building, or upgrading schools, with fossil fuel technology is a poor investment, given that the Maryland Commission on Climate Change has estimated that gas prices will be 2 to 5 times higher than current levels within ten years. Additionally, over the next ten years, fossil fuel infrastructure will be harder to maintain and replace. Schools do not get a lot of money for renovation, so what we are building today will be what we see in 30 years. We can't afford that. Building anything but net zero, or net zero ready schools is an expensive waste of taxpayer dollars and a mistake in terms of reaching our greenhouse gas emissions targets.

We understand that funding is always a concern, and we think that the Net Zero School Grant fund that will be put in place to help schools meet the requirement to build at least one net zero school in each school district, is a great idea. But if we only build one net zero school in each district, we are still digging

a pretty big hole. Especially since the net zero schools that we have built recently were similar in cost, or less costly, than building schools with fossil fuel infrastructure. So, although the idea of building one net zero school is better than building none, but we are hoping that the legislature will see that making an investment in building *all* net zero schools, or net zero ready schools, is really the better financial option.

Maryland needs to do this. We have been held hostage by fossil fuel companies for way too long, and it is time that we made an effort to give our children a cleaner, greener future.

As members of the Climate Partners, we support this bill and recommend a **FAVORABLE WITH AMENDMENTS** report in committee. Suggested amendments are listed below.

Amendments coordinated by the Maryland Climate Partners

Opportunities for the House to strengthen Climate Solutions Now

Ensuring the Electrification Study is efficient, legitimate, and inclusive

New provisions in SB528 direct the Public Service Commission (PSC) to study the state's electric grid infrastructure to determine if it is capable of accommodating the additional load of building electrification. As written, the bill gives a lot of deference to utilities without any assurances of stakeholder engagement, data transparency, or guidelines to ensure accurate and legitimate results. **Amendments need to be made to ensure that the PSC study is done accurately, efficiently, and with broad electrification in mind.**

Improving the Building Energy Performance Standard program

First, the language in SB528 regarding exceptions from the Building Energy Performance Standards is overly broad and vague. Some categorical exemptions in the bill are appropriate, such as for historic properties. The legislation already directs MDE to create rules that offer maximum flexibility, including special provisions for unique circumstances or the ability to pay an alternative compliance fee. **The legislation should be amended to clarify building types and conditions which may warrant special consideration, but not additional exceptions.**

Second, a successful program must have clear guidance for what information a building owner is expected to report and how. Initially, the Senate bill was clear that building owners should report their electricity and gas usage (found on their utility bills). It also specified a widely-accepted tool, Energy Star Portfolio Manager, or another similar benchmarking tool should be used. However, this language was removed, leaving only a confusing requirement that building owners report on their emissions, which is overly burdensome and hard to do. **The legislation should be amended to require building owners to report on electricity and gas usage, fuel type, and square footage, and to direct MDE to adopt an easy, available reporting tool, so they can calculate direct emissions for building owners.** These amendments will make it easier for building owners to comply and provide MDE with the information they need.

Electrifying our state-owned buildings

Though provisions to electrify new private buildings were removed from SB528, we have an opportunity for state buildings to lead by example. **We should amend the bill and add provisions from HB806 that require all newly constructed buildings that receive 25% or more of their funding from the state to meet water and space heating needs with electric systems.**

Defining "overburdened" and "underserved" communities

Over the last several months, a coalition of community, legal, research, and advocacy groups from across the state worked on consensus definitions for overburdened, underserved, and environmental justice communities across legislative proposals. The indicators used to identify underserved communities are based on U.S. Census data to capture communities with a higher proportion of non-white, low-income, and linguistically isolated residents than the statewide average. The indicators used to identify overburdened communities are based on exposure to

environmental harm, health risk, and access to decision-making. As MDE undertakes the work to identify communities disproportionately affected by climate solutions, we recommend using these consensus definitions of "overburdened" and "underserved." **Including these definitions in the bill text is critical and will save MDE and the CEJSC time and money as they direct climate investment to communities that need it the most.**

Aligning EmPOWER and SEIF with climate and energy goals

Climate Solutions Now, as well as several other state laws and bills under consideration, expresses Maryland's intent to move towards electrification. Yet, funding from EmPOWER and the Strategic Energy Investment Fund (SEIF) still incentivize fossil fuel energy systems. Amendments should include:

- Provisions from HB708 that prohibit the use of EmPOWER Funds for fossil fuel systems and encourage and promote the replacement of fossil fuel systems with electric systems should be added to SB528.
- Provisions that specify that SEIF funding can only be used for new fossil fuel projects if they have lower GHG than all-electric options.
- The core objective of EmPOWER should shift from focusing solely on reduced electricity consumption to emphasizing reduced/avoided greenhouse gas emissions.

SB528-FAV-CJW-E&T-ClimateSolutionsNow.pdf
Uploaded by: Diana Younts
Position: FWA

Committee: **Environment & Transportation**
Testimony on: **SB528 - "Climate Solutions Now Act of 2022"**
Organization: **MLC Climate Justice Wing**
Person Submitting: **Diana Younts, co-chair**
Position: **Favorable with Amendments**
Hearing Date: **March 24, 2022**

Dear Mr. Chairman and Committee Members,

Thank you for allowing our testimony today in support of SB528. MLC's Climate Justice Wing is a statewide coalition of over 50 grassroots and grasstops organizations focused on getting State level climate justice legislation passed. We strongly support this smart, ambitious legislation, with some tweaks and amendment proposals.

An important reason to support SB528 is that it leads with equity and involves black and brown communities, labor, and youth in achieving the goals of the legislation and having a role in the shaping of the implementation plans.

First, SB528 tasks the existing Maryland Commission on Environmental Justice and Sustainable Communities to solicit input from all segments and communities in developing strategies to address the priorities of environmental justice communities, and to reduce greenhouse gas emissions and co-pollutants in the communities that have a disproportionate concentration of polluting industries and highways. The commission will also coordinate with vulnerable communities that are particularly challenged by storm surges, heat islands, lack of tree canopy and other effects attributable to climate change and to coordinate with and report to the Maryland Commission on Climate Change and the Maryland Department of the Environment (MDE), from which the MDE will act on those recommendations.

Similarly, the bill establishes a Just Transition and Retraining Work Group, composed of representatives of labor, the NAACP, and formerly incarcerated individuals, as well as registered apprenticeship sponsors, representatives of the solar and wind industry to assist in a just transition.

Additionally, SB528 creates a Climate Justice Corps composed principally of young people to create career training opportunities in the new green economy, particularly for youth from disadvantaged communities. We also strongly support the other top line goals of the

legislation, but we would like to focus our remaining testimony upon the buildings and schools pieces.

MCCC Recommended Building Energy Performance Standards: Because buildings are 40% of Maryland's greenhouse gas emissions, the MCCC (Maryland Commission on Climate Change), modeled four pathways for reducing emissions from buildings and recommended one as the pathway to follow, which also happens to be the *cheapest* pathway of the four modeled. Climate Solutions Now follows the recommended MCCC pathway.

Under the bill, commercial and multifamily buildings that are 25,000 square feet or larger will be required to reduce their direct greenhouse gas emissions 100% by 2040, with interim targets; and for public buildings to reach that target by 2035. The target date is designed to coincide with the end of the functional lifespan of a building's heating and cooling systems. Not only is that the cheapest time to replace a system, but replacing with electric for most buildings is the cheaper than replacing with gas or other fossil fuel systems. For instance, the MCCC concluded that "f***or multifamily buildings, the cost of installing heat pumps can be significantly less than the cost of replacing existing air conditioning and gas systems."***

Climate Solutions Now also includes a number of smart complementary components that make the program work for the public:

- **The Climate Transition & Clean Energy Hub -** which acts as a clearinghouse for information, technical advice and financial incentives for the public and professionals;
- **The Climate Catalytic Capital Fund -** to provide the MCEC (Maryland's Green Bank) financing that includes C-Pace financing and creation of a green bonds program. These aspects allow financing to attach to the building itself, which is important for private owners, and the green bond fund will help to attract private capital to further enhance the utility of the fund. Depending on the program, every $1 of public investment in green bank funding generates $4 to $7 of private capital.
- **The Building Energy Transition Implementation Task Force** - to develop recommendations for further complementary programs and incentives aimed at reducing greenhouse gas emissions from the building sector; and
- **The Expansion of the utilities' EMPOWER** program that will expand and increase rebates and other energy efficiency measures for consumers.

Net-Zero Construction for State Owned Buildings: Climate Solutions Now requires that buildings that are 100% funded by the State be constructed to Net-Zero standards. This is an important provision to retain because not only is it cheaper to achieve net-zero by designing a building to be net-zero than by modifying an existing building, but they are much cheaper to operate than conventional buildings.

Net-Zero School Pilot Project: The bill provides for a pilot project of one net-zero school per district to be built by 2033. While SB528 is more conservative than it needs to be with respect to schools by providing only for a pilot program for net-zero schools, it is at least a modest step forward. We already know that the upfront construction costs of net-zero and net-zero ready schools are comparable to the costs of conventional schools, as proven by the two net-zero schools built in Baltimore. Those schools were built at a cost of $358 and $364 (including the solar panels) per square foot with site preparation as compared to $360 per square foot for conventional schools in that same year of construction. And of course these schools will have substantially lower operating costs because they consume substantially less energy. Finally, by using the zero energy buses that are another aspect of SB528 as battery backup (as is being developed in Montgomery County), schools can act to further reduce their draw on the grid (or even to provide additional energy to the grid) and serve to strengthen our schools' ability to act as important resiliency hubs in times of emergency.

Projected Dramatic Increases in Gas Rates are an Important Reason to Transition from Fossil Fuels: The MCCC and the Gas Utilities themselves have projected dramatic increases in gas delivery rates. The MCCC predicts they will rise 4 to 5 times by 2045; The utilities project that repair costs for their leaky infrastructure under the STRIDE program will rise from $155 million annually to $455 million annually by 2044. (The Office of People's Counsel likened the gas utilities to having a credit card with no spending cap and its ratepayers foot the bill).

Some have misleadingly maintained that buildings should retain gas heating systems for when there are power outages and for when it is cold outside. Neither of these claims are true.

- First, modern heat pumps work well in all of Maryland's climate zones. There are multiple brands that work at full capacity down to 5 degrees Fahrenheit, with a few notable brands that work down to -15 degrees F. The lowest recorded temperature at Deep Creek in western MD was -5 degrees in the last 20 years.
- Second, *Gas systems need ELECTRICITY to work.* If there is a power outage, *gas heaters and appliances do not work* because they have electric starters, controls, pumps, ignitors, and safety valves which will not allow gas to flow if the electric ignitor does not turn on. Some very old direct venting fireplaces and wall heaters would work, but then they also significantly increase indoor air pollutants and when they malfunction they create an enormous carbon monoxide risk. And for buildings that must have or want to have back up systems (such as hospitals and first emergency operations), **battery backup** provides the power (or a diesel generator). A gas boiler does not. Public Safety Codes do not allow Natural Gas for emergency backup.

Strengthening Amendments Sought:

Improvement of Benchmarking Provisions: Climate Solutions requires building owners to annually report their greenhouse gas emissions to MDE (Maryland Department of the Environment) so that MDE can use that data to model energy efficiency targets for buildings

for future legislation. This is critical because not only should buildings reduce their greenhouse gas emissions but they should also reduce their overall energy use. Without benchmarking data, Maryland is hamstrung in setting appropriate targets in the future. Thus, building owners should be required to report their energy use by fuel type and to report the square footage of the building so that Maryland can set targets in the future for energy efficiency.

Public Buildings: Public buildings that are at least 25% funded by the State should be built to the same net-zero standards required of new state-owned buildings. This is the responsible step to take to not only help Maryland reach its climate goals but will also serve to safeguard the public fisc against escalating energy costs. At a minimum, all such public buildings – including schools – should be built all electric.

Building Energy Transition Implementation Task Force: One goal of the Task Force is to establish low-income household retrofit targets and heat pump sales targets. We ask that in setting those targets that a date by which to achieve those targets be also established by the Task Force and that the Affordable Housing amendments suggested by the National Housing Trust also be incorporated into the Task Force membership and duties.

For these reasons, we urge you to adopt our proposed amendments and issue a favorable report.

MLC Climate Justice Wing:

Assateague Coastal Trust
Maryland Legislative Coalition
MD Campaign for Environmental Human Rights
Chesapeake Climate Action Network
WISE
Frack Free Frostburg
Mountain Maryland Movement

Howard County Indivisible
Howard County Sierra Club
Columbia Association Climate change and sustainability advisory committee
HoCo Climate Action
CHEER
Climate XChange - Maryland
Mid-Atlantic Field Representative/ National Parks Conservation Association
350 Montgomery County
Glen Echo Heights Mobilization
The Climate Mobilization Montgomery County
Montgomery County Faith Alliance for Climate Solutions
Montgomery Countryside Alliance
Takoma Park Mobilization Environment Committee
Audubon Naturalist Society
Cedar Lane Unitarian Universalist Church
Environmental Justice Ministry
Coalition For Smarter Growth
DoTheMostGood Montgomery County
MCPS Clean Energy Campaign
MoCo DCC
Potomac Conservancy
Casa de Maryland
Nuclear Information & Resource Service
Clean Air Prince Georges

Laurel Resist
Greenbelt Climate Action Network
Maryland League of Conservation Voters
Unitarian Universalist Legislative Ministry of Maryland
Concerned Citizens Against Industrial Cafos
Wicomico NAACP
Chesapeake Physicians for Social Responsibility
Chispa MD
Climate Law & Policy Project
Maryland Poor Peoples Campaign
Labor for Sustainability
The Nature Conservancy
Clean Air Prince Georges
350 Baltimore
Maryland Environmental Health Network
Climate Stewards of Greater Annapolis
Talbot Rising
Adat Shalom Climate Action
Chesapeake Earth Holders
Climate Parents of Prince Georges
Echotopia
Maryland NAACP State Conference, Environmental Justice Committee

SB0528-ET_MACo_SWA.pdf
Uploaded by: Dominic Butchko
Position: FWA

MARYLAND Association of COUNTIES

Senate Bill 528

Climate Solutions Now Act of 2022

MACo Position: **SUPPORT WITH AMENDMENTS**

To: Environment and Transportation and Economic Matters Committees

Date: March 24, 2022

From: Dominic J. Butchko

The Maryland Association of Counties (MACo) **SUPPORTS** SB 528 **WITH AMENDMENTS**. This wide-ranging legislation creates and enhances multiple goals to advance Maryland's climate response. County governments appreciate a number of Senate refinements to the bill, but continue to raise concerns with certain components that appear to be unreasonably burdensome for public sector landfill operators.

Methane regulation and public sector landfills

SB 528, as introduced, would have imposed a California-style methane standard, that would place a significant burden on county governments to control methane emissions from current and former landfills. This new significant cost could have serious and potentially harmful implications on existing and planned landfill solar installations on landfill acreage. MACo supported amendments to these sections of the bill that seek a balance among multiple goals: controlling methane emissions, retaining the benefits of solar energy, and governing the cost burden on taxpayers and other public services (**MACo worked with leaders in the Senate and believes the amended bill requiring MDE to develop a unique Maryland standard is the preferable path for creating a methane standard, rather than to adopt by reference a standard set to the needs of another jurisdiction).**

A rigid mandate may place burdens on landfill operators that fail a sensible cost-benefit analysis. A reasonable enforcement regime could recognize the current benefits of waste-to-energy adaptations already in place, and in particular, respect any clean energy infrastructure already attached to the landfill space. The burden of disassembling solar power arrays, completing expensive retrofits or replacements to existing gas combustion equipment, hiring of additional staff due to increased monitoring requirements, hiring of outside consultants to meet new technical requirements, etc., could make many current and planned installations financially untenable.

MACo has proposed five principles for amendments to best align these sections of the bill *(with comments added below where county concerns have abated in response to Senate amendments)*:

1. Provide State resources for any mandated aerial study flights or other new testing methods envisioned under the new law **(MACo worked with the Senate and supports 50/50 cost sharing added by the Senate)**;

2. Authorize the Maryland Department of the Environment (MDE) to provide regulatory variances based on actual site emission data or models; activities such as voluntary implementation of landfill gas management systems for sites below Title V mandatory active gas management thresholds; implementation of organics composting systems; or enclosed organics Anaerobic Digestion with gas capture that otherwise reduce greenhouse gases as well as other science-based evidentiary variance requests **(MACo worked with the Senate and supports the variances currently in the amended bill)**;

3. Include State funding for MDE to conduct research validating the accuracy of existing data-gathering under the current CFR monitoring requirements and practices;

4. Specify that new compliance costs will not exceed 10% of a county's existing gas management cost per ton of methane captured, and that if costs exceed 10% without an equivalent increase in actual gas capture, then all new compliance activities be allowed to revert to prior compliance standards; and

5. Grandfather in, either by definition or by a reasonable waiver process, currently closed landfills with other greenhouse reduction components in place – such as solar power arrays on closed landfills – recognizing their nonexistent capacity to generate new revenues, and exempting them from any new requirements.

Personal Property Taxation of Solar Property

SB 528, as introduced, would have provided a mandatory, not discretionary, property tax exemption for certain classes of solar energy-generating property. As such, MACo urged a "local option amendment" to allow each jurisdiction that chooses to enact these incentives the flexibility to meet specific local needs and priorities **(MACo worked with the Senate and has withdrawn concerns with the current taxation provisions in the amended bill that have more narrowly tailored its effects and fiscal consequences).**

The bill as introduced, and as amended by the Senate, seeks to accomplish a long list of lofty policy aspirations. Specific parts of the far-reaching bill represent a significant operational and cost mandate —and revenue loss—for county governments. Accordingly, MACo urges the Committee to issue a report of **FAVORABLE WITH AMENDMENTS** for SB 528 and stands ready to work with the Committee to address these issues.

(amendments included on the next page)

Amendments offered by the Maryland Association of Counties
(regarding methane monitoring and regulations for landfills)

AMENDMENTS TO SENATE BILL 528
(First Reader File Bill)

Exempt closed landfill properties with alternative energy installations from the requirements of the bill – deconstructing the clean energy infrastructure would result in a net negative:

On page 22, in line 31 after (A) insert "**(1)**" and in line 33 strike the period and substitute

"**(2) MUNICIPAL SOLID WASTE LANDFILLS WHICH ARE CLOSED AND CURRENTLY HAVE A FULLY OPERATIONAL SOLAR ARRAY INSTALLED ARE EXEMPT FROM THE REQUIREMENTS IN THIS SUBTITLE FOR THE LIFE OF THAT SOLAR ARRAY**".

Develop regulations in consultation with stakeholders, and an eye toward the additional operating costs for compliance:

On page 24, after line 16 insert:

"**(C) THE REGULATIONS SHALL BE DEVELOPED IN CONSULTATION WITH OPERATORS OF MUNICIPAL SOLID WASTE LANDFILL FACILITIES WITHIN MARYLAND AND OTHER APPROPRIATE STAKEHOLDERS.**

(D) THE REGULATIONS DEVELOPED AND APPROVED UNDER THIS SECTION SHALL STRIVE TO CREATE COMPLIANCE MEASURES THAT ADD NO MORE THAN 10% OF CURRENT METHANE MITIGATION COSTS FOR A MUNICIPAL SOLID WASTE FACILITY.".

SB528 Joint letter Methane Amendments.pdf
Uploaded by: Dru Schmidt-Perkins
Position: FWA

Support the amendment to methane section of SB 528 Climate Solution Now

Dear Members of Environment and Transportation and Economic Matters Committees:

The organizations below ask you to support the amendment to remove from SB 528 Climate Solutions Now the language on landfill methane.

We all agree that methane is a very potent greenhouse gas and must be effectively and efficiently monitored and controlled. Unfortunately, the amended language in SB 528 now carves out so many exceptions that we believe this will hurt efforts to monitor and control this pollution source.

If the Maryland Department of the Environment has not proceeded to develop an effective standard by next session, we will ask for appropriate legislation to be introduced.

Please help support effective landfill emission standards and support the amendment.

Amendment:
Strike beginning on page 22 lines 30 through Page 24 line 16

Supported By:

Clean Air Task Force

Chesapeake Climate Action Network

CCAN Action Fund

Environmental Integrity Project

Maryland League of Conservation Voters

Greenbelt Climate Action Network

The Unitarian Universalist Legislative Ministry of Maryland

Climate Law & Policy Project

Waterkeepers Chesapeake

Interfaith Power & Light (DC.MD.NoVA)

Maryland Legislative Coalition

Cedar Lane Environmental Justice Ministry

Maryland Chapter of the Sierra Club

WISE Women Indivisible Strong and Effective

Indivisible Howard County

Elders Climate Action Maryland

Climate Reality Montgomery County

Howard County Climate Action

Climate Reality Baltimore Area Chapter

VE Testimony SB 528_House Hearing.pdf
Uploaded by: John Fiastro
Position: FWA

Senate Bill 528

Climate Solutions Now Act of 2022

House Environment and Transportation Committee

March 24, 2022

Position: FAVORABLE, with amendment

Vicinity Energy (Vicinity) supports SB 528 as it further aligns the state with our own greenhouse gas (GHG) reduction goals. Vicinity also appreciates the inclusion of language directing the Department of the Environment to include special provisions or exceptions to account for the use of district energy by covered buildings as the Department develops the state's Building Energy Performance Standards, as well as the inclusion of a representative from the district energy industry to the Building Energy Transition Implementation Task Force. As amended in the Senate, The Climate Solutions Now Act of 2022 acknowledges the important role district energy will play in the future of building decarbonization.

Vicinity recommends amending SB 528 to include the following definition for district energy:

"DISTRICT ENERGY" MEANS THERMAL ENERGY GENERATED AT A CENTRALLY LOCATED FACILITY OR FACILITIES THAT USE UNDERGROUND PIPES TO DISTRIBUTE HEAT, HOT WATER, OR CHILLED WATER TO CUSTOMERS.

By defining district energy in SB 528, the legislature would ensure that all the state's district energy systems receive the same consideration as the Department develops the Building Energy Performance Standards.

As explained herein, Vicinity's district energy system is critical to helping the state achieve its GHG reduction goals. While our customer base consists of the vital institutions with mission-critical energy requirements, the environmental benefits extend to all corners of Baltimore, including the environmental justice neighborhoods that are disproportionately affected by fossil fuel pollution. Renewables and electrification play an important role in decarbonization; however, by not providing an exemption for new

buildings connecting to the district energy system, this legislation would potentially take an important decarbonization tool out of the state's toolbox.

Vicinity Energy Company Profile

With 19 district energy systems in 12 major cities, Vicinity Energy is the largest provider of district energy solutions in North America. Vicinity produces and distributes steam, hot water, and chilled water directly through its vast underground network, eliminating the need for boiler and chiller plants in individual buildings, improving overall efficiency, lowering carbon footprints, and increasing reliability. In 2020, Vicinity launched a Clean Energy Future roadmap and is committed to reaching net zero carbon emissions across all operations by 2050.

Vicinity Energy in Baltimore

In downtown Baltimore, Vicinity Energy serves over 80 million square feet of commercial space, including Hospitals (UMMC and Mercy), the University of Maryland Baltimore campus, City, State and Federal office buildings, the Housing Authority, Ravens Stadium and Oriole Park at Camden Yards, the Baltimore Convention Center, and numerous hotels, office, retail, and residential buildings. Baltimore's most vital infrastructure benefits from our 99.99% reliability and enhanced resiliency to natural disasters. And our steam, which is more carbon-efficient than onsite fossil fuel burning boilers, will continue to attract more medical research and life science sector jobs for which high pressure steam is essential.

Through a network of over 28 miles of underground pipes, Vicinity distributes reliable steam, hot water, and chilled water to over 245 customers in the central district and Harbor East while lowering the city's GHG emissions by nearly 30,000 tons annually compared to conventional means of heating and cooling buildings. This is the equivalent of removing almost 11,000 cars from the roads every year. District energy is an innovative and resilient energy solution that involves the production of thermal energy at a central plant, eliminating the need to install or manage onsite boilers and chillers. District energy also offers our customers a green energy alternative. Over 50% of the steam distributed throughout the Baltimore system is already derived from renewable energy, and Vicinity is on track to achieve net zero carbon emissions by 2050. Including district energy in a solution for new construction will have the added benefit of easily reducing GHG emissions for all buildings connected to our district energy system as Vicinity's climate goals are met.

Vicinity also supplies many buildings in the downtown Baltimore business corridor with reliable central chilled water services – offering a cost-effective alternative to replacing, operating, and maintaining in-house cooling equipment. As one of the largest ice thermal storage systems in the U.S., Vicinity's innovate system uses ice to augment electrical chilling capacity during the day. By reducing electricity during peak demand, Vicinity takes pressure of the electrical grid when power usage is at its highest.

In addition to reducing Baltimore's carbon footprint, with district energy, individual buildings don't require onsite boilers or chillers – freeing up space for building amenities and eliminating the risk of onsite combustion. Our interconnected central energy facilities have built in redundancy, back-up generation and multiple water and fuel sources.

Conclusion

In closing, Vicinity thanks the committee for holding this hearing and demonstrating leadership in reducing statewide GHG emissions. We share your commitment to adopting sensible solutions to address climate change and achieve net zero carbon emissions. Vicinity encourages the favorable adoption of an amendment to define district energy.

Sincerely,

Jeannie Morris

Director, Government Affairs

SB0528 for House - Climate Solutions Now Act - Tes

Uploaded by: Joseph Jakuta

Position: FWA

Committee: Environment and Transportation
Testimony on: SB 528 - "Climate Solutions Now Act of 2022"
Organization: Climate Parents of Prince George's
Person Submitting: Joseph Jakuta, Lead Volunteer
Position: Favorable, with Amendments
Hearing Date: March 24, 2022

Dear Mr. Chairman and Committee Members:

Thank you for considering our testimony in support of SB 528 - "Climate Solutions Now Act of 2022." Climate Parents is a campaign to reduce climate change causing pollution in our schools and our group is active in Prince George's County. In particular, we are currently working directly with Prince George's County Public Schools (PGCPS) technical staff, elected officials, and other advocates to develop a Climate Change Action Plan for PGCPS as part of a focus work group created by the Board of Education.

The 2018 Intergovernmental Panel on Climate Change (IPCC) Special Report found that limiting global warming to 1.5°C above pre-industrial levels by 2100 would require human-caused emissions of carbon dioxide (CO_2) to fall by about 45 percent from 2010 levels by 2030 and reach 'net-zero' by 2050 as a planet. Science gives us the end date for burning fossil fuels and as blessed as we are in Mayland we must lead, we must get there sooner.

SB 528 does just that and provides many tools to make progress in Maryland. We are particularly supportive of the establishment of Building Energy Performance Standards and the requirement to end purchases of diesel powered school buses by FY 2025, though wanted to focus on the area of net-zero schools.

In a 2019 Report from the US Green Building Council, a variety of different buildings were examined, but most germaine, schools.[1] This study assumed an upfront cost of $365/GSF based on an existing net-zero school, which is slightly higher than $320/GSF, which is what the net-zero Wilde Lake was constructed for. Despite the upfront costs, the energy use decreased by 45%, and they projected that net-zero schools would break-even after 13-16 years with a 3-9% decrease in the total cost of ownership over 30 years. This is proof that wise upfront costs pay dividends to the taxpayer.

But is this transferable to Maryland? PGCPS has shown that nearly fossil fuel free schools are not just possible, but are often the best decision financially. PGCPS is relying on a new financing model for six new schools. Of these six schools five will be heated and cooled using geothermal systems rather than fossil fuel, and geothermal was chosen because it was the option that made the most economic sense in light of the 30 year total cost of ownership calculations required by the IAC. It is not just alternatively financed schools where this is possible, PGCPS constructed six elementary schools, one middle school, and one high school with geothermal heating using conventional financing. PGCPS has even retrofitted two existing schools with geothermal because it was the economically reasonable decision.

Additionally, recent recommendations transmitted from the aforementioned Climate Change Action Plan Focus Work Group, recommend that "All New Construction Will Move Towards Ultra Efficient Fossil-Fuel Free/Net

[1] US Green Building Council. "Zero Emissions Buildings in Massachusetts: Saving Money from the Start" https://builtenvironmentplus.org/wp-content/uploads/2019/09/ZeroEnergyBldgMA2019.pdf

Zero Ready", "Phase Out Fossil-fuel Powered Steam and Water Heating Systems", among others.[2] This shows that the second largest school district in Maryland is already showing that net-zero is the direction that Maryland needs to move. It should be noted that these recommendations also support the zero emission school bus provisions in SB 528.

Of course there is an upfront cost to realize the long-term savings from net-zero. That is why the Net-Zero School Grant Fund (NZSGF) is crucial to the success of the program. Through our conversations with technical staff it was the extra funds to install solar to get a building to net-zero where the cost becomes challenging, even if schools built to be all electric were already economical. The NZSGF can provide the additional upfront capital to ensure that the net-zero schools are constructed that will save the taxpayers money and our children's planet.

Concerning amendments, we support the Climate Partners' Priority Amendments for SB 528 that are attached.

We must get to net-zero. We are at an inflection point when it comes to our children's future. We implore you to enact this legislation that will require holistic changes in the way we consume energy in Maryland, and to make our schools resilient for years to come, for our children's sake.

We encourage a **FAVORABLE** report, with **AMENDMENT**, for this important legislation.

[2] PGCPS Board of Education Climate Change Action Plan Focus Work Group. "Climate Change Action Plan (CCAP) Priority Recommendations." https://go.boarddocs.com/mabe/pgcps/Board.nsf/c4cf1644198dfd9986257503000d636f/1487cbd08950f0ad85258809007b70c5/$FILE/PGCPS%20Climate%20Change%20Action%20Plan%20Recommendations%20-%20FINAL%20March%2015%202022r.pdf

Attachment - Climate Partners' Priority Amendments

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.
  - The purpose of the funds should explicitly include "Facilitate the electrification of the building sector".
  - Explicitly state that funds cannot be used for installation of new 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)

Equity and Environmental Justice Provisions

- Strengthen the provisions on pages 9-12 by including language that requires 40% of investments 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 climate in long-term planning

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 should be net-zero ready Insert on Page 35, following line 6 (12-501(3)(I)(2)(A (under the provision requiring solar ready):
  A. The Installation of Solar Energy Systems
     - To include a 40% roof set aside and necessary electrical panel and conduit requirements. if the building:
     - Will have 20,000 square feet or more of continuous roof space, excluding the parking area; and
     - Will be 20 stories or less in height, above grade plane.
  B. Regulations adopted under this subsection may authorize a local jurisdiction to waive the solar–ready requirement for a building on a specific finding that:
     - incident solar radiation at the building site is less than 75% of incident solar radiation at an open site; or
     - shadow studies indicate that 25% of a building's roof area will be in shadow.
     - Clarify the definition of "Solar Ready" to include the 40% roof set aside and the necessary electrical panel and conduit requirements.
- Delete "subject to the availability of funding" on Page 8 Line 14 and replace that language with one of the options below -
- P. 8, line 9-13, (5-312(c)(2)(I), Delete para. "Except as Provided in . .
  Delete 5-312 (c) (2) (I) of the Education Article that was inserted: except as provided in subparagraph (iii) of this paragraph, the net-zero energy requirements that apply for a building to meet the definition of a 'high performance building" under § 3-602.1 12 of the state finance and procurement article

  OR
- Amend to read: Except as provided in Subparagraph III of this Paragraph, Public Schools shall be required to achieve a 40% reduction in modeled energy use consumption over the 2018 International Energy Conservation Code by 2023 and a 60% reduction in modeled energy use consumption over the 2018 International Energy Conservation Code by 2025.
- Pg 40 line 15-17. Remove having the Council develop guidelines and instead require them to provide an annual report on the status of meeting the high performance building requirements.
- Pg 8, line 25 – pg 9, line 2. If a school qualifies for a waiver because the Interagency Commission determines that either (I) or (II) is true, the school must be net-zero READY.

Buy Clean Maryland Act

- Consider adding To SB528 the **Buy Clean Maryland Act** provisions from HB806 - Del. Stein Public Buildings bill with one change related to the waiver provisions.
  - Section 4-904 (E) **Strike** - ~~(4) RESULT IN ONLY ONE SOURCE OR MANUFACTURER BEING ABLE TO PROVIDE THE NECESSARY MATERIALS.~~
  - **Add** - (F) IF ONLY ONE SOURCE OR MANUFACTURER IS ABLE TO PROVIDE THE NECESSARY MATERIALS, A SOLE SOURCE PROCUREMENT MAY BE ALLOWED, PROVIDED NONE OF THE OTHER WAIVER DETERMINATIONS ARE MADE.

PhRMA Support with Amendment SB528.pdf
Uploaded by: Josh White
Position: FWA

STATEMENT

PhRMA
RESEARCH • PROGRESS • HOPE

In Support of Amendments to Maryland S528
Climate Solutions Now Act of 2022
March 23, 2022

Position: The Pharmaceutical Research and Manufacturers of America (PhRMA) respectfully supports Maryland Tech Council's ("MTC") proposed amendments to Senate Bill 528, which aligns the bill language with current state code.

PhRMA represents the country's leading innovative biopharmaceutical research companies, which are devoted to discovering and developing medicines that enable patients to live longer, healthier, and more productive lives. Since 2000, PhRMA member companies have invested nearly $1 trillion in the search for new treatments and cures, including an estimated $91.1 billion in 2020 alone.

Many PhRMA members actively strive for what Senate Bill 528 seeks to achieve regarding lowering greenhouse gas emissions with the goal of reaching net zero. With this said, laboratories and research facilities associated with essential clinical research require continuous sources of power to function. Mandating that these facilities rely solely on an electrical grid, sans natural gas and/or diesel generators for security against power interruption, could result in great product and data losses in the event the power grid failed.

PhRMA asks that the General Assembly adopt the proposed amendments by MTC that includes the exclusion of buildings used in life sciences as defined in 3-206 of the Economic Development Article.

PhRMA appreciates your consideration of our request.

House Hearing_SB528_ FWA - Favorable with Amendmen
Uploaded by: Kristen Harbeson
Position: FWA

MARYLAND LEAGUE OF CONSERVATION VOTERS

March 23, 2022

SUPPORT WITH AMENDMENTS: SB528 - Climate Solutions Now Act

Chairman Barve, Chairman Wilson, and Members of the Committees:

Maryland LCV strongly supports SB528 - Climate Solutions Now Act, and we thank the sponsor and the leaders of both the House and Senate bills for their leadership on this issue. We are grateful for the robust, ambitious policies to make substantive reductions to our state greenhouse gas emissions.

SB 528 provides critical elements that will help Maryland achieve its greenhouse gas emissions including creating a commitment to net-zero emissions by 2045, transitioning the state fleet to electric, and reducing the direct emissions from state-owned and private buildings. Additionally, the bill incorporates some key elements to address environmental injustice and workforce development related to climate change. We support these provisions as well as the creation of the Climate Catalytic Capital Fund, the Just Transition working group and the Climate Transition and Clean Energy Hub.

We respectfully offer and support strengthening amendments being offered by advocates, including the two below, which strengthen the PSC electrification study that was added in the Senate and which add community consensus definitions of "overburdened" and "underserved" in the context of defining communities disproportionately affected by climate change. Maryland LCV strongly urges a favorable report on this important bill.

PSC Electrification Study Amendments

(c) (1) The Public Service Commission shall complete a study, for electric companies with total gross annual revenues equal to or greater than 3% of the total gross annual revenues of all public service companies in the State, assessing the impact of a managed transition to a highly electrified building sector.

(2) The study required under subsection (1) shall:

(i) use a projection of average growth in system peak demand between 2021 and 2050 to assess the overall impact on each distribution system;
(ii) compare future system load growth to historic rates;
(iii) consider the impacts of energy efficiency and load flexibility; and
(iv) assess the effects of shifts in seasonal system loads.

(3) (i) The Public Service Commission may work with consultants and experts to complete the study required under paragraph (1) of this subsection.

(ii) Gas and electric public service companies shall provide information to the Commission and its consultants and experts, as necessary, to complete the study required under paragraph (1) of this subsection.

(4) On or before January 1, 2023, the Public Service Commission shall report its findings to the Legislative Policy Committee in accordance with § 2–1257 of the State Government Article.

Environmental Justice Definition Amendments

*New language in red; note: some language removed altogether

Bill Page 12, Lines 22-35 and Bill Page 13, Lines 1-26

(A) ON OR BEFORE DECEMBER 31, 2023, THE DEPARTMENT, IN CONSULTATION WITH THE COMMISSION ON ENVIRONMENTAL JUSTICE AND SUSTAINABLE COMMUNITIES, SHALL:

(1) SUBJECT TO SUBSECTION (B) OF THIS SECTION, ADOPT A METHODOLOGY FOR IDENTIFYING COMMUNITIES DISPROPORTIONATELY AFFECTED BY CLIMATE CHANGE;

(2) DEVELOP SPECIFIC STRATEGIES TO ADDRESS ENVIRONMENTAL JUSTICE CONCERNS, REDUCE EMISSIONS OF GREENHOUSE GASES AND CO–POLLUTANTS, AND BUILD CLIMATE EQUITY AND RESILIENCE WITHIN COMMUNITIES DISPROPORTIONATELY AFFECTED BY CLIMATE CHANGE;

(3) SET APPROPRIATE GOALS FOR THE PERCENTAGE OF STATE FUNDING NOT TO BE LESS THAN 40 PERCENT FOR GREENHOUSE GAS EMISSION REDUCTION MEASURES THAT SHOULD BE USED FOR THE BENEFIT OF COMMUNITIES DISPROPORTIONATELY AFFECTED BY CLIMATE CHANGE; AND

(4) REPORT TO THE MARYLAND COMMISSION ON CLIMATE CHANGE AND, IN ACCORDANCE WITH § 2–1257 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON THE POLICIES AND PROGRAMS DEVELOPED UNDER THIS SUBSECTION.

(B) IN EVALUATING METHODOLOGIES UNDER SUBSECTION (A)(1) OF THIS SECTION, THE DEPARTMENT SHALL INCLUDE THE MINIMUM:

(1) UNDERSERVED COMMUNITIES, defined as including any census tract, as determined in accordance with the most recent United States census, in which:

1. At least 25 percent of the residents qualify as low-income; or
2. At least 50 percent of the residents identify as non-white; or
3. At least 15 percent of the residents have limited English proficiency; AND

(2) OVERBURDENED COMMUNITIES, defined as including any census tract for which 3 or more of the below environmental and health indicators are above the 75th percentile statewide:

1. PM 2.5
2. Ozone
3. NATA diesel PM
4. NATA cancer risk
5. NATA respiratory hazard index
6. Traffic proximity
7. Lead paint indicator

8. Superfund proximity (npl sites)
9. Risk management plan facilities proximity
10. Hazardous waste proximity
11. Wastewater discharge indicator
12. Proximity to a Confined Animal Feeding Operation (CAFO)
13. % population lacking broadband coverage
14. Asthma Emergency Room Discharges
15. Myocardial Infarction Discharges
16. Low Birth Weight Infants
17. Proximity to power plants
18. Proximity to a TRI facility
19. (Proximity to a brownfield
20. Proximity to mining operations
21. Proximity to a hazardous waste landfill
22. Proximity to an unincorporated community; AND

(3) AREAS THAT ARE VULNERABLE TO THE IMPACTS OF CLIMATE CHANGE, SUCH AS FLOODING, STORM SURGES, AND URBAN HEAT ISLAND EFFECTS, DUE TO LOW LEVELS OF TREE COVERAGE, HIGH LEVELS OF IMPERVIOUS SURFACES, OR OTHER FACTORS.

(C) ANY AREA THAT DOES NOT MEET THE ABOVE NUMERIC CRITERIA FOR UNDERSERVED AND OVERBURDENED COMMUNITY MAY PETITION THE SECRETARY OF THE MARYLAND DEPARTMENT OF THE ENVIRONMENT TO BE DESIGNATED AS AN UNDERSERVED AND OVERBURDENED COMMUNITY BY:

(I) IN ORDER TO DESIGNATE AN AREA AS AN UNDERSERVED AND OVERBURDENED COMMUNITY, THE SECRETARY MUST MAKE FINDINGS WITH RESPECT TO WHETHER THE AREA MEETS EACH OF THE FOLLOWING CRITERIA:

(A) THE ANNUAL MEDIAN HOUSEHOLD INCOME OF THAT AREA EXCEEDS 125 PERCENT OF THE STATEWIDE MEDIAN HOUSEHOLD INCOME;
(B) A MAJORITY OF PERSONS AGE 25 AND OLDER IN THAT AREA HAVE A COLLEGE EDUCATION;
(C) THE NEIGHBORHOOD DOES NOT BEAR AN UNFAIR BURDEN OF ENVIRONMENTAL POLLUTION; AND
(D) THE NEIGHBORHOOD HAS MORE THAN LIMITED ACCESS TO NATURAL RESOURCES, INCLUDING OPEN SPACES AND WATER RESOURCES, PLAYGROUNDS, AND OTHER CONSTRUCTED OUTDOOR RECREATIONAL FACILITIES AND VENUES.

(II) IF ALL OF THE CRITERIA ARE MET, THE SECRETARY SHALL NOT DESIGNATE THE AREA AS AN UNDERSERVED AND OVERBURDENED COMMUNITY."

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House Hearing_SB528_ FWA - Favorable with Amendmen
Uploaded by: Kristen Harbeson
Position: FWA

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MBIA Letter of Support with amendment SB528.pdf
Uploaded by: Lori Graf
Position: FWA

MARYLAND BUILDING INDUSTRY ASSOCIATION
11825 West Market Place | Fulton, MD 20759 | 301-776-6242

March 24, 2022
The Honorable Kumar P. Barve
Environment & Transportation Committee
House Office Building, Room 251,
6 Bladen St., Annapolis, MD, 21401

RE: Support with Amendment SB 528 - Climate Solutions Now Act of 2022

Dear Chairman Barve:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **SB 528 – Climate Solutions Now Act of 2022**. MBIA **Supports** the Act with amendments.

This bill would create new state-wide greenhouse gas emissions goals and create a strategy for achieving those goals. MBIA supports measures that strengthens our environment and laud the intent of this legislation. However, there are some provisions that may have unintended consequences that MBIA would like to see addressed.

Currently the bill explicitly allows local jurisdictions to move forward with all-electric building codes before the Public Service Commission develops a utility transition plan. Transitioning to an all-electric code will require additional infrastructure "to accommodate the additional load." That infrastructure is not yet in place and this bill could potentially create a series of uncoordinated local standards that place an unsustainable strain on our energy grid. As we move closer to an all electric grid, it must be a coordinated process. The bill requires the PSC to "determine whether the electric grid throughout the State is capable of accommodating the additional load of building electrification." Which means that the threat to the grid is recognized in the legislation. MBIA requests that the bill be amended to prevent local jurisdictions from putting these standards in place until after the PSC has completed its utility transition plan.

One important protection in Maryland's existing Greenhouse Gas Reduction Act is a requirement that Maryland efforts must pass a cost effectiveness test that assures a net economic benefit and no net reduction in Maryland jobs. Those provisions are designed to assure that the economy as a whole is spared the worst disruptions that come from the transition to greener energy. This strategy was proven to be successful when Maryland achieved its 2020 targets with little impact on the state economy. The cost effectiveness test made certain that the economic impact of the new requirements was contained and relatively undisruptive.

SB 528 alters this test to say that the cost of new proposals must be compared to "no action." This language is unclear and removes the successful and already proven cost effectiveness test and replaces it with a nebulous test of uncertain value. If no action is defined as action *by the State of Maryland,* then the language does not change the current practice. If this means to call for no action *by the World,* then it sets a new standard which will be impossible to meet. If the test compares the damage that could result from the actions taken by other countries that are entirely outside the political control of the state then to offset those actions the entire state energy grid shutting off completely would not be able to meet the standard. The language should either be eliminated or clarified.

Other concerns include the fact that the alternative compliance fee is based on the social cost of carbon. This fee can vary based on the Environmental Protection Agency. We propose that this fee be set (and adjusted) by the General Assembly. Lastly, there is no statewide organization that represents building owners on the task force.

We have many concerns about the consequences of such broad legislation. See attached for our proposed amendments. For these reasons, MBIA respectfully requests the Committee give this measure an favorable report with these amendments. Thank you for your consideration. For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the House Environment & Transportation Committee

Amendment on Local Building Codes

On page 64, line 25, after DEPARTMENT, insert:

AND THE PUBLIC SERVICE COMMISSION HAS DETERMINED THAT THE MORE STRINGENT STANDARDS ARE CONSISTENT WITH INFRASTRUCTURE PLANS DEVELOPED BY THE COMMISSION TO ACCOMMODATE THE ADDITIONAL LOAD OF BUILDING DECOMMISSIONING

In context:

(E) (1) A COUNTY MAY DEVELOP AND ADOPT LOCAL BUILDING ENERGY PERFORMANCE STANDARDS THAT ARE AT LEAST AS STRINGENT AS THE STANDARDS DEVELOPED BY THE DEPARTMENT, IF THE COUNTY'S STANDARDS ARE APPROVED BY THE DEPARTMENT AND THE PUBLIC SERVICE COMMISSION HAS DETERMINED THAT THE MORE STRINGENT STANDARDS ARE CONSISTENT WITH INFRASTRUCTURE PLANS DEVELOPED BY THE COMMISSION TO ACCOMMODATE THE ADDITIONAL LOAD OF BUILDING DECOMMISSIONING.

Amendment to add Task Force Members

Adds Representative from Statewide Building Owner's Associations to the Task Force studying Financial Incentives for Building Owners.

On page 68, after line 30, insert:

"(XII) ONE REPRESENTATIVE OF A STATEWIDE MULTIFAMILY BUILDING ASSOCIATION;

(XIII) ONE REPRESENTATIVE OF A STATEWIDE COMMERCIAL OR INDUSTRIAL BUILDING ASSOCIATION;"

Amendment on Consideration for Task Force Incentives

On page 69, after line 15, insert:

"(III) CONSIDER THE RECOMMENDATION OF THE MARYLAND CLIMATE CHANGE COMMISSION THAT FINANCIAL INCENTIVES BE SCALED TO ASSURE THAT THE COST OF ENERGY PERFORMANCE IMPROVEMENTS WOULD BE RECOUPED IN NOT MORE THAN SEVEN YEARS"

In context:

(F) (1) THE TASK FORCE SHALL:

(I) STUDY AND MAKE RECOMMENDATIONS REGARDING THE DEVELOPMENT OF COMPLEMENTARY PROGRAMS, POLICIES, AND INCENTIVES AIMED AT REDUCING GREENHOUSE GAS EMISSIONS FROM THE BUILDING SECTOR IN ACCORDANCE WITH THIS SUBTITLE; ~~AND~~

(II) MAKE RECOMMENDATIONS ON TARGETING INCENTIVES TO ELECTRIFICATION PROJECTS THAT WOULD NOT OTHERWISE RESULT IN STRONG RETURNS ON INVESTMENT FOR BUILDING OWNERS; AND

(III) CONSIDER THE RECOMMENDATION OF THE MARYLAND CLIMATE CHANGE COMMISSION THAT FINANCIAL INCENTIVES BE SCALED TO ASSURE THAT THE COST OF ENERGY PERFORMANCE IMPROVEMENTS WOULD BE RECOUPED IN NOT MORE THAN SEVEN YEARS; AND

(IV) DEVELOP A PLAN FOR FUNDING THE RETROFIT OF COVERED BUILDINGS TO COMPLY WITH BUILDING EMISSIONS STANDARDS.

Amendment on Social Cost of Carbon

On page 64, line 17, strike “IS LESS THAN THE SOCIAL COST OF GREENHOUSES GASES ADOPTED BY THE DEPARTMENT OR THE U.S. ENVIRONMENTAL PROTECTION AGENCY.”

And insert “FIFTY-ONE DOLLARS PER METRIC TON OF GREENHOUSE GAS EMITTED.”

In context:

(3) THE DEPARTMENT MAY NOT SET AN ALTERNATIVE COMPLIANCE FEE THAT ~~IS LESS THAN THE SOCIAL COST OF GREENHOUSE GASES ADOPTED BY THE DEPARTMENT OR THE U.S. ENVIRONMENTAL PROTECTION AGENCY.~~ FIFTY-ONE DOLLARS PER METRIC TON OF GREENHOUSE GAS EMITTED .

Amendment on MDE Regulations

On page 66, after line 15; insert:

(V) ASSURE THAT BUILDING RETROFITS REQUIRED BY THE REGULATIONS ARE TECHNICALLY FEASIBLE, COMMERCIALLY AVAILABLE, AND COST-EFFECTIVE FOR OWNERS AND OCCUPANTS AFTER CONSIDERING FINANCIAL INCENTIVES;

SB528 Amendments (NAIOP and MBIA).pdf
Uploaded by: Michael Powell
Position: FWA

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SB528_E&T_FavAmend.pdf
Uploaded by: Michael Powell
Position: FWA

GORDON·FEINBLATT LLC
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SB 528

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February 23, 2022

VIA EMAIL
The Honorable Chairman Kumar Barve
Maryland Education, Health, and Environmental Affairs
The Honorable C. T. Wilson
Economic Matters Committee
Annapolis, Maryland 21401

Re: **SB528 - Climate Solutions Now Act**

Dear Chairman Barve and Wilson:

NAIOP and MBIA support Senate Bill 528 with the attached amendments.

Both organizations favor the adoption of reasonable strategies and responsible, technically sound regulations designed to reduce greenhouse gases on schedules and using methods that minimize economic disruption and result in an orderly energy transition for buildings and tenants. Unfortunately, Senate Bill 528 as passed failed to include some necessary provisions. If these provisions are added by amendment then the organizations support the bill.

Local Actions and Grid Reliability

The Bill explicitly allows local jurisdictions to move forward with all-electric building codes BEFORE the Public Service Commission develops a utility transition plan. As recognized in the bill's uncodified language, a transition to an all-electric code will require additional infrastructure "to accommodate the additional load." In fact, the bill requires the PSC to "determine whether the electric grid throughout the State is capable of accommodating the additional load of building electrification."

Despite the recognition of that threat to the grid, the bill explicitly allows local jurisdictions to move ahead with all-electric building codes before the PSC determines that the grid can support full electrification without failure. Brownouts and blackouts do not respect county lines. Local jurisdictions should be required to wait until the PSC completes the mandated study before moving ahead.

Variable Carbon Tax for Existing Buildings

The proposed tax on buildings will be variable and outside the control of the General Assembly. The bill provides that the tax must be at least the "social cost" determined by EPA. That "social cost" has varied widely and is, to a large extent, subjective. During the Obama Administration, EPA set that cost at $51 a ton. During the Trump Administration, the value was lowered to $1 a ton. The Biden Administration restored the Obama number on an interim basis while it considers an increase to $120 a ton. Future volatility is assured. By tying the tax to this measure, the General Assembly has delegated the taxing authority to EPA.

We propose that the "fee in lieu" be tied to the current social cost and altered only by the Assembly.

Representation on the Task Force

The Task Force considering financial incentives lacks representatives of building owners from state-wide organizations. The financial incentives are crucial to the success of the programs and should be added to the Task Force.

Adjustment to Cost-Effectiveness Criteria

Also attached is proposed language adjusting the criteria for determining cost effectiveness.

Sincerely,

Michael C. Powell

Michael C. Powell

MCP/MCP

SB0528 - House_FWA_MTC_Climate Solutions Now Act o
Uploaded by: Pam Kasemeyer
Position: FWA

MARYLAND TECH COUNCIL

TO: The Honorable Kumar P. Barve, Chair
The Honorable C.T. Wilson, Chair
Members, House Environment and Transportation Committee
Members, House Economic Matters Committee
The Honorable Paul G. Pinsky

FROM: J. Steven Wise
Pamela Metz Kasemeyer
Danna L. Kauffman
Christine K. Krone

DATE: March 23, 2022

RE: **SUPPORT WITH AMENDMENT** – Senate Bill 528 – *Climate Solutions Now Act of 2022*

The Maryland Tech Council (MTC) is a collaborative community, actively engaged in building stronger life science and technology companies by supporting the efforts of our individual members who are saving and improving lives through innovation. We support our member companies who are driving innovation through advocacy, education, workforce development, cost savings programs, and connecting entrepreneurial minds. The valuable resources we provide to our members help them reach their full potential making Maryland a global leader in the life sciences and technology industries. On behalf of MTC, we submit this letter of **support with amendment** for Senate Bill 528.

Many of MTC's members are leaders in life science and technology not just through *what* they produce, but *how* they produce it. Their Maryland facilities already strive for what Senate Bill 528 seeks to achieve – lower and eventually net-zero greenhouse gas emissions. This is visible in net-zero buildings that return energy to the grid, the use of renewable energy, and other efforts all aimed at reducing greenhouse gas emissions. These steps have been taken voluntarily, even with the higher costs involved, because it is the right thing to do. Our members have proven to be leaders in this area and will continue to be.

Despite the commitment of MTC members to address climate change, the objectives of Senate Bill 528 require a balance between meeting the critical lifesaving needs of today and the goal of achieving those needs without harming the environment. The goal of building electrification must, for the near future, acknowledge certain real-world limitations. For example, our members that produce life-saving medicines must use facilities that have continuous and redundant sources of power to ensure adequate supplies of their products are available. Similarly, the laboratories and research facilities associated with vital clinical research also require these power sources. While electricity may be the primary source of power for these companies, it cannot be the only source. They depend on natural gas or diesel engine generators to ensure uninterrupted power supply. If they were dependent solely on the electrical grid, failures would cause product loss, disrupt the delivery of services on which patients depend, and negatively impact clinical research and product development of life saving therapies.

Non-fossil fuel back up power solutions to meet this need are not currently viable. Batteries the size of shipping containers are available, but only provide about 4 hours of power. The size and number

of batteries necessary to produce any sustained amount of backup power requires plots of land that may exceed the size of the building they serve. Other issues arise, such as setback limitations since some must be located more than 100 feet from buildings. Cost is also an undeniable factor.

The conversion from fossil-fuels to electrification will also take time. Removing natural gas and other fossil fuels as sources of power places a greater burden upon all facets of the electric infrastructure, from generation to distribution, down to feeders and transformers, as well as wiring within buildings. Through retrofits and infrastructure investment, electrification may be achievable one day. However, we ask that the General Assembly balance this goal with present-day needs. Some industries, even with their best efforts already underway to move on from fossil fuels, still need to rely on them in the near term as a reliable source of power for making the products that so many people rely upon daily and to advance essential clinical research to address life-threatening diseases and conditions.

To this end, we have prepared and submitted amendments that specifically identify "life sciences," an already-defined term under Maryland law, as an industry that may need to seek certain exceptions to the requirements of Senate Bill 528 for the reasons set forth above.

MTC appreciates your consideration of our comments and asks that you adopt the aforementioned amendments.

For more information call:
J. Steven Wise
Pamela Metz Kasemeyer
Danna L. Kauffman
Christine K. Krone
410-244-7000

Amendments begin on p. 63

(4) THE SUPERVISOR OF A COUNTY OR A MUNICIPAL CORPORATION MAY NOT ACCEPT AN APPLICATION FROM A PROPERTY OWNER FOR THE EXEMPTION UNDER THIS SUBSECTION AFTER DECEMBER 31, 2024.

(5) ON OR BEFORE OCTOBER 1 EACH YEAR, THE DEPARTMENT SHALL REPORT TO THE SENATE BUDGET AND TAXATION COMMITTEE AND THE HOUSE WAYS AND MEANS COMMITTEE, IN ACCORDANCE WITH § 2–1257 OF THE STATE GOVERNMENT ARTICLE, ON THE NUMBER AND LOCATION OF PROJECTS THAT, IN THE IMMEDIATELY PRECEDING TAXABLE YEAR, HAVE RECEIVED THE EXEMPTION UNDER THIS SUBSECTION.

~~**(D) IN ADDITION TO THE EXEMPTION PROVIDED UNDER SUBSECTION (C) OF THIS SECTION, THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY EXEMPT, BY LAW, ANY OTHER MACHINERY OR EQUIPMENT THAT IS PART OF A SOLAR ENERGY GENERATING SYSTEM, WIND ENERGY SYSTEM, OR GEOTHERMAL ENERGY SYSTEM FROM THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX.**~~

SECTION 5. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Environment

2–1602.

(A) THE DEPARTMENT SHALL DEVELOP BUILDING ~~EMISSIONS~~ ENERGY PERFORMANCE STANDARDS THAT ACHIEVE:

(1) FOR COVERED BUILDINGS OWNED BY THE STATE:

(I) A 50% REDUCTION IN NET DIRECT GREENHOUSE GAS EMISSIONS ON OR BEFORE JANUARY 1, 2030, AS COMPARED WITH 2025 LEVELS FOR AVERAGE BUILDINGS OF SIMILAR CONSTRUCTION; AND

(II) NET–ZERO DIRECT GREENHOUSE GAS EMISSIONS ON OR BEFORE JANUARY 1, 2035; AND

(2) FOR COVERED BUILDINGS NOT OWNED BY THE STATE:

(I) ~~A 20% REDUCTION IN NET GREENHOUSE GAS EMISSIONS ON OR BEFORE JANUARY 1, 2030;~~

~~(II)~~ A ~~40%~~ REDUCTION OF AT LEAST 30% IN NET DIRECT GREENHOUSE GAS EMISSIONS ON OR BEFORE JANUARY 1, 2035, AS COMPARED WITH 2025 LEVELS FOR AVERAGE BUILDINGS OF SIMILAR CONSTRUCTION; AND

~~(III)~~ (II) NET–ZERO DIRECT GREENHOUSE GAS EMISSIONS ON OR BEFORE JANUARY 1, 2040.

(B) TO FACILITATE THE DEVELOPMENT OF BUILDING ~~EMISSIONS~~ ENERGY PERFORMANCE STANDARDS UNDER THIS SECTION, THE DEPARTMENT SHALL REQUIRE THE OWNERS OF COVERED BUILDINGS AND SCHOOLS TO MEASURE AND REPORT DIRECT EMISSIONS ~~USE THE ENERGY STAR PORTFOLIO MANAGER OR ANOTHER BENCHMARKING TOOL DESIGNATED BY THE DEPARTMENT TO COLLECT AND REPORT BENCHMARKING~~ DATA TO THE DEPARTMENT ANNUALLY BEGINNING IN 2025.

(C) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO IMPLEMENT THIS SECTION.

(2) REGULATIONS ADOPTED UNDER THIS SECTION SHALL:

(I) SUBJECT TO ITEMS (II) AND (III) OF THIS PARAGRAPH, INCLUDE ENERGY USE INTENSITY TARGETS BY BUILDING TYPE;

(II) AS NECESSARY, INCLUDE SPECIAL PROVISIONS OR EXCEPTIONS TO ACCOUNT FOR:

1. BUILDING AGE;

2. REGIONAL DIFFERENCES;

3. THE UNIQUE NEEDS OF PARTICULAR BUILDING OR OCCUPANCY TYPES, INCLUDING HEALTH CARE FACILITIES, ~~AND~~ LABORATORIES *AND BUILDINGS USED IN LIFE SCIENCES AS DEFINED IN 3-206 OF THE ECONOMIC DEVELOPMENT ARTICLE*; AND

4. THE USE OF DISTRICT ENERGY SYSTEMS BY COVERED BUILDINGS;

(III) ACCOUNT FOR THE NEEDS OF THE OWNERS OF COVERED BUILDINGS WHO:

1. ARE NOT RESPONSIBLE FOR THE DESIGN, MODIFICATION, FIXTURES, OR EQUIPMENT OF COMMERCIAL TENANTS;

2. DO NOT HAVE ACCESS TO OR CONTROL OVER BUILDING ENERGY SYSTEMS THAT ARE USED OR CONTROLLED BY COMMERCIAL TENANTS; OR

3. OWN BUILDINGS OCCUPIED BY COMMERCIAL TENANTS WHO ARE RESPONSIBLE FOR ALL MAINTENANCE OF AND REPAIRS TO THE BUILDINGS;

~~(I)~~ **(IV) PROVIDE MAXIMUM FLEXIBILITY TO THE OWNERS OF COVERED BUILDINGS TO COMPLY WITH BUILDING ~~EMISSIONS~~ ENERGY PERFORMANCE STANDARDS;**

~~(II)~~ **(V) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, INCLUDE AN ALTERNATIVE COMPLIANCE PATHWAY ALLOWING THE OWNER OF A COVERED BUILDING TO PAY A FEE FOR ~~BUILDING EMISSIONS THAT EXCEED THE BUILDING EMISSIONS STANDARDS~~ GREENHOUSE GAS EMISSIONS ATTRIBUTABLE TO THE BUILDING'S FAILURE TO MEET ENERGY USE INTENSITY TARGETS SET BY THE DEPARTMENT; AND**

~~(III)~~ **(VI) TO THE EXTENT AUTHORIZED BY LAW, INCLUDE FINANCIAL INCENTIVES RECOMMENDED BY THE BUILDING ENERGY TRANSITION IMPLEMENTATION TASK FORCE.**

(3) THE DEPARTMENT MAY NOT SET AN ALTERNATIVE COMPLIANCE FEE THAT IS LESS THAN THE SOCIAL COST OF GREENHOUSE GASES ADOPTED BY THE DEPARTMENT OR THE U.S. ENVIRONMENTAL PROTECTION AGENCY.

(D) ELECTRIC COMPANIES AND GAS COMPANIES SHALL PROVIDE ENERGY DATA, INCLUDING WHOLE–BUILDING AND AGGREGATE DATA, TO THE OWNERS OF COVERED BUILDINGS FOR BENCHMARKING PURPOSES.

(E) (1) *EXCEPT AS PROVIDED IN PARAGRAPH (2)*, A COUNTY MAY DEVELOP AND ADOPT LOCAL BUILDING ENERGY PERFORMANCE STANDARDS THAT ARE AT LEAST AS STRINGENT AS THE STANDARDS DEVELOPED BY THE DEPARTMENT, IF THE COUNTY'S STANDARDS ARE APPROVED BY THE DEPARTMENT.

(2) *IF A COUNTY DEVELOPS AND ADOPTS LOCAL BUILDING ENERGY PERFORMANCE STANDARDS, THE STANDARDS MAY NOT BE APPLIED TO INDUSTRIES THAT HAVE BEEN EXEMPTED BY THE STATE*.

(3) COVERED BUILDINGS LOCATED IN A COUNTY THAT ADOPTS LOCAL BUILDING ENERGY PERFORMANCE STANDARDS IN ACCORDANCE WITH THIS SUBSECTION SHALL BE EXEMPT FROM THE STATEWIDE STANDARDS DEVELOPED BY THE DEPARTMENT.

SECTION 6. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Environment

2–1602.

(A) THE DEPARTMENT SHALL DEVELOP BUILDING ~~EMISSIONS~~ ENERGY PERFORMANCE STANDARDS THAT ACHIEVE:

(1) FOR COVERED BUILDINGS OWNED BY THE STATE:

(I) A 50% REDUCTION IN NET DIRECT GREENHOUSE GAS EMISSIONS ON OR BEFORE JANUARY 1, 2030, AS COMPARED WITH 2025 LEVELS FOR AVERAGE BUILDINGS OF SIMILAR CONSTRUCTION; AND

(II) NET–ZERO DIRECT GREENHOUSE GAS EMISSIONS ON OR BEFORE JANUARY 1, 2035; AND

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~~(II) A 40%,~~ A REDUCTION OF AT LEAST 30% IN NET DIRECT GREENHOUSE GAS EMISSIONS ON OR BEFORE JANUARY 1, 2035, AS COMPARED WITH 2025 LEVELS FOR AVERAGE BUILDINGS OF SIMILAR CONSTRUCTION.

(B) TO FACILITATE THE DEVELOPMENT OF BUILDING ~~EMISSIONS~~ ENERGY PERFORMANCE STANDARDS UNDER THIS SECTION, THE DEPARTMENT SHALL REQUIRE THE OWNERS OF COVERED BUILDINGS AND SCHOOLS TO MEASURE AND REPORT DIRECT EMISSIONS DATA TO THE DEPARTMENT ANNUALLY BEGINNING IN 2025.

(C) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO IMPLEMENT THIS SECTION.

(2) REGULATIONS ADOPTED UNDER THIS SECTION SHALL:

(I) SUBJECT TO ITEMS (II) AND (III) OF THIS PARAGRAPH, INCLUDE ENERGY USE INTENSITY TARGETS BY BUILDING TYPE;

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(2) *IF A COUNTY DEVELOPS AND ADOPTS LOCAL BUILDING ENERGY PERFORMANCE STANDARDS, THE STANDARDS MAY NOT BE APPLIED TO INDUSTRIES THAT HAVE BEEN EXEMPTED BY THE STATE.*

(3) COVERED BUILDINGS LOCATED IN A COUNTY THAT ADOPTS LOCAL BUILDING ENERGY PERFORMANCE STANDARDS IN ACCORDANCE WITH THIS SUBSECTION SHALL BE EXEMPT FROM THE STATEWIDE STANDARDS DEVELOPED BY THE DEPARTMENT.

SECTION 7. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Environment

2–1603.

(A) THERE IS A BUILDING ENERGY TRANSITION IMPLEMENTATION TASK FORCE.

(B) THE TASK FORCE CONSISTS OF THE FOLLOWING MEMBERS:

(1) THE SECRETARY, OR THE SECRETARY'S DESIGNEE;

(2) THE SECRETARY OF HOUSING AND COMMUNITY DEVELOPMENT, OR THE SECRETARY'S DESIGNEE;

(3) THE SECRETARY OF GENERAL SERVICES, OR THE SECRETARY'S DESIGNEE;

(4) THE DIRECTOR OF THE MARYLAND ENERGY ADMINISTRATION, OR THE DIRECTOR'S DESIGNEE;

(5) THE CHAIR OF THE PUBLIC SERVICE COMMISSION, OR THE CHAIR'S DESIGNEE;

(6) THE PEOPLE'S COUNSEL, OR THE PEOPLE'S COUNSEL'S DESIGNEE;

(7) THE EXECUTIVE DIRECTOR OF THE MARYLAND CLEAN ENERGY CENTER, OR THE EXECUTIVE DIRECTOR'S DESIGNEE;

(8) THE CHAIR OF THE MARYLAND GREEN BUILDING COUNCIL, OR THE CHAIR'S DESIGNEE;

(9) ONE MEMBER OF THE HOUSE OF DELEGATES, APPOINTED BY THE SPEAKER OF THE HOUSE;

(10) ONE MEMBER OF THE SENATE, APPOINTED BY THE PRESIDENT OF THE SENATE; AND

(11) THE FOLLOWING MEMBERS, APPOINTED BY THE GOVERNOR:

(I) ONE REPRESENTATIVE FROM A NONPROFIT OR PROFESSIONAL ORGANIZATION THAT ADVOCATES FOR ENERGY–EFFICIENT BUILDINGS OR A LOW–CARBON–BUILT ENVIRONMENT;

(II) ONE REPRESENTATIVE FROM A BUSINESS THAT PROVIDES ENERGY EFFICIENCY OR RENEWABLE ENERGY SERVICES TO LARGE BUILDINGS OR AFFORDABLE HOUSING IN MARYLAND;

(III) ONE REPRESENTATIVE WHO IS AN ARCHITECT WITH EXPERIENCE PLANNING MODIFICATIONS TO EXISTING BUILDINGS TO ACHIEVE GREENHOUSE GAS EMISSIONS REDUCTIONS;

(IV) ONE REPRESENTATIVE WHO IS A MECHANICAL, ELECTRICAL, OR PLUMBING ENGINEER OR COMMISSIONING AGENT WITH EXPERIENCE IN MODIFYING OR REPLACING SYSTEMS IN ORDER TO ACHIEVE GREENHOUSE GAS EMISSIONS REDUCTIONS;

(V) ONE REPRESENTATIVE OF THE APARTMENT AND OFFICE BUILDING ASSOCIATION;

(VI) ONE REPRESENTATIVE WHO IS AN AFFORDABLE HOUSING DEVELOPER;

(VII) ONE REPRESENTATIVE WHO IS A FACILITIES OR PROPERTY MANAGER FOR AN APARTMENT BUILDING;

(VIII) ONE REPRESENTATIVE WHO IS A FACILITIES OR PROPERTY MANAGER FOR A COMMERCIAL BUILDING;

(IX) ONE REPRESENTATIVE OF A FINANCIAL INSTITUTION; ~~AND~~

(X) ONE REPRESENTATIVE OF A PRIVATE EQUITY FIRM; AND

(XI) ONE REPRESENTATIVE OF THE DISTRICT ENERGY INDUSTRY.

(C) THE SECRETARY SHALL DESIGNATE THE CHAIR OF THE TASK FORCE.

(D) THE DEPARTMENT SHALL PROVIDE STAFF FOR THE TASK FORCE.

(E) A MEMBER OF THE TASK FORCE:

(1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE TASK FORCE; BUT

(2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE BUDGET.

(F) (1) THE TASK FORCE SHALL:

(I) STUDY AND MAKE RECOMMENDATIONS REGARDING THE DEVELOPMENT OF COMPLEMENTARY PROGRAMS, POLICIES, AND INCENTIVES AIMED AT REDUCING GREENHOUSE GAS EMISSIONS FROM THE BUILDING SECTOR IN ACCORDANCE WITH THIS SUBTITLE; ~~AND~~

(II) MAKE RECOMMENDATIONS ON TARGETING INCENTIVES TO ELECTRIFICATION PROJECTS THAT WOULD NOT OTHERWISE RESULT IN STRONG RETURNS ON INVESTMENT FOR BUILDING OWNERS; AND

(III) DEVELOP A PLAN FOR FUNDING THE RETROFIT OF COVERED BUILDINGS TO COMPLY WITH BUILDING EMISSIONS STANDARDS.

(2) THE PLAN DEVELOPED UNDER THIS SUBSECTION MAY INCLUDE RECOMMENDATIONS RELATED TO:

(I) THE CREATION OF COMMERCIAL TAX CREDITS OR DIRECT SUBSIDY PAYMENTS FOR BUILDING DECARBONIZATION PROJECTS;

(II) THE CREATION OF FINANCIAL INCENTIVES THROUGH EMPOWER AND OTHER STATE PROGRAMS TO SUPPORT ALL ASPECTS OF THE TRANSITION TO ELECTRIFIED BUILDINGS;

(III) THE ESTABLISHMENT OF LOW–INCOME HOUSEHOLD HOLISTIC RETROFIT TARGETS AND HEAT PUMP SALES TARGETS; AND

(IV) THE USE OF OPTIONS SUCH AS ON–BILL, LOW–INTEREST FINANCING TO SPREAD OUT THE UP–FRONT COSTS ASSOCIATED WITH ELECTRIFICATION RETROFIT UPGRADES.

(G) ON OR BEFORE DECEMBER 1, 2023, THE TASK FORCE SHALL REPORT ITS PLAN TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2–1257 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY.

SECTION 8. AND BE IT FURTHER ENACTED, That:

(a) A Position Identification Number (PIN) shall be created in the Maryland Energy Administration for the Coordinator of the Climate Transition and Clean Energy Hub.

(b) It is the intent of the General Assembly that, with the exception of the new Coordinator position and associated salary, the Maryland Energy Administration shall handle the responsibilities of the Climate Transition and Clean Energy Hub with existing resources.

SECTION 9. AND BE IT FURTHER ENACTED, That:

(a) Subject to subsection (b) of this section, it is the intent of the General Assembly that the Public Service Commission continue with the submission of plans and making the determinations required under Sections 2 and 3 of Chapters 14 and 780 of the Acts of the General Assembly of 2017.

(b) The determination of the advisability of maintaining the methodology and magnitude of the savings trajectory established in § 7–211(g)(2) of the Public Utilities Article shall take into account the changes made in § 7–211(g)(2) of the Public Utilities Article, as enacted by Section 4 of this Act.

SECTION 10. AND BE IT FURTHER ENACTED, That:

(a) In alignment with the Commission on Climate Change's recommendation to transition to an all–electric building code in the State:

(1) the General Assembly supports moving toward broader electrification of both existing buildings and new construction as a component of decarbonization; and

(2) it is the intent of the General Assembly that the State move toward broader electrification of both existing buildings and new construction on completion of the study required under subsection (b) of this section.

(b) (1) The Building Codes Administration shall:

(i) develop recommendations for an all–electric building code and building energy performance standards for the State, including appropriate exemptions for particular industries *INCLUDING LIFE SCIENCES AS DEFINED IN § 3-206 OF THE ECONOMIC DEVELOPMENT ARTICLE*, local conditions, and sectors deemed critical infrastructure vital to the interest of national security as identified by the U.S. Department of Homeland Security's Cybersecurity and Infrastructure Security Agency;

(ii) develop recommendations for the fastest and most cost–efficient methods for decarbonizing buildings and other sectors in the State;

(iii) assess the availability of technology and equipment that will be needed to construct all–electric buildings in the State;

(iv) assess the impact of building electrification on workforce shortages;

(v) develop recommendations regarding efficient cost–effectiveness measures for the electrification of new and existing buildings; and

(vi) on or before January 1, 2023, report to the Public Service Commission on the projected annual and peak summer and winter gas and electric loading impacts of electrification, categorized by building type and size, in sufficient detail for gas and electric public service companies to develop the plans required under subsection (c)(1)(i) of this section.

(2) The Building Codes Administration may work with consultants and experts to complete the study required under paragraph (1) of this subsection.

(3) (i) On or before January 1, 2023, the Building Codes Administration shall make an interim report of its findings to the Legislative Policy Committee in accordance with § 2–1257 of the State Government Article.

(ii) On or before ~~September~~ December 1, 2023, the Building Codes Administration shall make a final report of its findings and recommendations to the Legislative Policy Committee in accordance with § 2–1257 of the State Government Article.

(c) (1) The Public Service Commission shall:

(i) require gas and electric public service companies in the State to develop infrastructure plans to determine the investments necessary to accommodate the additional load of building electrification and the decommissioning of stranded gas facilities; and

(ii) determine whether the electric grid throughout the State is capable of accommodating the additional load of building electrification considering the infrastructure plans prepared under subparagraph (i) of this paragraph.

(2) (i) The Public Service Commission may work with consultants and experts to complete the study required under paragraph (1) of this subsection.

(ii) Gas and electric public service companies shall provide information to the Commission and its consultants and experts, as necessary, to complete the study required under paragraph (1) of this subsection.

(3) (i) On or before January 1, 2023, the Public Service Commission shall make an interim report of its findings to the Legislative Policy Committee in accordance with § 2–1257 of the State Government Article.

(ii) On or before ~~September~~ December 1, 2023, the Public Service Commission shall make a final report of its findings and recommendations to the Legislative Policy Committee in accordance with § 2–1257 of the State Government Article.

SECTION 11. AND BE IT FURTHER ENACTED, That, on or before October 1, 2023, the Department of the Environment, in conjunction with the Department of General Services and the Department of Natural Resources, shall report to the General Assembly, in accordance with § 2–1257 of the State Government Article, on State properties that are suitable for use as organics recycling facilities in a manner that is consistent with Programmatic Recommendation 9 in the Final Report of the Yard Waste, Food Residuals, and Other Organic Materials Diversion and Infrastructure Study Group issued in July 2019, as required by Chapters 383 and 384 of the Acts of the General Assembly of 2017.

SECTION ~~10.~~ 12. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take effect June 1, 2022. It shall remain effective for a period of 4 years and 1 month and, at the end of June 30, 2026, Section 3 of this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

SECTION ~~11.~~ 13. AND BE IT FURTHER ENACTED, That Section 5 of this Act shall take effect June 1, 2022. It shall remain effective for a period of 7 years and 7 months and, at the end of December 31, 2029, Section 5 of this Act shall be abrogated and of no further force and effect.

SECTION ~~12.~~ 14. AND BE IT FURTHER ENACTED, That Section 6 of this Act shall take effect upon the taking effect of the termination provision specified in Section ~~11~~ 13 of this Act.

SECTION ~~13.~~ 15. AND BE IT FURTHER ENACTED, That Section 7 of this Act shall take effect June 1, 2022. It shall remain effective for a period of 2 years and 1 month and, at the end of June 30, 2024, Section 7 of this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

SECTION ~~14.~~ 16. AND BE IT FURTHER ENACTED, That, except as provided in Sections ~~10~~ 12 through ~~13~~ 15 of this Act, this Act shall take effect June 1, 2022.

SB528_EJ Amendments_signon_3.23.22.pdf
Uploaded by: Rebecca Rehr
Position: FWA

Maryland League of Conservation Voters, Maryland Sierra Club, Clean Water Action, Center for Progressive Reform, NAACP Maryland State Conference, CASA, Frack-Free Frostburg, Wicomico County NAACP, Concerned Citizens Against Industrial CAFOS, 350 MoCo, Assateague Coastal Trust, Audubon Mid-Atlantic, Blue Water Baltimore, Chesapeake Climate Action Network, CCAN Action Fund, Clean Air Task Force, Elders Climate Action Maryland Chapter, FSi Engineers, Greenbelt Climate Action Network, Indivisible Howard County Climate Action, Interfaith Partners for the Chesapeake, Interfaith Power & Light (DC.MD.NoVA), Locust Point Community Garden, Maryland Pesticide Education Network, MD Campaign for Environmental Human Rights, MLC Climate Justice Wing, National Aquarium, National Housing Trust, Strong Future Maryland, Unitarian Universalist Legislative Ministry of Maryland, MaryPIRG Student Climate Action Coalition, Climate Parent's of Prince George's, and Maryland Public Health Association

March 23, 2022

The above-signed groups and organizations urge you to **support SB 528 Climate Solutions Now, and strengthen this legislation by adopting the consensus environmental justice amendments below**. The amendments (attached) offer consistent, evidence-based, and data-driven criteria to define "underserved" and "overburdened" communities, which should be included directly in the language of the bill. The consensus definitions below were developed with extensive community input and are the result of a concerted and unified effort from advocates, academics and policy makers.

SB528 directs the Maryland Department of the Environment to study cumulative impacts and define/identify communities disproportionately affected by climate change. As MDE undertakes the work to identify communities disproportionately affected by climate change, we recommend using these consensus definitions of "overburdened" and "underserved" communities be included at a minimum. Including these definitions in the bill text is critical and will save MDE and the CEJSC time and money as they direct climate investment to communities that need it the most.

Consensus Definitions

- **Underserved Community**
  The indicators used to identify underserved communities are based on U.S. Census data averages to capture communities with a higher proportion of non-white, low-income, and linguistically isolated residents than the statewide average. Communities with these characteristics often have higher rates of adverse health outcomes like asthma and heart disease, lack access to health-promoting infrastructure, and are more likely to live near polluting facilities. Underserved communities represent about 60% of the state's census tracts. Community stakeholders expressed a strong preference for the term "underserved community" compared to "disadvantaged community."

- **Overburdened Community**
  Communities are overburdened when they suffer a combination of environmental harms that are higher than 75% of the rest of the state. This burden is specifically tied to

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Rebecca Rehr, Director of Climate Policy and Justice, Maryland League of Conservation Voters, rrehr@mdlcv.org, 443-668-7467
Katlyn Schmitt, Policy Analyst, Center for Progressive Reform, kschmitt@progressivereform.org, 240-320-7711

exposure. While there is a long history of strong correlation between race, language, or income and pollution load, not all underserved communities should be assumed to have higher pollution burdens and not all overburdened communities are also underserved.

- **Petition Language**
  No dataset is perfect or 100% complete, and this is why having a petition process so that communities who may not show up on the map have the chance to demonstrate that they should be included as an overburdened community. The petition highlights four categories and clarifies that meeting all four criteria excludes them from the ability to be considered an overburdened community.

Maryland's long history of environmental injustice includes years of decisions that place polluting industries in low-income communities of color and decades of underinvestment. While not unique to Maryland, we do have a responsibility and opportunity to remediate past injustices and prevent further harm through the passage of strong environmental health and equity laws.

Examples of environmental injustice:

- Today, climate change is bringing heatwaves, floods, and extreme weather across Maryland. Too often, communities at the frontline of these disasters are also those that have received the greatest health impacts from pollution, the most racial and economic discrimination, and the fewest resources to tackle them.

- Maryland is the birthplace of redlining, the practice of denying federally-backed mortgages in Black neighborhoods, which started here as Ordinance 610 in Baltimore to outlaw Black residents from moving to White blocks. The repercussions of redlining and other race-based laws are still seen in lasting lower rates of homeownership, less generational wealth, and worse health outcomes.

- In Baltimore the need for equity-based climate investments can be seen in the difference between the coolest and the hottest neighborhood in the city: eight degrees. In the hotter neighborhoods, there are higher rates of chronic illnesses like asthma and COPD. The hotter neighborhoods are poorer, with less access to green space. The hottest neighborhoods in Baltimore have clear links to the maps created as part of redlining and racial covenants and now suffer from heat and poorly insulated homes. Neighborhoods suffering from the urban heat island effect and other environmental inequities need restorative investments from the state in order to reverse the decisions of the past and build toward a more equitable future.

- In Garrett County, Oakland's economy is threatened by reduced snowfall. Through no fault of their own western Maryland is poised to suffer negative climate impacts on tourism and winter sports. MDE could designate a community like Oakland vulnerable.

Please pass SB 528 Climate Solutions Now with these carefully crafted definitions for a strong and effective policy that protects Maryland's most vulnerable communities. Maryland residents cannot wait any longer for these past-due considerations.

Senate Bill 528 Environmental Justice Amendments

*New language in red; note: some language removed altogether

Bill Page 12, Lines 22-35 and Bill Page 13, Lines 1-26

(A) ON OR BEFORE DECEMBER 31, 2023, THE DEPARTMENT, IN CONSULTATION WITH THE COMMISSION ON ENVIRONMENTAL JUSTICE AND SUSTAINABLE COMMUNITIES, SHALL:

(1) SUBJECT TO SUBSECTION (B) OF THIS SECTION, ADOPT A METHODOLOGY FOR IDENTIFYING COMMUNITIES DISPROPORTIONATELY AFFECTED BY CLIMATE CHANGE;

(2) DEVELOP SPECIFIC STRATEGIES TO ADDRESS ENVIRONMENTAL JUSTICE CONCERNS, REDUCE EMISSIONS OF GREENHOUSE GASES AND CO–POLLUTANTS, AND BUILD CLIMATE EQUITY AND RESILIENCE WITHIN COMMUNITIES DISPROPORTIONATELY AFFECTED BY CLIMATE CHANGE;

(3) SET APPROPRIATE GOALS FOR THE PERCENTAGE OF STATE FUNDING NOT TO BE LESS THAN 40 PERCENT FOR GREENHOUSE GAS EMISSION REDUCTION MEASURES THAT SHOULD BE USED FOR THE BENEFIT OF COMMUNITIES DISPROPORTIONATELY AFFECTED BY CLIMATE CHANGE; AND

(4) REPORT TO THE MARYLAND COMMISSION ON CLIMATE CHANGE AND, IN ACCORDANCE WITH § 2–1257 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON THE POLICIES AND PROGRAMS DEVELOPED UNDER THIS SUBSECTION.

(B) IN EVALUATING METHODOLOGIES UNDER SUBSECTION (A)(1) OF THIS SECTION, THE DEPARTMENT SHALL INCLUDE THE MINIMUM:

(1) UNDERSERVED COMMUNITIES, defined as including any census tract, as determined in accordance with the most recent United States census, in which:

1. At least 25 percent of the residents qualify as low-income; or
2. At least 50 percent of the residents identify as non-white; or
3. At least 15 percent of the residents have limited English proficiency; AND

(2) OVERBURDENED COMMUNITIES, defined as including any census tract for which 3 or more of the below environmental and health indicators are above the 75th percentile statewide:

1. PM 2.5
2. Ozone

3. NATA diesel PM
4. NATA cancer risk
5. NATA respiratory hazard index
6. Traffic proximity
7. Lead paint indicator
8. Superfund proximity (npl sites)
9. Risk management plan facilities proximity
10. Hazardous waste proximity
11. Wastewater discharge indicator
12. Proximity to a Confined Animal Feeding Operation (CAFO)
13. % population lacking broadband coverage
14. Asthma Emergency Room Discharges
15. Myocardial Infarction Discharges
16. Low Birth Weight Infants
17. Proximity to power plants
18. Proximity to a TRI facility
19. (Proximity to a brownfield
20. Proximity to mining operations
21. Proximity to a hazardous waste landfill
22. Proximity to an unincorporated community; AND

(3) AREAS THAT ARE VULNERABLE TO THE IMPACTS OF CLIMATE CHANGE, SUCH AS FLOODING, STORM SURGES, AND URBAN HEAT ISLAND EFFECTS, DUE TO LOW LEVELS OF TREE COVERAGE, HIGH LEVELS OF IMPERVIOUS SURFACES, OR OTHER FACTORS.

(C) ANY AREA THAT DOES NOT MEET THE ABOVE NUMERIC CRITERIA FOR UNDERSERVED AND OVERBURDENED COMMUNITY MAY PETITION THE SECRETARY OF THE MARYLAND DEPARTMENT OF THE ENVIRONMENT TO BE DESIGNATED AS AN UNDERSERVED AND OVERBURDENED COMMUNITY BY:

(I) IN ORDER TO DESIGNATE AN AREA AS AN UNDERSERVED AND OVERBURDENED COMMUNITY, THE SECRETARY MUST MAKE FINDINGS WITH RESPECT TO WHETHER THE AREA MEETS EACH OF THE FOLLOWING CRITERIA:

(A) THE ANNUAL MEDIAN HOUSEHOLD INCOME OF THAT AREA EXCEEDS 125 PERCENT OF THE STATEWIDE MEDIAN HOUSEHOLD INCOME;

(B) A MAJORITY OF PERSONS AGE 25 AND OLDER IN THAT AREA HAVE A COLLEGE EDUCATION;

(C) THE NEIGHBORHOOD DOES NOT BEAR AN UNFAIR BURDEN OF ENVIRONMENTAL POLLUTION; AND

(D) THE NEIGHBORHOOD HAS MORE THAN LIMITED ACCESS TO NATURAL RESOURCES, INCLUDING OPEN SPACES AND WATER RESOURCES, PLAYGROUNDS, AND OTHER CONSTRUCTED OUTDOOR RECREATIONAL FACILITIES AND VENUES.

(II) IF ALL OF THE CRITERIA ARE MET, THE SECRETARY SHALL NOT DESIGNATE THE AREA AS AN UNDERSERVED AND OVERBURDENED COMMUNITY.”

(D) IN CARRYING OUT ITS RESPONSIBILITIES UNDER THIS SECTION, THE DEPARTMENT SHALL…

Maryland SB528 House Testimony.pdf
Uploaded by: Stephen Dodge
Position: FWA

Clean Fuels
ALLIANCE AMERICA

Chairman C.T. Wilson
House Economic Matters Committee
231 Taylor House Office Building
6 Bladen Street
Annapolis, MD 21401

Chairman Kumar P. Barve
House Environment and Transportation Committee
Room 251
House Office Building
Annapolis, Maryland 21401

March 23, 2022

RE: Senate Bill 528
Testimony submitted via email

Dear Chairmen Wilson and Barve and fellow Committee Members,

I am pleased to have the opportunity to offer this written testimony in support of HB 528 The Climate Solutions Now Act of 2022. We do believe the bill is missing some important elements regarding the potential use of biodiesel and renewable diesel as an immediate carbon-reducing pathway and have included suggested amendments below.

I am Director of State Regulatory Affairs for Clean Fuels Alliance America. Clean Fuels represents the farmers, the producers, the distributors and the end users for our all of the products our members and the U.S. industry are producing, which include biodiesel, renewable diesel, sustainable aviation fuel, Bioheat ® fuel for thermal space heating as well as maritime and railroad fuels.

Cleans Fuels supports the carbon reduction goals established in current state law as well as the more aggressive goals proposed in SB 528. However, we are disappointed that no biodiesel pathways are established for either the thermal heat sector, the medium and heavy-duty transportation sector nor the electricity generation sector in this bill.

Made from an increasingly diverse mix of resources such as recycled cooking oil, soybean oil and animal fats, biodiesel and renewable diesel are better, cleaner fuels that are available now for use in existing diesel engines and heating furnaces and boilers without modification. Nationwide, some 3 billion gallons was consumed last year, and we project use will exceed six billion gallons

by 2030, eliminating over 35 million metric tons of CO2 equivalent greenhouse gas emissions annually. With advancements in feedstock, use will reach 15 billion gallons by 2050.

The IPCC's 6th assessment released last summer provided us with a stark warning: "It is unequivocal that human influence has warmed the atmosphere, ocean and land. From a physical science perspective, limiting human-induced global warming to a specific level requires limiting cumulative CO_2 emissions, reaching at least net zero CO_2 emissions, along with strong reductions in other greenhouse gas emissions."

Simply put, reducing carbon emissions now, is more valuable than reducing the same amount of emissions later. It's the same principle we learned in high school: a dollar invested now is worth more than a dollar invested 20 years from now. This is because earlier reductions limit the long-term climate impact caused by the accumulation of greenhouse gases. This significant and often overlooked principal is frequently absent from policy discussions, which, for example treat a reduction of CO_2 in 2021 with the same weight as a reduction in 2050. This is simply not accurate and skews the market to seek options which may not be deployed for years or decades, if ever at all.

The increased use of biodiesel in home heating oil applications not only has significant GHG benefits as noted by researchers across the nation, but replacing petroleum-based diesel with biodiesel also results in a dramatic reduction in co-pollutants, sometimes called criteria pollution or tailpipe emissions. These dramatic reductions can lead to significant health benefits in the form of reduced asthma attacks, avoided work loss days, and reduced cancer risks.

Often, the modeling framework to assess the health benefits from a reduction in criteria pollution employs a top-down method, estimating a reduction in a specific criteria pollutant like PM, and assuming there is a normal distribution of these benefits among citizens. While this is appropriate to generally characterize the benefits of a policy designed to reduce these harmful emissions, it often fails to help decisionmakers and citizens truly understand how the reduction in these emissions will affect their local community and in what way.

To better characterize the health benefits biodiesel can have on local communities who switch from diesel, Clean Fuels commissioned a study by Trinity Consultants, a globally renowned air quality modeling firm who specializes in air dispersion modeling. Their work, which is published online, characterizes the benefits of these fuels much more granularly, allowing decisionmakers to understand where the benefits of reduced particulate matter, improved health outcomes, would occur and to whom. The results demonstrate that the use of B100 as a heating oil replacement reduces carcinogenic, diesel particulate matter emissions by 86%. Furthermore, since the use of diesel is most heavily concentrated in environmental justice communities these health benefits are likely to accrue where they are needed the most, in historically disadvantaged communities.

And other states like New York, Connecticut, Rhode Island and Massachusetts have established biodiesel pathways in reducing carbon emissions. Massachusetts has an aggressive incentive program, part of their APS (Alternative Portfolio Standard), that has resulted in the

displacement of 46 million gallons of petroleum-based heating oil. The program, now under review, has the potential to double that figure if the program, as recommended, moves from B10 to B20. In addition, Massachusetts' Governor Baker has issued an executive order requiring state agencies to increase their use of biodiesel in state buildings for heating purposes over the next ten years.

New York state, Connecticut and Rhode Island last year all adopted Bioheat mandates. Those three states alone make up about 40 percent of the heating oil market in the Northeast and the mandates, when fully implemented, will result in 480 million gallons of biodiesel being consumed annually in the Northeast. While we are not suggesting Maryland adopt a Bioheat ® mandate, these initiatives demonstrate that other states have recognized biodiesel as a viable and immediate carbon reduction pathway in the thermal heat sector.

In conclusion, renewable fuels such as biodiesel and renewable diesel provide greenhouse gas reductions immediately, benefit American (including Maryland) farmers and are cost-effective. Other states have acknowledged the important role that biodiesel can play in reducing greenhouse gas emissions immediately and so should Maryland.

Below are suggested minor amendments to SB 528. These amendments simply allow both the Maryland Green Building Council and the Building Code Administration to include low-carbon biofuel fuels in their planning.

Thank you for the opportunity to offer testimony. We look forward to working with you, the Committee members and your staff on this vitally important bill.

Sincerely,

Stephen C. Dodge

Stephen C. Dodge
Director of State Regulatory Affairs
Clean Fuels Alliance America
sdodge@cleanfuels.org

Suggested amendments:

AMENDMENT NO. 1

On page 55, in line 5, strike "**AND**"; and after line 7, insert:

"**(6) LOW-CARBON BIOFUELS DERIVED FROM NON-PETROLEUM SOURCES SUCH AS WASTE ANIMAL AND PLANT PRODUCTS.**"

On page 71, in line 8, strike "and"; in line 13, strike the period and substitute "*; and*"; and after line 13, insert:

"*(vii) develop recommendations for the inclusion of renewable, low-carbon biofuels, including biodiesel, in the State's transition to an all-electric building code including an analysis of the impact on electric and gas rates, market availability, and environmental impact.*".

SB 528 - NAIOP - FWA - E&T 3-24-22.pdf
Uploaded by: Tom Ballentine
Position: FWA

NAIOP
MARYLAND CHAPTERS
THE ASSOCIATION FOR COMMERCIAL REAL ESTATE

March 23, 2022

The Honorable Kumar P. Barve, Chair
House Environment and Transportation Committee
House Office Building, Room 251
6 Bladen St., Annapolis, MD 21401

Support w/ Amendments – SB 528 – Climate Solutions Now Act of 2022

Dear, Chair Barve and Committee Members:

The NAIOP Maryland Chapters represent some of the largest property owners and providers of real estate services to commercial, industrial, and mixed-use tenants in the state. NAIOP's membership is comprised of local firms and publicly traded real estate investment trusts that have a strong commitment to high performance building technologies and experience with energy efficiency and climate mitigation. On behalf of our member companies, I am writing to offer amendments to Senate Bill 528 in its current form.

NAIOP has supported reauthorization of the Greenhouse Gas Reduction Act [GGRA] and values the framework it established for achieving emissions reductions while also adhering to performance characteristics that ensure, economic benefits, stable energy price and supply, minimized leakage, and providing for mitigation through market-based mechanisms. We do not believe SB 528, in its current form, meets the GGRA's performance standards.

The Senate's addition of energy use reduction requirements to the existing carbon emissions reductions in the bill as introduced, greatly expands the universe of buildings that are regulated by the bill. Now, fully electrified existing buildings that generate no on-site carbon emissions are subject to significant compliance obligations.

SB 528 presents an extremely challenging, poorly supported compliance pathway for the owners and occupants of apartments and commercial buildings.

1.5 billion square feet of space in more than 14,000 apartment, commercial and mixed-use buildings meet the threshold in the bill but there is no commitment of government or utility financial subsidies to fill funding gaps. This leaves building owners and occupants exposed to unfunded retrofit mandates.

The bill does not include a Climate Commission recommendation that incentives be scaled up to ensure that the combined effect of utility savings and incentives result in a 5–7-year payback period for the capital and operating cost of retrofits.

The alternative compliance fee in the bill provides potential relief but the bill does not set an upper limit on the amount or the frequency of the fee.

The bill authorized local governments to adopt their own more stringent buildings standards, faster deadlines and higher compliance fees.

We have attached amendments that address these concerns and respectfully recommend your favorable with amendments report on SB 528.

Sincerely.

Tom Ballentine, Vice President for Policy
NAIOP Maryland Chapters -*The Association for Commercial Real Estate*

cc: House Environment and Transportation Committee
Nick Manis – Manis, Canning Assoc.

U.S. Mail: P.O. Box 16280, Baltimore, Maryland, 21210 **Phone:** 410.977.2053 **Email:** tom.ballentine@naiop-md.org

Amendment on Local Building Codes

On page 64, line 25, after DEPARTMENT, insert:

AND THE PUBLIC SERVICE COMMISSION HAS DETERMINED THAT THE MORE STRINGENT STANDARDS ARE CONSISTENT WITH INFRASTRUCTURE PLANS DEVELOPED BY THE COMMISSION TO ACCOMMODATE THE ADDITIONAL LOAD OF BUILDING DECOMMISSIONING

In context:

(E) (1) A COUNTY MAY DEVELOP AND ADOPT LOCAL BUILDING ENERGY PERFORMANCE STANDARDS THAT ARE AT LEAST AS STRINGENT AS THE STANDARDS DEVELOPED BY THE DEPARTMENT, IF THE COUNTY'S STANDARDS ARE APPROVED BY THE DEPARTMENT AND THE PUBLIC SERVICE COMMISSION HAS DETERMINED THAT THE MORE STRINGENT STANDARDS ARE CONSISTENT WITH INFRASTRUCTURE PLANS DEVELOPED BY THE COMMISSION TO ACCOMMODATE THE ADDITIONAL LOAD OF BUILDING DECOMMISSIONING.

Amendment to add Task Force Members

Adds Representative from Statewide Building Owner's Associations to the Task Force studying Financial Incentives for Building Owners.

On page 68, after line 30, insert:

"(XII) ONE REPRESENTATIVE OF A STATEWIDE MULTIFAMILY BUILDING ASSOCIATION;

(XIII) ONE REPRESENTATIVE OF A STATEWIDE COMMERCIAL OR INDUSTRIAL BUILDING ASSOCIATION;"

Amendment on Consideration for Task Force Incentives

On page 69, after line 15, insert:

"(III) CONSIDER THE RECOMMENDATION OF THE MARYLAND CLIMATE CHANGE COMMISSION THAT FINANCIAL INCENTIVES BE SCALED TO ASSURE THAT THE COST OF ENERGY PERFORMANCE IMPROVEMENTS WOULD BE RECOUPED IN NOT MORE THAN SEVEN YEARS"

In context:

(F) (1) THE TASK FORCE SHALL:

(I) STUDY AND MAKE RECOMMENDATIONS REGARDING THE DEVELOPMENT OF COMPLEMENTARY PROGRAMS, POLICIES, AND INCENTIVES AIMED AT REDUCING GREENHOUSE GAS EMISSIONS FROM THE BUILDING SECTOR IN ACCORDANCE WITH THIS SUBTITLE; ~~AND~~

(II) MAKE RECOMMENDATIONS ON TARGETING INCENTIVES TO ELECTRIFICATION PROJECTS THAT WOULD NOT OTHERWISE RESULT IN STRONG RETURNS ON INVESTMENT FOR BUILDING OWNERS; AND

(III) CONSIDER THE RECOMMENDATION OF THE MARYLAND CLIMATE CHANGE COMMISSION THAT FINANCIAL INCENTIVES BE SCALED TO ASSURE THAT THE COST OF ENERGY PERFORMANCE IMPROVEMENTS WOULD BE RECOUPED IN NOT MORE THAN SEVEN YEARS; AND

(IV) DEVELOP A PLAN FOR FUNDING THE RETROFIT OF COVERED BUILDINGS TO COMPLY WITH BUILDING EMISSIONS STANDARDS.

Amendment on Social Cost of Carbon

On page 64, line 17, strike “IS LESS THAN THE SOCIAL COST OF GREENHOUSES GASES ADOPTED BY THE DEPARTMENT OR THE U.S. ENVIRONMENTAL PROTECTION AGENCY.”

And insert “FIFTY-ONE DOLLARS PER METRIC TON OF GREENHOUSE GAS EMITTED.”

In context:

(3) THE DEPARTMENT MAY NOT SET AN ALTERNATIVE COMPLIANCE FEE THAT ~~IS LESS THAN THE SOCIAL COST OF GREENHOUSE GASES ADOPTED BY THE DEPARTMENT OR THE U.S. ENVIRONMENTAL PROTECTION AGENCY.~~ FIFTY-ONE DOLLARS PER METRIC TON OF GREENHOUSE GAS EMITTED .

Amendment on MDE Regulations

On page 66, after line 15; insert:

(V) ASSURE THAT BUILDING RETROFITS REQUIRED BY THE REGULATIONS ARE TECHNICALLY FEASIBLE, COMMERCIALLY AVAILABLE, AND COST-EFFECTIVE FOR OWNERS AND OCCUPANTS AFTER CONSIDERING FINANCIAL INCENTIVES;

SB528_FWA_Abbott
Uploaded by: Tyler Abbott
Position: FWA

Maryland
Department of the Environment

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

Ben Grumbles, Secretary
Horacio Tablada, Deputy Secretary

March 24, 2022

The Honorable Kumar P. Barve, Chair
House Environment and Transportation Committee
House Office Building, Room 251
Annapolis, MD 21401

Re: Senate Bill 528- Climate Solutions Now Act of 2022

Dear Chair Barve and Members of the Committee:

The Maryland Department of the Environment (MDE or the Department) has reviewed SB 528 - *Climate Solutions Now Act of 2022 and* would like to offer a letter of information with recommended amendments. MDE will provide amendments to the committee shortly following the hearing for consideration.

The Department strongly supports the bill's overall objective to reduce greenhouse gas (GHG) emissions. Climate change is an urgent threat, and all levels of government and nongovernment organizations must take increasingly aggressive and balanced actions to reduce GHG emissions and increase community resiliency. Maryland is a national leader in this area, realizing substantial reductions in emissions since the first Greenhouse Gas Reduction Act (GGRA) was passed in 2009, and with the Hogan administration taking bold new actions to achieve significant progress. While the Department welcomes efforts to accelerate action to combat climate change, we would like to provide information and will be offering some amendments to the bill as amended.

Overall
The Department has some concerns with the language changes to existing law. The language in the 2009 GGRA and 2016 GGRA was the result of a very comprehensive process that resulted in strong environmental protection and economic growth. Those bills were agreed upon by a wide array of interested parties, including environmental advocacy groups, labor and industry representatives, state agencies, and public citizens. Some of the language changes to the existing GGRA that are proposed by this new bill would threaten the consensus underlying current state law.

The bill declares new goals to achieve a 60% reduction in statewide GHG emissions by 2030, and net zero GHG emissions by 2045. While the Department generally finds more ambitious goals to be laudable, the committee should be aware that developing a plan for Maryland to achieve those goals through state programs while still meeting the law's requirements for economic impacts will be difficult and may even be unachievable based on what Maryland can do at the state level to reduce GHGs. Such rapid reductions will require improvements in federal programs to advance new technologies and make major infrastructure investments. The Department believes that such federal action is necessary and long overdue, but when developing a state plan, the Department cannot assume federal action at that scale.

In 2020, the bipartisan, independent Maryland Commission on Climate Change (MCCC), which includes the Senate sponsor of this legislation in its membership, unanimously approved a recommendation for Maryland to adopt similar ambitious GHG reduction goals. The MCCC recommended a different reduction goal for 2030 – at least a 50% reduction rather than a 60% reduction – and the same net-zero goal for 2045.[1] These paths are not mutually exclusive, as the goal in the GGRA sets a floor on reductions, not a ceiling. The Department has always aimed to develop plans to exceed the required reductions by as much as possible, given available technology, constraints on state authority, and the requirements in the law relating to economic benefit and other impacts.

[1] mde.maryland.gov/programs/Air/ClimateChange/MCCC/Documents/MCCCAnnualReport2020.pdf

On February 19, 2021, the Department submitted its comprehensive, extremely detailed 2030 GGRA Plan to the Governor and General Assembly. The well-documented and modeled plan advanced a portfolio of measures that would, if fully implemented, reduce Maryland's 2030 GHG emissions to approximately 50% below 2006 levels, in alignment with the MCCC's recommended 2030 goal.

GHG Reduction Plan Timeline and Methodology

The bill would require the Department to issue a proposed plan to achieve the new 2030 GHG reduction goals by June 30, 2023, followed by a final plan by December 31, 2023. In addition to the 2030 GHG reduction goals, the final plan would also require the Department to set the state on a path toward net-zero by 2045 by the end of 2023. The Department would like to provide feedback on that timeline. The bill's requirement for a final 2030 GHG plan following a draft by only six months does not allow for public comment and review of the numerous new mitigation programs that such a plan would need to propose, followed by material changes to program design and analysis. The Department and other state agencies would struggle to meet that deadline, as development of new mitigation programs requires significant time for research, careful analysis, and consultation among agencies and with outside experts, including other states and the MCCC. The revised 2030 GHG reduction goal would require that MDE repeat the comprehensive emissions and economic impact analysis included in the current GGRA plan process.

The bill also places some narrower methodological requirements on the GHG plan that give MDE some concern. The provision requiring that MDE shall use the global warming potential for methane over a 20–year time horizon is problematic for at least two reasons. First, it would violate national and international GHG measurement protocols, including under the Paris Climate Agreement,[2] by estimating methane's impact on climate change over 20 years instead of 100 years. MDE's practice is to use the 100-year value to be consistent with national and international standards, and then supplement that with estimates using the 20-year value to understand the important near-term impacts of methane emissions. Second, developing a GGRA plan that meets a 60% reduction in GHG emissions by 2030 using a 20-year value for methane is a significant shift in the development of Maryland's plan to reduce GHGs because the 20-year value nearly triples the reported near-term climate impact of methane. The methane emissions reduction measures that would need to be identified to meet the 2030 target would be unprecedented and problematic to meet within the bounds of the current GGRA.

Additionally, the bill requires the plan to include "specific estimates of the reductions expected from each greenhouse gas reduction measure included in the plan." Older versions of the GGRA plan did include such "measure-by-measure" analysis, but methodologies and models have advanced since then, and best practice among modelers and planners is now to analyze the effects of multiple measures simultaneously within an economy-wide modeling framework. This is due to many programs interacting with one another in fundamental ways, so they do not have independently attributable impacts. By analyzing such measures together, analysts can capture those interactive effects and correctly estimate what all measures achieve together, which is the most important question for economy-wide planning.

Methane Provisions

The bill would also require the Department to adopt regulations establishing surface methane emission standards for municipal solid waste (MSW) landfills by January 1, 2024. If the Department's provisions in regulations on measuring or monitoring for methane or the aircraft emissions measuring provisions exceed the costs of measuring or monitoring methane emissions in accordance with federal requirements, the state would be required to reimburse the landfill operator for 50% of the cost difference. There is no new appropriation of state funds for this section of the bill and there is no language designating what fund the 50% state match should come from.

MDE is developing proposed methane emissions regulations that would have certain provisions that are more stringent than current federal standards, and also meet federal emission guidelines that the state needs to submit to EPA for approval. In regard to the aircraft provisions, the Department recently collaborated with atmospheric researchers to evaluate the linkages between top-down aircraft-based methane measurements and bottom-up GHG emission inventory methods. A scientifically

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2 "Pursuant the modalities, procedures and guidelines (MPGs) for the transparency framework for action and support adopted by decision 18/CMP.1, Parties agreed to use the 100-year time-horizon GWP values from the Fifth Assessment Report of the IPCC (see table 8.A.1), or 100-year time-horizon GWP values from a subsequent IPCC assessment report as agreed upon by the CMA, to report aggregate emissions and removals of GHGs, expressed in CO2 eq (decision 18/CMA.1, annex, paragraph 37)."
https://unfccc.int/process-and-meetings/transparency-and-reporting/methods-for-climate-change-transparency/common-metrics

defensible approach for reconciling the differences could not be identified at this time. As written, the bill does not give the Department the ability to vet the scientific or practical suitability of the aircraft measurements.

Operational Impact of Bill Provisions

In addition to the Department's concerns noted above, SB 528 would have a significant impact on the Department in several ways. The first impact is tied to the increase in the GHG emissions reductions to 60% from 2006 levels by 2030. Under the bill MDE would be required to adopt the first of two new plans by December 31, 2023, adopt regulations, and implement programs that reduce statewide GHG emissions to meet these more stringent emission reduction levels. The revised 2030 GHG reduction goal would require that MDE repeat the comprehensive emissions and economic impact analysis included in the current GGRA plan process using extended contracts with emissions and economic impact modelers. As noted above, for the 2030 GGRA Plan, emissions modeling was done on an economy-wide scale, consistent with best methodological practices, and best available models. SB 528 requires that emissions reductions be calculated for each individual measure included in the plan, even though relevant measures profoundly interact with one another, so there are not any independently attributable impacts. MDE can, however, estimate theoretical independent impacts by supplementing its economy-wide analysis approach with additional modeling scenarios that each evaluate the presence or absence of individual measures. MDE recently contracted for supplemental analysis to explore the emissions impact for a limited number of the most significant programs. The Department notes that, while the supplemental analysis is useful, the bill's required measure by measure analysis is problematic due to the interactions among measures. A full analysis of every one of the dozens of measures in the GGRA Plan would be a substantial and expensive undertaking.

SB 528 would establish a new Just Transition Employment and Retraining Working Group under the MCCC to perform various tasks, including a study, provide recommendations, and a report to the Commission and General Assembly. The working group would be staffed by MDE. The bill would also modify § 1–701 and § 1-702 of the Environment Article to require the Department, in consultation and coordination with the Commission on Environmental Justice and Sustainable Communities (CEJSC), to adopt a methodology to identify communities disproportionately affected by climate change; develop specific strategies to address environmental justice concerns, reduce emissions of GHGs and co–pollutants, and build climate equity and resilience within disproportionately affected communities; and establish goals for the percentage of state funding for GHG emission reduction measures that should be used for the benefit of disproportionately affected communities. However, both commissions are volunteer bodies with other responsibilities, so the majority of the work required under this bill would be performed by MDE. The bill would also require MDE to perform an annual analysis of spending by all state agencies on GHG reduction programs, including an evaluation of the portion of spending that benefits disadvantaged communities, according to criteria established by the CEJSC.

Under the bill, there would be a requirement for county boards of education to purchase only zero-emission vehicle (ZEV) school buses beginning in FY25. Additionally, the bill would no longer allow the use of any school bus that is not a zero-emission vehicle unless the bus has an in-service date of July 1, 2024 or before. The requirements to buy or use school buses that are ZEVs do not apply if MDE determines that there are no available ZEV school buses that meet the performance requirements for the county board's use, or if the county board is unable to obtain federal, state, or private funding sufficient to cover the incremental costs associated with contracting for the purchase or use of ZEV school buses. The bill would also require the Department to work with other state agencies, county boards and private school bus contractors to develop electric vehicle infrastructure to support ZEV school buses and prioritize available federal funding to carry out these requirements. While MDE has staffing for our current programs, the new working group of the MCCC, the additional tasks required of the CEJSC, and implementation of the ZEV school buses provisions, would cause additional workload on the Department.

This bill would create a new subtitle- "Building Energy Performance Standards" under Title 2 of the Environment Article and would require that MDE establish building energy performance standards for covered buildings that are 25,000 square feet or larger, which may include commercial, multifamily, and other types of buildings. Creating a building emissions standard was a key recommendation in the MCCC's 2021 Annual Report.

There are various GHG reduction requirements and timelines in the bill for state-owned and non-state-owned buildings. Beginning in 2025, owners of covered buildings and schools would be required to report to MDE on the direct emissions data from buildings. MDE would be required to adopt regulations that include the following provisions: energy use intensity targets by building type; special provisions/exceptions to account for building age, regional differences, unique needs of a

particular building or occupancy types, and the use of district energy systems by covered buildings; account for the needs of owners including those who are not responsible for the design, modification, fixtures or equipment of commercial tenants, those who do not have access to or control over building energy systems that are used or controlled by commercial tenants, or own buildings occupied by commercial tenants who are responsible for all maintenance and repairs to the buildings; flexibility to owners of covered buildings to comply with building energy performance standards; an alternative compliance pathway allowing an owner to pay a fee for greenhouse gas emissions attributed to the building's failure to meet energy use intensity targets; and financial incentives recommended by the Building Energy Transition Implementation Task Force. Under the bill, counties may develop and adopt a local building energy performance standard that is at least as stringent as the standards developed by the Department, but only if the local standards are approved by the Department. If a local county adopts their own standards, then the covered buildings under that county would not be subject to the statewide standards.

As mentioned above, the bill would also create a Building Energy Transition Implementation Task Force (Task Force). The goals of the Task Force would primarily focus on GHG-focused policy recommendations and the development of a plan to retrofit existing buildings to comply with Building Standards. The Task Force would study and make recommendations regarding the development of complementary programs, policies, and incentives that aim at the reduction of GHGs in buildings. Additionally, the Task Force will make recommendations on targeting incentives to electrification projects that would not otherwise result in strong returns on investment for building owners and would also develop a plan for funding the retrofit of covered buildings to comply with standards.

MDE would need to develop a program to regulate covered buildings throughout the state by establishing regulations with reduction goals and enforcing those goals, including requiring annual reports. The Department does not know precisely how many buildings would be covered, but a conservative estimate is at least 10,000 individual buildings. The legislation does not specify when MDE would be required to adopt regulations pertaining to this section and is vague as to whether both reporting requirements and building emission standards would need to be established to implement this section.

SB 528 is proposing to establish a Maryland Climate Justice Corps. The Corps would be administered by the Department and managed by the Chesapeake Bay Trust. The Department, alongside the Chesapeake Bay Trust, would be responsible for seeking federal funds and grants, as well as private donations to fund the Corps program. The Department would receive an annual appropriation of $1,500,000 beginning in fiscal year 2024 and all funds pertaining to the Corps program would be transferred to the Chesapeake Bay Trust. The bill would establish several outreach requirements for the development of programs and the seeking of state and federal grants by the Department and the Chesapeake Bay Trust. Lastly, the bill would require that the Department produce a yearly report to the Governor and General Assembly, in consultation with the Chesapeake Bay Trust and the Corps Board, on the operating and financial statements covering the Corps program as well as a summary of activities by the Corps Board in the preceding fiscal year.

Thank you for your consideration. MDE is ready and willing to discuss compromises and will be providing amendments to the committee during your deliberation as we feel strongly that further amendments will be beneficial to the state. We will monitor SB 528 during the committee's deliberations, and I am available to answer any questions you may have. Please feel free to contact me at 410-260-6301 or at tyler.abbott@maryland.gov .

Sincerely,

Tyler Abbott

cc: George "Tad" Aburn, Director, Air and Radiation Administration
Mark Stewart, Manager, Climate Change Program

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Position: FWA

OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

March 24, 2022

TO: The Honorable Kumar P. Barve
Chair, Environment and Transportation Committee

FROM: Marc Elrich
County Executive

RE: Senate Bill 528, *Climate Solutions Now Act of 2022*
Support with Amendments

I am writing to express my strong support for Senate Bill 528, *Climate Solutions Now Act of 2022,* which updates Maryland's climate goals to match the science-based targets required by the Paris Climate Accord and establishes foundational programs to achieve those goals.

We are in a climate emergency. The United Nations Emissions Gap Report of 2021 includes the following proclamation: "Climate Change is no longer a future problem. It is a now problem." If we are going to meet the Paris Climate Agreement's goal of staying below a 1.5 degree Celsius rise this century, the world must reduce emissions by 50% before 2030.

The Climate Solutions Now Act reflects Maryland's commitment to being part of that solution. It updates the State's emissions reduction goals to 60% by 2030 and net-zero by 2045. The Act only begins to lay out that path. While it will not be easy, it offers tremendous opportunity for the State to become a healthier, more equitable, and more prosperous place to live.

Meeting the goals of the Climate Solutions Now Act will require continued collaboration between the State and counties. Montgomery County has some of the nation's most ambitious climate goals – an 80% reduction in emissions by 2027 and 100% by 2035. To reach these goals, we need the State and the Climate Solutions Now Act to continue to support the efforts of our counties.

Senate Bill 528 appropriately highlights how crucial the use of Building Energy Performance Standards (BEPS) is to achieving climate goals. Many local jurisdictions across the country have successfully enacted these standards in response to their climate commitments, including, New York City, St. Louis, Denver, and Boston. Standards we have drafted for Montgomery

County are before the County Council now. We anticipate the number of jurisdictions that have established BEPS will grow significantly in the coming years, with assistance from the White House Council on Environmental Quality's National Building Performance Standards (BPS) Coalition launched on January 21, 2022. Montgomery County, Prince George's County, and the City of Annapolis have signed on as BPS Coalition participants along with many other jurisdictions nationwide. Because I believe it is important to protect the local authority that currently exists to establish these standards, the County is requesting that the Climate Solutions Now Act be amended to ensure this authority remains intact, including clarifying how local BEPS laws and the BEPS provisions in Senate Bill 528 will co-exist.

The amendment text for these clarifying amendments and descriptions are attached. The County respectfully requests that they be included to ensure that counties actively engaged in creating BEPS programs are not in "limbo" while the Maryland Department of the Environment develops the BEPS program outlined in the Senate Bill 528, including drafting of regulations.

In closing, this is an important point in time. And time is not on our side. The State and its subdivisions must aggressively use all the tools we collectively have to address the rapid pace of climate change and the impact that we are experiencing with greater frequency every day. I urge you to act expeditiously and favorably on this legislation.

Attachment
cc: Members of the Environment and Transportation Committee

Senate Bill 528 (3rd Reader Version) – Proposed Amendments
(Revised 3/24/22)

SB 528 was amended in the Senate to add a new subsection 2-1602(e) to the bill in two places (pages 64 and 67 of the bill). The two options shown below make changes to the new subsection 2-1602(e).

OPTION 1 – MDE APPROVAL NOT REQUIRED

(E) (1) A COUNTY MAY DEVELOP AND ADOPT LOCAL BUILDING ENERGY PERFORMANCE STANDARDS *AND REQUIREMENTS, INCLUDING BENCHMARKING REQUIREMENTS,* THAT ARE AT LEAST AS STRINGENT AS THE STANDARDS *AND REQUIREMENTS* DEVELOPED BY THE DEPARTMENT, ~~SUBJECT TO APPROVAL BY THE DEPARTMENT~~.

(2) *SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION,* COVERED BUILDINGS LOCATED IN A COUNTY THAT ADOPTS LOCAL BUILDING ENERGY PERFORMANCE STANDARDS *AND REQUIREMENTS, INCLUDING BENCHMARKING REQUIREMENTS,* IN ACCORDANCE WITH THIS SUBSECTION SHALL BE EXEMPT FROM THE STATEWIDE STANDARDS *AND REQUIREMENTS* DEVELOPED BY THE DEPARTMENT.

(3) IN ADDITION TO ANY OTHER ENFORCEMENT MECHANISM OTHERWISE AUTHORIZED UNDER STATE LAW, A COUNTY MAY IMPLEMENT AN ENFORCEMENT MECHANISM ESTABLISHED BY THE DEPARTMENT UNDER SUBSECTION (C) OF THIS SECTION, INCLUDING AN ALTERNATIVE COMPLIANCE PATHWAY AND FEE.

OPTION 2 – MDE APPROVAL REQUIRED

(E) (1) *EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION,* A COUNTY MAY DEVELOP AND ADOPT LOCAL BUILDING ENERGY PERFORMANCE STANDARDS *AND REQUIREMENTS, INCLUDING BENCHMARKING REQUIREMENTS,* THAT ARE AT LEAST AS STRINGENT AS THE STANDARDS *AND REQUIREMENTS* DEVELOPED BY THE DEPARTMENT, SUBJECT TO APPROVAL BY THE DEPARTMENT.

(2) *SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION,* COVERED BUILDINGS LOCATED IN A COUNTY THAT ADOPTS LOCAL BUILDING ENERGY PERFORMANCE STANDARDS *AND REQUIREMENTS, INCLUDING BENCHMARKING REQUIREMENTS,* IN ACCORDANCE WITH THIS SUBSECTION SHALL BE EXEMPT FROM THE STATEWIDE STANDARDS *AND REQUIREMENTS* DEVELOPED BY THE DEPARTMENT.

(3) IN ADDITION TO ANY OTHER ENFORCEMENT MECHANISM OTHERWISE AUTHORIZED UNDER STATE LAW, A COUNTY MAY IMPLEMENT AN ENFORCEMENT MECHANISM ESTABLISHED BY THE DEPARTMENT UNDER SUBSECTION (C) OF THIS SECTION, INCLUDING AN ALTERNATIVE COMPLIANCE PATHWAY AND FEE.

(4) ANY BUILDING ENERGY PERFORMANCE STANDARDS AND REQUIREMENTS, INCLUDING BENCHMARKING REQUIREMENTS, DEVELOPED BY A COUNTY BEFORE THE EFFECTIVE DATE OF FINAL STANDARDS AND REQUIREMENTS ADOPTED BY THE DEPARTMENT SHALL REMAIN EFFECTIVE UNLESS THE DEPARTMENT EVALUATES THE COUNTY'S STANDARDS AND REQUIREMENTS AND DETERMINES THAT THEY ARE NOT AT LEAST AS STRINGENT AS THE STANDARDS AND REQUIREMENTS ADOPTED BY THE DEPARTMENT.

(3/24/22)

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Uploaded by: Bill Castelli
Position: UNF

Senate Bill 528 – Climate Solutions Now Act of 2022

Position: Unfavorable

Maryland REALTORS® are committed to advocating for Maryland private property owners rights and acknowledge there is a need to balance climate mitigation with the growing challenge of affordable housing. We are concerned that SB 528 will impact housing costs of some multi-family housing as well as new construction.

Maryland is currently estimated to have a housing undersupply of over 80,000 units which includes both for sale and residential rental property. Moreover, according to the "Maryland Housing Needs Assessment and 10-Year Strategic Plan (Needs Assessment)," Maryland will be adding 178,000 new households between 2020 and 2030. The Needs Assessment also estimates that in 2030 more than half of all new households in Maryland will qualify as low-income. As the requirements for new additional units expand to meet the eventual net-zero requirements, the cost impacts on new residential housing are unclear. While costs today would certainly impact affordability, it is unclear how technology will change in the next 15 years. It is also unclear what sources of energy will provide the electric generation that will be needed for housing and transportation.

In addition to residential impacts, HB 528 will impact 17,000 Maryland commercial buildings which have struggled during the global pandemic. Commercial lending volume decreased approximately 60% in 2020, and it is important to note, lender losses in the commercial sector exceeded those of the 2008 financial crisis. National economists also predict short-term price declines for retail, office, and hotel properties of 4-7%. The unknown of the commercial recovery from Covid must be considered particularly as it is affected by retrofit requirements.

The upfront costs to construct a net-zero commercial building can be up to 15% more than conventional construction. A combination of increased construction costs and decreased lending availability will pose challenges to many projects including adaptive reuse of existing structures, which remains an important component of smart growth.

While Maryland can continue to be a leader in Climate Change legislation, advancing net-zero requirements for buildings by 2045 will make this job more costly and impact both residential and commercial property affordability. For these reasons, the REALTORS® recommend an unfavorable report.

For more information, contact

bill.castelli@mdrealtor.org, susan.mitchell@mdrealtor.org,

lisa.may@mdrealtor.org or theresa.kuhns@mdrealtor.org

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Position: UNF

CHESAPEAKE UTILITIES CORPORATION

March 24, 2022

HOUSE ENVIRONMENT & TRANSPORTATION COMMITTEE
SB 528 –Climate Solutions Now Act of 2022

Statement in Opposition

Chesapeake Utilities Corporation ("Chesapeake Utilities") respectfully **OPPOSES** certain provisions contained in SB 528. Among other things, SB 528 seeks to impose strict limitations on direct greenhouse gas (GHG) emissions from existing commercial and multi-family residential "covered buildings" over 25,000 square feet[1] that decrease significantly over the next several years until reaching net zero on or before 2035. The bill authorizes the Maryland Department of the Environment (MDE) to impose severe fees on the owners of these buildings if they cannot convert off of natural gas (or other fossil fuel) service.

Of particular concern are the provisions in SB 528 that authorize a County to adopt covered building emission standards that are more stringent than those imposed by MDE (subject to MDE approval). *See* p. 64, lines 22-25; p. 67, lines 1-4. These provisions would authorize any county to impose a local natural gas ban on "covered buildings" pursuant to their own timeline.

Chesapeake Utilities operates natural gas local distribution companies that serve approximately 31,000 customers on Maryland's Eastern Shore in Caroline, Cecil, Dorchester, Somerset, Wicomico and Worcester Counties. These public utilities are regulated by the Maryland Public Service Commission (PSC) and have provided safe, reliable and affordable service in the State for decades. As a company, Chesapeake Utilities has pledged to operate as a positive and informed resource in the ongoing energy and climate change discussions. Moreover, Chesapeake Utilities is committed to being part of the solution as Maryland considers legislation addressing GHGs.

We believe that any purported benefits the bill allegedly might provide are outweighed by its costs. In addition, SB 528 is unnecessary because alternatives exist that can achieve greenhouse gas reductions in a practical and affordable manner; and under a realistic timeline that would not place the reliability of our electric grid at risk. Indeed, as amended, SB 528 directs the PSC to conduct a study to determine whether the State's electric grid is capable of accommodating the additional electric load created by mandating electrification of both existing and new buildings.

Local natural gas bans undermine the ability of the PSC to regulate gas utilities. Allowing counties to impose local natural gas bans on "covered buildings" will severely impact gas utility rates set by the PSC. Under Maryland law, the PSC has exclusive authority over the designing and setting of rates for all public utilities, including gas companies (PUA §§ 2-113 and 4-102). Public utility rates are set and designed based "cost of service studies" that consider the number of

[1] We are aware of only two other states (Colorado and Washington) that have enacted similar legislation – but those laws apply only to buildings 50,000 square feet or larger

customers served and allocate costs across customer classes based on the number of customers in each class. Moreover, utilities generally serve customers in more than one county.

If a local government enacted a natural gas ban it would artificially restrict the gas company's ability to add new customers and artificially increase the costs to serve the gas companies existing customers both inside and outside of the particular county. In essence, a local government could thwart the gas company's ability to collect the rates the PSC authorized the company to charge.

It is true that local governments may enact local building codes that go beyond the State building code. However, a local government may not amend its local building code to such an extent that it would significantly impact the rates of a gas company lawfully set by the PSC. Such local action would violate the Constitutional requirement that State law preempts local laws (unless *expressly* allowed by State law). The Court of Appeals has pointed out on numerous occasions that a local government may not adopt any legislation that prohibits something permitted by the General Assembly. *See, City of Annapolis v. Annapolis Waterfront Co.,* 284 Md. 383, 391 (1979) and *Forest Heights v. Tillie Frank,* 291 Md. 331, 338 (1981).

The language allowing local governments to enact local building codes that impose energy performance standards that *exceed* the standards imposed by MDE would grant local governments *new* express authority they currently do not possess (*i.e.*, the authority to prohibit something permitted by the General Assembly). Notably, a September 27, 2021 Attorney General letter concluded that it is "not entirely clear" whether a local building code that banned natural gas would be impliedly preempted by the State law that provides the PSC with the exclusive authority to supervise and regulate the rates of public utilities.[2]

A local gas ban would frustrate the purpose of the statewide regulation of utilities by the PSC. The PSC is entitled to recognize the broader public interest of providing safe and reliable service to larger areas than just a single county. For the same reason, Maryland law does not allow local governments "local veto" authority over the location of electric distribution lines and generation stations. Finally, SB 528 directs the PSC to study the impact that forced electrification of existing buildings will have on the State's electric grid. Allowing local governments to mandate electrification of existing buildings puts the cart before the horse and would defeat the purpose of this PSC study.

SB 528 will significantly increase costs for owners of "covered buildings" and may not be technically feasible. According to the Maryland Commission on Climate Change ("MCCC"), direct use emissions from all buildings account for 13% of economy-wide GHG emissions in Maryland and commercial buildings account for only 7%.[3] To attempt to achieve this purported 7% reduction, SB 528 would impose significant costs on the owners of "covered buildings" – the MCCC estimated the cost of the HVAC equipment, building and grid upgrades required to reach the net-zero goal in the multiple billions of dollars. Notably, the MCCC grossly *under-estimated*

[2] Implied preemption occurs when a State law has occupied the entire field sought to be impacted by a local law.

[3] *See* E3's *Maryland Building Decarbonization Study*, September 16, 2021 at 5

the costs to retrofit existing buildings because it assumed (without justification) that retrofit heat pump costs would *decrease* by 37% by 2050 (and that heat pump performance would improve).[4] In this same analysis, the MCCC further *assumed* that natural gas rates in Maryland would increase over 20 times their current level.[5]

SB 528 unnecessarily eliminates energy choice, compromises Maryland's electric grid and fails to recognize alternatives. Today, Maryland building owners who live areas served by natural gas can choose to use gas or not. However, SB 528 assumes that forcing electrification on "covered buildings" is the best way to lower GHG emissions. On the contrary, the fact that natural gas has been replacing the use of dirtier fuels is a primary driver of lower emissions from the electric generation and commercial building sector.

Also, banning and reducing the use of natural gas will significantly increase the amount of electricity required to be delivered to Maryland customers. Delivering this increased amount for electricity into Maryland will require billions of dollars of annual investments in the State's electric transmission and distribution system. Electric transmission and distribution system planning is a complicated and time-consuming process – as it should be. It can take years to obtain the regulatory and federal/state/local permit approvals necessary to construct electric transmission lines, substations and related facilities. SB 528 would significantly increase the demand for electricity in Maryland - especially if multiple, large counties implement natural gas bans on "covered buildings." The PSC study required by the bill will analyze the impact of forced building electrification on the State's electric grid and customer rates. We submit that the Committee should delete the language imposing emission limits on "covered buildings" and await the outcome of this important study.

Finally, we note that natural gas companies want be part of the solution to lower GHG emissions. Chesapeake Utilities currently partners with developers of renewable natural gas projects in Delaware and Maryland that turn chicken litter and other organic material into pipeline quality natural gas. In addition, we recently completed a successful test that blended hydrogen into our gas supply system to power a combined heat and power unit. Chesapeake strongly supports these (and other) innovative advancements in technology and the continue utilization of the natural gas industry's vast delivery system to increase the likelihood of achieving net-zero targes while minimizing customer impacts.[6]

For these reasons, we respectfully request that the Committee delete the provisions in SB 528 that impose emission limits on "covered buildings."

[4] MCCC *Building Energy Transition Plan*, November 2021 at 15.
[5] *Id*. at 13.
[6] https://www.aga.org/netzero.

BGE - Amended SB 528 Climate Solution Act 2022 --
Uploaded by: Charles Washington
Position: UNF

bge
AN EXELON COMPANY

Position Statement

OPPOSE
Environment & Transportation
3/24/2022

Senate Bill 528: Climate Solutions Act 2022

Baltimore Gas and Electric Company (BGE) respectfully opposes *Senate Bill* 528: *Climate Solutions Act of 2022* as it was amended in the Senate. While the Senate amendments improve the legislation, additional amendments are needed to shield Maryland's utility customers from service reliability concerns.

Senate Bill 528, as amended, would still dramatically alter Maryland's established greenhouse gas emission (GHG) goals in the Commercial and Residential building sector. This proposed legislation requires the Maryland Department of Environment (MDE) to establish building emissions standards for large commercial or multifamily residential Maryland buildings. The bill would also require MDE to establish the Building Energy Transition Implementation Task Force to study and make recommendations regarding the development of complementary programs, policies and incentives aimed at reducing GHG emissions from the building sector that does not include key stakeholders in the process.

BGE is committed to electrification and decarbonization. The company announced our *Path to Clean:* a commitment to cut our own operational emissions by at least 50% by 2030 and achieve net-zero operations-driven emissions by 2050, in line with the ambitions of the nation. To achieve these goals, BGE will implement a series of initiatives designed to modernize our energy delivery systems; reduce energy use in our offices and buildings; increase our use of renewable-powered energy; and electrify our company's vehicle fleet. Within this very legislative session, BGE has demonstrated support for other key aspects of the suite of policies aimed at reducing emissions in the transportation sector, which makes up for about 45% of Maryland's greenhouse gas emissions, relative to buildings, which account for 13%. In addition, BGE's Empower Maryland programs have been highly successful in lowering energy usage and GHG emissions for residential and commercial customers, generating over 5 million MWh of energy savings valued at approximately $6 billion in lifecycle customer bill savings, and reducing over 4 million metric tons of GHG emissions. BGE's STRIDE (gas delivery modernization) program has also supported greenhouse gas reductions. Since 2014, pipe replacements have reduced the emission of about 55,000 metric tons of greenhouse gas. When BGE's STRIDE plan is complete, GHG emissions will have been reduced by 210,000 metric tons per year compared to 2013.

Sandy Grace | Charles Washington | Allyson Black | 410.269.5281

BGE is an electric and gas delivery company, whose key responsibilities are to deliver energy, regardless of whether it is electricity or gas, in a manner that is safe, reliable, and affordable. **As such, BGE has concerns about Senate Bill 528 for the following reasons:**

1. **The provision that allows county governments to establish local building energy performance standards presents potential: a) significant challenges from an electric system planning and reliability perspective; b) increased costs to customers; c) reduced optionality for customers; and d) impaired economic recovery and development in the state.**
2. **The Building Energy Transition Implementation Task Force does not include the participation and input of the very entities that need to plan for and construct the infrastructure necessary to accommodate such a transition in energy usage.**

<u>Necessary Electric Infrastructure Investments</u>

The BGE territory serves 54% of Maryland's residential gas customers and 55% of commercial and industrial gas customers. Collectively, these customers represent nearly half of statewide natural gas use in Maryland's buildings and industry. Of this natural gas use, approximately 25% is for harder to electrify large commercial and industrial users.

BGE is supportive of fully-informed efforts to decarbonize the building stock in our service territory. Such a meaningful shift to the state's economy should not be executed at the local level. Such a transition will require time for planning and implementation. Electrification will drive a requirement for significant incremental investments in our electric infrastructure to serve the resulting load reliably and with resilience in mind. While the exact scope of the required investments cannot be fully modeled without detailed knowledge of where growth will occur on the system, directional analysis that we have conducted indicates the need for major infrastructure components, including in the very near-term multiple substations and many new feeder lines.

Planning and construction of this new infrastructure will require significant time to: (1) analyze the detailed capacity needs on the system; (2) find and acquire land for new infrastructure in areas acceptable to our customers; (3) plan and design capital projects; (4) obtain the required permits and approvals; and (5) construct the required substations and feeders. In addition, there will be the need to ensure the availability of the workforce necessary to construct this infrastructure. This process is further complicated by escalating supply chain challenges that are increasing the

lead time for critical infrastructure equipment. For example, lead times for distribution transformers have increased fivefold from their typical timeframes.

BGE is concerned that building energy performance standards that are designed to reduce natural gas use that that are implemented at the local level will not provide adequate time to prepare for load growth on the electric system and to construct the infrastructure needed to ensure a safe, reliable, and resilient grid. In addition, Senate Bill 528 does not provide the tools necessary to expedite the planning, siting, permitting, and construction of such electric system infrastructure and limits optionality for new technological advancements that may help to lower decarbonization costs over time and/or smooth end-user disruption during the transition. Without the required time and tools, it is possible that the grid will be unable to serve new load during times of peak energy usage.

BGE supports electrification and decarbonization. However, the company opposes Senate Bill 528 as amended in the Senate, because it authorizes local governments to implement potentially harmful building energy performance standards with first understanding the likely consequences of those programs on our customers, communities, and on the state's economy. Senate Bill 528 compromises our ability to ensure the continued delivery of safe, reliable, and affordable energy delivery service.

Below are several amendments that address Senate Bill 528's deficiencies and reduce the likelihood that the legislation will compromise the reliability of the electric grid.

AMENDMENT TO SENATE BILL 528, AS AMENDED

Amendment One
On page 62, after line 14, insert:

Article – Public Utilities

7–213.

(K) AN ELECTRIC COMPANY SHALL INVEST IN INCREMENTAL INFRASTRUCTURE PROJECTS TO PREPARE THE ELECTRIC GRID FOR INCREASED ELECTRIFICATION, INCLUDING PROJECTS THAT:

(I) IMPROVE THE RELIABILITY OR RESILIENCE OF TRADITIONAL ELECTRIC UTILITY PLANT;

(II) INCREASE THE PREVELANCE OF ENERGY STORAGE FACILITIES WITHIN THE ELECTRIC COMPANY'S SERVICE TERRITORY;

(III) ENHANCE RELIABILITY THROUGH THE CONSTRUCTION, INTERCONNECTION, AND OPERATION OF DISTRIBUTED ENERGY RESOURCES, AND, WHERE APPROPRIATE, CREDIT THE GENERATED ELECTRICITY OR THE

VALUE OF THE GENERATED ELECTRICITY TO ELECTRIC COMPANY CUSTOMERS; AND

(IV) IMPLEMENT ANY OTHER RELIABILITY OR RESILIENCE INITIATIVES APPROVED BY THE COMMISSION.

On page 72, after line 6, insert:
(d) In alignment with the General Assembly's intent established in paragraph (a)(2) of this section, an electric company shall invest in incremental infrastructure projects designed to prepare the electric grid for increased electrification.

Justification: As amended in the Senate, Senate Bill 528 establishes the General Assembly's intent "that the State move toward broader electrification of both existing buildings and new construction on completion of the study" due from the Public Service Commission in December 2023. To support broad building electrification, electric companies must prepare for load growth on the electric system by constructing the infrastructure needed to ensure a safe, reliable, and resilient grid. Some required infrastructure could take years to construct.
This amendment requires electric companies to hasten efforts to prepare the electric system for broad building electrification.

Amendment Two
On page 68, in line 28, strike "AND"; and in line 30, after "**INDUSTRY**" insert";
(XII) ONE REPRESENTATIVE OF MUNICIPAL ELECTRIC UTILITIES, SELECTED BY THE PUBLIC SERVICE COMMISSION; AND
(XIII) ONE REPRESENTATIVE OF INVESTOR–OWNED UTILITIES, SELECTED BY THE PUBLIC SERVICE COMMISSION".

Justification: This amendment adds utility representation to the Building Energy Transition Implementation Taskforce. This taskforce will consider various mechanism to support existing building electrification, including financing transition projects on utility bills. Utilities would bring a unique and valuable prospective to these financing conversations.

In addition, the recommendations of the taskforce will guide the pace and other considerations around building electrification. These considerations will inform utility preparation for broad building electrification.

Amendment Three
On page 64, strike lines 22 through 24 in their entirety.

Justification: As amended Senate Bill 528 authorizes local governments to establish building energy performance standards that are more stringent than the state's standards, with the Department of Environment's approval. However, the Department of Environment is not positioned to ensure that local standards will not negatively impact the reliability of the local electric system. This amendment ensures that local building standards are aligned statewide.

SB 528-E&T _ECM_WGL_ 3.24.22_Written.pdf
Uploaded by: Dytonia Reed Reed
Position: UNF

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TESTIMONY OF
THE
WASHINGTON GAS & LIGHT COMPANY
BEFORE THE
ENVIRONMENT AND TRANSPORTATION COMMITTEE
AND
ECONOMIC MATTERS COMMITTEE

MARCH 24, 2022

SENATE BILL 528 – Climate Solutions Now Act

POSITION: OPPOSE

Washington Gas Light Company (Washington Gas) provides these written comments regarding Senate Bill 528, the Climate Solutions Now Act (SB 528). SB 528 seeks to further address climate change within the State of Maryland by requiring the State and its agencies to promulgate rules and take other actions requiring public and private actors to achieve net-zero statewide greenhouse gas emissions standards 2045.

Washington was a small town when Washington Gas brought light to its first customer, the U.S. Capitol, in 1848. We have grown with this community ever since and care deeply about the 1.2 million customers we serve today, with over 500,000 customers in Maryland alone.1 We deliver affordable energy to heat homes, cook food, and enjoy hot showers. This safe and reliable energy is easy to take for granted, but it is only available because of our over dedicated employees, including over 600[1] in Maryland, and our repeated investments to maintain a vast network of essential infrastructure. We are proud to be there for our customers and will continue to work every day to earn their trust and confidence. WGL is committed to meeting changing energy needs in a sustainable, low-carbon future.

Washington Gas hears the voice of policymakers in the State as it relates to climate change. We believe that actions must be taken now to stabilize and reduce emissions. However, we feel

[1] Washington Gas provides service to 506,791 residential and commercial customers throughout Prince George's, Montgomery, Calvert, Charles, Frederick, and St. Mary's counties.

that SB 528 will have significant unintended consequences and pre-determine a pathway focused on policy-driven economy-wide electrification without adequately recognizing reliability, resiliency, and affordability.

We recommend that the legislation be modified to provide fair support for all potential decarbonization pathways, recognizing that technologies, markets, and solutions will continue to develop over the coming years and decades. As studies have found, a fuel-neutral approach to decarbonization goals is often more affordable and provides a framework for a more reliable and resilient energy system.[2] Further, the Maryland E3 study, and recently the Massachusetts E3 study, showed a fuel neutral approach is a workable pathway to decarbonization.[3]

OUR CONCERNS

Our primary concern with SB 528 is the structural focus of the legislation on economy-wide electrification without understanding what this will mean for the affordability, custom choice, reliability, and resiliency of our customer's energy needs over time.

SB582 requires "*commercial and multifamily residential buildings with a gross floor area of 25,000 square feet or more that directly produce emissions onsite to achieve at least a 30% reduction in net direct greenhouse gas emissions on or before January 1, 2035 as compared with the 2025 levels for average buildings of similar construction" (Ln 12-14, pg.65).* Those building owners would pay a fee if they cannot comply with the new energy performance standards (Ln.19-23, pg.66). While the legislation supports providing incentives to encourage businesses and multifamily units to retrofit their building, the cost to retrofit a single-family home is estimated at $26,884. Naturally, it will be higher for commercial and multifamily units. This cost will likely be passed through to tenants. Most importantly, those building owners that can retrofit will do so — and eventually, costs will shift to those customers remaining in the natural gas market. Thus, the bill would negatively impact the low-income to low middle-class communities, who cannot afford to retrofit.

This bill's directive to drive customers away from natural gas use will have the opposite effect of the bill's intent because on most days, the largest source of electricity[4] used in the State of Maryland is derived from power plants burning natural gas to generate electricity. The Environmental Protection Agency (EPA) recommends using source-to-site calculations[5] for total building energy consumption, and it is widely accepted that direct use of natural gas on-site is far more efficient that using gas to generate electricity, transmit through the distribution system, and then used for electric resistive and heat pump space heating. If this bill passes it will cause an

[2] AGA Study on Baltimore Electrification Customer Impacts
https://www.aga.org/contentassets/6628ffb835194ba1b89a0bb2ebc3b8a2/md-grounded-in-reality_exec-summary.pdf

[3] "*Meeting electric loads in the High Electrification scenario requires around $4-5 billion of annual incremental system costs*". Pg.4
https://mde.maryland.gov/programs/Air/ClimateChange/MCCC/Documents/MWG_Buildings%20Ad%20Hoc%20Group/E3%20Maryland%20Building%20Decarbonization%20Study%20-%20Final%20Report.pdf

[4] https://www.pjm.com/markets-and-operations.aspx

[5] https://www.energystar.gov/buildings/benchmark/understand_metrics/source_site_difference

increase in electricity generated by natural gas, often out of State (no local jobs), and directly cause an increase in regional GHG emissions.

Further, if enacted, Washington Gas customers would experience an increase in overall cost of their energy fuel. This fee, in effect, drives customers away from natural gas use in the State and as building owners retrofit their buildings. As written in the legislation, the alternative compliance fee cannot be lower than the social cost of greenhouse gas adopted by the Department or the U.S. Environmental Protection Agency. For this Committee's review, we projected the impact on natural gas customers by using the average annual natural gas used from January through December 2021 by Washington Gas customers. We used this figure to calculate the associated carbon emissions (in metric tons). From there, we placed a $60 per metric ton cost to determine the impact on Maryland homes and businesses:

Average Annual Cost at $60 / Metric Ton Emissions (USD $)	
Commercial	$2,297.03
Interruptible	$247,495.51
Group Metered Apartments	$3,507.90

The calculation for the social cost of carbon is the minimum fee that can be imposed. SB 528 does not anticipate the maximum or cap on the fee. In neighboring jurisdictions that have enacted similar building energy performance provisions, the fee is extremely high when compared to the cost of retrofitting. For example, the District of Columbia passed similar building energy standards and has proposed a $10 fee per square footage fee for buildings over 50,000 square feet, which would be a $500,000 fee imposed on the business owner. If applied here, buildings over 25,000 square feet could be faced with a $250,000.[6] Therefore, this bill could have a detrimental impact on commercial and multifamily buildings in the State because it puts owners in an untenable position—retrofit or pay the penalty.

SOLUTIONS

Our opposition to SB528 should not be understood to mean that Washington Gas is not actively taking concrete actions today to address decarbonization and is not fully ready to invest further in the pursuit of fuel neutral decarbonization pathways as emerging solutions and technologies continue to develop, mature, and become commercially viable. Washington Gas supports policies that promote energy resiliency and sustainability by leveraging the reliability of

[6] In the 2022 Session, Senator Feldman introduced Senate Bill 81 that authorized local and municipal government to impose a $10 square footage fee for building owners failing to comply with local building energy performance standards. https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/sb0081

the current natural gas delivery system. We incentivize Maryland customers to upgrade and retrofit their boiler and heating, ventilation, air conditioning systems, especially for larger commercial and industrial customers seeking to improve energy efficiency. We have two incentive programs for those customers—the Prescriptive Program & The Custom Business Solutions Program. Over $5.6 million has been invested in these programs and yielded over 15.7 million in lifecycle energy savings, equating to reducing 84,00 MT CO2e. There are gas energy efficiency programs administered through DHCD's MEEHA program for low-income multifamily buildings. Lastly, WGL has three pilot programs that cover different customer segments. For instance, WGL is running a pilot for gas heat pumps, which, when replacing conventional boiler/HVACE systems, have substantial energy saving and greenhouse gas abatement for the commercial and industrial sectors. WGL continues to incentivize customers to become more efficient and help lower your upfront costs for equipment upgrades through rebates.

Washington Gas' role in a decarbonized future, we believe, is framed around four key areas – 1) end-use and efficiency, 2) sourcing and supply, 3) infrastructure and operations, and 4) transportation.

Washington Gas is actively working on all these elements. For example, we continue to work to expand our work with Maryland customers on delivering household energy efficiency. We have also recently signed a novel contract with WSSC Water to advance an innovative bioenergy project. In addition, we have delivered certified natural gas to our customers during 2021. Finally, we are working on options to decarbonize our truck fleet further and working with other transportation fleet teams across our footprint to discuss new transportation solutions and alternative-fueled vehicles.

Washington Gas would also support this Committee working together to promote efforts to decarbonize the energy supplied through our distribution network. We believe that there are other low-carbon and renewable options that could be a bridge as emerging solutions and technologies develop, mature, and become commercially viable. There are two ways to reduce emissions associated with natural gas supply. The first is introducing low/no carbon non-fossil-based gases into the natural gas delivery system. For instance, renewable natural gas (with feedstocks from municipal solid waste landfills, wastewater from treatment plants, livestock farms, food production facilities, and organic waste management operations) and green hydrogen are options that have strong decarbonization potential. They also require no action on the part of customers to implement and bring to scale. The second is to avoid methane emissions from upstream natural gas extraction. This involves sourcing natural gas from higher quality producing firms. These technologies and options will be imperative as Maryland moves to a cleaner future. And are available today to our customers. Washington Gas looks forward to working with the Legislature to seek to bring additional cleaner supplies to its customers.

CONCLUSION

Washington Gas works every day to earn our customers' trust and confidence. We support the overall goal of reducing greenhouse gas emissions. We believe the best option is to support a

fuel-neutral decarbonization pathway that allows for the benefits of the entire energy system to be brought to bear on resolving sustainability goals while also considering affordability. Washington Gas strongly objects to policies that reduce customer choice and mandate electrification. In any policy change, we will remain focused on ensuring energy security – reliability and resiliency. We are confident that there is a path forward and have provided amendments (below) that if adopted supports and aligns the State's policy position.

Proposed SB 528 – WGL Amendments

	Issue	Proposed Additions, ~~Deletions~~	Why?
1	Alternative Compliance Fee	**Amendment:** *Page 64, Lines 16-18:* **DELETE ITEM (3)** ~~**(3) THE DEPARTMENT MAY NOT SET AN ALTERNATIVE COMPLIANCE FEE THAT IS LESS THAN THE SOCIAL COST OF GREENHOUSE GASES ADOPTED BY THE DEPARTMENT OR THE U.S. ENVIRONMENTAL PROTECTION AGENCY.**~~ ***NOTE: this same language appears on page 66, lines 27-29.***	The Department should not be precluded by statute from setting an alternative compliance fee that is lower than the social cost of greenhouse gases adopted by the Department or the US EPA as may be appropriate to address unintended outcomes including an unacceptable impact on Maryland's economy.
2	Local Energy Performance Standards	**Amendment:** *Page 64, lines 22-29,* **DELETE SECTIONS (E)(1) and (2)** ~~***[(E) (1) A COUNTY MAY DEVELOP AND ADOPT LOCAL BUILDING ENERGY PERFORMANCE STANDARDS THAT ARE AT LEAST AS STRINGENT AS THE STANDARDS DEVELOPED BY THE DEPARTMENT, IF THE COUNTY'S STANDARDS ARE APPROVED BY THE DEPARTMENT]***~~ ~~**(2) COVERED BUILDINGS LOCATED IN A COUNTY THAT ADOPTS LOCAL BUILDING ENERGY PERFORMANCE STANDARDS IN ACCORDANCE WITH THIS SUBSECTION SHALL BE EXEMPT FROM THE STATEWIDE STANDARDS DEVELOPED BY THE DEPARTMENT.**~~ ***NOTE: I assume we want to delete both (1) and (2). Note also that this same language appears on page 67, lines 1-8.***	These provisions would be administratively cumbersome for all stakeholders, including those responsible for implementing and complying with performance standards.
3	Direct On-Site GHG Emissions	**Amendments 1: Deletions.** *Strike "direct on-site" language from Lines 23-24, PG.36, and anywhere there is a reference to direct on-site emissions* *"~~DIRECT~~ GREENHOUSE GAS EMISSIONS" MEANS GREENHOUSE GAS EMISSIONS PRODUCED ~~ON-SITE~~ BY A COVERED BUILDING ~~COVERED BUILDINGS~~* **Amendments 2: Add** *language to Line 31., Pg. 68, which should read as:*	1. Deleted language retains the fuel neutrality of the bill and improves clarity. 2. It is appropriate to include at least one representative of a utility on the Building Energy Transition Implementation Task Force as many transition implementation details will benefit from electric and natural

		XI) ONE REPRESENTATIVE OF THE DISTRICT ENERGY INDUSTRY. ***XII) ONE REPRESENTATIVE OF INVESTOR–OWNED UTILITIES SELECTED BY THE PUBLIC SERVICE COMMISSION.***	gas network planning implications that can best be communicated by an electric or gas utility.
4	PSC Utility Planning Requirements	**3 Options to Amend Section 10 (c) (1)** **Option 1**: Strike and Add. *Add language related to decommissioning stranded gas, and add language for a utility transition plan to Line 22, pg. 71, which should read as:* SECTION 10. AND BE IT FURTHER ENACTED (c) (1) The Public Service Commission shall: (i) require gas and electric public service companies in the State to develop infrastructure plans to determine the investments necessary to accommodate the additional load of building electrification and the **JUST TRANSITIONING OF** ~~decommissioning of stranded~~ gas facilities to **ACCOMMODATE HYDROGEN AND OTHER CLEAN FUELS**; and (ii) determine whether the electric grid throughout the State is capable of accommodating the additional load of building electrification considering the infrastructure plans prepared under subparagraph (i) of this paragraph. **Option 2**: Strike and Add. *Add language related to decommissioning stranded gas, and add language for a utility transition plan to Line 22, pg. 71, which should read as:* SECTION 10. AND BE IT FURTHER ENACTED (c) (1) The Public Service Commission shall: (i) require gas and electric public service companies in the State to develop infrastructure plans to determine the investments necessary to accommodate the additional load of building electrification and the **TRANSITIONING TO ACHIEVE A STRUCTURED AND JUST TRANSITION TO NEAR-ZERO GREENHOUSE GAS EMISSIONS** ~~decommissioning of stranded gas facilities~~; and (ii) determine whether the electric grid throughout the State is capable of accommodating the additional load of building electrification considering the infrastructure plans prepared under subparagraph (i) of this paragraph. **Amendment 3:** Strike and Add *Add language related to decommissioning stranded gas, and add language to enumerate what will be in the transition plan to Line 22, pg. 71, which should read as:* SECTION 10. AND BE IT FURTHER ENACTED (c) (1) The Public Service Commission shall: (i) require ~~gas and~~ electric public service companies in the State to develop infrastructure plans to determine the investments necessary to accommodate the additional load of building electrification ~~and the decommissioning of stranded gas facilities~~; and (ii) determine whether the electric grid throughout the State is capable of accommodating the additional load of	Option 1: deletes "~~decommissioning of stranded~~" and substitutes "**transitioning**" to allow gas utilities to submit plans that assess options that continue to use the existing gas network. These options may include supply options such as renewable natural gas, responsibly sourced natural gas and hydrogen as well as end-use options such as dual-fuel heat pumps. Option 2: achieves a similar objective but reflects more descriptive language with respect to the goals of the transition: "**TRANSITIONING TO ACHIEVE A STRUCTURE AND JUST TRANSITION TO NEAR-ZERO GREENHOUSE GAS EMISSIONS**" Option 3 achieves a similar objective but adds more descriptive language specifying criteria that the gas plans should meet. Paragraph (A) requires the gas utility to consider all options; paragraph B restates the public interest considerations that apply to PSC decisions. These additions are consistent with the approach in DC and VA.

		building electrification considering the infrastructure plans prepared under subparagraph (i) of this paragraph. **(III) THE GAS UTILITY TRANSITION PLANS DEVELOPED UNDER THIS SECTION SHALL BE BASED ON A GAS PLANNING PROCESS THAT:** **(A) CONSIDERS ALL VIABLE DEMAND-SIDE, SUPPLY-SIDE AND DISTRIBUTION OPTIONS THAT ENABLE MARYLAND TO ACHIEVE ITS GREENHOUSE GAS EMISSION TARGETS INCLUDING ENERGY EFFICIENCY, DECARBONIZATION OF RESIDENTIAL AND COMMERCIAL BUILDING END-USES, DECARBONIZATION OF GAS SUPPLY INCLUDING RENEWABLE NATURAL GAS AND CERTIFIED GAS, AND POWER-TO-GAS AND OTHER HYDROGEN-BASED TECHNOLOGIES.** **(B) ENSURES THE SAFE AND RELIABLE DELIVERY OF GAS SERVICE, WHILE SUPPORTING MARYLAND'S ENVIRONMENTAL, ECONOMIC DEVELOPMENT, OVERALL ENERGY SYSTEM RESILIENCE, AND OTHER POLICY GOALS AS COST-EFFECTIVELY AS POSSIBLE.**	

Dytonia "Dy" Reed, Esq., State Government Relations and Public Policy Manager
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SB 528_Climate Solutions Now Act of 2022_UNFAV.pdf
Uploaded by: Maddy Voytek
Position: UNF

MARYLAND
Chamber of Commerce

LEGISLATIVE POSITION:
UNFAVORABLE
Senate Bill 528
Climate Solutions Now Act of 2022
House Environment & Transportation Committee

Thursday, March 24, 2022

Dear Chairman Barve and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,500 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

SB 528 is an extensive and dense piece of legislation proposing major changes to Maryland's policies relating to the emission of greenhouse gas. Despite the many different and worrisome proposals, the Maryland Chamber of Commerce has a few primary concerns with SB 528 as introduced:

1. Maryland's existing climate plans are required to achieve a greenhouse gas reduction target while simultaneously increasing jobs and economic benefits. The current plan meets that standard and is therefore a win-win for Maryland. SB 528 changes the current standard by modifying the net benefit test to compare proposals to "no-action" by the rest of the world. By comparing jobs and economic impacts to a global climate catastrophe than any measure, no matter how draconian, will be a positive.

   SB 528 essentially eliminates the requirement that the plan result in a net economic benefit to the State's economy and a net increase in jobs.

2. The GHG reduction goals outlined in SB 528 are more stringent than those recommended by the Biden Administration or international organizations such as the United Nations. The net-zero goals by 2050, which have been widely accepted, has been used by the private sector in sustainability plans almost exclusively. SB 528 does no more than move the goal post on targets that have been the basis of GHG reduction plans across the State.

3. Further, SB 528 imposes a building tax on existing commercial buildings for greenhouse gas emissions attributable to the buildings failure to meet energy use intensity targets set by the department. For a sector that is under enormous pressure from the economic fallout of COVID-19, levying an additional tax will only further harm anemic recovery.

SB 528 creates significant challenges for existing businesses and future economic development in Maryland. This legislation effectively removes the consideration of economic impact from the State's GHG reduction plans. It adds a new tax on businesses and upends many corporate GHG reduction and sustainability plans by setting goals out of line with our federal government and international organizations. Finally, it places Maryland at a significant regional economic competitiveness disadvantage.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on SB 528.

SB 528 _Thompson_Restaurant Association_UNF.pdf
Uploaded by: Melvin Thompson
Position: UNF

Senate Bill 528 – Climate Solutions

March 24, 2022

Dear Environment and Transportation Committee:

The Restaurant Association of Maryland remains seriously concerned about the potential effects of Senate Bill 528 on Maryland's restaurant and foodservice industry.

Although we appreciate amendments adopted in the Senate that removed the ban on fossil fuels for water and space heating in new construction, we still have serious concerns about the effect of language in the bill requiring emissions reductions for existing covered buildings. Although restaurant floor space is far below this legislation's 25,000 square feet threshold for covered buildings, many restaurants are in shopping centers, malls and ground-level retail space of office buildings, and would be affected by the same emissions reductions that their building owners would be required to achieve. As covered building owners are required to comply with the reduced emissions goals, they will likely demand that their tenants also make changes. Restaurant businesses located in such covered buildings could be forced to decide between replacing their fossil fuel-based kitchen equipment/appliances with electric or relocating. And many restaurants may not be able to afford any alternative compliance pathway fee that a covered building owner may pass on to tenants.

Restaurants rely on the efficiency and performance of gas for commercial cooking. Electric cooking equipment is generally more expensive, much costlier to operate, and lacks the performance that commercial kitchens require. Restaurants also rely on the efficiency of gas to meet hot water demands. Electric water heaters are not as efficient for commercial uses that require higher water temperatures and flow rates. And because of the significantly higher cost of operating electric equipment in commercial kitchens, restaurants would not be able to recoup the cost of switching out their equipment through energy savings.

And it remains unknown whether regulations adopted by the Department regarding building energy performance standards will include any exceptions to account for the unique needs and equipment of restaurant/foodservice commercial tenants of covered buildings.

We are also concerned about new language in SB 528 that allows local jurisdictions to adopt more stringent building energy performance standards than State law. This is particularly concerning to restaurants that operate in multiple jurisdictions.

Given the nature of the restaurant industry, our unique operating needs and historically narrow profit margins, we hope the General Assembly will consider ways to mitigate the impact of this legislation on Maryland's restaurant/foodservice industry.

Sincerely,

Melvin R. Thompson
Senior Vice President
Government Affairs and Public Policy

SB528_UNF_Birge
Uploaded by: Teresa Birge
Position: UNF

POSITION STATEMENT

TESTIMONY PRESENTED TO THE
HOUSE ENVIRONMENT AND TRANSPORTATION COMMITTEE

SENATE BILL 528 – CLIMATE SOLUTIONS NOW ACT OF 2022
Sponsor – Senator Pinsky, et al

March 24, 2022

DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE

Position: Oppose

The Greater Baltimore Committee appreciates and supports the need to establish plans and standards to address the climate crisis. A collaborative approach between government, the private sector, and citizens is essential to meet the challenges brought about by climate change. The GBC membership, comprised of businesses, nonprofit organizations, and educational institutions, recognizes that our institutions cannot thrive with ecological and public health problems brought about by our changing environment. Extreme weather disasters are becoming more frequent, imposing real costs on companies and the communities they help support. Climate change threatens facilities and operations, supply and distribution chains, and access to electricity and water. It can also impairs employees' access to employment and impacts customers from buying products or services.

Legislation passed in Maryland to address climate change should be ambitious but achievable, consist of an incremental framework that provides for significant greenhouse gas reductions over a reasonable period of time, and not impose excessive costs on businesses that can ill afford to meet the standards in the law or consumers of energy. Requirements should also not vary greatly from any federal requirements in order to prevent a patchwork of conflicting regulatory structures. Provisions to provide generous financial assistance in the form of grants or low interest loans should be made available to businesses that are required to make costly investments in new technology. Unfortunately, Senate Bill 528 does not meet this description.

Senate Bill 528 calls for a 60% reduction in greenhouse gas emissions by 2030. Although this is a laudable goal, it would appear that requiring such a reduction may be an overreach based on the best advice provided from the state's own environmental agency.

Current state law calls for a 40% reduction in greenhouse gas emissions by 2030. Last year, an analysis by Maryland's Department of the Environment confirmed that a 50% reduction by 2030 was feasible, with some additional policy decisions. The pending legislation calls for increasing the current statutory reduction by one-half, an increase from 40%-60%.

According to data from the Center for Climate and Energy Solutions, a global climate policy think tank, setting the standard to reduce the state's greenhouse gas emissions at 60% would be one of the most aggressive measures in the country. Although laudable and ambitious, this may create a standard that is not achievable.

Senate Bill 528 requires the owner of any existing commercial and multifamily residential buildings that have a gross floor area of 25,000 square feet or more, excluding parking, to begin measuring and reporting its direct emissions in 2025. Building owners would need to report a 30 percent reduction in net greenhouse gas emissions by 2035, and net-zero emissions by 2040. For those buildings that cannot perform the required reductions, an unspecified fee would have to be paid for emissions exceeding the standards.

Senate Bill 528 does not include a Climate Commission recommendation that incentives be scaled up so that the costs of retrofits payback within 5-7 years. Senate amendments removed a cost-effectiveness test for needed retrofits. The alternative compliance fee in the bill provides potential relief, but the bill does not set an upper limit on the amount or frequency of the fee. Other provisions of the bill permit local governments to adopt their own, more stringent building standards, compliance deadlines and fees.

The added cost of significantly altering business operations would jeopardize a company's ability to remain profitable and competitive. This would result in businesses looking to the state to subsidize the cost through financial assistance in the form of grants or low interest loans to meet the new state greenhouse gas standards.

The Greater Baltimore Committee believes that addressing climate concerns requires commitment from all parties, but the state must set reasonable and attainable goals and acknowledge realistic expectations regarding the cost of compliance for businesses. Commercial and industrial companies are important economic drivers and job creators in Maryland. Maryland businesses are still struggling from the effects of the COVID-19 pandemic recession, and adding costly new requirements too quickly could hamper economic growth and job creation.

The Greater Baltimore Committee report entitled Gaining a Competitive Edge outlines eight key pillars that promote economic growth and job creation. At least three of the pillars of a competitive business environment that are identified in the report are challenged by the passage of the climate control legislation as amended:

1) **Government leadership that unites with business as a partner.**
   Maryland leaders must set a welcoming tone that communicates positive support for business, respect for the private sector as a partner, not an adversary, and reflects a strategic plan for business growth and job creation.

2) **Regulatory policies that are streamlined, stable, and predictable.**
   Maryland must project to businesses within and outside the state that its government regulatory policies are reasonable, relevant, free of surprises or redundancy, and considerate of businesses' sense of urgency.

3) **Competitive costs of doing business.**
   Public policies must reflect a government predisposition to nurture business growth and to avoid arbitrarily or disproportionately imposing additional overhead upon the business sector.

For the reasons set forth above, the Greater Baltimore Committee urges the committee to give due consideration to the business competitiveness and cost concerns outlined above in the passage of climate change legislation. In particular, we ask that you support a stronger policy commitment to incentives and provisions that protect building owners and occupants from unfunded retrofit mandates.

As such, the GBC respectfully requests that the Environment and Transportation Committee report Senate Bill 528 unfavorably.

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 67-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.

SB528_Stanek_Info.pdf
Uploaded by: Jason Stanek
Position: INFO

STATE OF MARYLAND

PUBLIC SERVICE COMMISSION

March 24, 2022

Chair Kumar P. Barve
Environment and Transportation Committee
House Office Building, Room 251
Annapolis, MD 21401

RE: INFORMATION – SB 528 – Climate Solutions Now Act of 2022

Dear Chair Barve and Committee Members:

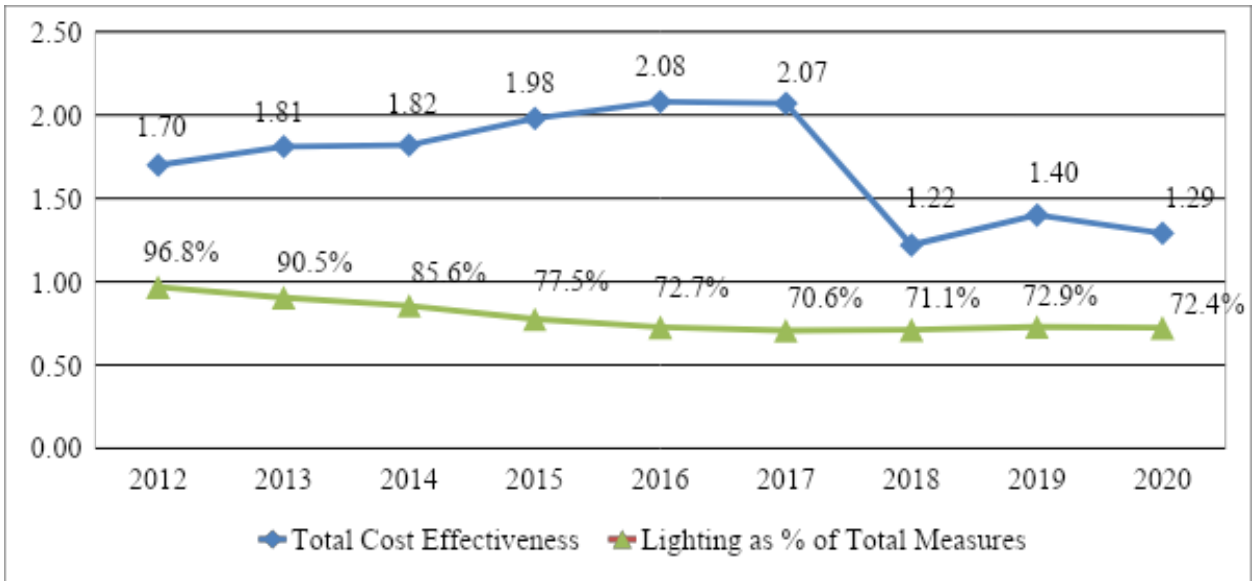
Senate Bill 528 envisions broad modifications statewide to address climate change, some of which impact the utility industry and ratepayers. The Maryland Public Service Commission would like to offer observations regarding the energy efficiency goal changes, as well as the option for counties to exceed state building energy performance standards.

Recognizing that energy efficiency is one of the least expensive ways to meet electricity demands for consumers, the Maryland General Assembly passed the *EmPOWER Maryland Energy Efficiency Act* in 2008. This law established the EmPOWER Maryland Program with the goal of reducing electricity consumption and peak demand. In 2017, the General Assembly passed legislation to update Maryland's energy efficiency goals and extended the EmPOWER Maryland Program through 2023. SB 528 would add a new program cycle covering 2024-2026 and gradually increase the savings goal from 2% to 2.75%.

The Commission oversees implementation of EmPOWER by the participating utilities and would like to highlight potential ratepayer impacts of the proposed amendments, for the Committee's consideration. Through June 30, 2021, EmPOWER saved over 12.6 million MWh and 2,702 MW of peak demand, generating $1.29 in benefits to Marylanders for every $1.00 spent on these programs. The savings in forgone power production is equivalent to reducing 8.97 million metric tons of carbon dioxide emissions.

Historically, the majority of energy savings under EmPOWER came from the replacement of inefficient lighting (*e.g.*, incandescent lamps) with energy efficient alternatives (*e.g.*, LEDs). EmPOWER and other energy efficiency programs across the country have changed customer lighting preferences and resulted in changes to federal lighting standards.

This has changed the lighting market, resulting in fewer inefficient lighting options available for purchase. With much of the lighting fixtures now upgraded to efficient bulbs, other energy efficiency measures are being sought. As such, it is becoming more challenging to keep the costs of EmPOWER from increasing and the cost-effectiveness of the programs from decreasing. The graph below illustrates how the cost-effectiveness of EmPOWER has declined over time, with the decline in lighting as a percent of the total measures installed under the program.



The decline in EmPOWER lighting programs is expected to continue. If the Maryland General Assembly intends to preserve the cost-effectiveness of EmPOWER, the utilities will be required to invest in more expensive energy efficiency measures, which will impact the rates customers will pay on their utility bills. This year (2022), the average electricity customer in Maryland that uses 1,000 kWh per month can expect to pay between $6.19 and $8.42 per month for their EmPOWER charge. This amount will need to increase to accommodate changes necessary to meet the more aggressive goals in SB 528, while also ensuring that the programs remain cost-effective. The exact rate impact is unknown without further study.

SB 528 also contains an amendment to *Environment Article* §2-1602(E), which states that a county may develop and adopt local building energy performance standards that are "at least as stringent" as state standards (page 64, lines 22-25). The Commission has been monitoring local legislation that contemplates a rapid transition away from the use of natural gas in buildings. Without knowing more details about MDE's proposed approval process, it is difficult to predict the potential unintended consequences of inconsistent county laws. This provision of the bill raises many questions related to cost, safety, and reliability.

First, it is reasonable to assume that cost recovery issues will arise, due to load shifting from the gas utility in the affected county to the electric utility. It is unknown who will pay for

investments that the gas company made to that portion of the system because historically, rate classes are not based on location within a utility's territory. On the electric side, the utility will likely need to accelerate infrastructure investments to handle additional load. Utilities may request an accelerated recovery mechanism, especially if the utility is in the middle of a multi-year rate plan that did not include a forecast for the change in load.

Second, there may be safety and technical issues to address as a result of shutting down portions of the gas utility's distribution system. One issue may be the utility infrastructure left in place in the affected county to ensure they can deliver service to other portions of their service territory. The issue of decommissioning plans for the areas the gas utility no longer serves may need to be considered. Also, the legislation does not address a situation in which local legislation requires a transition period before a utility can reasonably prepare for the shift and ensure reliability on the gas and electric sides.

SB 528 requires the Commission to mandate gas and electric utilities to develop infrastructure plans, which will include necessary investments to accommodate the additional load of building electrification and the decommissioning of stranded gas facilities. Furthermore, the Commission will determine whether the State's electric grid can accommodate the additional load. On or before December 1, 2023, the Commission will report to the General Assembly. The Commission appreciates the opportunity to provide information on SB 528. Please contact Lisa Smith, Director of Legislative Affairs, at (410) 336-6288 if you have any questions.

Sincerely,

Jason M. Stanek
Chairman

SB0528 - ENV - Climate Solutions Now Act of 2022 -
Uploaded by: Melissa Einhorn
Position: INFO

March 24, 2022

The Honorable Kumar P. Barve
Chairman, Environment and Transportation Committee
251 House Office Building
Annapolis, MD 21401

Re: Letter of Information – Senate Bill 528 – Climate Solutions Now Act of 2022

Dear Chairman Barve and Committee Members:

The Maryland Department of Transportation (MDOT) takes no position on Senate Bill 528, but offers the following information for the Committee's consideration.

Senate Bill 528 presents far-reaching impacts on numerous aspects of Maryland's transportation network, including the State fleet, MDOT facilities, and additional data collection and reporting requirements.

As proposed, Senate Bill 528 would exclude MDOT from reporting on emissions reductions that might result from "highway widening or additional road construction". These 'highway widening or additional road construction' projects could be able to achieve the protection of "public health, economic well-being, and natural treasures of the State by reducing harmful air pollutants such as greenhouse gas emissions by using practical solutions that are already at the State's disposal" (Environment Article, §2-1201). This would limit both the MDOT and the State's ability to pursue innovation within existing rights of way, which is often a practical solution.

As amended, Senate Bill 528 also requires passenger cars and other light–duty vehicles purchased for the State vehicle fleet to be zero-emission vehicles (ZEVs), regardless of the availability of funding, with all passenger vehicles in the State fleet to be ZEVs by 2030, and all light-duty vehicles in the State fleet to be ZEV by 2036. The bill further lays out a schedule under which a certain percentage of purchases in the intermediate years are required to be ZEVs. Approximately 1,500 vehicles in MDOT's fleet may be affected by the purchase requirements and schedule outlined in Senate Bill 528. The MDOT owns approximately 403 Passenger cars (sedans) that would be candidates to be replaced with a ZEV model starting in FY 2023. Approximately 680 SUVs and Light-Duty Pickups, and approximately 445 Vans and Mini-vans could also be classified as Light Duty Vehicles as defined in this bill and could be candidates to be replaced with ZEV models starting in FY 2028.

Currently, light-duty ZEVs are more expensive than conventional fuel vehicles. The conversion of the passenger and light-duty fleet to electric will depend on the availability of zero-emission vehicles on State contracts, which is dependent on the supply of these vehicles by manufacturers and other aspects of the State's procurement process. It is suggested that, due to availability and fleet turnover, 2040 is a more realistic timeline to reach an entirely ZEV fleet.

Additionally, Senate Bill 528 proposes a new Just Transition Employment and Retraining Working Group, within the Maryland Commission on Climate Change (MCCC). Among the identified duties of this working group, is to advise on issues and opportunities for workforce development and training related to the transportation sector. MDOT is not currently listed as a member of the Working Group. Given the focus on emissions reduction related to transportation and electric vehicle charging infrastructure deployment, there will be a significant need for ensuring that there is appropriate representation from the MDOT on this new working group.

Senate Bill 528 adds new building standards, including water and space heating demand without the use of fossil fuels, includes electric-ready standards, and establishes that the Maryland Department of Labor shall adopt these standards and develop a "cost-effectiveness test". There is a cost associated with electric-ready standards for new buildings that could impact capital projects already underway at MDOT, including MTA bus facilities and MDTA's office building at the Bay Bridge. The total potential impact if required to redesign is indeterminable at this time, given that it may require a new evaluation for solar, electric-vehicle charging, and building grid interaction to meet the additional goal of 75% of the electricity provided at these facilities be derived from low-carbon energy sources by 2030. Both requirements outlined in Senate Bill 528 will increase prices for contract development and are dependent on external agencies and partners to ensure grid readiness and broad availability of low-carbon renewable energy sources statewide, identified as solar, wind, geothermal, ocean, and hydroelectric.

The Maryland Department of Transportation respectfully requests the Committee carefully consider this information when deliberating Senate Bill 528.

Respectfully submitted,

Heather Murphy
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Maryland Department of Transportation
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