SB 548 - Clean Transportation and Energy Act.pdf
Uploaded by: Angelica Bailey
Position: FAV

Maryland Municipal League

The Association of Maryland's Cities and Towns

TESTIMONY

February 28, 2023

Committee: Education, Energy, and the Environment

Bill: SB 548 – Maryland Energy Administration – Energy Programs – Modifications (Clean Transportation and Energy Act)

Position: Support

Reason for Position:

The Maryland Municipal League supports SB 548, which extends the Electric Vehicle Recharging Equipment Program (EVREP) from 2023 to 2026. The EVREP is an important component of Maryland's efforts to reduce greenhouse gas emissions and meet the state's climate goals. By increasing the availability of charging stations, the program encourages more drivers to switch to EVs and helps to reduce dependence on fossil fuels. The program also supports the development of a more robust EV charging infrastructure in Maryland, which can help to create jobs and stimulate economic growth in the state.

This measure retains local governments are eligible rebate applicants and removes the annual cap of $1.8 million. This expands opportunities for political subdivisions to access these funds and expand electric vehicle recharging equipment in our communities.

We appreciate the opportunity to demonstrate our commitment to addressing climate change and reducing the negative impacts it can have on our communities. For these reasons, the League respectfully requests that this committee provide SB 548 with a favorable report.

FOR MORE INFORMATION CONTACT:

Theresa Kuhns	Chief Executive Officer
Angelica Bailey Thupari, Esq.	Director, Advocacy & Public Affairs
Bill Jorch	Director, Public Policy
Justin Fiore	Deputy Director, Advocacy & Public Affairs

1212 West Street, Annapolis, Maryland 21401

410-268-5514 | 800-492-7121 | FAX: 410-268-7004 | www.mdmunicipal.org

2023-SB548 -PHI-FAV FINAL.pdf
Uploaded by: Anne Klase
Position: FAV

February 28, 2023

112 West Street
Annapolis, MD 21401

SUPPORT – Senate Bill 548- Maryland Energy Administration – Energy Program – Modifications (Clean Transportation and Energy Act)

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) support Senate Bill 548- Maryland Energy Administration – Energy Program – Modifications (Clean Transportation and Energy Act). This legislation alters the electric vehicle recharging equipment program by extending the duration of the program though fiscal year 2026, repeals the limitation on the total amount of rebates that the Maryland Energy Administration may issue in each fiscal year and alters the definition of "grant" for the purposes of the medium-duty and heavy-duty zero-emission vehicle grant program. By increasing incentives for people and businesses that purchase electric medium-duty and heavy-duty trucks and charging stations, this allows businesses that switch from fossil fuel consuming trucks to electric trucks to receive grants that cover 100% of the cost differential.

Maryland has set an ambitious goal of 300,000 zero emission vehicles on the road by 2025 and 600,000 by 2030. While coming down in price, electric vehicle prices can be seen as more expensive than traditional vehicles to the average customer. To meet this goal, it is important for the state to provide consumer programs like grants, tax credits and rebates that incentivize the purchase of zero emission vehicles. This is essential to achieving Maryland's climate and air quality goals. Finally, encouraging the growth of electric vehicles is critically important as transportation is the single largest GHG emissions generator in Maryland. Electric vehicles will play an integral role in helping Maryland meet its emission reduction goal.

Pepco and Delmarva Power are committed to helping Maryland achieve its electric vehicle goals. For reasons stated above, Pepco and Delmarva Power respectfully request a favorable report on Senate Bill 548 and we thank the Administration for requesting this bill.

Contact:
Anne Klase
Senior Manager, State Affairs
240-472-6641
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Katie Lanzarotto
Manager, State Affairs
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Kathryn.lanzarotto@exeloncorp.com

JOHN A. OLSZEWSKI, JR.
County Executive

JENNIFER AIOSA
Director of Government Affairs

AMANDA KONTZ CARR
Legislative Officer

JOSHUA M. GREENBERG
Associate Director of Government Affairs

BILL NO.: **SB 548**

TITLE: Maryland Energy Administration - Energy Programs - Modifications (Clean Transportation and Energy Act)

SPONSOR: The President (By Request – Administration)

COMMITTEE: Education, Energy, and the Environment

POSITION: **SUPPORT**

DATE: February 28, 2023

Baltimore County **SUPPORTS** Senate Bill 548 – Maryland Energy Administration - Energy Programs - Modifications (Clean Transportation and Energy Act). This legislation would extend the Electric Vehicle Charging Equipment Rebate through FY 2026.

Baltimore County is committed to doing its part to reduce its reliance on harmful greenhouse-gas-generating fossil fuels and continually assessing the impacts that County operations have on the environment. The County has committed to electrifying its fleet and encouraging the installation of adequate public charging to serve residents, visitors, and government vehicles. Turning the tide of climate change, however, cannot be accomplished by any one jurisdiction. To make a significant dent in Maryland's carbon footprint, residents and governments across the State need to play a role.

Senate Bill 548 will maintain a critical incentive for the purchase and installation of electric vehicle charging equipment and enhance those incentives by removing the cap on the rebate. Furthermore, this legislation increases grants from 20% to 100% to cover the incremental costs of qualified medium and heavy duty zero emission vehicles. By making these vehicles more affordable and accessible, SB 548 furthers Maryland's statewide goal net zero greenhouse gas emissions by 2045.

Accordingly, Baltimore County requests a **FAVORABLE** report on SB 548. For more information, please contact Jenn Aiosa, Director of Government Affairs at jaiosa@baltimorecountymd.gov.

SB0548 ZEEVIC Legislation Support Letter 2023 Sess
Uploaded by: David Proctor
Position: FAV

MARYLAND
ZERO EMISSION
Electric Vehicle Infrastructure Council

February 24, 2023

Re: Zero Emission Electric Vehicle Infrastructure Legislation Support

To Whom It May Concern:

The Zero Emission Electric Vehicle Infrastructure Council (ZEEVIC) has reviewed legislation related to electric vehicles (EVs) introduced in the 2023 Legislative Session. ZEEVIC was established via legislation in 2011 and expanded in 2019 with a mission to evaluate zero emission vehicle (ZEV) ownership and charging station incentives; develop recommendations for a statewide infrastructure plan; and propose policies to promote the successful integration of EVs into Maryland's communities and transportation system. ZEEVIC's responsibilities are directly related to helping Maryland meet its greenhouse gas emissions reduction goals.

ZEEVIC supports the goals of the following bills, which are generally consistent with ZEEVIC's mission and priorities:

- HB0007: Electric Vehicle Recharging Equipment Rebate Program – Renewal
  Provides a meaningful monetary incentive to individuals and various entities to install EV recharging equipment. The bill increases funding and will boost incentive access and EV adoption.

- HB0101/SB0593: Condominiums – Common Elements – Clean Energy Equipment
  Addresses some of the unique access barriers to EV adoption faced by residents of condominiums within the State. This bill authorizes certain condominium governing bodies to grant the installation and use of leased clean energy equipment, including EV chargers, on common elements.

- HB0312: Vehicle Emissions Inspection Program - Not Subject to Inspection – Fee
  Helps fund EV infrastructure development and EV sales rebates by establishing a $14 fee collected once every two years from vehicles that exempt from inspections, which includes Battery Electric Vehicles (BEVs).

- HB0550/SB0548: Maryland Energy Administration (MEA)– Energy Programs – Modifications (Clean Transportation and Energy Act)
  Improves the State's rebate program for installing EV recharging equipment. The bill also clarifies certain aspects of the Medium/Heavy-Duty Zero-Emission Vehicle Grant Program, including prioritization of grants to benefit low-income or environmental justice communities.

- HB0830/SB0477: Residential Construction or Significant Renovation – Electric Vehicle Charging
  Supports EV readiness in homes by requiring builders to install charging equipment for EVs during new construction or significant renovation. This bill also addresses EV readiness in multi-unit residential communities by requiring at least one EV charger per 25 spaces.

- HB0889: Retail Service Stations - Electric Vehicle Charging Stations and Property Tax Credit for Service Station Conversions
  Expands EV charging infrastructure at gas stations, by requiring that new gas stations be constructed with the same number of EV fast chargers as gas pumps.

ZEEVIC encourages policymakers to consider cross-cutting issues that will have an impact on the outcome of any of these bills, including sustainability of incentive funding, availability of vehicle models, and feasibility of implementation and compliance.

Additional information about ZEEVIC's legislative mandated mission and goals are available in the attached flyer. ZEEVIC's Legislative Working Group welcomes the opportunity to review these bills and we look forward to reviewing future legislative efforts regarding EVs and infrastructure. ZEEVIC member organizations may reach out separately about any specific concerns or bill nuances.

Respectfully,

Kevin George Miller
Chair, Legislative Workgroup
ZEEVIC

Attachment

ZEEVIC Purpose and Role

What is ZEEVIC?

ZEEVIC is the Zero Emission Electric Vehicle Infrastructure Council.

Who created ZEEVIC?

The Maryland Legislature created the Electric Vehicle Infrastructure Council (EVIC) in 2011 to address and remove barriers related to electric vehicle (EV) adoption in Maryland. In 2019, the membership, responsibilities, and reporting requirements of EVIC were expanded to include zero emission vehicles (ZEVs) and fuel cell electric vehicles (FCEVs). To reflect the expanded responsibilities of the council, EVIC was renamed the Maryland Zero Emission Electric Vehicle Infrastructure Council (ZEEVIC).[1] In 2020, the membership of ZEEVIC was expanded further and the Council's sunset date was extended to 2026.[2]

What does ZEEVIC do?

The ZEEVIC is charged with supporting the development of:

- Policies, recommendations, and incentives that increase awareness of ZEVs, support the ownership of ZEVs, and promote investment by the private sector in ZEVs;
- Recommendations for a statewide EV charging and hydrogen refueling infrastructure plan; and,
- Other potential policies to promote and facilitate the successful integration of ZEVs into Maryland's transportation network.

ZEEVIC's responsibilities support Maryland's greenhouse gas (GHG) emissions reductions goals outlined in the Climate Solutions Now Act (CSNA). The CSNA sets a goal of **60% GHG emissions reductions by 2031** and net-zero by 2045. Because transportation is the single largest GHG emissions generator in Maryland, representing over one-third of total GHG emissions, ZEVs play an integral role in helping Maryland meet the CSNA emissions reduction goal.

2011 – Senate Bill 176: EVIC is created

2015 – Senate Bill 714: EVIC tenure extended through 2020

2019 – House Bill 1255: EVIC is expanded to ZEEVIC

2020 – House Bill 232: ZEEVIC extended through June 30, 2026

[1] Chapter 213, Acts of 2019
[2] House Bill 232, 2020

Who is part of ZEEVIC?

Name	Representing
R. Earl Lewis, Jr. Deputy Secretary (Council Chair)	Maryland Department of Transportation
Hyeon-Shic Shin, PhD., Morgan State University	Academic Community; a Maryland institution of higher education with relevant expertise
Weston Young, Worcester County	Maryland Association of Counties; rural region
Vacant	Maryland Association of Counties; urban or suburban region
Nina Forsythe, City of Frostburg	Maryland Municipal League; rural region
David Edmondson, City of Frederick	Maryland Municipal League; urban or suburban region
Elvia Thompson, Annapolis Green	EV Driver Advocacy Organization
Kristy Fleischmann-Groncki, BGE **Robert Stewart,** PEPCO Holdings, Inc. **Jeff Shaw,** SMECO	Electric Companies (3)
Jason Tai, Tesla Consultant	Electric Vehicle Manufacturer
Kevin Miller	Electric Vehicle Charging Station Manufacturer
Robert Wimmer, Toyota	Fuel Cell Electric Vehicle Manufacturer
Joe Alfred, Ally Power Inc.	Fuel Cell Electric Vehicle Infrastructure Equipment Manufacturer
Steven Koerner, BP Pulse Fleet	Fleet Operators
Michael A. Wall, Clinton Electric Company	Electrical Workers
Scott Wilson, Electric Vehicle Association of D.C. **Vacant**	Environmental Community (2)
Paul Verchinski	Member of the public, with expertise in energy or transportation policy
Vacant	New Vehicle Dealer Association
Senator Clarence K. Lam, M.D., District 12 Baltimore & Howard Counties	Maryland State Senate
Delegate Tony Bridges, District 41, Baltimore City **Delegate David Fraser-Hidalgo,** District 15, Montgomery County	Maryland House of Delegates (2)
Bihui Xu, Transportation Planning	Maryland Department of Planning
Secretary	Maryland Department of the Environment
Secretary	Maryland Department of Commerce
Kevin Mosier, Wholesale Markets Liaison	Maryland Public Service Commission
David Lapp, People's Counsel	Office of People's Council
Mike Jones, Transportation Program Manager	Maryland Energy Administration

Where can you learn more?

ZEEVIC: **MDOT.Maryland.gov/ZEEVIC**
MDEV: **MarylandEV.org**
Electric Vehicles: **MDOT.Maryland.gov/EV**

SB0548-EEE_MACo_SUP.pdf
Uploaded by: Dominic Butchko
Position: FAV

Senate Bill 548

Maryland Energy Administration – Energy Programs – Modifications (Clean Transportation and Energy Act)

MACo Position: **SUPPORT**

To: Education, Energy, and the Environment and Budget and Taxation Committees

Date: February 28, 2023

From: Dominic J. Butchko

The Maryland Association of Counties (MACo) **SUPPORTS** SB 548. This bill would extend Maryland's Electric Vehicle Recharging Equipment Program through 2026 – continuing a vital resource in county efforts to expand electrification resources and promote cleaner energy sources.

The Electric Vehicle Recharging Equipment Program is a critical part of county plans to expand access to electric vehicle infrastructure for all Marylanders. Under the program, counties can receive 40% of the cost of acquiring and installing qualified electric vehicle recharging equipment, up to $4000. In the current environment of rising inflation and supply chain delays, this extra support has ensured continued momentum in the transition away from fossil fuel powered cars.

SB 548 extends the program through fiscal year 2026 and repeals the number of rebates the state may issue each year. Should the program be allowed to expire, any extra costs would be absorbed by county governments and likely slow further electrification projects that may no longer pass a cost/benefit analysis locally.

SB 548 extends a vital program in county efforts to expand electrification. Accordingly, MACo requests a **FAVORABLE** report on SB 548.

Maryland Association of Counties (MACo)
169 Conduit Street, Annapolis, MD 21401 ◆ 410.269.0043 ◆ www.mdcounties.org

SB 548 - MoCo_Fitzgerald_FAV (GA 23).pdf
Uploaded by: Garrett Fitzgerald
Position: FAV

Montgomery County
Office of Intergovernmental Relations

ROCKVILLE: 240-777-6550 **ANNAPOLIS: 240-777-8270**

SB 548 **DATE: February 28, 2023**

SPONSOR: The Speaker (By Request – Administration) and Senator Augustine, *et al.*

ASSIGNED TO: Education, Energy, and the Environment Committee

CONTACT PERSON: Garrett Fitzgerald (garrett.fitzgerald@montgomerycountymd.gov)

POSITION: Support (Department of Environmental Protection)

Maryland Energy Administration – Energy Programs – Modifications
(Clean Transportation and Energy Act)

Electric vehicles (EVs) powered by a clean, renewable energy grid will play a critical role in achieving our State and local climate goals. Transitioning to an EV requires the purchase of the vehicle itself, along with infrastructure to charge the vehicle. Reducing costs associated with charging equipment will help to accelerate EV adoption. This bill will extend the Electric Vehicle Recharging Equipment Rebate Program through fiscal year 2026, and removes the annual funding cap, which will help to address high existing demand for this program.

This bill would also adjust the Medium-Duty and Heavy-Duty Zero-Emission Vehicle Grant Program, and allow Strategic Energy Investment Fund resources to be used to support zero-emission vehicle efforts. Transforming the medium- and heavy-duty vehicle market to zero-emission models has the potential to improve air quality along with helping to achieve our climate goals. These important investments will help to catalyze this relatively nascent market.

The bill also expands eligible uses of compliance fees collected from utilities that fail to meet annual Renewable Portfolio Standard requirements. The importance of this expansion is less clear, but we appreciate that the bill directs the Administration to prioritize financial support to benefit low-income communities and environmental justice communities.

We respectfully request that the Education, Energy, and the Environment Committee issue a favorable report on Senate Bill 548.

SB0548_HB0550 - FAV - Clean Transportation and Ene
Uploaded by: Landon Fahrig
Position: FAV

TO: Members, Senate Education, Energy, and the Environment Committee
FROM: Paul Pinsky - Director, MEA
SUBJECT: SB 548 - Clean Transportation and Energy Act
DATE: February 28, 2023

MEA Position: FAVORABLE

The Clean Transportation and Energy Act will attack greenhouse gas emissions from the disproportionate contributions of the medium- and heavy-duty (MHD) truck sector, provide a reliable funding stream for the programs within the Act, and provide the necessary resources within the Maryland Energy Administration (MEA) to effectively administer these important initiatives.

MHD vehicles account for less than 5% of the vehicles on the road but produce over 20% of the emissions from the transportation sector, which currently accounts for more than one-third of U.S. green-house gas emissions[1]. Technological advancements, investments in manufacturing, and supply chain efficiencies will help make batteries more cost effective for all applications, and the Infrastructure Investment and Jobs Act (IIJA) is offering more than $7 billion for battery supply chain investments over a five year period. IIJA also provides $7.5 billion to help expand and accelerate the placement of Electric Vehicle Supply Equipment (EVSE), also known as charging stations.

The proposed legislation capitalizes on these historic federal opportunities, and **gives MEA the ability to harness an existing revenue stream to create synergy between State and federal initiatives**. The flexibility to provide grants that are more competitive with our regional neighbors (including Pennsylvania and New York) will allow Maryland to maintain its position as a leader in transportation sector electrification.

MEA is also keenly supportive of the incremental increase for the use of special fund revenue for applicable administration expenses. This modest increase is more than justified, as MEA's mission has expanded with initiatives to promote tracking for dozens of upcoming federal programs under the IIJA. Additionally, MEA is preparing for the upcoming implementation of state-led, but federally funded, energy programs under the Inflation Reduction Act, including fuel switching for home heating systems. MEA is also currently ramping up an exponential increase in renewable energy programming driven by the Renewable Portfolio Standard, and concentrating on the immediate implementation of the landmark Maryland legislation, the Climate Solutions Now Act of 2022.

For the forgoing reasons, MEA is asking the committee for a **FAVORABLE** report.

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[1] U.S. Department of Energy,
energy.gov/articles/doe-projects-zero-emissions-medium-and-heavy-duty-electric-trucks-will-be-cheaper-diesel

sb548- rebates, EV recharging- EEE 2-28-'23.pdf
Uploaded by: Lee Hudson
Position: FAV

Delaware-Maryland Synod
Evangelical Lutheran Church in America
God's work. Our hands.

Testimony Prepared for the

Education, Energy, and the Environment Committee

and the

Budget and Taxation Committee

on

Senate Bill 548

February 28, 2023

Position: **Favorable**

Misters Chairmen, and members of the Committees, thank you for this opportunity to support a cleaner energy future in Maryland. I am Lee Hudson, assistant to the bishop for public policy in the Delaware-Maryland Synod, Evangelical Lutheran Church in America. We are a faith community within three judicatories across our State.

My community advocates for reductions of current and future greenhouse gas emissions through public policies that influence energy demand and consumption. Lower emissions from vehicles are feasible with current EV technology and product.

Following the 2022 Maryland Climate Solutions Act and the federal Inflation Reduction Act, the time to implement real energy regime reform is here. **Senate Bill 548** is a set of incentives of the kind needed for GGRs in the transportation sector.

We favor keeping the rebate program for electric vehicle recharging stations in Maryland public policy longer, to further the rapid infrastructure build-out needed for the task. We also like the modifications to that program in this Bill that may improve its effectiveness. We ask your favorable report.

Lee Hudson

5699 Meridale Rd. Baltimore, MD 21228 410-230-2860 800-869-5492 fax 410-230-2871

MBIA Letter of Support SB 548.pdf
Uploaded by: Lori Graf
Position: FAV

MARYLAND
BUILDING
INDUSTRY
ASSOCIATION

11825 West Market Place | Fulton, MD 20759 | 301-776-6242

February 28, 2023

The Honorable Brian J. Feldman
Senate Education, Health & Environmental Affairs Committee
Miller Senate Office Building,
2 West Wing 11 Bladen St.,
Annapolis, MD, 21401

RE: MBIA Letter of Support SB 548 Maryland Energy Administration – Energy Programs – Modifications (Clean Transportation and Energy Act)

Dear Chairman Feldman:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **SB 548 Maryland Energy Administration – Energy Programs – Modifications (Clean Transportation and Energy Act)**. MBIA **Supports** the Act in its current version.

This bill would extend the Electric Vehicle Recharging Equipment program duration through 2026. MBIA supports this measure. This program allows for businesses and individuals that have a need for recharging station to apply for funding of up to 40% of the installation costs for an EV charging station. This bill takes advantage of market forces by incentivizing individuals that see a need for the charging stations to install them and not mandating a universal installation requirement. This ensures that the resources are efficiently allocated to the communities that need them without imposing additional costs on those that do not.

For these reasons, MBIA respectfully requests the Committee give this measure a favorable report. 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 Senate Education, Health & Environmental Affairs Committee

SB548 - Maryland Motor Truck Association - Support
Uploaded by: Louis Campion
Position: FAV

Maryland Motor Truck Association

9256 Bendix Road, Suite 203, Columbia, MD 21045
Phone: 410-644-4600 Fax: 410-644-2537

HEARING DATE: February 28, 2023

BILL NO/TITLE: Senate Bill 548: Maryland Energy Administration – Energy Programs – Modifications (Clean Transportation and Energy Act)

COMMITTEE: Senate Education, Energy, and the Environment

POSITION: **Support**

Maryland Motor Truck Association (MMTA) recognizes the continued need to lower greenhouse gas emissions from the transportation sector. The trucking industry is fuel neutral; however, we must have access to a readily available and affordable fuel supply that meets our operational needs so that we can deliver the food, clothing, medical supplies and other products that citizen's need.

MMTA members are testing zero-emission trucks on a limited basis. Today those trucks are typically battery electric. Drivers are offering positive feedback as the trucks have less noise, lower emissions, and a smoother ride. Primarily those members are engaged in medium-duty local delivery operations where the truck returns to its home terminal each day and has access to charging.

As long as the vehicles meet a company's operational needs, the biggest hurdles to adoption are the large upfront costs and the need for charging infrastructure. Consider the real-world example offered below by one member of our organization who has ordered two heavy-duty electric tractors:

Vehicle cost:

- One electric day-cab tractor: $400,000
- Equivalent model diesel tractor: $130,000
- Cost difference: $270,000

Charging infrastructure:

- One charging station equipped with two chargers: $150,000

Currently California offers between $120,000 - $180,000 for a Class 8 tractor as part of its Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP). Maryland's Clean Fuels Incentive Program offered up to $150,000 for Class 8 tractors, but the entire program budget for Fiscal Year 2023 is only $1,300,000. By comparison, the California HVIP was allocated a total of $569.5 million for Fiscal Year 2022.

The California Electric Vehicle Infrastructure Project indicates that charging equipment similar to that in my example above also receives an average subsidy of approximately 58%. The average cost of DC fast charging equipment is over $114,000, with an average rebate given of just over $66,500.

The trucking industry is made up of small businesses - 90% of companies operate six trucks or fewer. These companies cannot afford the conversion to ZEV without substantial financial assistance. If the state is serious about moving to a zero-emission truck future, it must provide the charging infrastructure and financial incentives to assist companies with doing so. Incentives and grants will play a major role in the total cost of ownership. Senate Bill 558 attempts to bring that total cost down by subsidizing 100% of the cost difference between a zero-emission and internal combustion engine truck.

For the reasons noted above, MMTA respectfully asks for a favorable report on SB558.

About Maryland Motor Truck Association: Maryland Motor Truck Association is a non-profit trade association representing the trucking industry since 1935. In service to its 1,000 members, MMTA is committed to support, advocate and educate for a safe, efficient and profitable trucking industry in Maryland.

For further information, contact: Louis Campion, (c) 443-623-4223

Volvo Group North American Testimony SB548.pdf
Uploaded by: Meghan Music
Position: FAV

V O L V O

TO: The Honorable Brian Feldman, Chair
Members, Senate Education, Energy & Environment Committee
The Moore Administration

FROM: Richard A. Tabuteau

DATE: February 28, 2023

RE: **FAVORABLE** – Senate Bill 548 – *Maryland Energy Administration – Energy Programs – Modifications (Clean Transportation and Energy Act)*

The Volvo Group drives prosperity through transport and infrastructure solutions, offering trucks, buses, construction equipment, power solutions for marine and industrial applications, financing and services that increase our customers' uptime and productivity. Founded in 1927, the Volvo Group is committed to shaping the future landscape of sustainable transport and infrastructure solutions. The Volvo Group employs more than 100,000 people worldwide and serves customers in more than 190 markets. Volvo Group North America employs around 14,000 people in the United States and operates 11 manufacturing and remanufacturing facilities in seven states.

In Maryland, Volvo Group's Hagerstown Powertrain Production facility employs nearly 2,000 people including over 1,400 members of the UAW Locals 171 and 1247 and is the last major automotive manufacturer in the state. The plant develops, manufactures, and tests heavy-duty powertrains, transmissions and axles for its Mack and Volvo trucks as well as Prevost and Volvo buses at its 280-acre campus. Volvo Group also employs more than 60 people at one of its U.S. parts distribution facilities in Elkridge.

In 2020, the Volvo Group made a global commitment to having 100% of its product sales being fossil free by 2040, including a nearer term goal of 35% of product sales being zero-emission by 2030. The Hagerstown plant plays a key role in this transition through the manufacturing of all modular power boxes for the Volvo VNR electric and Mack LR electric Class 8 trucks. It has also taken action to reduce its own emissions through completion of two solar installations and committing to using 100% renewable sources to meet its energy needs, part of overall energy efficiency measures under the U.S. Energy Department's Better Buildings Better Plants Program.

Senate Bill 548 alters the Medium-Duty and Heavy-Duty Zero-Emission Vehicle Grant Program by providing an applicant to the program to receive up to 100% of the incremental cost of a qualified medium–duty or heavy–duty zero–emission vehicle, qualified medium–duty or heavy–duty zero–emission vehicle supply equipment, or zero–emission heavy equipment property. Incremental cost is defined as the difference in price of a conventional model vehicle and a zero-emission model that is attributable to the functional features of the vehicle or the cost to retrofit a conventional model vehicle to operate as a zero-emission vehicle.

As one of the North American industry leaders in Zero-Emission (ZE) Class 8 truck sales, Volvo Group applauds the Moore Administration's commitment to the environment and shares the same goal of accelerating medium- and heavy-duty zero-emission vehicles in the marketplace. Early generation ZE Class 8 trucks are approximately 2-3 times more expensive than their diesel-powered equivalents. This, together with the cost of installing charging infrastructure and equipment, makes it virtually impossible for commercial fleets to absorb these higher up-front costs until the vehicle's total cost of ownership is similar to that of today's diesel vehicles. The changes to the Medium–Duty and Heavy–Duty Zero–Emission Vehicle Grant Program proposed in Senate Bill 548 will spur purchases of zero emission Class 8 vehicles by providing meaningful financial incentives to support their adoption.

We share the Administration's belief that incentives and other supportive policies are key enablers to a successful transition to a zero emission commercial vehicle future, and very much look forward to working with the Administration to ensure that this Program is supported with adequate and sustained funding. As such, Volvo Group urges the Senate Education, Energy & Environment Committee to give Senate Bill 548 a favorable report.

For more information call:
Richard A. Tabuteau
347.886.2904

SB 548 Maryland Energy Administration – Energy Pro
Uploaded by: Michelle Dietz
Position: FAV

The Nature Conservancy
Protecting nature. Preserving life.

The Nature Conservancy
Maryland/DC Chapter
425 Barlow Pl., Ste 100
Bethesda, MD 20814

tel (301) 897-8570
fax (301) 897-0858
nature.org

Tuesday, February 28, 2023

TO: Brian Feldman, Chair of Senate Education, Energy and the Environment Committee; Guy Guzzone, Chair of the Senate Budget and Taxation Committee; and Committee Members
FROM: Michelle Dietz, The Nature Conservancy, Director of Government Relations; Caitlin Kerr, The Nature Conservancy, Conservation & Climate Policy Analyst
POSITION: Support SB 548 Maryland Energy Administration – Energy Programs – Modifications (Clean Transportation and Energy Act)

The Nature Conservancy (TNC) supports SB 548 offered by the Administration. 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.

The Climate Solutions Now Act of 2022 set state goals to reduce emissions by 60% by 2031 and reach net-zero by 2045. Governor Moore has set an even more ambitious goal for 100% renewable energy by 2035. These goals are achievable, but only through boldly and aggressive action starting today. State investment is needed to provide the private sector with the tools and incentives that allow them to be part of the solution. Renewable energy sources and a clean energy economy are essential parts of reaching state, national, and global low-carbon energy goals and combatting the negative health and environmental impacts caused by fossil fuels.

SB 548 demonstrates the Moore Administration's commitment to take the necessary bold actions for reaching Maryland's emissions reduction goals. This bill advances two of TNC's other top policy priorities this year: adopting the Clean Trucks Rule and advancing Clean Cars II. Adopting the Clean Trucks Rule would update Maryland's regulations on medium- and heavy-duty vehicle emissions in order to better protect public health and our environment. It is consistent with Maryland's commitments under the Multi-State Medium- and Heavy-Duty Zero Emission Vehicle Memorandum of Understanding as well as with state emissions reduction goals set by the Climate Solutions Now Act of 2022. Furthermore, the Maryland Commission on Climate Change recommends that the state adopt the Advanced Clean Trucks Rule by this year. SB 548 represents a key step in following through on Maryland's commitments to our residents and to other state governments.

Clean Cars II renews and extends an existing commitment and ensures that all private vehicles (cars and light-duty trucks) available for sale in Maryland by 2035 must be zero-emission or plug-in hybrids. Together with the Clean Trucks Rule, these initiatives take a critical step toward reducing pollution emitted from our transportation sector.

The transportation sector is the largest contributor to climate change in our country, our region, and in Maryland. It accounts for approximately 40% of greenhouse gas emissions statewide, predominately from on-road sources. Gas-powered vehicles also emit air pollutants like particulate matter that harm pulmonary and cardiovascular health. Of the particulate matter that diesel-powered vehicles emit, 80%-95% is ‘ultrafine’ size, which has the ability to penetrate deep into the lungs and enter the circulation system. Nitrogen oxides from fossil fuel combustion, including diesel exhaust, are the major precursors of ground level ozone, which triggers asthma attacks. These dangerous health risks disproportionately impact Black and brown communities and low-income neighborhoods. Nitrogen oxides contribute to increasing new cases of childhood asthma. Enacting the Advanced Clean Tucks Rule and Clean Cars II could bring Maryland billions in savings in public health benefits between 2020-2050 by avoiding hundreds of hospital admissions and emergency room visits, hundreds premature deaths, and thousands of cases of respiratory illnesses.

In order to ensure that these two programs are successful, Maryland must invest significant resources in its vehicle charging stations infrastructure, and provide support for the incremental cost differences between fossil-fuel reliant vehicles and their clean alternatives. SB 548 provides this essential investment from the Strategic Energy Investment Fund and, in particular, the account supported by Alternative Compliance Payments (ACP) made by utilities for non-attainment of the mandates of the Renewable Energy Portfolio Standard. SB 548 also commits to continuing ACP funds’ usage to support energy efficiency, solar renewables, and other “Tier 1” renewable sources that directly benefit low-income and environmental justice communities.

TNC also supports the amendments offered by the Maryland League of Conservation Voters. We believe that these recommendations will provide additional clarity, advance equity, and enhance this bill’s impact.

Maryland has set ambitious goals to reduce greenhouse gas emissions and combat climate change. We need to act now in order to meet our state climate goals and SB 548 will bring us closer to reaching these targets. TNC commends the Moore Administration on introducing this bill, which would improve public and environmental health in our state by reducing emissions from Maryland’s highest emitting economic sectors.

Therefore, we urge a favorable report on SB 548.

MD Catholic Conference_FAV_SB0548.pdf
Uploaded by: MJ Kraska
Position: FAV

MARYLAND CATHOLIC CONFERENCE

February 28, 2023

SB 548
Maryland Energy Administration - Energy Programs - Modifications (Clean Transportation and Energy Act)

Senate Budget & Taxation Committee

Position: Support

The Maryland Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals, and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

Senate Bill 548 (1) modifies two transportation sector programs funded by the Strategic Energy Investment Fund (SEIF); (2) modifies the authorized uses of certain Alternative Compliance Payments (ACPs) deposited in SEIF; and (3) increases the dollar amount cap on the amount of certain SEIF revenues that may be allocated toward administrative expenses.

As Pope Francis has written, climate change *"represents one of the principal challenges facing humanity in our day" (Laudato Si', no. 25*), threatening the wellbeing of peoples and the environment. Catholic social teaching envisions a sustainable and authentic human development, where technological solutions respect the principle of integral ecology and consider social, economic and ecological considerations.

Senate Bill 548 aims to address the much-needed investment in renewable energy policies to be set to sustain and achieve a healthy global ecosystem. Thus, we must seek a society where economic life and environmental commitment work together to protect and to enhance life on this planet.

The Conference appreciates your consideration and respectfully urges a **favorable** report for Senate Bill 548.

SB0548 - TSO - Clean Transportation and Energy Act
Uploaded by: Patricia Westervelt
Position: FAV

February 27, 2023

The Honorable Brian J. Feldman
Chair, Senate Education, Energy, and the Environment Committee
2 West, Miller Senate Office Building
Annapolis MD 21401

RE: Letter of Support – Senate Bill 548 – Maryland Energy Administration – Energy Programs – Modifications (Clean Transportation and Energy Act)

Dear Chair Feldman and Committee Members:

The Maryland Department of Transportation (MDOT) supports Senate Bill 548 as an additional effort to promote the adoption of electric vehicles (EVs) and the deployment of electrical vehicle supply equipment (EVSEs).

Senate Bill 548 extends the Electric Vehicle Recharging Equipment Program (Program) through fiscal year (FY) 2026 and repeals the limitations on the total amount of rebates that the Maryland Energy Administration (MEA) may issue each fiscal year (FY). It prioritizes loans and grants from the Strategic Energy Investment Fund (SEIF) to benefit low-income and environmental justice communities. Additionally, Senate Bill 548 alters the definition of "grant" for purposes of the Medium-Duty and Heavy-Duty Zero-Emission Vehicle (MHD ZEV) Grant Program to cover up to 100% of the incremental costs for qualified medium- and heavy-duty zero emissions vehicles (ZEVs) over the cost of fossil fuel vehicles.

The Electric Vehicle Recharging Equipment Program, administered through the MEA, is an effective tool in supporting the installation and deployment of EVSEs, with funds frequently depleted before end of the fiscal year. Senate Bill 548 will ensure that there is reliable program funding through FY 2026. Since June 30, 2020, Maryland has seen an increase of nearly 150% in the number of EVs registered within the State. With over 64,000 EVs currently registered, EVs now make-up over 1% of all registered vehicles. With most charging taking place at home or at work, this funding will provide incentives for individuals and companies to install EVSE. Additionally, Senate Bill 548 complements and supports Maryland's National Electric Vehicle Infrastructure (NEVI) Program, which will allocate funds to create a convenient, affordable, reliable, and equitable national network of EVSEs.

With on-road transportation accounting for over one-third of the greenhouse gas (GHG) emissions in Maryland, the MDOT has worked closely with MEA and other key partners to identify strategies and opportunities to reduce emissions from the transportation sector, including the electrification of medium- and heavy-duty vehicles. The MHD ZEV Grant Program will provide a meaningful incentive for companies interested in incorporating ZEVs into their fleets.

For these reasons, the Maryland Department of Transportation respectfully requests the Committee grant Senate Bill 548 a favorable report.

Respectfully submitted,

Paul J. Wiedefeld
Acting Secretary
Maryland Department of Transportation
410-865-1001

SB548_CTEA_Written Testimony.docx.pdf
Uploaded by: Saif Ratul
Position: FAV

STATE OF MARYLAND
OFFICE OF THE GOVERNOR

WES MOORE.
GOVERNOR

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TTY USERS CALL VIA MD RELAY

Chair Feldman, Vice Chair Kagan, Distinguished Members of the Joint Session of the Education, Energy, and the Environment Committee and the Budget and Taxation Committee,

On behalf of Governor Moore and Lieutenant Governor Miller, I respectfully ask the Committee for a favorable report on Senate Bill 548 -Maryland Energy Administration – Energy Programs – Modifications (Clean Transportation and Energy Act). Governor Moore believes strongly that Maryland has a chance to lead in combating climate change. During his Inaugural speech, the Governor shared the importance of addressing this existential crisis by building a broad coalition of our legislators, communities, businesses, and, most importantly, Marylanders. The Clean Transportation and Energy Act is a key measure that the Governor proposes to combat climate change. This bill provides incentives to take on transportation-related emissions that have been a major contributor to greenhouse gas emissions in Maryland.

First, this bill aims to expand and extend the Electric Vehicle Supply Equipment (EVSE) rebate program. There is a significant demand for the EVSE rebate program, and this bill addresses just that by extending the program to 2026, and removes the annual $1.8 million appropriated cap.

Second, The bill seeks to expand the Medium-and Heavy-Duty (MHD) Zero Emission Vehicle (ZEV) Program created in the Clean Cars Act of 2022 by covering the incremental costs of these vehicles. Under this program, the businesses and local governments of Maryland are allowed to receive up to 100% of the incremental cost of purchasing an MHD ZEVs. This increase from 20% of the total cost to 100% of incremental cost provides a significant financial incentive for businesses and local governments to purchase ZEVs while enhancing Maryland’s competitiveness in the region.

Third, the bill alters the use of the Alternative Compliance Payment (ACP) system under the SEIF fund and allows ACP funds available for energy-related grants and loans, including solar renewables, energy efficiency measures, and other renewable energy sources that will directly benefit the low-income and the environmental justice communities.

These provisions combined, the Clean Transportation and Energy Act will incentivize the community and will address the transportation-related emissions that have been affecting millions of Marylanders across the state. It will ensure that financial resources are available for renewable energy projects in communities that need the most.

I respectfully ask the committee for a favorable report on Senate Bill 548 and look forward to working with the committee and other stakeholders in partnership on potential amendments to the bill.

Sincerely,

Saif Ratul
Deputy Legislative Officer

SB548_FAV_CHESSA.pdf

Uploaded by: Thadeus Culley

Position: FAV

February 27, 2023

Honorable Brian J. Feldman, Chair
Education, Energy, and the Environment Committee
2 West Miller Senate Office Building
Annapolis, Maryland 21401

Re: CHESSA Letter of Support for SB 548, Maryland Energy Administration-Energy Programs-Modifications (Clean Transportation and Energy Act)

Dear Chair Feldman and Members of the Education, Energy, and Environment Committee:

The Chesapeake Solar and Storage Association (CHESSA) appreciates the opportunity to offer these comments. CHESSA is a member organization that represents over 120 companies engaged in all facets of the solar and battery storage industry throughout Maryland, Virginia, and the District of Columbia. CHESSA supports the spirit of SB 548, with the caveat that some amendments may be necessary to better achieve the intent of the bill and fulfill the goals of the existing code section. CHESSA supports a favorable report from this Committee with the expectation and intention that stakeholders will be working diligently to create consensus around amendments to reconcile this bill with SB 664, which has some provisions that conflict with this bill. .

Governor Wes Moore has laid out an ambitious and compassionate vision for the future of Maryland that leaves no one behind. As Governor Moore said in his historic inaugural address, "[c]lean energy will not just be part of our economy; clean energy will define our economy."[1] As an Administration backed bill, CHESSA applauds SB 548 for making strides to achieving these principles, but respectfully recommends that future amendments should be pursued to ensure that the appropriate priority is given to supporting investments in solar energy resources and to clarify that loans and grants will dispersed to projects in qualifying low-income geographic areas and will not rely on cumbersome individual income verification..

CHESSA acknowledges that we, as an industry, have a lot of work to do to live up to the promise of the Governor's words. Currently, installation of solar energy in Maryland is falling behind the ambitious goals that solar comprise 14.5% of the State's energy mix by 2030. As a

[1] https://governor.maryland.gov/speeches/pages/Governor-Wes-Moore-Inaugural-Address.aspx

result of this shortfall, energy suppliers have collected over $77 million in solar alternative compliance payments (SACPs) for the 2021 compliance period, with additional tens of millions of dollars in compliance payments anticipated in future years. Missing the solar carve out not only results in ratepayer payments of SACPs, it represents an opportunity cost. Every unit of solar energy shortfall represents a worker that was not hired or the loss of monthly economic savings equivalent to a bag or two of groceries. CHESSA believes that a top priority for use of SACP funds is to close this gap and to pay down this opportunity cost with direct investment in Maryland.

CHESSA enthusiastically supports the spirit and intent of SB 548 to broaden the scope of how SACP funds will be spent to share the benefits of local, clean energy resources with low-income Marylanders. But CHESSA believes that it would be appropriate to require a nexus between all SACP funded projects and closing the RPS deficiency that created the funds. Accordingly, CHESSA recommends that SB 548 be amended to direct the Maryland Energy Administration ("MEA") to also prioritize projects that close that current solar gap.

CHESSA also supports giving MEA sufficient flexibility to apply a holistic approach to address the needs of low-income customers, which may include the need to conduct extensive roof repair or replacement, upgrading the main electrical panel, or performance of a home energy audit and basic efficiency measures to ensure that any gains in economic benefit provided by solar are not lost due to the inefficiencies of heating and cooling older housing stock. CHESSA believes that SB 548 presents the right opportunity to overcome the overly restrictive barriers of existing law to better enable MEA to convert SACP funds into real-world projects that lift up lower-income households and communities.

SB 548 also appears to signal a critical improvement to the flexibility of how eligible projects are determined. CHESSA supports the apparent move away from determining eligibility by individual income verification in favor of projects located in qualifying geographic regions. This shift will assist vendors and the program administrator to develop a simplified and streamlined process for efficiently deploying qualifying projects. Currently, programs that require income verification can present a burden to vendors and administrators, where the ability of companies to market and deliver products to eligible households is complicated by the difficulty of identifying and verifying eligible households. Centering the dispersal on "low-income" and "environmental justice" communities appears to shift the eligibility focus to geographically defined communities.

However, SB 548, as introduced, does not define what bounds comprise a "low-income" or "environmental justice" community. To this end, CHESSA recommends that HB 550 be amended, at a minimum, to track with definitions within the recently passed Inflation Reduction Act (IRA), which are pegged to the definition of low-income communities in 26 U.S.C. § 45D(e).[2]

[2] "The term "low-income community" means any population census tract if—
(A) the poverty rate for such tract is at least 20 percent, or
(B)(i) in the case of a tract not located within a metropolitan area, the median family income for such tract does not exceed 80 percent of statewide median family income, or

Aligning eligibility for MEA loans and grants with definitions in the IRA could allow project developers to potentially stack the benefits of federal investment tax credit bonus adders for solar energy resources. This means that we get more bang for the buck with Maryland ratepayer dollars.

For proposed EV-related expenditures, CHESSA recommends that SB 548 be amended to cap the percentage of funds that will be utilized to support EV-related projects, preserving the majority of funds to support development of new solar energy resources in the State. Additionally, to the extent practicable, drawing a nexus between solar grants and EV-related projects could help meet some of the new load from transportation electrification with clean, locally-sited solar energy resources. There are multiple, potential use cases for onsite clean energy systems to help offset the impacts of electrification on the distribution grid, all while keeping the energy mix cleaner by maximizing solar energy to meet this new load.

If SACP funds are predominantly dedicated to solar energy resources, CHESSA expects that MEA loans and grants could support over 200 MW of solar projects in low-income communities over the next five years. Coupled with concurrent legislative initiatives to make the community solar program permanent and prospective work to improve project permitting and interconnection of community solar projects, CHESSA expects that Maryland could exceed over 500 MW of solar projects that are either located in low-income communities or that directly benefit low-income households through net metering or a permanent community solar program.

For these reasons, CHESSA supports a favorable report out from the Environment and Transportation Committee, but encourages all stakeholders to work together in the coming weeks to support amendments that advance the spirit and intent of SB 548 into implementation.

Respectfully submitted,

/s/
Thadeus B. Culley
Sr. Manager, Public Policy, Sunrun
CHESSA Maryland Policy Committee Chair

/s/
Stephanie Johnson
Executive Director, CHESSA

(ii) in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income." 26 U.S.C. § 45D(e)(1).

COG CEEPC Comment Letter Supporting SB 548.pdf
Uploaded by: Timothy Masters
Position: FAV

Metropolitan Washington
Council of Governments

February 13, 2023

The Honorable Brian J. Feldman
Chair, Senate Education, Energy, and the Environment Committee
Senator, Maryland General Assembly
2 West Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

RE: Support for SB 548, Maryland Energy Administration – Energy Programs – Modifications (Clean Transportation and Energy Act)

Dear Senator Feldman:

On behalf of the Climate, Energy, and Environment Policy Committee (CEEPC) of the Metropolitan Washington Council of Governments (COG), I am writing to offer our support for SB 548 that extends the duration of the Electric Vehicle Recharging Equipment Program.

Climate change is a regional priority for COG, the association of local governments in metropolitan Washington. Additionally, the COG Board of Directors has specifically identified EV deployment as a regional priority and recognizes the need for increased collaboration to support the deployment of EVs and EV charging equipment. Several barriers are currently preventing the accelerated adoption of EVs, including a shortfall in the necessary charging stations. The State of Maryland's Electric Vehicle Recharging Equipment Rebate Program incentivizes greater deployment of EV charging infrastructure in metropolitan Washington. Furthermore, SB 548 aligns with COG's priority on equity by prioritizing offering benefits to low-income and environmental justice communities.

As such, CEEPC, on behalf of COG, supports the extension of this program, as well as the increase in the total amount of rebates. Please contact Jeffrey King, COG Director of Climate, Energy, and Air Programs, at (202) 962-3238 or jking@mwcog.org if you have any questions. I appreciate your consideration.

Sincerely,

Takis Karantonis

Takis Karantonis
Chair, Climate, Energy, and Environment Policy Committee

cc: Honorable Cheryl C. Kagan
Honorable Malcolm Augustine
Honorable Benjamin Brooks
Honorable Mary Beth Carozza
Honorable Jason C. Gallion

Honorable Katie Fry Hester
Honorable Karen Lewis Young
Honorable Bryan W. Simonaire
Honorable Mary Washington
Honorable Ron Watson
Honorable Pamela Beidle
Honorable Joanne Benson
Honorable Jill Carter
Honorable Sarah Elfreth
Honorable Arthur Ellis
Honorable Dawn Gile
Honorable Shelly Hettleman
Honorable Michael Jackson
Honorable Nancy King
Honorable Clarence Lam
Honorable Charles Muse
Honorable Jeff Waldstreicher

SB 548, FAV, Energy and Environment, Moore, LS23.p
Uploaded by: Victoria Venable
Position: FAV

FREDERICK COUNTY GOVERNMENT
DIVISION OF ENERGY & ENVIRONMENT

Jessica Fitzwater
County Executive

Shannon Moore, Director

SB 548 - Maryland Energy Administration - Energy Programs - Modifications (Clean Transportation and Energy Act)

DATE:	February 28, 2023
COMMITTEE:	Senate Education, Energy and the Environment Committee
POSITION:	Support
FROM:	Shannon Moore, Director, Division of Energy and Environment

Thank you for your consideration of SB 548, the Clean Transportation and Energy Act. As the Director of the Division of Energy and Environment in Frederick County, I urge the committee to give this bill a favorable report.

With 3,000 miles of tidal shoreline, Maryland is one of the most climate-vulnerable states in America – just from sea-level rise.[1] To meet the urgency of climate change and capitalize on the opportunities within the clean energy revolution, Maryland must make significant investments in clean and renewable energy and transportation solutions. By bolstering incentives for EV vehicles, including medium-duty and heavy-duty trucks, and charging infrastructure, SB 548 invests in state programs that serve this purpose while also benefiting local governments, businesses, and Maryland residents.

Targeting the transportation sector is particularly important because our state's Greenhouse Gas Inventory indicates that transportation is the greatest contributor to climate pollution in the state, with gasoline and diesel-powered motor vehicles accounting for more than one-third of all greenhouse gas emissions in Maryland. To meet our greenhouse gas reduction goals, Maryland needs to transition as many vehicles to zero-emission vehicles as possible, with a focus on medium and heavy-duty vehicles.[2] Transitioning away from gasoline and diesel-powered motor vehicles also helps address ground-level ozone, which disproportionately affects communities of color and economically disadvantaged populations.

Frederick County strongly supports SB 548 and recognizes the direct benefits our community will see from this investment. Based on our initial review of the changes, we expect to see a potential increase of revenue of up to $447,000 from ZEV grants from a 17% cost differential between ICE vehicles in our Alternative Fuel Vehicle Fleet Conversion draft between 2023 and 2026.

This bill also provides incentives for solar and tier-I energy sources targeted to low-income communities. Reducing the household energy burden while investing in clean energy is a priority of Frederick County Government. We currently have several programs designed to support this goal, including Power Saver Retrofits and the Green Homes Program. We believe SB 548, the

[1] https://www.umces.edu/sea-level-rise-projections#:~:text=Maryland%2C%20with%203%2C100%20miles%20of,vulnerable%20to%20sea%2Dlevel%20rise.&text=Storm%20surges%20from%20tropical%20storms,on%20the%20higher%20sea%20level

[2] Emission Inventory (maryland.gov)

Clean Transportation and Energy Act, would be a strong companion program with a similar mission.

To maximize the impact of SB 548, we recommend that environmental justice targets align with the federal Justice40 standard, which would include moderate-income individuals. Additionally, expanding targeted investments to include low-income individuals as well as communities will help prevent an over-concentration of funds in specific jurisdictions of the state while missing other populations in areas like Frederick County.

Thank you for your consideration of SB 548. We commend Governor Wes Moore for his commitment to climate justice with this legislative proposal. On behalf of Frederick County Government, I urge a favorable report.

Shannon Moore
Director
Division of Energy and Environment
Frederick County Government
30 N. Market St., Frederick, MD 21701
(O) 301.600.1413 (C) 240.608.7406

SB548_MDSierraClub_fwa 28Feb2023.pdf

Uploaded by: Josh Tulkin

Position: FWA

SIERRA CLUB

P.O. Box 278
Riverdale, MD 20738

Committee: **Education, Energy, and the Environment**
Testimony on: **SB548 "Maryland Energy Administration – Energy Programs – Modifications (Clean Transportation and Energy Act)"**
Position: **Support with Amendments**
Hearing Date: **February 28, 2023**

The Maryland Chapter of the Sierra Club urges this Committee to favorably report SB548 with amendments.

SB548 aims to provide a significant financial stimulus to two transformational strategies essential to achieving Maryland's greenhouse gas (GHG) reduction goals: reforming the transportation sector to substantially expand reliance on zero emission vehicles and trucks; and reforming the energy sector to substantially expand reliance on solar energy, complemented by a continued expansion of the State's energy efficiency programs. As such, this bill promises to join with other proposals currently before the General Assembly to provide an important impetus to Maryland's climate mitigation efforts, following the enactment of the Climate Solutions Now Act last year.[1]

We recommend that the bill be amended to better delineate how the funds addressed by SB548 – i.e., funds included in the Strategic Energy Investment Fund (SEIF) – are available to be spent on clean transportation, solar energy, and energy efficiency. The General Assembly long has provided direction to successive Administrations regarding the use of environmental funds to advance the State's environmental objectives and environmental justice, while also recognizing the importance of agency discretion.

In this regard:

- We agree that clean transportation initiatives are a high priority, and that SEIF may serve as a useful source for a portion of the funding for these initiatives. Almost all the SEIF dollars at issue in this bill were paid into SEIF due to Maryland's solar generation requirements, and currently 100% of these dollars are required to be used to support solar energy development for low-income residents; these funds would now be available for transportation initiatives as well.

[1] The Climate Solutions Now Act provides that Maryland will reduce its GHG emissions by 60% by 2031 (compared to the 2006 level), and achieve net-zero emissions by 2045. Other key climate bills this session, which are Sierra Club priorities, include: the Clean Trucks Act of 2023 /SB224/HB230); the bill to make permanent the Community Solar pilot program (SB613/HB908); and the bill to update the EmPOWER energy efficiency program to reorient it to incentivize reducing GHG emissions from Maryland buildings (SB590/HB904).

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- In making this change, however, we believe it essential that a specified minimum percentage of the SEIF funds continue to be used for loans and grants that support solar power development (and energy efficiency) for low-income and related communities. This minimum percentage should be substantial, and we would be happy to engage in further discussions with the Committee as to what this percentage should be and how it would be implemented.

- An amendment also is needed to align the bill's specification of which communities are eligible to receive solar energy loans and grants with provisions of the Climate Solutions Now Act and the federal Inflation Reduction Act.

<u>Changes to How SEIF Funds May Be Spent</u>

1. Comparing the current and proposed spending rules.

SEIF recently experienced an unexpected influx of nearly $80 million dollars from Maryland energy suppliers who made solar Alternative Compliance Payments (S-ACPs) which, under state law, were deposited in SEIF. These large S-ACP payments occurred because suppliers were unable to purchase the requisite amounts of solar energy specified by Maryland's Renewable Portfolio Standard (RPS). SEIF also includes ACP funds generated when electricity suppliers do not meet the purchase requirements for the non-solar portion of the RPS; however, suppliers are generally able to meet those requirements, and thus the non-solar ACP funds in SEIF are small. Electricity suppliers cover the solar and non-solar ACP payments through small charges to ratepayers.

The bill makes major changes to how SEIF S-ACP funds may be spent that may enable further support for transportation electrification, but also could result in inadequate support for the solar industry and a new area of uncertainty for that industry.

Currently, state law specifies that SEIF S-ACP funds "may be used only to make loans and grants to support the creation of new solar energy sources in the State that are owned by or directly benefit low–income residents of the State." As to the SEIF non-solar ACP funds, they "may be used only to make loans and grants to support the creation of new Tier 1 renewable energy sources in the State that are owned by or directly benefit low–income residents of the State."

SB548 would combine the SEIF S-ACP and non-solar ACP funds, and allow the funds for the first time to be used for a wide range of transportation sector interventions, in addition to energy interventions. Specifically:

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Riverdale, MD 20738

- The eligible transportation interventions are broadly described in the bill, and include "loans and grants to support zero–emission vehicles, zero–emission vehicle infrastructure programs, and other transportation sector greenhouse gas reduction and carbon reduction efforts."

- The energy interventions will include "loans and grants to support . . . energy efficiency measures, solar renewables and other Tier 1 renewable sources that directly benefit: 1. low-income communities; or 2. environmental justice communities."

2. The benefits and difficulties posed by the new rules.

We agree that, given the now substantial amount of SEIF S-ACP funds, it makes sense to allow existing and future S-ACP revenues, in general, to be spent on climate mitigation initiatives in both the transportation and energy sectors.

The transportation sector is the largest contributor of GHG emissions in Maryland. As such, it is critical that the State accelerate its efforts to reduce the reliance on fossil fuels to power our vehicles. The State must substantially increase the number of electric vehicles (EVs), and the infrastructure that will make EVs more attractive to the general public. The State also must accelerate the deployment of zero-emission trucks, delivery vans, and school buses. Medium- and heavy-duty vehicles account for 9% of vehicles on the road but contribute 21% of the carbon pollution and 48% of particulate matter pollution (PM2.5) emitted by the State's entire transportation sector.

However, by removing the provision that all SEIF S-ACP funds be spent on solar energy for low-income residents, without a specification of a minimum percentage of these funds that will continue to be spent for this purpose, the bill will inject substantial uncertainty into a solar development industry that already is facing multiple obstacles in meeting the State's ambitious solar targets. The RPS provides that solar should comprise 14.5% of the State's consumed electricity by 2030, which is the minimum amount of solar development required to meet the State's GHG reduction goals. But a recent slow-down in solar development, owing to several factors (including the pandemic), means that to reach the 2030 target, Maryland needs to build, on average, an amount of megawatts (MWs) of solar each year that is more than twice what the State has ever built in a year.[2]

[2] The Public Service Commission has calculated that the 14.5% 2030 target will require 6,200 MWs of solar capacity in the State. The Solar Energy Industry Association estimates that at the end of 2022 Maryland will have about 1,600 MW of solar built. SEIA, Maryland Solar Factsheet 2022 (Q2). This means that, on average, Maryland will need to build 575 MW of solar each year to 2030, though the largest amount built in a past year is only 270 MW.

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Since the large amount of SEIF S-ACP funds result from past shortfalls in achieving Maryland's RPS yearly solar targets, it is appropriate and necessary to continue to commit a substantial percentage of these funds to supporting future solar growth. The purpose of the RPS is incentivize a rapid and substantial development of Maryland solar energy, with the attendant carbon reduction and climate-supporting clean energy benefits, not to generate S-ACP funds.

As noted above, a determination of what the minimum SEIF expenditures should be for solar energy development is a subject for future discussions. To provide for flexibility in implementing this minimum, the bill also should specify a process by which stakeholders may discuss with agency officials on a yearly basis whether any unspent solar funds from one year should continue to be spent on solar or, alternatively, all or a portion may be reallocated for the following year to transportation initiatives also supported by SEIF funds.

3. Support for solar for low-income and underserved communities.

SB548's emphasis on focusing energy sector initiatives on low-income and underserved communities is welcome. Using a community focus instead of focusing at the individual household level (as provided by current law) is appropriate: many interventions that will support low-income and vulnerable residents – like microgrid "resilience hubs" and projects serving multi-family residences – are not done at the individual household level, and few communities or multi-family residences are homogenously low-income. It is, however, important to note that some "preferred" types of solar development are more costly, and ensure that those desirable types of projects are supported.

However, the bill should be amended to use the term "overburdened and underserved communities," for which definitions have been established by Climate Solutions Now Act, instead of the term "environmental justice communities." The latter term is not defined in the bill and, to our knowledge, is not used elsewhere in Maryland law.

In addition, Maryland should define its clean energy initiatives in a manner that maximizes leverage of the complementary funding available through the federal Inflation Reduction Act (IRA) and the Bipartisan Infrastructure law. The IRA also offers an additional 20% in "adders" to the federal Investment Tax Credit for solar serving 50% or more of households making less than or equal to 80% of median income, which is equivalent to Maryland's low- and moderate-income categories. Accordingly, the bill should be amended to allow use of SEIF funds for energy initiatives for low- and moderate-income communities, while retaining a carve-out minimum percentage for low-income communities.

<u>Non-SEIF Bill Provisions</u>

We support the non-SEIF provisions of the bill. In particular, the bill expands the electric vehicle recharging rebate from 2023 through 2026 and removes the $1.8 million cap on

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the rebates. If passed, the legislation also would increase the maximum grant for medium-duty or heavy-duty zero-emission vehicles, medium–duty or heavy–duty zero–emission vehicle supply equipment, or zero–emission heavy equipment property from 20% to 100% of the incremental purchasing cost.

Conclusion

For these reasons, we recommend the Committee favorably report SB548 with amendments.

Mark Posner
Clean Energy Team Lead
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Josh Tulkin
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org

FWA - SB548 Energy and Transportation (ACT).pdf
Uploaded by: Kim Coble
Position: FWA

MARYLAND LEAGUE OF CONSERVATION VOTERS

February 23, 2023

SUPPORT WITH AMENDMENTS: SB548 - Clean Transportation and Energy Act

Chairman Feldman, and Members of the Committee:

Maryland League of Conservation Voters works at the intersection of climate policy and environmental justice to fight for clean water, healthy air, and a resilient climate for everyone in Maryland. In service to this mission, we worked to advance the Clean Energy Jobs Act of 2019, which set the target of 50% renewable energy by 2030, and the Climate Solutions Now Act which set the target of 60% carbon emissions reduction by the year 2031. Both of these ambitious goals are achievable only through continuous courageous policy action by the Maryland General Assembly, as well as significant investment by the State to provide the private sector with the tools and incentives that allow them to be part of the solution.

The Clean Transportation and Energy Act of 2023 demonstrates the commitment of the Moore Administration to take exactly these bold actions, and we are proud to stand with them as partners in our shared vision.

SB548 supports two other top priorities for Maryland LCV: The Clean Trucks Act of 2023, sponsored by Delegate Sara Love mandates the increased availability of electric medium-and-heavy duty trucks for sale in the State, beginning in model year 2027; Clean Cars II renews and extends an existing commitment and puts Maryland on the path forged by California and other states to ensure that all private vehicles (cars and light-duty trucks) available for sale in the state by 2035 must be zero-emission or plug-in hybrids. These initiatives, together, take a critical step to reducing the pollution emitted from our transportation sector, which is our single largest source of greenhouse gas emissions. In order to ensure that these two programs are successful, Maryland must invest significant resources in its infrastructure of vehicle charging stations, and provide support for the incremental costs of the difference between fossil-fuel reliant vehicles and their clean alternatives. SB548 provides this essential investment from the Strategic Energy Investment Fund and, in particular, the account supported by Alternative Compliance Payments (ACP) made by utilities for non-attainment of the mandates of the Renewable Energy Portfolio Standard.

We honor, as well, the commitment in the text of SB548 to continue the use of ACP funds to support energy efficiency, solar renewables, and other “Tier 1” renewable sources that directly benefit low-income and environmental justice communities.

While supportive of the intent and vision of this important legislation, Maryland LCV respectfully offers several amendments which we believe will strengthen the legislation by providing additional clarity. Through these proposed amendments, we hope to ensure that the ACP is used for the greatest impact: supporting both emission reductions from the transportation sector and the development of solar - especially community solar - projects in preferred sites and serving the intended recipients of ACP funds.

Recommendation 1: We recommend broadening “low income” to “low and moderate income (LMI).” This aligns the bill language with that of the Inflation Reduction Act to better capitalize on the opportunities of federal and state funding.

Recommendation 2: We recommend changing the currently undefined term “environmental justice communities” to “overburdened and underserved communities,” which matches the terms in state law as defined and passed in the Climate Solutions Now Act (CSNA).

Recommendation 3: While recognizing the interest in protecting the flexibility in funding allocations proposed by SB548, we recommend that there be some clarity to the method of prioritization. One suggested approach is the following ratio as a starting point, **but which may be adjusted.**

- For each compliance year, funds received for compliance fees will be allocated:
    - One-third of the available funding to zero-emission vehicles, zero-emission vehicle infrastructure programs, and other transportation sector greenhouse gas reduction and carbon reduction efforts
    - Two thirds of the funding to solar energy resources be available to:
        - Projects (especially community solar projects) that serve at least 50% LMI households **and**
        - Projects, (especially community solar projects) that are on lands that are ecologically compromised, are not targeted for mitigation or restoration, and are located on
            - Rooftops
            - Parking canopies
            - Brownfields or industrial sites
            - Multi-level parking structures
            - Airports
            - Cleanfill sites
            - Roadways or
            - Incorporate agrivoltaics
    - We recommend special consideration be given to projects with greater LMI participation and projects with higher costs and/or financing challenges, including rooftop and canopy projects that are below 1 MW.

Recommendation 4: We recommend that a significant portion (we suggest 60%, but at least 40%) of the funds reserved for solar energy development be reserved for low income projects. These projects may include (non-exclusively) residential rooftop installation, electrical or structural upgrades to allow for solar rooftop installation, and community solar for multi-family housing facilities where the cost benefits received by participation in the community solar program are transferred to the energy bills or rents of the low income residents of those properties.

Recommendation 5: Recognizing the potential of unspent funds within the formula of any fiscal year, we recommend that at the end of each fiscal year, MEA may reallocate any unused funds from one category of projects to other categories of projects. We hope that this will provide MEA the ability to support new initiatives and innovations, and ensure that all available funds are expended to achieve the greatest impact.

Maryland LCV is eager to continue to work with the administration, and other stakeholders committed to achieving our climate goals, on this important legislation. We request that these recommendations be considered and that they be included as this essential legislation receives a favorable, but amended, report.

SB0548 Clean Transportation and Energy Act_Educ En
Uploaded by: Laurie McGilvray
Position: FWA

Committee: Education, Energy and the Environment
Testimony on: SB0548 – Maryland Energy Administration – Energy Programs – Modifications (Clean Transportation and Energy Act)
Organization: Maryland Legislative Coalition Climate Justice Wing
Submitting: Laurie McGilvray, Co-Chair
Position: Favorable with Amendments
Hearing Date: February 28, 2023

Dear Chair and Committee Members:

Thank you for allowing our testimony today. The Maryland Legislative Coalition (MLC) Climate Justice Wing, a statewide coalition of over 50 grassroots and professional organizations, urges you to vote favorable with amendments on SB548.

SB548 is intended to strengthen the State's financial incentives and investments to expand the use of zero emission vehicles and trucks, increase solar energy development, and continue the expansion of the State's energy efficiency programs. When combined with other bills currently before the General Assembly, SB548 promises to stimulate Maryland's climate mitigation efforts toward meeting the greenhouse gas reduction goals of the Climate Solutions Now Act of 2022.

While the MLC Climate Justice Wing supports the goals of SB548, we believe there are ways to the improve the legislation. The Strategic Energy Investment Fund (SEIF) and more specifically, the Alternative Compliance Payments (ACP) made by utilities for falling short of the targets in the Renewable Energy Portfolio Standard, provide a unique investment opportunity. Our goal is to ensure that the ACP funds are used to greatest effect by supporting both emission reductions from the transportation sector and the development of solar energy projects, while also truly serving the intended recipients of ACP funds. We offer the following amendments in the spirit of strengthening and clarifying the bill for all Marylanders.

1. Broaden "low income" to "low and moderate income (LMI)" to align the bill language with the Inflation Reduction Act and to capitalize federal funding opportunities.

2. Change "environmental justice communities" to "overburdened and underserved communities," which was defined in the Climate Solutions Now Act of 2022.

3. Reserve a significant portion of the funds for low-income solar development projects (at least 40% and better yet 60%), including residential rooftop solar installation, electrical or structural upgrades to allow solar installation, and community solar for multi-family housing where the benefits are transferred to the energy bills or rents of low-income residents.

4. Include a process to provide MEA sufficient flexibility such that any unspent funds at the end of the fiscal year that were reserved for solar development may be reallocated from one category of projects to other categories, rather than removing the current provision that all SEIF S-ACP funds be spent on solar energy for low-income residents.

We recommend a **FAVORABLE WITH AMENDMENTS** report for SB548

WRITTEN TESTIMONY Climate Access Fund SB548 02.28.
Uploaded by: Lynn Heller
Position: FWA

February 28, 2023

SUPPORT WITH AMENDMENTS
Senate Bill 548: Clean Transportation and Energy Act
Education, Energy, and the Environment Committee

Chair Feldman and Members of the Committee:

The Climate Access Fund is a statewide nonprofit Green Bank that uses innovative finance to increase low-income participation in community solar. We specialize in community solar project finance, and we seek to fill gaps in the market that are preventing more low-income households from participating in the clean energy economy and benefitting from discounted electricity bills. It is based on that expertise and mission that **we support SB 548 with two amendments.**

There are 450,000 low-income households in Maryland, many of whom are unable to install solar on their own rooftops, whether because they are renters, because of roof condition, or because of shading. Community solar offers all households, regardless of income or homeownership status, the opportunity to access solar power that is not located on their own rooftops, thereby saving money on their electricity bills and helping the climate at the same time. **With the right public incentives and private financing, all 450,000 low-income households in Maryland could have access to discounted clean energy through community solar.**

HB550 proposes to change existing law by allowing a portion of the state's Alternative Compliance Payments to be used for clean transportation rebates for all Marylanders – not specifically for low-income and environmental justice ("EJ") benefit.

Because transportation is the leading sector in terms of greenhouse gas emissions, followed closely by buildings, the Climate Access Fund appreciates the Governor's interest in using a portion of compliance funds to incentivize clean transportation. Yet as currently written, HB550 does not put a cap on the amount of compliance funding that could be spent on clean transportation for all income levels as opposed to building energy efficiency and renewable energy measures for low-income or EJ communities. With no cap, and only with language stating that the administration shall "prioritize" low-income and EJ benefit, all compliance funds could be spent – by this administration or a future administration -- on clean transportation benefitting higher-income Marylanders and none on clean energy measures specifically benefitting the 450,000 low-income households in Maryland. This is not only contrary to the intent of the existing law, but it is also not equitable**. The Climate Access Fund recommends a cap of 30% of annual compliance funds for clean transportation efforts to ensure that sufficient funds remain for the benefit of low-income or environmental justice communities through solar renewables.**

The Climate Access Fund further recommends specifying that both SEIF funds and compliance funds used for loans and grants targeting solar renewables for low-income and EJ communities be limited to supporting projects that are below 1 MW in size and are located on rooftops and parking lots.

The urgency of climate change means we need both larger and smaller solar projects, both on land and on the built environment, and serving both non-low-income customers and low-income customers.

Thankfully, commercial banks and private investors typically want to invest in the larger projects located on land that serve non-low-income customers, but they typically don't want to invest in smaller projects that are located on the built environment and serve low-income customers. That is why we currently see plenty of larger community solar projects located on land and few smaller projects located on the built environment, and plenty of community solar projects serving non-low-income customers and very few serving low-income customers.

Smaller solar projects, those built on rooftops and parking lots, and those serving low-income customers are more expensive to build and to operate. Smaller solar projects are more expensive per kW because they do not benefit from economies of scale. Solar projects on rooftops and parking lots are more expensive because of the need for good quality roofs and steel stanchions to hold up the solar panels over parking lots. Projects serving low-income customers are more expensive because of the additional bill discount needed to attract customers to sign up and to continue paying their bills, as well as the cost of replacing customers who struggle to pay their bills.

Because these projects cost more, there is less cashflow available to pay debt service and returns to equity investors. Grants and low-cost loans are needed so the smaller, low-income projects located on the built environment have enough cashflow to be financed and developed. **Without public support, these projects will not be built.**

The fundamental question to ask yourselves as Committee members, legislators and Maryland citizens is: shouldn't public funding be used to incentivize solar projects that we say we want but that will not exist without public support? Asked in a different way, why should we use public dollars to subsidize projects that can and will be developed by the private sector without state support?

In summary, the Climate Access Fund urges a favorable report on SB548 with two amendments: (1) a 30% cap on Compliance funding for clean transportation; and (2) a limit on solar project size (1 MW) and location (on rooftops and parking lots) for SEIF and Compliance funds used for the benefit of low-income and EJ communities.

Thank you.

Lynn Heller, CEO
Climate Access Fund Corporation
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(410) 371-6276

SB548_MAA_LOI.pdf
Uploaded by: Nicolae Copper
Position: INFO

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Jeff Graf
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David Slaughter

MARYLAND ASPHALT ASSOCIATION
SINCE 1954

TREASURER:
Paul Bramble
SECRETARY:
Curtis Hall
PRESIDENT:
G. Marshall Klinefelter

February 28, 2023

Senator Brian Feldman, Chair
Senate Education, Energy, and the Environment Cmte.
2 West, Miller Senate Office Building
Annapolis, MD 21401

Senator Guy Guzzone, Chair
Senate Budget and Taxation Cmte.
3 West, Miller Senate Office Building
Annapolis, MD 21401

RE: Senate Bill 548 – LETTER OF INQUIRY – Maryland Energy Administration – Energy Programs – Modifications (Clean Transportation and Energy Act)

Dear Chair Feldman, Chair Guzzone, and Members of the Education, Energy, and the Environment and the Budget and Taxation Committees:

The Maryland Asphalt Association (MAA) is comprised of 19 producer members representing more than 48 production facilities, 25 contractor members, 25 consulting engineer firms and 41 other associate members. MAA works proactively with regulatory agencies to represent the interests of the asphalt industry both in the writing and interpretation of state and federal regulations that may affect our members. We also advocate for adequate state and federal funding for Maryland's multimodal transportation system.

Senate Bill 548 would make several modifications to the state's codified transportation policy as it relates to the use of the Strategic Energy Investment Fund (SEIF) to incentivize the adoption of zero-emission vehicles for both personal and commercial use throughout Maryland. Among these are the extension of the Electric Vehicle Recharging Equipment Rebate Program, the repeal of the cap that limits the Maryland Energy Administration (MEA) to issuing $1.8 million in such rebates each year, the expansion of allowable uses for Alternative Compliance Payments, and the increase of the maximum amount of SEIF funds that can be credited to an administrative expense account.

MAA has some concerns about the bill as drafted that we would like to bring to the Committee's attention, along with some recommendations regarding elements of this issue that we believe should be a part of any such discussions. While we understand the desire to incentivize a transition to zero-emission vehicles as part of a larger strategy of combatting man-made climate change, we are concerned that this bill sets the dangerous precedent of offering up a perpetual blank check for these incentives by extending the rebate program and uncapping the amount of rebates that can be provided. What guarantee can the Committee provide that you will not simply extend this program again in 2026, instead of considering other, potentially more effective, uses for these funds?

In addition, any discussion of the transition to zero-emission vehicles would be incomplete without also considering the severe negative impact such progress will have on our Transportation Trust Fund (TTF), should a replacement revenue solution not be found in the near future. Thanks to these incentives, more and more zero-emission vehicles are hitting our roadways; however, these vehicles are not contributing any ongoing revenues toward the maintenance and repair of those very roads. Because their vehicles don't consume gasoline, these drivers aren't paying any gas tax, despite their vehicles generating the same wear and tear on our roadways. Before we as a state continue to drive more consumers and businesses toward zero-emission vehicles, it is imperative that the General Assembly implement some kind of ongoing tax mechanism that makes sure these drivers are paying their fair share toward the upkeep of the roads they have been driving on, so far, with impunity from taxation. Therefore, we ask the Committee to consider amending this bill or passing companion legislation to begin generating much-needed TTF revenues from this population.

We appreciate you taking the time to consider our concerns about Senate Bill 548.

Sincerely,

Marshall Klinefelter

Marshall Klinefelter
President
Maryland Asphalt Association

MTBMA
MARYLAND TRANSPORTATION
BUILDERS AND MATERIALS ASSOCIATION

February 28, 2023

Senator Brian Feldman, Chair
Senate Education, Energy, and the Environment Cmte.
2 West, Miller Senate Office Building
Annapolis, MD 21401

Senator Guy Guzzone, Chair
Senate Budget and Taxation Cmte.
3 West, Miller Senate Office Building
Annapolis, MD 21401

RE: Senate Bill 548 – LETTER OF INQUIRY – Maryland Energy Administration – Energy Programs – Modifications (Clean Transportation and Energy Act)

Dear Chair Feldman, Chair Guzzone, and Members of the Education, Energy, and the Environment and the Budget and Taxation Committees:

The Maryland Transportation Builders and Materials Association (MTBMA) has been and continues to serve as the voice for Maryland's construction transportation industry since 1932. Our association is comprised of 200 members. MTBMA encourages, develops, and protects the prestige of the transportation construction and materials industry in Maryland by establishing and maintaining respected relationships with federal, state, and local public officials. We proactively work with regulatory agencies and governing bodies to represent the interests of the transportation industry and advocate for adequate state and federal funding for Maryland's multimodal transportation system.

Senate Bill 548 would make several modifications to the state's codified transportation policy as it relates to the use of the Strategic Energy Investment Fund (SEIF) to incentivize the adoption of zero-emission vehicles for both personal and commercial use throughout Maryland. Among these are the extension of the Electric Vehicle Recharging Equipment Rebate Program, the repeal of the cap that limits the Maryland Energy Administration (MEA) to issuing $1.8 million in such rebates each year, the expansion of allowable uses for Alternative Compliance Payments, and the increase of the maximum amount of SEIF funds that can be credited to an administrative expense account.

MTBMA has some concerns about the bill as drafted that we would like to bring to the Committee's attention, along with some recommendations regarding elements of this issue that we believe should be a part of any such discussions. While we understand the desire to incentivize a transition to zero-emission vehicles as part of a larger strategy of combatting man-made climate change, we are concerned that this bill sets the dangerous precedent of offering up a perpetual blank check for these incentives by extending the rebate program and uncapping the amount of rebates that can be provided. What guarantee can the Committee provide that you will not simply extend this program again in 2026, instead of considering other, potentially more effective, uses for these funds?

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We appreciate you taking the time to consider our concerns about Senate Bill 548.

Thank you,

Michael Sakata
President and CEO
Maryland Transportation Builders and Materials Association