



February 22, 2022

Education, Energy, and the Environment Committee  
Miller Senate Office Building  
2 West  
Annapolis, Maryland 21401

**IN RE: SB 719 An Act Concerning Public Safety – State Fuel Security Program**

Dear Chair Feldman, Vice Chair Kagan and Senators on the Committee:

The American Petroleum Institute (API)<sup>1</sup> appreciates this opportunity to provide comments relative to SB 719. While API lauds the Maryland Energy Administration (MEA) for proactively offering legislation – intended to improve both situational awareness and appreciation for fuel availability during an emergency situation – we are **opposed to the legislation as introduced**.

As detailed below, API has concerns with the legislation, and we hope these concerns are constructive and help inform future discussions on this issue. Over the past week, API has been in communication with MEA and is committed to working in good faith with state agencies and stakeholders to understand how to improve communications during emergencies.

The following are a few concerns identified by API with respect to SB 719 as introduced:

1. **“Energy Emergency” Lacks Clarity as Defined**

At its foundation, well-written legislation is specific and unambiguous and provides potentially affected parties adequate notice to know they are subject to the law. Unfortunately, SB 719 lacks clarity, specifically with regard to the definition of “Energy Emergency.” SB 719 states that “Energy Emergency” has the meaning stated in § 14-301.” However, the definition included in that section is not detailed and does not provide those potentially regulated by this legislation with any certainty with respect to forecasting an energy emergency situation.<sup>2</sup> At a minimum, API recommends providing additional details for stakeholders to review about what constitutes an “energy emergency.”

---

<sup>1</sup> The American Petroleum Institute represents all segments of America’s natural gas and oil industry, which supports more than ten million U.S. jobs and is backed by a growing grassroots movement of millions of Americans. Our 600 members produce, process and distribute the majority of the nation’s energy, and participate in API Energy Excellence, which is accelerating environmental and safety progress by fostering new technologies and transparent reporting. API was formed in 1919 as a standards-setting organization and has developed more than 700 standards to enhance operational and environmental safety, efficiency, and sustainability.

<sup>2</sup> § 14-301 states an “Energy emergency” means a situation in which the health, safety, or welfare of the public is threatened by an actual or impending acute shortage in energy resources.”



2. *The Challenge of Pre-Existing Contractual Obligations*

SB 719 requires a redirection of privately-owned fuel when an energy emergency is declared. This presents a challenge when the fuel that the state is seeking to redirect is subject to a preexisting contract and the fuel has been obligated to a third party. API is concerned that SB 719 puts suppliers in the unenviable position of: choosing to carry more product than they normally would in order to meet the state's potential energy emergency call; or risk breaching existing contracts. This potential uncertainty could result in additional pressure on consumer costs.

3. *Market Sensitive Information Needs Assurance of Safeguards*

SB 719 requires sharing of otherwise proprietary data with MEA. Given the sensitive nature of the information, API recommends that confidential business information safeguards be specifically identified to provide the regulated community with the assurance that proprietary information is protected.

4. *Bill Is Not Necessary*

The legislature needs to determine whether this bill is necessary. A persuasive argument can be made that a new program is not needed and that the current market works. For example, over the past dozen years, the existing market has functioned in supplying fuel when and where it is needed even during emergencies.

API opposes the legislation given the uncertainty and questions that remain. We believe the bill should not be passed this session, and recommend that at a minimum, it be delayed allowing MEA, API, and others to work through the challenges identified by stakeholders.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Michael S. Giaimo'.

Michael S. Giaimo  
Northeast Region Director  
American Petroleum Institute