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SUPPORT WITH AMENDMENTS: HB550 - Clean Transportation and Energy Act

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

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.

HB550 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. HB550 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 HB550 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 HB550, 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.