Committee: **Senate Education, Energy and the Environment**
Testimony on: **SB474: Critical Infrastructure Streamlining Act - Transportation and Climate Alignment Act of 2024**
Submitting: **Deborah A. Cohn, individual**
Position: **Support with Amendments**
Hearing Date: **February 22, 2024**

SB474 waives the need for a certificate of public convenience and necessity (CPCN) for backup generators for industries that are essential for public health and safety in certain situations and, like technology hubs that provide safe, reliable storage of data, may significantly support Maryland's economic growth.

Maryland has committed to reducing its greenhouse gas emissions to 60% of 2006 levels by 2031 and transitioning to a net-zero economy by 2045. State actions need to keep this goal in mind even as it considers other important state goals. The revisions to the Public Utilities Act in SB474 do not adequately keep this in mind.

A recent Brookings Blog makes clear that one of the more important changes needed to decarbonize an economy is completely removing fossil fuels from our electric grid. And even if electric generators produce electricity that will be used only for on-site back-up power for a particular industrial or commercial use and never enter the grid, *any use of fossil fuels*, including diesel power typically used for back-up generators when the electric grid experiences a failure, undermines the goal of decarbonizing our economy. Thus, any decision to authorize installation of diesel powered back-up generators deserves review by the Public Service Commission (PSC) with significant opportunity for public engagement and local community involvement.

The Comptroller's State of the Economy report showed that despite many positive economic indicators in Maryland, "Maryland's economic growth effectively stalled in 2017 and…has been stagnant ever since. "From between the fourth quarter of 2016 to the first quarter of 2023, Maryland's Gross Domestic Product (GDP)…has grown 1.6%, compared with 13.9% for the entire U.S. during the same period." Maryland must do better. Indeed, industries that support public health and safety, such as hospitals and health-related research centers, and the possibility of technology hubs that support safe and reliable storage of data, may support significant economic growth in Maryland, with or without a significant increase in jobs. But the need for these and similar high-energy-use industries in Maryland to ensure secure, reliable, full-time access to electricity, and the importance of job growth and a stronger economy do not justify exemption from opportunities for robust regulatory review and public engagement regarding the need for back-up diesel powered energy generation.

In 2023, Aligned Data Centers canceled its proposed project as part of the Quantum Loophole project in Frederick County, citing the decision by the PSC to deny the exemption for its 168 back-up diesel generators. Cumulatively, these generators would have produced more than 500MW of energy, carrying a significant air pollution load.[1] This denial was based, at least in

[1] https://www.fredericknewspost.com/news/economy_and_business/aligned-pulls-plug-on-data-center-project-cites-objections-to-states-ruling-on-generators/article_a2f7dbaf-7ead-560b-946f-79cfbe675479.html

part, on a mandate established by the Maryland General Assembly in 2021 to require the PSC to consider labor conditions as well as climate impact when awarding a CPCN.[2] This legislation was intended to ensure that decisions made by our state's regulatory agencies are aligned with our shared goals of climate emissions reduction and improved air quality. SB474 works in direct conflict with this law and contributes to our state's climate pollution, including resulting adverse health outcomes, just as Maryland is working so hard to reduce it.

In short, we need to grow Maryland's economy wisely, consistent with our other goals. SB474 does not do this.

SB474 would result in exempting backup diesel generators from the CPCN process if "essential" for public safety or infrastructure. These terms are not adequately defined in the statute so it is not clear how broadly the exemption may apply in the future. Exempting back-up diesel powered generators from the CPCN process undermines those investments and the state's progress to improved air quality and public health. Maryland is investing heavily to accelerate the shift to clean energy to achieve its air quality, public health and climate goals, closing coal fired power plants and encouraging offshore wind and solar. Exhaust emissions from diesel generators include nitrous oxides, other gases and fine particulate matter that worsen respiratory ailments and increase the risk of heart problems, premature death and lung cancer.[3] The negative health impact is multiplied in communities located in areas already exposed to considerable amount of diesel exhaust, for example from diesel-powered large trucks. The cumulative impact raises environmental justice concerns. Exempting back-up diesel powered generators from the CPCN process undermines Maryland's considerable effort to reduce greenhouse gas and other polluting emissions and improve public health, ensure public and community engagement and protect Maryland's investment in clean energy and public health.

The CPCN process is a well-established and clear process that protects against these negative impacts. **Accordingly, I respectfully request that the Committee amend SB474 to ensure PSC overview in a CPCN process of installation of back-up diesel generators covered by SB474 to ensure protection of (i) state efforts to reduce greenhouse gas pollution, protect air quality, and protect public health, (ii) the public's interest in transparency and participation, and (iii) environmental justice.**

Thank you.

Deborah A. Cohn

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[2] https://mgaleg.maryland.gov/2021RS/chapters_noln/Ch_614_hb0298T.pdf

[3] https://mde.maryland.gov/programs/air/mobilesources/pages/dieselhealthandenvironmentaleffects.aspx#:~:text=Health%20studies%20show%20that%20exposure,premature%20death%2C%20and%20lung%20cancer.