

The Honorable Marc Korman, Chair
Maryland House Committee on Environment and Transportation
Room 251
House Office Building
Annapolis, MD 21401

March 1, 2024

Comments on House Bill 990

Mr Chairman and Members of the Committee

We appreciate the opportunity to comment on the House Bill 990 you are considering today. Holcim is the world's largest producer of building materials. We produce cement, concrete, aggregates, asphalt, roofing, and other materials that we all use to build our structures of tomorrow. We are proud of our Maryland roots, with a Hagerstown, Washington County cement production facility. The facility has operated in the exact location since its doors opened in 1903. Over 100 folks from the greater Washington County area call Holcim their employer, and over 400 Marylanders who call Holcim their work home, see their products used throughout the State.

Holcim has a rich recent history of decarbonizing our company by setting aggressive goals and ultimately working to have a net zero impact by 2050. We are recognized as leaders in our space for our aggressive goals and have shown through innovation and development of our production process in cement that we can impact the emissions from our work.

Hagerstown is an excellent example of where we are doing great things to make significant impacts. Several years ago, we were able to recycle automobile tires in our process, lowering our usage of traditional fuels such as natural gas, coal, petroleum coke, and others. This coming year, we will provide a 40% fuel substitution for recycled construction materials. We accept the material, process it, and use it as a fuel source, reducing CO2 emissions by roughly 17% over the next ten years and reducing our coal usage by more than 12,000 tons.

Fuels have been a prominent way we have reduced our emissions already, but the change in how we manufacture our product has helped us lower our overall emissions. Innovating our product from a traditional Portland limestone cement to a 1L type of limestone cement has provided reductions in our CO2 by using more crushed limestone during the finishing of our product using less clinker, which produces CO2 during its process, all while providing a product with the same or increased performance as a traditional cement product.

Delegate Stein's legislation is consistent with the goals of the Maryland Commission on Climate Change and Holcim's commitment to decarbonizing the building industry. However, the legislation's uncertainty fails to provide a solid foundation for the industry to satisfy the expectations of everyone's needs. Therefore, we ask that any potential regulation of the industry consider the following factors:

- Classification of the US cement industry as energy-intensive and trade exposed (EITE).
 - Under a carbon regulating program, existing manufacturers, particularly those in EITE sectors (steel/chemical/fertilizer/glass/cement) must not be put at a competitive disadvantage to firms in the same sectors operating in countries without similar restrictions. A regulatory scheme that provides disadvantages will lead to leakage from the industry.
 - Competitiveness costs can be addressed via several policy options including:
 - Fully or partially exempting vulnerable industries
 - Compensating industries for the costs of GHG regulation through allowance activities or tax rebates
 - Transition assistance to help industries adopt lower-GHG technologies
 - Implement border measures such as taxes on EITE imports without GHG controls
- The principle of Credit for Early Action must be endorsed.
 - State governments must establish a uniform cement GHG performance standard (efficiency based metric – ex: pounds of CO₂ per ton of cement or pounds of CO₂ per ton of clinker) to account for investments made in facility modernization, energy substitution, and substitute cementitious materials
 - Manufacturers who have invested in reduction technologies and efficiencies will be better positioned with an earlier cap year
- Emission reduction targets must be established at reasonable levels which can be achieved without output reductions.
- Irreducible cement manufacturing GHG process emissions must be exempted, and in the absence of, a uniform calculation must be adopted.
 - If process emissions are included in regulatory programs, they must not be subjected to a price on carbon, or an emissions reduction target
 - Adopt a uniform protocol for calculating process emissions (related to Principle #2)
- Finally, an inclusive regulatory environment where experts from the industry can be at the table with policy makers defining regulations that accomplish everyone's goals.

There is more work to be done; with these changes and others our industry is requesting, and your continued work with us, we can ensure our support in our efforts moving forward. Thank you again for the opportunity to share our thoughts with you today.

Yours sincerely,

Andrew R Schepers

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