SIERRA CLUB
MARYLAND CHAPTER

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Committee: **Education, Energy, and the Environment/ Economic Matters**
Testimony on: **SB 937/ HB 1035, Public Utilities - Electricity Generation Planning - Procurement, Permitting, and Co-Location (Next Generation Energy Act)**
Position: **Unfavorable**
Hearing Date: **February 28, 2025**

Introduction:

The Maryland Chapter commends General Assembly leadership for addressing our energy challenges head on. Marylanders are facing increasing electricity rates and growing energy demand, and bringing energy generation online is not currently keeping pace. We commend MGA leadership in working hard to find solutions to expand energy generation, improve regulatory oversight, and reduce rates for Maryland ratepayers. Sierra Club supports many provisions proposed in the leadership energy package and appreciates the opportunity to be part of this important conversation.

This testimony provides a summary of our position on the leadership package as a whole, followed by specific comments on SB 937 / HB 1035.

SB 931/ HB 1036 – Renewable Energy Certainty Act
Sierra Club supports SB 931/ HB 1036, which will create statewide siting standards for solar and battery storage projects and establish consumer protections by setting standards for installers.

SB 909/ HB 1037 – Energy Resource Adequacy and Planning Act
Sierra Club supports SB 909/ HB 1037, which will build much-needed staff capacity within the Maryland government to engage in assessing resource adequacy and to facilitate long-term scenario planning. Combined with improved utility planning via the Affordable Grid Act (SB 908/ HB 1225), this bill will ensure Maryland is planning for the energy future it wants and has everything it needs to reach that future.

SB 937 / HB 1035 – Next Generation Energy Act.
Sierra Club appreciates the intent of SB 937/ HB 1035 – to create new incentives and remove regulatory barriers to deploying new energy technologies. We support provisions to restrict out-of-market deals between data centers and energy generators, which could harm Maryland ratepayers. While we commend the broad definition of "dispatchable energy" used in the bill, we believe that the procurement mechanism proposed would not be effective in increasing battery storage deployment in the State. Moreover, we cannot support legislation that would incentivize or accelerate fracked-gas generation or new nuclear power.

Remarks on SB 937/ HB 1035 – Next Generation Energy Act:

Maryland's demand for electricity is poised to grow for the first time in 20 years, due especially to the growth of data centers and on-shoring of manufacturing. The decline in demand over the past two decades largely reflects the success of Maryland's energy efficiency programs; more sophisticated peak-reduction strategies like virtual power plants, should remain part of the solution. But even with these programs, Maryland should focus on accelerating its homegrown energy supply.

Maryland can meet many of its future energy needs through targeted investments in clean energy, battery storage, and smart grid tools like Virtual Power Plants. These strategies will allow Maryland to meet its energy needs while improving public health, protecting ratepayers, and advancing our climate goals. The rapid improvements in clean-energy technology over the past decade means that in most cases, the price of renewables is often cheaper than polluting oil, gas, or coal.[1]

Smart deployment of battery storage can work in partnership with increasing clean energy on the grid to increase grid reliability, decrease electricity costs at times of peak demand, and minimize the need for expensive, polluting fossil fuel "peaking" generation. Additionally, long-duration battery storage can help reduce the need for new generation capacity, provide grid reliability, and be more rapidly deployable than building fossil fuel power plants.

The Next Generation Energy Act recognizes the importance of accelerating in-state generation in Maryland, but Sierra Club believes that we can better and more cost-effectively meet our energy needs through deploying clean renewable energy and battery storage, and advocating for more thorough resource and grid planning processes at PJM and on the part of utilities. This focus aligns with steps taken by the Renewable Certainty Act.

We encourage the committee to advance the bulk of the leadership package, including the Renewable Energy Certainty Act (SB 931/ HB 1036) and the Energy Resource Adequacy and Planning Act (SB 909/ HB 1037). We encourage the committee to apply the same principle of urgency reflected in this legislation, **SB 937/ HB 1035, but remain focused on deploying clean energy and storage, with policy tools that will work for those technologies.**

Further, the General Assembly has many opportunities this session to pass legislation that supports the deployment of solar, wind, battery storage, and energy efficiency – energy solutions that are ready, affordable, and effective today and can be implemented more quickly to address Maryland's energy needs. We urge the General Assembly to act on these opportunities.

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[1] Lazard, "Levelized Cost of Energy: Version 16.0." 2023.
https://www.lazard.com/research-insights/2023-levelized-cost-of-energyplus/

Section Analysis:

“Dispatchable Energy” and Fracked Gas

SB 937/ HB 1035 directs the Public Service Commission to facilitate a competitive process for new energy generation, which aligns with the PJM definition of “dispatchable energy”, which includes steam, gas, and battery storage. The winners of the process would qualify for an accelerated CPCN application process.

Changes to CPCN Process

Time is money when it comes to energy development, and Maryland should make every effort to streamline its permit and application processes. The application process for a Certificate of Public Convenience and Necessity (CPCN) includes reviewing environmental and economic impacts and gathering public input, and input from key agencies. This process currently takes 12-18 months. Sierra Club supports efforts to review and streamline these processes, however the changes proposed in SB 937/ HB 1035 would undermine critical elements of the CPCN.

The legislation appears to cut key environmental justice (EJ) protections, community engagement requirements, and environmental reporting obligations currently mandated under COMAR 20.79.03.02, if the proposed facility is in the same location as a current or former generation facility (with a higher GHG profile than the proposed facility). Community engagement and environmental review are even more important when new potentially polluting sources are proposed near existing polluting sources.

Further, Maryland is already under a consent decree for a Title VI (civil rights) violation almost a decade ago related to inadequate and inequitable public outreach during the application process for a gas-fired power plant proposed in Brandywine.

Maryland Should Not Incentivize or Accelerate New Fracked Gas Generation.

Sierra Club cannot support any proposal that would seek to accelerate or incentivize construction of new fracked gas-fired generation.

New gas generation is a public health issue. Toxic emissions like nitrogen oxides, mercury, and soot from burning fossil fuels in our power plants, buildings, and vehicles are hazardous to human health and are linked to cancers, heart disease, asthma, and other respiratory diseases. The majority of Marylanders already live in counties with unhealthy air quality levels, and building a new gas-fired power plant would only exacerbate the health risks they face.

New gas generation is incompatible with our climate goals. Methane is the primary component of gas, and is a potent greenhouse gas. In fact, methane has 80 times the climate warming impact (per ton) of carbon dioxide over a 20-year period. Gas is not a bridge fuel and should not be seen as a viable component of Maryland's energy future. Maryland would significantly backslide on its climate goals by approving a new gas plant. The use of fracked gas as a fuel source in a gas plant raises additional concerns, since fracking is associated with pollution of groundwater and promotion of seismic activity among other harms.

Gas is not a reliable resource. After studying the performance of gas-fired power plants, PJM, the regional grid operator, downrated the reliability of gas fired power plants from 92%-95% to 62%-79% because gas plants are more likely to fail during extreme weather. The poor performance of these gas plants has left us with a less reliable grid.

Nuclear Energy

SB 937/ HB 1035 prioritizes new nuclear power through state procurement, permitting, and financing assistance. Upon receipt of an application for a proposed nuclear generation project, the Act directs the Public Service Commission (PSC) to open an application period for other proposed nuclear energy projects, evaluate the submitted projects, and approve subject to the criteria set out in 7-1212(A). Any approved project would include a long-term pricing schedule, not to exceed 30 years, as a cost to be paid by all distribution customers of the relevant electric company. The Act also directs the Maryland Energy Administration (MEA), in coordination with the PSC and the Department of Natural Resources (DNR), to pursue agreements with neighboring states and federal agencies to support the development of new nuclear generating stations.

The Club opposes the State incentivizing and/or facilitating *new* nuclear energy as an energy source. New nuclear development is expensive and takes years to build, so it won't solve our near-term energy supply issues. Nuclear power is two to six times more costly per megawatt-hour than wind and utility-scale solar, and new nuclear plants can take twice as long to come online.[2]

There are many recent examples of attempted nuclear deployment around the country that highlight the expense and delays inherent in this energy source. For example, the Vogtle nuclear project in Georgia started in 2009 with a predicted cost of $14 billion. When the final unit started operation in 2024, 16 years later, it had a price tag of more than $35 billion.[3] In another recent

[2] Lazard, "Levelized Cost of Energy: Version 16.0." 2023. https://www.lazard.com/research-insights/2023-levelized-cost-of-energyplus/
[3] Bright, Zach, "After Vogtle, what's next for nuclear?" April 30, 2024, E&E News, https://www.eenews.net/articles/after-vogtle-whats-next-for-nuclear/

example, NuScale's small modular reactor project for a small municipal utility in Utah and Idaho saw costs balloon from $4.2 billion in 2018 to $9.3 billion in 2023, before being canceled.[4]

Nuclear power is not renewable, clean energy. Nuclear power comes with safety risks and highly hazardous wastes that threaten our drinking water and have no permanent solution in sight. Furthermore, Small Modular Reactors (SMRs) are unproven technology. While new design SMRs are being proposed, there is no commercial scale working project yet.

For these reasons, the Sierra Club encourages an unfavorable report on SB 937/ HB 1035.

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[4] Ramana, M.V., "The collapse of NuScale's project should spell the end for small modular nuclear reactors," Utility Dive, Jan 31, 2024. https://www.utilitydive.com/news/nuscale-uamps-project-small-modular-reactor-ramanasmr-/705717/