



# Maryland

## Energy Administration

**TO:** Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee  
**FROM:** MEA  
**SUBJECT:** HB 505 - Empowering New Energy Resources and Green Initiatives Toward a Zero-Emission (ENERGIZE) Maryland Act  
**DATE:** February 21, 2025

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### **MEA Position: FAVORABLE WITH AMENDMENTS**

The ENERGIZE Act is the next step in Maryland's trajectory to becoming more energy independent and a leader in the clean energy economy. A Clean Energy Portfolio Standard is necessary in making Maryland a leader in clean energy and the greenest state in the country. The bill is a pro-labor, pro-business development measure that establishes a clean energy standard by building on the existing Renewable Portfolio Standard (RPS), includes solar and offshore wind reforms, and adds nuclear energy towards the aim of the state reaching a 100% clean electricity goal.

In June of 2024, Governor Moore signed an executive order to advance Maryland's Climate Pollution Reduction Plan. The Order required the Maryland Energy Administration (MEA) to develop a framework for 100% clean energy. ENERGIZE is the result of that development.

Adding nuclear energy to the state's clean energy goals will give credit for the carbon-free generation that is already taking place in the state, and prompt the development of an emerging technology, small modular reactors (SMRs), necessary to achieve the state's clean electricity goals. The bill establishes a nuclear energy procurement mechanism that mirrors the state's existing procurement process for offshore wind. This is a key step in overcoming the high economic hurdles needed to promote investment in new carbon-free technologies.

For solar, the bill would freeze the existing statutory alternative compliance payment (ACP) level, stabilizing the market for solar renewable energy credits (SRECs). The ACP functions essentially as a cap on SREC prices, and Maryland's SRECs simply do not carry enough value to spur more development in the State. This is especially true in future years, where ACP will decline to \$22.50. Competing, regional neighbor jurisdictions have SRECs that are valued at significantly higher prices and typically have higher price caps. In order to see the future development of solar in the state, Maryland must provide market stability to help continue to spur investment in solar development.

The bill also reforms the current offshore wind processes. Currently, the rate caps on offshore wind are statutory, meaning that any project bidding into the offshore wind renewable energy credit (OREC) process already knows the upper limit attached to a solicitation. A more favorable approach for the State is to have a reference price or upper limit set by the PSC during a solicitation, and not

disclosed publicly. This will prevent entities bidding into the OREC process from intentionally maximizing ratepayer costs according to the statutory cap. Additionally, the bill relaxes the interconnection requirements for offshore wind, permitting greater flexibility in the interconnection of these vital projects. Finally, ENERGIZE would require a modest security investment from offshore wind developers as a means to cover any administrative costs should a developer choose to remove themselves and their projects from the OREC process, as this has previously occurred in Maryland.

Lastly, the bill will help drive investment within the state, much in the way that offshore wind has helped to reignite industries related to offshore wind development. ENERGIZE creates a labor-friendly environment within its nuclear procurement mechanism, and repurposes the Maryland Offshore Wind Business Development Fund to be the Clean Energy Business Development Fund. This broadens the scope of that fund so that investments can be made in business development for all types of clean energy technologies, including SMRs.

ENERGIZE is a focused, logical next step in making Maryland the cleanest state in the country. With these measures in place, Maryland can leap forward in its pursuit of clean electricity and energy independence. For these reasons, MEA urges the committee to adopt the amendments being proposed by the Governor's Legislative Office and to issue a **favorable report as amended**.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Landon Fahrig, Legislative Liaison, directly ([landon.fahrig@maryland.gov](mailto:landon.fahrig@maryland.gov), 410.931.1537).