

**Friday, February 28, 2025**

**TO:** C. T. Wilson, Chair of the House Economic Matters Committee; and Committee Members  
**FROM:** Humna Sharif, The Nature Conservancy, Director of Government Relations; and Michelle Dietz, The Nature Conservancy, Director of Government Relations  
**POSITION:** Support with Amendments HB 1037 Energy Resource Adequacy and Planning Act

The Nature Conservancy (TNC) supports with amendments HB 1037 offered by Delegate Crosby. TNC is a global conservation organization working to conserve the lands and waters on which all life depends. In Maryland, our work focuses on delivering science-based, on-the-ground solutions that secure clean water and healthy living environments for our communities, reducing greenhouse gas emissions and increasing resilience in the face of a changing climate. We are dedicated to a future where people and nature thrive together.

HB 1037 enables important energy planning actions that are necessary to ensure the electric distribution system's reliability and the cost-effectiveness of various energy strategies that are compatible with Maryland's long-term needs. This legislation seeks to establish an Integrated Resource Planning Office (the Office) in the Public Service Commission (PSC) to develop a 25-year comprehensive energy forecast; the electricity load and demand projections would run from 2025-2050. This forecast would analyze energy scenarios, policy options, and produce cost estimates for meeting the state's energy needs and climate pollution reduction goals.

Through HB 1037, the Office will identify a best-case scenario for meeting the state's energy goals and develop a strategy for achieving that scenario. Consideration will be given to load forecasts in the PJM region, impact on energy reliability, priority zones for generation and transmission, and the state's climate goals, among others. The Office will also produce short- and long-term recommendations for the General Assembly including ways to streamline regulatory and administrative procedures to achieve greater efficiency in our energy system. By investing resources in long-term energy planning, Maryland will be well positioned to take advantage of existing and upcoming technologies.

**While TNC is enthusiastically supportive of the clean energy applications of HB 1037, and we strongly recommend removing references to gas infrastructure on page 4, line 17.** Planning for investments in new gas infrastructure is contradictory this legislation's overall energy reliability and climate pollution reduction goals, and the goals and commitments our state has set through prior legislation like the Climate Solutions Now Act (CSNA). TNC also supports the provisions within this bill on page 8, line 3 that minimize localized air pollutants and other climate pollutants in the state, with priority given to underserved and overburdened communities. Gas infrastructure will disproportionately harm communities in the state that already have a high-pollution burden, will increase energy costs for Maryland taxpayers, and continue to pollute our planet—leaving Maryland worse off for future generations.

**TNC recommends amendment language to include provisions from the Abundant Affordable Clean Energy (AACE) Act (SB 316/HB 398) within this legislation.** The AACE Act's proposed pathway brings on new energy projects that will serve Maryland's load requirements within this decade on a least-cost basis, while allowing flexibility to respond to potential shifts in future energy markets through rapid, low-cost, and flexible solutions. Specifically concerning Maryland's historic REC and SREC incentives, which have been a powerful tool to jumpstart renewable generation in the state, but the "one-size-fits-all" approach often results in incentives that are mismatched to specific projects' needs. **Within HB 1037, TNC requests including the SREC-II and REC-II provisions of the AACE Act.** These provisions will ensure that individual clean energy projects can receive the

incentives they need to come online, while also preventing unneeded incentives from being passed through to ratepayers. **TNC also requests that HB 1037 be amended to maximize the inclusion of all clean energy pathways available to our state and include battery storage in the legislation.** Energy storage can be built faster to address our supply and demand challenges within a shorter time frame.

AACE (SB 316/HB 398) has offered a combination of rapidity, low-cost, and flexibility to create a pathway to achieving resource adequacy to meet current and future electric load requirements. It directs the PSC to create a competitive procurement process in 2026 and 2027 for up to 1,600 MW of total battery storage projects and provides a pathway for these projects to be operational in this decade. It maps out a pathway for 150 MW of distributed storage projects, not subject to the PJM interconnection queue, to be constructed by electric companies, which will provide substantial benefits to residential and other local electric demand. The AACE Act is complimentary to HB 1037 in many ways and we strongly recommend incorporating its provisions into this bill.

**HB 1037 includes a 45-day public comment period requirement on page 7, line 3. We strongly recommend amending the language to increase the public comment period to at least 90-days.** This amendment would give Marylanders greater access to the opportunity for providing feedback on modelling analyses completed under this legislation. 45-days is too short a time to appropriately reach concerned residents who deserve the opportunity to review and comment on the state's energy plans. We also recommend that the PSC consider other ways to make its findings accessible to the public, including holding listening sessions, publicizing the findings through newspapers and other media, and setting up office hours with the PSC and Office staff.

TNC appreciates the prioritization given to ensuring coordination among the Office, the PSC, and the Maryland Energy Administration. Collaboration among agencies to conduct cost-benefit analysis, and energy modeling for the state is necessary for these planning activities' success. HB 1037 instructs the three entities to study the transition to a distributed renewable energy system and potential vulnerabilities of such a system that need to be addressed.

Our state must move swiftly to meet growing energy demands, as well as our climate commitments and public health obligations. HB 1037 is one step, in a series of actions toward a secure and clean energy future for Maryland. The Nature Conservancy commends Delegate Crosby for introducing this legislation.

**Therefore, we urge a favorable with amendments report on HB 1037.**