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February 6, 2025

Support: HB 398 - The Abundant, Affordable Clean Energy Act

Chair Wilson and Members of the Committee:

Maryland LCV supports HB 398 - The Abundant, Affordable, Clean Energy (AACE) Act and we thank Delegate Charkoudian for her leadership.

Maryland is anticipating an increasing demand for electricity as we are experiencing rising energy costs, making it crucial to secure reliable, affordable power that builds a healthy environment for everyone in Maryland. The AACE Act marries clean energy deployment initiatives with innovative ratepayer protections to achieve its namesake. The coalition supporting the AACE Act represents a robust group of environmental organizations, labor, industry, and ratepayer protection advocates. These sectors' interests do not always align and the diversity of this coalition is a testament to the content of the bill. The language in the AACE Act is the result of multiple and frequent stakeholder meetings that has led to a sensible approach that supports the environment, ratepayers, and Maryland workers.

The AACE Act is a priority bill for Maryland LCV as well as a priority for the environmental community.

[Electricity use accounts for more than one-fifth of Maryland's emissions.](#) To stay on track to meet Maryland's ambitious, statutorily-mandated, greenhouse gas emissions reductions we must transition to using mostly non-carbon emitting energy sources. The financing and support mechanisms to jumpstart the renewable energy sector in the state's Renewable Portfolio Standard (RPS) were effective in initiating a renewables market, but need to be adjusted to meet today's markets and demands. In this regard, the AACE Act does two things: 1. Initiates an expedited procurement process for energy storage projects coming out of the PJM queue in the next couple of years, including strong labor standards for this emerging industry, and 2. Creates a new class of RECs - SREC-IIs for new utility-scale solar and distributed solar, and REC-IIs for new onshore wind and small-scale hydro projects, setting a new target for 3000 MW of utility-scale solar projects by 2035. Reaching the state's climate goals will result in [up to \\$321 million in additional health benefits in 2031](#), mostly as a result of cleaner air, compared to current policies, with most of the health benefits occurring in historically disadvantaged communities.

The AACE Act also narrowly addresses the state's largest source of non-carbon emitting electricity generation, nuclear power. It creates a zero emission credit (ZEC) to support the state's existing Calvert Cliffs nuclear facility if, and, and only if, existing federal tax credits for the facility are no longer available to the facility, AND means testing demonstrates the facility requires a ZEC to remain economically viable. ZECs are a financial incentive and are not eligible to participate in the RPS.

Finally, the bill innovates new ratepayer protections by returning funds directly to ratepayers through a new escrow account supervised by the Maryland Energy Administration (MEA), as either direct payments or credits on energy bills. Funding for the escrow account will come from Alternative Compliance Payments (ACPs), (that currently go to Strategic Energy Investment Fund) and returns exceeding set procurement pricing for new SREC-II and REC-II as well as 75% of the total franchise, sale, and energy use taxes from qualifying data centers. In this way, the AACE Act guards against future electricity bill increases.

The provisions in the AACE Act, taken together, will ensure Maryland can generate the clean energy we need in the state while guarding against future increases in electricity bills. Attached to our testimony, you will also see files with coalition testimony representing 32 groups in support, as well as the coalition fact sheet. Thank you for your consideration. We urge a favorable report on HB 398.