



STATE OF MARYLAND

OFFICE OF THE GOVERNOR

Wes Moore

February 19, 2025

The Honorable C.T. Wilson
Chair, Economic Matters Committee
230 Taylor House Office Building
Annapolis, Maryland 21401

RE: Favorable with Amendments - HB0505 - Empowering New Energy Resources and Green Initiatives Toward a Zero-Emission (ENERGIZE) Maryland Act

Chair Wilson, Vice-Chair Crosby, and Distinguished Members of the Economic Matters Committee,

On behalf of the Moore-Miller Administration, I respectfully ask the committee to issue a favorable report on HB0505 - Empowering New Energy Resources and Green Initiatives Toward a Zero-Emission (ENERGIZE) Maryland Act.

Maryland stands at a pivotal moment in its energy policy. The Climate Solutions Now Act of 2022 established ambitious benchmarks for the state, mandating a 60% reduction in greenhouse gas emissions by 2031 and achieving carbon neutrality by 2045. Governor Moore has reaffirmed Maryland's commitment by setting the goal of achieving 100% clean electricity, ensuring the state remains a leader in renewable and zero-carbon energy, and driving economic growth, while addressing cost, reliability, and supply-demand challenges.

The legislation builds on the Clean Energy Jobs Act by **establishing nuclear energy as a clean energy source** eligible to contribute towards meeting the state's clean energy goals. The legislation also **introduces a procurement framework – modeled after Maryland's offshore wind approach – to encourage the development of new nuclear energy in the state**. This includes both traditional nuclear reactors and advanced small modular reactors (SMRs), ensuring a reliable carbon-free energy future.

This legislation takes a key step towards supporting more in-state solar development by **freezing the existing statutory alternative compliance payment (ACP) level**, ensuring stability in the market for solar renewable energy credits (SRECs). As the ACP schedule declines, SREC values have weakened, making it more challenging to drive new solar development. By stabilizing the

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market, this legislation provides the certainty needed to attract investment, expand in-state solar projects, and accelerate Maryland's transition to clean energy.

In addition, the legislation modernizes Maryland's offshore wind (OSW) solicitation process to promote greater competition and cost-saving measures for ratepayers. Currently, state law sets a public rate cap, making Maryland one of only two states actively procuring offshore wind while allowing developers to bid up to the maximum limit, potentially inflating costs. To drive more competitive bidding, **the legislation shifts to a confidential reference price or upper limit set by the Public Service Commission (PSC)**, preventing developers from maximizing bids at the expense of ratepayers. Additionally, the bill **relaxes the interconnection requirements** for offshore wind, permitting greater flexibility in the interconnection of these vital projects.

Lastly, the legislation aims to drive in-state investment, similar to the offshore wind industry, that creates a labor-friendly environment within its nuclear procurement mechanism. **The Clean Energy Business Development Fund ensures that investments can be made in business development for all types of clean energy technologies, including SMRs.**

The administration is offering several amendments to ensure these investments are focused on developing more in-state generation, which include:

- Prospectively applying ACP freeze to new projects;
- Technical changes to the Clean Energy Business Fund; and
- A comprehensive report on the return of the state's investments in solar development and a timeline for the state to achieve its 100% goal.

With these provisions and amendments, the ENERGIZE Maryland Act aims to ensure Maryland can continue in its pursuit of clean electricity and energy independence.

I respectfully request the committee for a **favorable with amendment** report on House Bill 505 - ENERGIZE Maryland Act.

Sincerely,

A handwritten signature in black ink, appearing to read 'Saif Ratul', is placed on a light gray rectangular background.

Saif Ratul
Deputy Legislative Officer
Office of Governor Moore

AMENDMENTS TO HB505
(First Reading File Bill)

On page 7 in lines 18 and 26, on page 8 in lines 6, 15, and 24, and on page 9 in line 4, in each instance, after “energy” insert “INCLUDING AN AMOUNT SET BY THE COMMISSION OF SOLAR ENERGY GENERATING SYSTEMS THAT FIRST INTERCONNECTED TO THE GRID AFTER DECEMBER 31, 2024”.

On page 11 in line 1 and 2, in each instance, strike “YEAR” and substitute “TWO COMPLIANCE YEARS”, and after line 5 insert

(H) (1) IN DETERMINING THE AMOUNT OF ENERGY THAT SOLAR ENERGY GENERATING SYSTEMS PRODUCE THAT FIRST INTERCONNECTED TO THE GRID AFTER DECEMBER 31, 2024 THE COMMISSION SHALL UTILIZE THE PJM GATS SYSTEM TO DETERMINE THE ACTUAL OUTPUT OF NEWLY INTERCONNECTED SOLAR ENERGY GENERATING SYSTEMS; AND

(2) THE COMMISSION SHALL NOT INCLUDE SOLAR ENERGY GENERATING SYSTEMS THAT HAVE BEEN RECOMMISSIONED OR CONTINUED OPERATIONS THROUGH REPLACEMENT OF SOLAR PHOTOVOLTAIC PANELS ON AN EXISTING SOLAR ENERGY GENERATING SYSTEM.

On page 23 in line 4 after “energy” insert “THAT WAS FIRST INTERCONNECTED TO THE ELECTRICAL GRID BEFORE JANUARY 1, 2025”, in lines 15 and 21, in each instance strike the bracket, and in line 22 after the period, insert

“6 CENTS FOR EACH KILOWATT-HOUR OF SHORTFALL FROM REQUIRED TIER 1 RENEWABLE SOURCES THAT IS TO DELIVERED FROM SOLAR ENERGY THAT WAS FIRST INTERCONNECTED TO THE ELECTRICAL GRID AFTER DECEMBER 31, 2024; AND
4.”.

On page 44, after line 2 insert

“(b) The purposes of the Fund are to:

(1) provide financial assistance, business development assistance, and employee training opportunities for the benefit of emerging businesses in the State, including minority-owned emerging businesses, to prepare those businesses to participate in the emerging [offshore wind] CLEAN ENERGY industry; and

(2) encourage emerging businesses in the State, including minority-owned emerging businesses, to participate in the emerging [offshore wind] CLEAN ENERGY industry.

SECTION 4. AND BE IT FURTHER ENACTED, That:

(a) The Maryland Energy Administration, in consultation with the Public Service Commission shall report on the value of multiplying renewable energy credits received by certain qualifying solar energy generators under Chapter 595 of the 2024 Laws of Maryland and the increased alternative compliance payment price for certain qualifying solar generators established by this Act.

(b) The report shall include:

(1) A full analysis of the results of these incentives including:

(i) any ratepayer impacts;

(ii) recommendations that are required to achieve the State's solar energy goals under the Clean Energy Standard; and

(iii) recommend a date by which the state may reasonably achieve 100% clean electricity.

(c) The report shall also include an evaluation of the State's progress toward achieving 100% clean electricity, including an estimated date by which this goal can be achieved.

(d) On or before October 1, 2032, the Maryland Energy Administration shall report its findings and recommendations to the Senate Committee on Education Energy and the Environment and the House Economic Matters Committee, in accordance with § 2-1257 of the State Government Article."

On page 44 strike in their entirety lines 11 through 15 inclusive, and in lines 3 and 9 strike "4" and "5", respectively, and substitute "5" and "6", respectively.