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Education, Energy, and the Environment Committee

Energy Subcommittee

Chair, Joint Electric Universal Service Program Workgroup

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TESTIMONY IN SUPPORT OF SB 316
Abundant Affordable Clean Energy Act (AACE Act)

Education, Energy and the Environment Committee
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Chair Feldman, Vice Chair Kagan, and Members of the Committee:

Thank you for the opportunity to testify in support of Senate Bill 316, the Abundant Affordable Clean Energy Act (AACE Act). This bill is a comprehensive response to Maryland's rising electricity costs, increasing energy demand, and the urgent need for clean energy expansion. SB 316 establishes a competitive procurement process to accelerate battery storage and renewable energy projects, ensuring ratepayer protections, labor safeguards, and flexible incentive structures to meet Maryland's energy goals.

Addressing Energy Cost Increases and Grid Reliability

For decades, Maryland has benefited from stable electricity prices. However, the 2025/2026 PJM capacity auction resulted in an 800% increase in capacity prices, which will be passed on to ratepayers. Additionally, data centers and other high-intensity energy consumers are driving up demand, while new generation projects remain stalled due to severe backlogs in the PJM interconnection queue.

Currently, the PJM interconnection queue is so backlogged that, in 2023, PJM announced it would stop accepting new projects, with wait times extending up to five years for project approvals. This delay has left hundreds of gigawatts of planned renewable energy and battery storage projects in limbo, meaning Maryland cannot efficiently bring new clean energy online. Many projects that were economically viable at the time of application face changing financial conditions by the time they are approved, leading to cancellation or infeasibility.

The AACE Act addresses these concerns by:

- **Prioritizing projects that have a high likelihood of clearing the queue quickly**, ensuring that Maryland gets the energy it needs without excessive delays.
- **Requiring the Public Service Commission (PSC) to create a competitive procurement process** in **2026 and 2027 for up to 1,600 MW of battery**

storage, ensuring rapid project deployment and reducing reliance on costly peaker plants.
- **Creating a pathway for 150 MW of distributed energy storage projects**, which are **not subject to PJM interconnection delays**, allowing faster integration into Maryland's energy infrastructure.

Expanding Maryland's Clean Energy Supply

Maryland has set a target of **100% clean energy by 2040**, and SB 316 builds upon this commitment by enhancing **solar and wind energy incentives** that drive new project development. This legislation:

- **Establishes the Utility-Scale SREC-II Program**, supporting at least **3,000 MW of new utility-scale solar projects** by 2035.
- **Creates the Small Solar Facilities Incentive Program**, providing incentives for **3,000 MW of rooftop and community solar** to expand distributed generation.
- **Prioritizes renewable energy credits (RECs) from in-state projects** to ensure that Maryland consumers directly benefit from local clean energy investments.

Additionally, SB 316 introduces a revised incentive methodology that "right-sizes" financial support for new projects, ensuring that ratepayer costs remain minimal while fostering renewable energy growth.

Enhancing Offshore Wind Transmission and Integration

Maryland is leading the way in offshore wind development, with a goal of 8,500 MW of offshore wind capacity by 2031. However, inadequate transmission infrastructure is a major hurdle to bringing this power online efficiently. Without strategic planning for transmission upgrades, Maryland risks higher costs and delayed implementation of offshore wind energy.

SB 316 ensures that offshore wind energy reaches Maryland homes and businesses efficiently by:

- **Directing the PSC to prioritize regional transmission planning**, ensuring offshore wind energy is connected efficiently while avoiding unnecessary costs to ratepayers.
- **Requiring cost-benefit analyses of different transmission solutions**, including **advanced grid technologies and inter-state coordination**, to ensure Maryland remains at the forefront of clean energy deployment.
- **Aligning Maryland's offshore wind strategy with PJM's long-term transmission planning process**, ensuring integration is as seamless and cost-effective as possible.

Supporting Maryland's Nuclear Energy Infrastructure

Maryland's Calvert Cliffs Nuclear Power Plant plays a critical role in maintaining grid stability and emissions-free energy production, supplying nearly 40% of Maryland's in-state electricity. However, the plant faces impending federal relicensing deadlines in 2034 and 2036, and economic uncertainties threaten its continued operation.

SB 316 ensures that nuclear power remains a viable part of Maryland's energy mix by:

- **Establishing Zero-Emission Credits (ZECs)** to provide financial stability for nuclear facilities only **if they no longer qualify for federal support**, ensuring that taxpayer and ratepayer funds are used efficiently.
- **Implementing strict cost controls** to ensure that ZECs are only granted as a **last-resort measure**, preventing unnecessary subsidies while keeping the plant operational.
- **Requiring the PSC to conduct periodic reviews** of nuclear energy contributions to Maryland's energy portfolio, ensuring that nuclear remains **economically and environmentally viable**.

Ratepayer Protections and Affordability

A key component of SB 316 is its commitment to protecting Maryland ratepayers from escalating energy costs. The bill:

- **Establishes an escrow account for ratepayer refunds**, redirecting **alternative compliance payments (ACPs)** to **offset customer electricity costs** instead of being absorbed into the general budget.
- **Redirects 75% of franchise and sales taxes from data centers** into the escrow account, ensuring that **industries driving demand contribute to cost stabilization**.

Ensuring Energy Development Benefits Maryland's Workforce

The AACE Act ensures that Maryland's clean energy transition prioritizes local workers by incorporating strong labor protections. The bill mandates that all projects adhere to community benefit agreements, which include:

- **Prevailing wage requirements** to ensure fair compensation for Maryland's workforce.
- **Hiring mandates that prioritize local and disadvantaged workers** to expand economic opportunities.

Conclusion

Senate Bill 316 represents a transformational step forward in Maryland's energy policy. It tackles the most pressing issues facing our energy sector—rising costs, grid instability, and the need for clean energy expansion—through a market-driven, cost-effective strategy. By investing in battery storage, renewables, offshore wind, and nuclear power, this legislation guarantees that Maryland remains a leader in clean energy innovation while protecting ratepayers.

For these reasons, I respectfully urge the Committee to issue a **favorable report on SB 316**.

With kindest regards,

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