



Bill: HB1199/SB590: Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program (Maryland Climate Crisis Equity Act)

Position: Information

Dear Chair, Vice Chair, and Members of the Committee:

The Maryland Coalition for Inclusive Energy Solutions respectfully submits this letter regarding HB 1199/SB 590-Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program (Maryland Climate Crisis Equity Act). This legislation directs the Maryland Department of the Environment (MDE), in coordination with relevant state agencies, to study and report on the potential design and implications of an economy-wide cap-and-invest program.

A cap-and-invest framework establishes a declining statewide limit on greenhouse gas emissions and requires covered entities to purchase permits, typically through state-run auctions. While intended to incentivize emissions reductions, this approach imposes direct compliance costs. As the cap tightens, permit prices rise, increasing operating costs that are often passed on to customers through higher electricity, fuel, and energy-related prices.

Other states have highlighted the potential economic impact. In New York, analyses have warned that an economy-wide cap-and-invest program could cost billions annually, much of which would ultimately affect customer bills. Most recently, an internal analysis by the New York State Energy Research and Development Authority (NYSERDA) on the “likely costs of CLCPA compliance” concluded that, under a strict, no-flexibility implementation of New York’s climate law using high carbon prices to meet the 2030 statutory targets, typical households, particularly upstate heating oil and natural gas customers, could see gross annual energy bill increases exceeding \$4,000, while many commercial and industrial customers could face double-digit percentage increases in utility and fuel costs, raising serious concerns about affordability, competitiveness, and the practical feasibility of sustaining decarbonization without statutory or regulatory adjustments.¹

Beyond costs to consumers and businesses, such a program would require substantial new regulatory and administrative infrastructure. Expanded reporting, monitoring, verification, and compliance mechanisms would be layered on top of existing state and regional requirements. These obligations could be particularly burdensome for smaller suppliers, potentially diverting

¹ <https://www.cityandstateny.com/policy/2026/02/climate-law-mandates-could-cost-new-yorkers-4000-higher-energy-bills-state-analysis-shows/411735/>

resources from clean energy investments, system reliability improvements, and customer-focused initiatives.

Even the study mandated under HB 1199/SB 590 carries a fiscal impact, with estimated MDE consultant costs of \$200,000 in fiscal 2027 to support economic and emissions modeling. This underscores the complexity of evaluating an economy-wide program.²

Maryland's current energy landscape amplifies these concerns. Suppliers are navigating project delays, baseload retirements, local opposition to infrastructure, and high costs following PJM's two most recent capacity auctions, which saw an estimated 1,000% price increase for the 2025–2027 delivery years. Against this backdrop, adding a new economy-wide pricing mechanism without fully understanding cumulative impacts warrants caution.³

Many energy suppliers are concerned that meeting CSNA targets within current timelines already challenges customer affordability and system reliability. Implementing additional economy-wide mechanisms without thorough evaluation could increase utility costs, tax or fee burdens, especially for low- and moderate-income customers, and raise operating costs, affecting Maryland's economic competitiveness.

We respectfully urge that the study required under HB 1199/SB 590 comprehensively assess not only potential greenhouse gas reductions but also broader economic and operational impacts, including:

- Effects on energy affordability for residential, commercial, and industrial customers.
- Impacts on system reliability, resource adequacy, and infrastructure investment.
- Compliance, reporting, and administrative burdens on energy suppliers of all sizes.
- Implications for attracting and retaining energy-intensive employers and supporting economic growth.
- Interaction with existing state and regional programs, including PJM market dynamics and current clean energy requirements.

The Maryland Coalition for Inclusive Energy Solutions appreciates the opportunity to provide this information to the Committee.

Respectfully submitted,

Sarah Peters
Executive Director
Maryland Coalition for Inclusive Energy Solutions

² https://mgaleg.maryland.gov/2026RS/fnotes/bil_0009/hb1199.pdf

³ <https://www.reuters.com/business/energy/prices-biggest-us-power-grid-auction-hit-new-record-supply-crunch-2025-12-17/>