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March 3, 2026

SUPPORT - HB 1040: Maryland Strategic Energy Investment Fund - Mandated Uses - Climate Change Programs

Chair Korman, Chair Barnes, and Members of the Committees:

The Maryland League of Conservation Voters and the organizations listed below strongly support HB 1040, mandating a minimum amount of funds to be used for climate programs out of the Strategic Energy Investment Fund. We thank Delegate Stein for his continued leadership as a champion of climate issues. **This legislation is a top priority for Maryland LCV.**

When the Maryland General Assembly passed the first Renewable Portfolio Standard (RPS) in 2004 mandating the amount of energy Maryland derived from renewable energy sources, it created simultaneously the Strategic Energy Investment Fund (SEIF) which mandated utilities make Alternative Compliance Payments (ACPs) in lieu of purchasing renewable energy if insufficient renewable energy is available. By this original statute, these funds would be used to make grants or loans to build new solar projects and advance our clean energy goals. In 2016, the RPS was revised to meet the moment of a global climate crisis through greater support for the deployment of renewable energy while investing in Maryland's workforce. The Maryland General Assembly expanded both the renewable energy goals, and the eligible uses for the SEIF. Since then, the SEIF has been used to support workforce development for vulnerable populations, and energy efficiency programs that not only help protect the health of Maryland families, but reduce their energy bills (attached).

In the last several years, a confluence of events have led to an enormous influx into the SEIF from ACPs at precisely the same moment that households are seeing soaring energy bills, increasing the need for the funds to continue to be used as

mandated. In 2025, due to the state budget shortfall the Governor, and the General Assembly, took more than \$300 million from SEIF to help balance the General Fund. We continued to invest \$365 million in programs that made our schools and homes healthier, reduced pollution from the transportation sector, support local governments in their resiliency goals, trained workers to re-enter the workforce, and invest in new renewable energy projects through grants and low-or no interest loans and help households reduce their energy bills.

HB 1040 reaffirms our commitment to these goals and investments by mandating level funding in FYs 2028-2032 for programs that meet our renewable energy, affordability, or climate reduction goals - equal to what was invested in FY2026. Level funding for at least the next four fiscal years provides certainty for existing programs, as well as the flexibility to accommodate new programs that may serve to meet the goals of advancing renewable energy, reducing pollution, and building resilience, while considering the impact to ratepayers.

This year, the Environment and Transportation Committee will be considering several pieces of legislation that would use SEIF funds (both ACP and the funds that are derived from Regional Greenhouse Gas Initiative (RGGI) dividends), for programs and initiatives that would meet the intended purposes of SEIF funds. This bill is compatible with those bills, and would guarantee the funding needed to ensure the success of those proposals. While the text of the bill offers proposed uses for these funds, we recognize that year-to-year the needs of climate-pollution reduction and energy efficiency programs may change, and new ideas may emerge that provide more effective and meaningful support for Maryland families and communities.

We would accept amendments to the legislation pertaining to the programs supported by the **minimum level** \$365 million, funding, or to the formula that meets that goal.

We urge a favorable report for this essential bill. Spending SEIF for its intended purposes is a critical part of our goals of affordability, accountability, and responsiveness to the needs of Maryland families and the achievement of our climate goals.

Maryland League of Conservation Voters

Audubon Mid-Atlantic

Chesapeake Bay Foundation

Chesapeake Climate Action Network

Climate Law & Policy Project

Indivisible Howard County

Maryland Legislative Coalition – Climate Justice Wing

Unitarian Universalist Legislative Ministry of Maryland