



TO: House Environment & Transportation Committee

FROM: Mid-Atlantic Petroleum Distributors Association & Mid-Atlantic Propane Gas Association

DATE: March 4, 2026

RE: **LETTER OF INFORMATION ON HOUSE BILL 1199** – Study on Greenhouse Gas Emissions
Economy-Wide Cap-and-Invest Program

The Mid-Atlantic Petroleum Distributors Association (MAPDA) is a regional trade association representing energy marketers throughout Maryland, Delaware, and the District of Columbia. MAPDA member companies supply motor and heating fuel products sold in the region including gasoline, diesel fuel and heating fuels. MAPDA members also own and operate Maryland, Delaware, and DC's gas stations and convenience stores.

The Mid-Atlantic Propane Gas Association (MAPGA) represents propane marketers, suppliers, distributors, and equipment manufacturers across Maryland. MAPGA members provide clean-burning energy to residential, commercial, agricultural, and industrial customers in the state. Members have more than 243,000 retail accounts, 80,000 primary home heating customers in Maryland, and generate more than \$794 million in economic activity annually.

On behalf of Maryland's energy marketers, MAPDA & MAPGA respectfully submit this letter of information on House Bill 1199. This legislation required the Maryland Department of the Environment (MDE), in collaboration with the Maryland Commission on Climate Change and other stakeholders, to develop a report evaluating the potential design and implications of effecting an economy-wide cap-and-invest program.

Maryland's energy sector is at a critical juncture. MAPDA & MAPGA members continue to provide a practical and economical energy source for our state's residents and commercial businesses.

According to the [Climate Pollution Reduction Plan](#), the primary impact of the tax is the early closure of natural gas-powered plants by 2030 leaving only 15.5 Gigawatts of baseload power left in state, or 20% of demand - an unsustainable level with the expected decline in regional baseload power generation. Maryland would become more reliant on importing its electricity needs as the necessary generation is not available in-state to avoid importing. Efforts to address in-state generation continue to face hurdles.

The Climate Pollution Reduction Plan also noted in its Executive Summary that initial estimates show the plan costing the state approximately \$1 billion annually of public sector investment.



The cost implications of cap-and-invest for motor fuel, heat oil, and propane would be enormous. According to the Climate Pollution Reduction Plan, the state may follow similar programs in other states. For example, the Washington State program had a minimum emission allowance cost of \$19.70/metric ton of CO₂ in 2023, and a maximum price of \$72.29 with each rising 5% per year plus the inflation rate for the past 12 months. By 2031 the range may be \$36 to \$134/metric ton. Washington state's third quarterly cap-and-trade program auction in 2023 settled at \$63.03/metric ton, or three times the forecasted price, and 88% of the price cap. This will add \$0.50/gallon to gasoline prices and has resulted in Washington having the second highest gasoline prices in the country at \$4.98/gallon. The automatic inflator will raise the price cap more than six-fold by 2050 and could result in a gas tax of \$3.75/gallon.

Vermont is another state that has attempted a similar cap-and-invest program. According to the [State Treasurer](#): the state “should not independently establish a cap-and-invest program due its small size;” joining an established program midstream like the Western Climate Initiative would drive “a sudden price increase of **at least** (report’s emphasis) \$0.26 per gallon on gasoline and \$0.31 per gallon on diesel fuel and home heating oil.”

In a state like Maryland, policies that are designed with the implicit purpose of sole reliance on electricity are a danger and a mistake. MAPDA and MAPGA will continue to emphasize the importance of a diverse and balanced energy portfolio in Maryland. Our industries have been investing in product development, logistics and infrastructure for over 150 years and will continue to do so.