

Tuesday, March 3, 2026

TO: Delegate Marc Korman, Chair of the House Environment and Transportation Committee, and Committee Members

FROM: Cait Kerr, State Policy Manager, The Nature Conservancy; Humna Sharif, Climate Adaptation Director, The Nature Conservancy; Michelle Dietz, Director of Government Relations, The Nature Conservancy

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

The Nature Conservancy (TNC) supports HB1040 offered by Delegate Stein and Watson. TNC's mission is to conserve the lands and waters on which all life depends. We work in more than 70 countries and all 50 states in the United States. With the support of more than one million members globally, TNC has been working to conserve, protect, and restore ecosystems and species for nearly 75 years around the world. Climate change threatens to undo decades of our successful conservation work and fundamentally alter our future. TNC is committed to helping reduce global greenhouse gas emissions to limit global warming to no more than 1.5° Celsius above pre-industrial temperatures. This goal cannot be achieved without a rapid transition to a clean energy economy.

HB 1040 mandates a minimum funding level of \$365 million to be used for climate programs out of the Strategic Energy Investment Fund (SEIF). This funding level is applicable to Fiscal Years 2028-2032 for programs that meet Maryland's renewable energy, affordability, and/or climate reduction goals, and is 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.

While HB 1040 offers proposed uses for SEIF, we recognize that year-to-year the needs of climate-pollution reduction and energy efficiency programs may change. TNC is supportive of new ideas that may emerge that provide more effective and meaningful support for Maryland families and communities, especially if those ideas advance long term climate resilience and adaptation goals in the state.

SEIF was created in 2004 after the passage of the Renewable Portfolio Standard (RPS) mandating the amount of energy Maryland derived from renewable energy sources and is meant to drive us toward a clean energy future. SEIF is funded through alternative compliance payments (ACPs), these funds are collected in lieu of renewable energy if utilities are unable to meet RPS criteria.

In 2016, the RPS was revised to provide greater support for the deployment of renewable energy while investing in Maryland's workforce. Since then, SEIF has been used to make Maryland's energy more

affordable, cleaner and reliable through programs offered by the Maryland Energy Administration (MEA) and other state agencies. These programs address: consumer energy costs, global climate change concerns, job creation, energy resilience, economic development, business retention, and energy freedom. In FY2024, over \$25 million of the SEIF was committed to programs or initiatives benefiting low- or moderate-income Maryland residents. MEA grant programs, including the Energy Efficiency Equity Grant Program, the Community Solar Program, and the Solar Energy Equity Grant Program are funding through SEIF. MEA made more than 7,500 awards in FY2024, in comparison to approximately 6,500 awards in FY2023. These awards have helped incentivize over 50 megawatts of new solar energy, including over 4,000 residential solar projects. As part of MEA's transportation portfolio, the FY2024 SEIF also helped to incentivize more than 2,500 electric vehicle charging stations and 46 alternative fuel vehicles.

This year, SEIF is being used to support even more climate resilience efforts. For example, \$13.87 million for the Comprehensive Flood Management Grant Program (CFMGP) at the Maryland Department of the Environment (MDE) is proposed to be funded through the SEIF.¹ This program is administered by MDE and aims to protect communities from floodwaters and to develop plans to mitigate future flooding. In addition, the CFMGP funds comprehensive watershed studies to better understand flood risks.

It is vital that SEIF remains focused on its designated objectives: investing in clean energy and climate resilience. Redirecting SEIF dollars for short-term rate relief, as was done in FY2026, undermines long-term benefits for our energy security and our economy. Maryland must continue to prioritize SEIF investments that reduce energy demand and accelerate the transition to a cleaner, more resilient, and more equitable energy system. **HB 1040 sets in place minimum funding guidelines for climate programs that align with the overall vision that SEIF was created for.**

We know that our state faces a challenging FY2027 budget cycle, and TNC wishes to express our thanks to the members of the General Assembly and the Administration for your continued efforts to preserve funding for foundational environmental programs. TNC supports a balanced budget that reflects forward-thinking investments that protect and enhance our state's natural places, advance climate resilience and mitigation, and appropriately staff state agencies. Investing in nature brings strong returns for our security, economy, communities and families. TNC supports programs and investments that ensure economic and environmental benefits are enhanced today and made sustainable for tomorrow. Among these programs, we want to highlight our strong support for SEIF.

We commend Delegate Stein and Watson for introducing this legislation. A clean energy and resilient future will require long term and consistent investment in a variety of climate-friendly and nature-forward solutions. Modifying the current business as usual approach is essential to the well-being of nature, our economy, our communities, and our planet. SEIF is one such source of climate funding, Maryland must continue utilizing it in pursuit of climate goals. **Therefore, we request a favorable report on HB 1040.**

¹ (FY 2027) Maryland Department of the Environment, Capital Budget: <https://mgaleg.maryland.gov/pubs/budgetfiscal/2027fy-budget-docs-capital-U00-Department-of-the-Environment.pdf>