

Testimony for HB0398 Support for Abundant, Affordable Clean Energy (AACE) Act

Bill Sponsor: Delegate Charkoudian
Committee: Economic Matters
Organization Submitting: Nature Forward
Person Submitting: Angie McCarthy, Maryland Conservation Advocate
Position: Favorable



I am submitting testimony on behalf of Nature Forward in strong support of the AACE Act. Nature Forward (formerly Audubon Naturalist Society) is the oldest independent environmental organization protecting nature in the DC metro region, including Maryland's near counties of Montgomery and Prince Georges. Our mission is to inspire residents of Maryland and the Washington, DC, region to appreciate, understand, and protect their natural environment through outdoor experiences, education, and advocacy. We thank the Maryland legislators for the opportunity to provide testimony on the Abundant, Affordable Clean Energy Act, HB0398.

Maryland's energy grid and management is in a precarious situation; we are at the precipice of energy failure. PJM's policies have been driven in a large part by fossil fuel interests and have been a hindrance to Maryland's pursuit of previous legislation's clean energy goals. This is causing regular increases in ratepayers' electrical bills; is delaying our ability to reach our climate goals; and will continue to exacerbate our dual climate and cost of living crises.

Further, our current structure for incentivizing the clean energy transition is ineffective in accomplishing Maryland's clean energy goals. Very few new clean energy projects are being constructed in the state other than distributed (rooftop) solar projects. The current structure uses Renewable Energy Credits ('RECs') to supposedly protect ratepayers by setting a cap, in the form of Alternative Compliance Payments, on what REC price would be paid. However, because of the high prices in REC markets, utilities have ended up paying Alternative Compliance Payments instead of buying RECs. The result is that ratepayers are paying more for their electricity, and the funds established for utility infrastructure development are not effectively investing in the development of new clean energy. The Maryland Office of the People's Council has put out a report that ratepayers will see a 2 - 24% rate increase within the next year due to this energy crisis.¹

1

https://opc.maryland.gov/Portals/0/Files/Publications/RMR%20Bill%20and%20Rates%20Impact%20Report_2024-08-14%20Final.pdf?ver=V9hZfyTmjLeNVt2Dg3cTgw%3d%3d



AACE provides many of the solutions that we need due PJM's mismanagement of our region's energy. *The quickest way to build more energy supply is by investing in clean energy projects.* This is the swiftest way to bring online *new* energy resources while also providing more resilience now and in the future. Additionally, this is how we protect hardworking Marylanders from corporate greed. Building out more natural gas or fossil fuel plants, or business as usual, cannot continue.

Maryland's efforts to build more clean and affordable energy are being hamstrung by management overseers who favor fossil fuel interests – even in the face of our state's explicit objectives to build alternative energy sources.

- AACE will improve on both offshore and land-based wind power generation. Offshore-based, it amends the transmission component of the POWER Act, to prioritize solutions that better serve Maryland's load needs. With land-based, it creates competitive procurements that enhance the state's reliability and resilience of its electrical infrastructure.
- AACE includes language on battery storage to keep our grid reliable – this bill creates a market for network-scale battery storage that is connected to the grid's transmission that would help balance out periods of peak demand with peak input, helping maximize alternative energy sources' contributions.
- AACE restructures financing and procurement for solar programs – this bill will phase out the current solar subsidy process and replace it with SREC 2. This new program, which is similar to the New Jersey program that has been operating since 2020, can move our state to producing 15% of energy generation by 2035, while also capping the rate-payer impact of solar.

Most importantly for many: these market factors are causing significant increases in residents' energy costs – even as residents are grappling with significant cost of living increases across all types of essential expenditures. These factors are squeezing households' ability to make ends meet. According to our own state government's Office of People's Counsel, "Maryland customers face years of higher electricity rates from regional market problems...this because of problems in the regional market run by PJM Interconnection, LLC, the entity that administers the wholesale power market and is responsible for transmission planning."²

² Maryland Office of People's Counsel, "Maryland customers face years of higher electricity rates from regional market problems, new OPC report shows." "Many Maryland customers face average annual electricity bill increases of hundreds of dollars in the coming years because of problems in the regional market run by PJM Interconnection, LLC, the entity that administers the wholesale power market and is responsible for transmission planning, according to a report released today by the Office of People's Counsel. The initial round of rate hikes is driven in part by PJM's recent auction that saw prices beginning next June for electric generation capacity—a historically small but soon-to-be-large part of customer bills—spike by more than 800 percent.



- AACE looks to create quality, local jobs for Marylanders by prioritizing in-state clean energy projects.
- AACE includes profit sharing clauses from energy generation with customers, while capping costs for clean energy programs.
- AACE will take on the well funded data center developers but using a tax revenue to offset energy costs - with data centers, 75% of revenues from energy sales and franchise taxes from data centers will be placed in an account to off-set rate payer costs associated with the infrastructure procurements described in this bill.

As Nature Forward, we support the community forward, environmental justice language of this bill. AACE can provide the way to codify a better system where those increases coming from expanding our alternative energy resources, will benefit all Marylanders, on a regular basis. We, and our membership of over 30,000, are proud to support rational, common-sense business and environmental decisions and see the merit in this bill. We ask that you vote FAVORABLE to the AACE Act.

Angie McCarthy
Maryland Conservation Advocate
Nature Forward