



Maryland
Energy
Administration

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Mary Beth Tung, Director

TO: Senate Finance
FROM: Mary Beth Tung – Director, MEA
SUBJECT: SB0887 – Transition From Fossil Fuels – Carbon Dioxide Emissions Rate and Transition Account
DATE: February 25, 2020

MEA POSITION: Letter of Information

The proposed legislation will divert dwindling Strategic Energy Investment Fund (“SEIF”) resources from critical energy programs meant for low-to-moderate income (“LMI”) Marylanders and for renewable and clean energy programs to a duplicative workforce development fund. Under the proposed legislation the statutory dollar allocations for the LMI and renewable and clean energy program sub-accounts within SEIF would be reduced by \$5.19 million *each*.

As set forth in the fiscal note: the proposed legislation will also likely reduce revenue from the Regional Greenhouse Gas Initiative (“RGGI”) to the SEIF by \$50 million. The six baseload generating stations targeted for elimination in the proposed legislation account for 6,139 megawatts of reliable and resilient baseload electrical generation in Maryland. While emission reductions are a noble and important cause, it should be noted that shuttering these assets in a mandated timeframe could have a potentially negative effect on electrical reliability and resiliency in Maryland. Ultimately, the low price of natural gas has been the catalyst for the majority of coal plant closures, and the carbon emissions of the electric grid have been significantly reduced as a result.

MEA supports transitioning Maryland to cleaner sources of baseload electricity. However, the tens of millions of dollars in mandated transfers from the SEIF in the proposed legislation would likely require MEA to discontinue certain programs and lower funding to non-impactful levels for others, such as MEA’s LMI program. MEA believes that this would harm MEA’s statutory mission to: “to promote affordable, reliable, and clean energy to fuel Maryland’s future prosperity.” MEA requests you take this information under advisement when considering how to report on SB887.