



March 31, 2021

The Honorable Kumar Barve  
Environment and Transportation Committee  
210 House Office Building  
Annapolis, MD 21401

Re: ***Letter of Information - SB 414 – The Climate Solutions Now Act***

### **Overview**

Choptank Electric Cooperative and Old Dominion Electric Cooperative (ODEC) appreciate the opportunity to provide input to the Committee ***on SB 414 – the Climate Solutions Now Act***. The legislation sets an ambitious goal for Maryland to become carbon neutral by 2045. While the legislation does not directly include requirements for electric utilities, the legislation and its goals will have a significant impact on electric utilities and the power generation, transmission, and distribution system owned by those utilities. As not-for-profit, consumer-owned utilities, Choptank and ODEC have a significant interest in how the legislation will impact cooperatives and the consumers who own the cooperatives.

Choptank and ODEC continue to reduce the greenhouse gas emissions from our power supply, having reduced carbon dioxide emissions by 42 percent since 2005. We are enhancing our renewable energy portfolio, evaluating, and investing in battery storage technology, and undertaking a variety of efforts to work toward a clean energy future.

### **Informational Education and Issues of Concern with SB 414**

**SB 414** as written will have a significant impact on all segments of Maryland's economy, and achieving net-zero greenhouse gas emissions by 2045 will have both direct and indirect impacts on the electric power system in the state.

- ***Focus on reliability of the electric power system***

In developing the plan to achieve net-zero greenhouse gas emissions by 2045, the State of Maryland should include recommendations to ensure the continued reliability of electric power. Achieving significant and sustainable GHG reductions will require dramatic advances in technology. If technology advancements do not materialize as expected, there may be a need for additional time to achieve the legislation's goals

and/or there may be a need to continue to rely on current power generation resources. **SB 414** and the plan required to be developed by the Department should include a provision recognizing that maintaining electric power reliability is essential.

For example, legislation passed in Virginia in 2020 (the Virginia Clean Economy Act) included provisions to allow power plant operators to petition the Virginia State Corporation Commission to delay the closure of a fossil-fuel power plant if the closure of that plant would result in compromising the reliability of electricity in the state. A similar provision should be included in the Climate Solutions Now Act. We believe the proposed amendment language below would achieve this policy objective.

**“(1) SHALL TAKE INTO CONSIDERATION THE IMPACT THAT ACHIEVING NET-ZERO STATEWIDE GREENHOUSE GAS EMISSIONS WILL HAVE ON THE RELIABILITY OF THE ELECTRIC GRID AND SHALL ENSURE THAT ACHIEVING THE STATE’S GREENHOUSE GAS EMISSION REDUCTION GOALS DOES NOT DIMINISH THE RELIABILITY OF THE ELECTRIC GRID;**

**(2) MAY NOT INCLUDE AS A GREENHOUSE GAS EMISSION REDUCTION MEASURE ANY REQUIREMENT, INCLUDING ANY OFFSET REQUIREMENT, THAT WOULD NEGATIVELY IMPACT THE RELIABILITY OF THE ELECTRIC GRID OR THE PROVISION OF RELIABLE ELECTRIC SERVICES TO CONSUMERS;”;**

- ***Modify net-zero greenhouse gas timeline***

The legislation’s requirement to achieve net-zero greenhouse gas emissions by 2045 is a very ambitious goal. ODEC has recently set a strategic goal to reduce its CO<sub>2</sub> emission, achieving net zero CO<sub>2</sub> emissions by 2050, with an interim goal of a 50 percent reduction in its CO<sub>2</sub> intensity by 2030. To achieve this goal, ODEC will continue investing in renewable resources, invest in battery storage technology, and monitor advanced power generation technologies (including hydrogen, renewable natural gas, small modular reactors, and others). ODEC will also lead efforts to help strategically electrify segments of the region’s economy that currently rely on fossil fuels to help the transportation, building, agriculture, and other economic sectors reduce their greenhouse gas emissions.

### **Choptank Electric Cooperative Background**

Founded in 1938, Choptank Electric Cooperative is a not-for-profit organization that exists to provide reliable and cost-effective electricity. This service improves the quality of life for our 54,350 member-owners.

Following the passage of the Rural Electrification Act in 1936, Choptank Electric Cooperative’s first 78 miles of distribution lines were energized in Caroline County on Dec. 15, 1939, serving 184 members. Choptank Electric Cooperative joined [Old Dominion Electric Cooperative \(ODEC\)](#) in 1976 to obtain lower wholesale power costs.

Choptank Electric Cooperative has 10 board seats. One seat represents each county served by Choptank Electric along with one additional seat which represents the Ocean Pines District. Board members are elected on a three-year term basis at the Annual Meeting.

### **Old Dominion Electric Cooperative Background**

ODEC is a not-for-profit power supply cooperative providing electric energy, capacity, transmission, and other services to its 11 consumer-owned distribution electric cooperatives in Maryland, Delaware, and Virginia. Those cooperatives ultimately serve more than 1.5 million people in the mid-Atlantic region. ODEC is rate-regulated by the Federal Energy Regulatory Commission and a registrant with the Securities and Exchange Commission, which requires significant transparency in ODEC's operations through annual and quarterly [reports](#).

ODEC has shifted its energy resources away from coal and market purchases and toward cleaner energy sources over the past fifteen years. The cooperative plans to continue that shift, with additional solar resources being developed, investing in battery storage opportunities, and leading efforts to strategically electrify the economy to help other economic sectors benefit from ODEC's historic and future emissions reductions.

ODEC's energy portfolio has shifted away from coal and market purchases over the past 15 years. Energy from the cooperative's sole coal plant (co-owned with Dominion Energy) has decreased from 25% of its portfolio to 5%, while renewable and other non-CO2 emitting resources now make up 20% of ODEC's portfolio. (Note that Renewable resources are through Purchase Power Agreements (PPAs), not direct ownership, and ODEC sells renewable energy credits related to these purchases to its members and non-members.) In 2012 ODEC canceled plans to build a new coal-based power plant in Virginia, and later decided to build a state-of-the-art combined cycle natural gas plant in Maryland, which is among the most efficient plants of its type in the country. ODEC added 300 MW of wind and solar resources to its portfolio beginning in 2008. More information about ODEC can be found on our [website](#).

### **Conclusion**

We appreciate the opportunity to present this testimony, and look forward to working with the Committee, the bill's sponsors, and other stakeholders to help Maryland achieve its clean energy and CO2 reduction goals.

For more information, please feel free to contact:

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