



7338 Baltimore Ave
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Committee: Environment and Transportation
Testimony on: HB583 – “Climate Solutions Now Act”
Position: Favorable
Hearing Date: February 11, 2021

The Sierra Club strongly supports this legislation which would significantly amplify Maryland’s efforts to address the existential climate crisis. We urge a favorable Committee report.

In this testimony, we first highlight the importance of several bill provisions. We then discuss a funding issue raised by the bill which should be addressed by the General Assembly. Lastly, we explain our request that the bill be strengthened by embracing recommendations of the Maryland Commission on Climate Change regarding the electrification of commercial and residential buildings in Maryland.

Increasing Maryland’s GHG emissions reduction mandate to 60% by 2030, and net-zero by 2045

This legislation will put Maryland’s climate action targets in line with what leading scientists say is necessary to avoid the worst impacts of climate change. In 2018, the Intergovernmental Panel on Climate Change (IPCC) – the globe’s leading scientific authority on climate disruption – cited the devastating impacts of global warming above 1.5 degrees Celsius. The IPCC noted the emissions reduction pathway needed to limit warming to no more than 1.5 degrees Celsius, and explained that wealthy nations like the United States must reduce climate-disrupting pollution by 60% by 2030.

Requiring Maryland’s climate mitigation plans to account for the social cost of carbon

The climate changes caused by the exponential growth of greenhouse gas emissions impose economic costs that are real and substantial, but often are not embodied in economic data. These costs are what economists call “negative externalities.” It is essential that they be considered when evaluating the economic impact of state measures aimed at mitigating climate change.

Requiring MDE to use the latest science on methane pollution and leakage rates

It is of the utmost importance that the state assess the effectiveness of its climate action plans using the latest science relating to methane pollution and methane leakage rates. Methane is an extremely potent climate-warming greenhouse gas; it has a warming potential 86 times greater than carbon dioxide in the near-term. Since the IPCC has identified 2030 as a critical year for climate pollution reductions, Maryland should evaluate its climate action plans on the 20-year time horizon for the impact methane has on our climate.

Transitioning the MTA bus fleet to electric buses

These provisions also have been introduced as a stand-alone bill, SB137. Transportation is the number one source of greenhouse gas emissions in Maryland, and transitioning the MTA bus fleet to electric buses will benefit the climate, and also will benefit public health by ridding our air of toxic diesel emissions.

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Prohibiting the state from counting highway expansion programs as net climate-beneficial

Studies show that the expansion of highways induces demand of additional cars on the road, which leads to the additional consumption of fossil fuels via gasoline and diesel. Accordingly, highway expansions harm the climate, and are not climate beneficial.

Planting and maintaining five million native trees by 2030, including 500,000 in underserved urban areas

Trees are an important means for capturing and reducing the amount of carbon in the atmosphere. They also have multiple other benefits, including filtering polluted runoff and serving as wildlife habitats. Planting trees in underserved urban communities will mitigate urban heat islands, support improved physical and emotional health, and increase property values.

Establishing a Commission on Environmental Justice and Sustainable Communities, and a Just Transition Employment and Retraining Work Group

The Sierra Club, nationally and in Maryland, is committed to the principles of equity, justice, and inclusion, and supports placing these principles at the center of environmental initiatives. These principles include respecting and supporting the rights of workers, regarding their ability to have good jobs, earn a decent living, and enjoy occupational health and safety protections. This bill embraces these principles, and establishes mechanisms to advance them.

SEIF funding

The Strategic Energy Investment Fund (SEIF) is a critical part of Maryland's efforts to respond to the climate crisis in the electricity sector. SEIF is sourced from a variety of programs, including auction revenues from the Regional Greenhouse Gas Initiative (RGGI), and Alternative Compliance Payments (ACPs) from the Renewable Portfolio Standard (RPS).¹ As evidenced by passage of the Clean Energy Jobs Act in 2019, the state is moving away from fossil-fuel generated electricity to clean (typically, wind and solar) energy.

An essential part of the state's transition to a clean energy economy is retiring the state's coal plants, which massively pollute our climate, air, and waters. SB148, the Maryland Coal Community Transition Act of 2021, would set a firm timetable for transitioning Maryland off of coal-powered electricity plants. It also would establish the Fossil Fuel Community Transition Fund to support impacted workers and communities, which initially would be supported with SEIF money. SB148 is a Sierra Club priority bill.

There are several bills before the General Assembly this session, including but not limited to the Coal Community Transition Act and the Climate Solutions Now Act, which would expand the permissible uses of SEIF moneys for climate-related programs. We believe the General Assembly needs to undertake a review that includes all the bills that propose to expand the permissible uses of SEIF moneys, with special

¹ The moneys included in SEIF have been and are growing substantially, in part due to the 2019 update to RGGI, and in part due to slower than expected growth in projects covered by the RPS solar carve-out.



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consideration for SB148. The Climate Solutions Now Act, accordingly, should be considered in this context.

Reducing greenhouse gas emissions from commercial and residential buildings

Maryland's built environment acts as one of the state's largest contributors to climate change. The state, accordingly, must continue to amplify its efforts aimed at energy conservation and efficiency.

EmPOWER Maryland has long been one of Maryland's most important and successful climate action programs. Strengthening the program, including increasing the annual savings target to 3% as proposed in this legislation, is critical. Further still, establishing a new program to ensure energy efficiency and conservation performance standards will put Maryland in line with other leading jurisdictions (like Washington, D.C. and New York City) by achieving deeper reductions from some of our largest energy consumers.

Where this bill falls short, however, is that it does not advance the building sector decarbonization recommendations from the Maryland Commission on Climate Change's 2020 Annual Report. The Commission recommended that the General Assembly reform EmPOWER Maryland to allow gas customers to receive incentives to switch to clean, efficient heat pumps. The direct combustion of fossil fuels in buildings for heating and other appliances accounts for more climate pollution than our coal-fired power plants. The state must begin a serious effort to transition its building stock off of fossil fuel heating systems and appliances. Electrifying our homes and businesses with air- and ground-source heat pumps and induction stoves will reduce climate pollution, decrease harmful indoor air pollution, and put thousands of people to work to retrofit our buildings.

Specifically, we hope the Committee will discuss and consider strengthening the bill by aligning with the following Commission recommendations:

Maryland should enable fuel-switching to let Marylanders choose lowest cost energy systems. The General Assembly should amend section §7-211 of the Public Utilities Article to allow electrification of existing fossil fuel systems through EmPOWER, and direct the Public Service Commission to require electric utilities to proactively encourage customers with propane or oil heating systems to replace those systems with electric heat pumps, especially for homes with central air conditioning, and especially for low income households and consumers. State agencies also should modify programs they manage to facilitate fuel-switching if not already allowed.

Maryland should let EmPOWER facilitate beneficial electrification. The General Assembly should amend §7-211 of the Public Utilities Article to change the core objective of EmPOWER from electricity reduction to a portfolio of mutually reinforcing goals, including greenhouse gas emissions reduction, energy savings, net customer benefits, and reaching underserved customers. In so doing, the Utilities Article should allow for beneficial electrification. Beneficial electrification strategies are those that provide three forms of societal benefits: reduced energy consumption (total source BTUs); lower consumer costs; and reduced greenhouse gas emissions. Beneficial electrification programs should be prioritized first for low-income households and consumers, and should be aligned with other health and safety upgrades to consider a whole-home or whole-building retrofit approach to ensure cost effectiveness and a focus on benefitting underserved homes and businesses first.

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Conclusion

We urge a favorable report on this bill to strengthen and amplify Maryland's climate mitigation programs.

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