

TAKOMA PARK MOBILIZATION

Environment Committee

Committee: Finance
Testimony on: SB0460 Economic Development – Advanced Clean Energy and Clean Energy Innovation Investments and Initiatives
Organization: Takoma Park Mobilization Environment Committee
Submitted by: Diana Younts, co-chair
Position: Favorable
Hearing Date: February 16, 2021

M. Chair and Members of the Committee,

Thank you for allowing our testimony today in support of SB0460, which establishes the Maryland Clean Energy Center (MCEC) as Maryland’s Green Bank with access to sufficient capital to support its operations and expands the mandate of the MCEC and the Maryland Energy Innovation Institute to support *advanced* clean energy and *clean energy innovation*, as defined in the bill. This bill builds on Montgomery County’s Highly successful green bank model.

Maryland needs a green bank to support the large-scale investment required for its rapid transition to a net-zero economy. Financing is critical to rapid clean energy deployment, and green banks are a powerful tool to accelerate clean energy financing and investment. Unlike most other forms of public finance, green banks can use limited public dollars to leverage significantly greater levels of private investment in the transition to a clean energy economy. Green banks utilize finance tools such as green bonds, credit enhancements, preferential loans, aggregation, and more to reduce risks to private investors, lower the cost of capital, and accelerate clean energy deployment. In providing these services, green banks do not compete with the private sector; rather, they fill niches that the private sector does not and provide tools that can unleash private-sector dollars. Thus, they can actually expand opportunities for private sector investment.

Currently, there are 15 green banks in the U.S., and more are being planned and created. In 2018, Washington, DC became the first city in the United States to establish a green bank. At last tally (the end of 2019), green banks leveraged \$3.60 in overall investment in the American clean energy economy for every \$1 of green bank investment.

Montgomery County Green Bank is Highly Successful. In Maryland, the Montgomery County Green Bank has done even better than other green banks, leveraging private dollars at a 7:1 ratio through a range of renewable energy and energy efficiency programs for homeowners, renters, nonprofits, businesses, multifamily residences, condominiums, and industrial facilities. [See the](#)

[Report here.](#) Montgomery County's green bank projects have avoided 638 tons of greenhouse gas emissions annually, and have leveraged funds for solar projects to assist low and moderate income families.

SB0460 Will Make MCEC Self-Sustaining. In 2019, as required by the General Assembly, MCEC released a study of how to improve its sustainability and enhance its impact. The MCEC is required by law to “establish a work plan to become self-sustaining within 5 years after [its establishment].” Of utmost importance, the study found that “[t]o ultimately be successful, and self-sustainable, MCEC requires a stable source of capital to support operations and to invest in financing models that will generate revenue.” The funding for MCEC provided by SB0460 is essential, not only to enable it to become Maryland's green bank, but for its continued existence.

For these reasons we urge you to vote favorably for SB0460.