



TO: Members, Senate Finance Committee
FROM: Mary Beth Tung – Director, MEA
SUBJECT: SB 256 Maryland Energy Administration - Resiliency Hub Grant Program and Fund
DATE: February 1, 2022

MEA POSITION: Letter of Concern

The Maryland Energy Administration (MEA) currently provides a community hubs program to serve low to moderate income (LMI) Marylanders as a resiliency measure during grid outages. This bill may have a chilling effect on participation in our existing and successful program with little to no additional benefit.

Background

There is an existing MEA Resiliency Hub Grant Program (the Program), that provides funding for the construction of concomitant solar and energy storage systems to serve as resiliency hubs. During periods where electrical power is lost, a resiliency hub provides a no-cost resiliency center for the surrounding LMI residents. To qualify for the Program, a resilience hub must provide emergency heating and cooling, refrigeration of temperature sensitive medications, plug power for charging of cell phone and computer batteries, ventilation, and emergency lighting.

Possible Challenges

Requirement for a grantee to operate a resiliency hub for a period of at least 10 years:

This provision on pg. 7 of the bill alone may create a significant barrier to participation. Many of the grantees for this program are institutions that already serve LMI communities. These generous operations, often relying on volunteers, use participation in the Program as an opportunity to expand that service. At times, MEA has had to negotiate the hours a resiliency hub would be available in cases of power outages, as the applicants (community centers, nonprofits, religious institutions, etc.) may already operate on a non-traditional schedule. Forcing these same Program applicants to commit to a 10-year horizon would likely reduce the desire for participation and reduce interest in the Program.

Requirement the resiliency hub serve a community that is comprised of a majority of LMI households:

Also on pg. 7 of the bill, this provision may exclude worthy applicants, and create operational challenges. Often there are pockets of LMI within communities of generally higher income households. Scotland Lane is a single street of 100 LMI rent-subsidised homes in an otherwise very affluent community. While the intended target of the Program and resiliency hub are identifiable, this provision may exclude them. Additionally, resiliency hubs are not private clubs; the goal is to open the facility in times of need to support a LMI community, and anyone who needs service and makes it to the resiliency hub should be able to enter.

Operationally, it is quite difficult to get accurate income demographics on an area as small as a 1/4 to 1/2 mile radius (a fair estimate of how far a person may be willing and able to travel to utilize a resiliency

hub). Additionally, it may be wise in the future (dependent on funding and market appetite) to use resiliency hubs to support critical infrastructure. This bill would foreclose on this and any other such reasonable expansion.

Labor requirements within the bill are impracticable and burden sympathetic applicants:

9-2010(h)(1) requires on page 9 of the bill required Program grantees to attest that a litany of labor standards have been met by both the contractors and subcontractors. While these are laudable goals, MEA staff feels strongly that this subsection alone may seriously risk the future of the Program; perhaps chilling participation to the point the Program would receive zero applicants.

Firstly, this is a heavy burden to place on Program applicants that are typically altruistic to begin with, have few employees, let alone any versed in labor laws, and little if any funding to secure legal counsel on such matters. Justifying the placement of these burdens on grantees who may not fully comprehend or even be aware of them would be a tall order.

Also, it may not be impracticable for the Program grantee to find contractors and subcontractors who comply with this subsection. A solar contractor is very unlikely to meet these requirements, and these standards are comparatively far out of step with the industry. With notice, it may be possible for contractors to meet these standards in perhaps 3 to 5 years. As for subcontractors, solar installers for smaller systems are independent laborers or part time employees, and not typically full-time. Please note that resiliency hubs are a *very* small subsector of the solar market, and it is unlikely that contractors and subcontractors would alter their business habits significantly to compete for the very few projects it may provide. Mandating unreasonable and unworkable labor requirements into the Program will likely harm LMI communities.

Creation of an unnecessary new fund, and limitation of program flexibility:

Beginning on page 10, the bill strictly limits Strategic Energy Investment Fund (SEIF) investment in the Program to \$500,000/year. As written, MEA believes that the amount is inflexible, and is so in perpetuity. If this is intended to be a ceiling, it would limit the reach of the Program. However, if this is intended to be a floor, the amount is unnecessary but reasonable.

9-2011 within the bill creates a new fund within MEA. This is unnecessary, as MEA already has a special nonlapsing fund that does not revert to general funds. The funds that would otherwise be transferred to the newly created “Resiliency Hub Grant Program Fund” can simply be deposited into the SEIF with a mandated particular use. This is already the case with Regional Greenhouse Gas Initiative proceeds (*See: State Government 9-20B-05*). Creating an additional fund for no apparent benefit or reason would unnecessarily complicate Program administration.

Summary

MEA asks that the committee consider the foregoing prior to rendering any decision on SB 256.