



7338 Baltimore Ave  
Suite 102  
College Park, MD 20740

**Committee: Finance**

**Testimony on: SB152 “Maryland Strategic Energy Investment Fund – Use of Funds and Electric Vehicle Excise Tax Credits”**

**Position: Support with Amendments**

**Hearing Date: January 19, 2021**

The Sierra Club respectfully requests a “support with amendments” report on SB152.

### Background

This legislation would make significant changes to the allowable uses of moneys contained in the Maryland Strategic Energy Investment Fund (SEIF). SEIF is a critical tool to help finance many of Maryland’s climate action programs. 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). The moneys included in, and expected in the future to be included in, SEIF have been and are growing substantially.

This growth in SEIF is now reflected in several bills before the General Assembly this session that would require or allow SEIF moneys to be spent on new climate-related programs. Prominently, this includes SB148, which would set a firm timetable for transitioning Maryland off of climate-destructive coal-powered electricity plants, and would establish the Fossil Fuel Community Transition Fund to support impacted workers and communities; the transition fund would gain its initial moneys from SEIF dollars. SB148 is a Sierra Club priority this session.

We agree that SEIF reform should occur this session. In order to do that, we believe that the Committee needs to undertake a review that includes all the bills that propose to expand the permissible uses of SEIF moneys, with special consideration for SB148. The proposed changes within SB152, accordingly, should be considered in that context.

### What SB152 Proposes to Change

SB152 specifically addresses the permissible uses of SEIF dollars sourced from ACPs. Currently, this money only may be used “to make loans and grants to support the creation of new Tier 1 renewable energy sources in the State that are owned by or directly benefit low-income residents of the State,” and, as to a certain subset of ACPs-sourced SEIF dollars, “to support the creation of new Tier 1 renewable energy sources in the State that are owned by or directly benefit low-income residents of the State.”

This legislation would expand the uses of ACPs-sourced SEIF dollars as follows:

- First, these loans and grants could benefit low-to-moderate income state residents, i.e. would no longer be focused solely on low income residents; however, the bill specifies that at least 50% of the loans and grants should benefit low income residents. In addition, the acceptable uses of these loans

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and grants would be “energy efficiency measures, solar renewables, energy storage, and other Tier 1 renewables.”

- Second, the legislation would allow SEIF ACPs dollars to be used “for zero-emission vehicles, zero-emission vehicle infrastructure programs, and other transportation sector greenhouse gas reduction and carbon reduction efforts.”

### Discussion

*SEIF, including funds from ACPs and funds from other sources, should be reformed to establish initial fossil fuel worker and community transition programs.*

The Sierra Club strongly believes that the General Assembly should ensure that SEIF funds are used, in part, for new worker and community programs like those proposed in SB148. We request that the Committee consider the reforms proposed in SB152 alongside those in other relevant bills – including but not limited to SB148 – to ensure that the SEIF is funding both climate action and fossil fuel workforce and community transition programs.

*SB152 should be amended to ensure that ACPs are not used to incentivize or subsidize the installation of new fossil fuel equipment in Maryland households or buildings and, instead, may be used to incentivize the retrofit of building systems off of direct fossil-fuel combustion appliances to efficient electric alternatives.*

The bill proposes that ACPs be eligible for energy efficiency projects; however, the installation of new fossil-fuel powered space and water-heating systems will continue to lock in decades of climate-harming fossil fuel consumption. Lines 14-18 on page 2 of the bill should be amended to read as follows (in relevant part):

(II) . . . TO MAKE ENERGY-RELATED LOANS AND GRANTS, INCLUDING SUPPORT FOR ELECTRIC ENERGY EFFICIENCY MEASURES, ELECTRIFICATION MEASURES, SOLAR RENEWABLES, ENERGY STORAGE, AND OTHER TIER 1 RENEWABLES . . .

The bill should further include a definition of “electrification”: “converting building systems that use fossil fuels (coal, gas, oil, or propane) to high-efficiency, electric equipment that can be powered by increasingly clean and renewable electricity.”

*SB152 should be amended to require robust reporting on the success of the programs that receive ACPs funds.*

The Maryland Energy Administration should provide robust annual reports to the public and the General Assembly on the details and successes of the low-income climate action programs that are funded by ACPs. Specifically, the reporting data should include information on the investments made by zip code or county, demographic information of households or businesses benefitting from the programs, and information and review of the public outreach and marketing programs used to advertise to low income and moderate income residents.

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## **Conclusion**

We appreciate the Maryland Energy Administration's continued administration of the SEIF resources in ways that achieve Maryland's clean energy and climate action laws. We respectfully request the Committee to work with the MEA and other stakeholders on SB152 and other legislation this session to ensure the SEIF supports climate action, helps establish new workforce and community fossil fuel transition programs, and ensures equitable distribution of benefits and investments to low-income Marylanders.

David Smedick  
Senior Campaign Representative  
Beyond Coal and Dirty Fuels Campaigns  
David.Smedick@SierraClub.org

Josh Tulkin  
Chapter Director  
Josh.Tulkin@MDSierra.org

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