



March 3, 2026

**Testimony of Bryan Dunning
Senior Policy Analyst
Center for Progressive Reform**

**Before the Maryland House of Delegates Environment and Transportation Committee and
Appropriations Committee
Requesting a Favorable Report on HB1040: Maryland Strategic Energy Investment Fund –
Mandated Uses – Climate Change Programs**

Dear Chairman Korman, Vice-Chair Guyton, and the members of the Environment and Transportation Committee, and Chairman Barnes, Vice-Chair Kaiser, and the members of the Appropriations Committee.

Thank you for the opportunity to provide testimony on HB1040 on behalf of the Center for Progressive Reform. The Center is a research and advocacy organization that focuses on advancing good governance and achieving equitable public protections. HB1040 directs that a portion of the Maryland Strategic Energy Investment Fund (SEIF) is to be allocated for a suite of programs that will reduce the impact of Climate Change in Maryland. As discussed below, this required allocation — \$365 million — is in line with historic and demonstrable expenditures of the Maryland Energy Administration (MEA). It broadly funds programs that have demonstrable benefits to both Marylanders and the Maryland electric grid by reducing household energy use and bringing increasing amounts of clean generation online — in line with Maryland’s stated policy goals under the Climate Solutions Now Act of 2022 (CSNA). And most importantly, it invests monies in SEIF to achieve long term solutions to affordability in this state. For these reasons, the Center for Progressive Reform respectfully requests a **favorable** reading of this bill.

Equitable Spending

The SEIF is predominantly funded by two sources: the Regional Greenhouse Gas Initiative (RGGI) and alternative compliance payments (ACP) from utilities who do not meet the renewable generation purchase targets set forth in the Maryland Renewable Energy Portfolio standard. Functionally, it is important to keep in mind that these costs are passed-through to ratepayers in Maryland as part of their electricity bills. It is accordingly important to utilize the SEIF within its intended purpose — bringing clean generation online that will reduce the cost of

electricity in state, supporting technological developments that will reduce energy use and benefit residents, and broadly work to address anthropogenic climate change. Utilizing SEIF funds for other purposes — for example, to balance the general budget, or even to fund broad rebate programs¹— while understandable in a time of budget shortfall and broader affordability concerns — would functionally represent a regressive tax imposed on Marylanders. The SEIF needs to be spent on its specific purpose, and this bill is a critical step to safeguard such spending.

Benefits to Marylanders

HB1040 specifically directs funds to a number of programs that will have meaningful beneficial impacts on the lives of Marylanders. For example, the bill specifically earmarks \$100 million of its \$365 million allocation to be invested into heat pump air heating systems and heat pump water heaters. Not only do such investments have the benefit of broadly (in the instance of replacing legacy electric resistance systems) reducing electricity use in the state, and having tangible benefits to Maryland’s electric grid, they have substantial economic savings to both residents in the form of lowered utility bills, and broadly to the state in the form of reduced public health expenditures when residents are able to switch from fossil fuel sourced residential heating to electric non-emitting heating systems that do not contribute to airborne exposure to pollutants.

As an example, providing funding to allow a Maryland resident to replace their water heater with an efficient heat pump water heater has a return on investment from the initial upfront incremental cost (i.e. the cost differential between installing a modern energy efficient heat pump system and installing a legacy system) in just three years. As these systems tend to have a 10-to-15-year lifespan, if a resident, supported by wise utilization of the SEIF, can make the switch, it empowers the resident to save on their energy bills, not just now, but well into the future — all while advancing Maryland’s decarbonization goals under CSNA. In this regard, HB1040 ensures that the SEIF is used to make a reliable long-term investment in securing energy affordability for Marylanders.

Conclusion

HB1040 requires that the SEIF is used to achieve its stated purposes, utilizes dollars derived from polluting generation to advance clean energy solutions, and advances long-term benefits for Maryland residents in terms of both reduced pollution exposure and affordability. For these reasons the Center for Progressive reform requests a **favorable** reading.

¹ as differentiated by the very specific electric universal service program bill assistance program administered through the Office of Home Energy Programs

Sincerely,

Bryan Dunning
Senior Policy Analyst
Center for Progressive Reform