

Draft and Final MWG Recommendations for the MCCC’s Consideration

Updated October 19, 2023

The following are draft and final recommendations of the Maryland Commission on Climate Change’s (MCCC) Mitigation Working Group (MWG). This document should not be construed as final recommendations approved by the MCCC. Additional information on select EV recommendations can be found in a [report](#) by Energetics & VEIC.

Recommendation 1: Create the following incentives to help Marylanders buy new and used EVs

		New EV	Used EV
Federal Clean Vehicle Credit <i>Existing (included here for reference)</i>	Incentive	Up to \$7,500 (can be a point-of-sale rebate starting in 2024)	Up to \$4,000 (can be a point-of-sale rebate starting in 2024)
	Eligibility	Individuals, businesses, and tax-exempt organizations	Individuals
	Income Limits	\$300,000 for married filing jointly; \$225,000 for heads of households; \$150,000 for all other filers	\$150,000 for married filing jointly; \$112,500 for heads of households; \$75,000 for all other filers
	EV Price Limits	\$80,000 for a van, SUV, or pickup; \$55,000 for other light-duty vehicles	\$25,000 for any light-duty vehicle
Maryland Clean Vehicle Rebate <i>Proposed</i> Budget: \$300M in FY25 and FY26, \$365M in FY27 ¹	Incentive	\$2,500 point-of-sale rebate ¹ (up to \$10,000 federal + state)	\$1,000 point-of-sale rebate ¹ (up to \$5,000 federal + state)
	Eligibility/Limits	Same as federal but all EVs under the price caps qualify (i.e. new EVs do not need to meet manufacturing requirements)	
	Implementation	The income qualification forms used for the federal incentive would also be accepted for the state incentive. The state would refund the dealer.	
Low-to-Moderate Income Bonus <i>Proposed</i> Budget: \$155M per year for four years, which provides 31,000 to 51,000 incentives per year to LMI households, aligned with ACC II sales projections	Incentive	\$5,000 point-of-sale bonus rebate (up to \$15,000 fed + state + bonus)	\$3,000 point-of-sale bonus rebate (up to \$8,000 fed + state + bonus)
	Eligibility	Individuals only	
	Income Limits	Up to 80% of Area Median Income (\$0-\$90k/year for a 4-person household)	
	EV Price Limits	Same as federal	
	Implementation	The state would mail instant rebate coupons to qualified households based on the previous year's tax returns. Dealers would accept a coupon if the address printed on the coupon matches the address on the buyer's driver's license. The state would refund the dealer.	
Superuser Bonus <i>Proposed</i> Budget: Pilot it with	Incentive	\$5,000 point-of-sale bonus rebate (up to \$15,000 fed + state + bonus)	\$3,000 point-of-sale bonus rebate (up to \$8,000 fed + state + bonus)
	Eligibility/Limits	Same as federal (if you qualify for federal, then you qualify for state)	

¹ If this program cannot be fully funded, then the General Assembly should reduce the rebate levels in order to offer lower rebates to all qualified consumers.

\$5M in the FY25 budget and allow some funding to be used for program administration and evaluation	Implementation	An applicant would demonstrate with a CARFAX report that they use at least 800 gallons of fuel per year based on the average miles driven over their ownership of the trade-in vehicle multiplied by the fuel efficiency (miles per gallon) of the trade-in vehicle. The state would scrap trade-in vehicles that get less than 30 miles per gallon. The state would provide trade-in vehicles that get at least 30 miles per gallon and pass Maryland vehicle safety inspection with no/minor repair work to low-income families in need.
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Recommendation 2: Create a Fleet Electrification Technical Assistance Program

The state should provide grants of up to \$20,000 to the owners of small fleets (10-199 vehicles) to support the transition to EV fleets. Grants would be scaled based on the size and complexity of the fleet. Grants would cover up to 100% of the cost of assessing the current fleet, recommending EVs and charging solutions to fit the needs of the fleet, developing an electrification and financing plan with the fleet manager, writing applications for grant and financing solutions, and offering other support needed for implementing the plan.

The state should provide \$2M in the FY25 budget for this program. The program administrator should allocate grants in each geographic region of the state, give preference to small businesses based in Maryland, and promote the Superuser Bonus to high-mileage fleets.

Recommendation 3: Create a Dealer Engagement Program

The state should provide grants of up to \$50,000 to help independent used car dealerships install EV chargers on-site so they are ready to sell EVs. Dealers must make chargers available for public use, so each charger would become part of Maryland’s public EV charging network.

The state should provide up to \$1M per year for three years for the EV readiness program.

~~**Recommendation 4: Create a tax credit for low-income car-free Marylanders**~~

~~The state should provide a \$1,000 tax credit for low-income Marylanders (income limits to be determined by the legislature) who do not own or lease personal vehicles.~~

~~**Recommendation 5: Provide an EZPass discount to EV drivers**~~

~~The state should provide a 50% discount on toll rates paid by EZPass accounts registered to EVs. The discount would begin in FY25 and run for four years as an early adopter incentive. The estimated cost to the state is \$57M in lost revenue from passenger cars and \$36M in lost revenue from commercial vehicles over four years.~~

Recommendation 6: Develop EV and V2G readiness standards

The state currently requires new single-family detached homes, duplexes, and townhouses to be constructed with EV-ready (wired) or EVSE-installed (wired with charger) parking spaces. The state should require new multifamily and commercial buildings to be constructed to meet at least EV-ready standards upon completion of a study by MEA on this topic. The state should further require and provide support for existing multifamily buildings to install EV chargers that are accessible to building tenants.

When setting standards, the state should require that the wiring installed for EV chargers be of a sufficient gauge to be ready for vehicle-to-grid (V2G) bidirectional charging. The current practice of installing 8 gauge wire for one-directional charging limits the ability of EVs with bidirectional charging to backflow power to the home/building/grid. Wire gauge standards should also be included in the requirements for projects that would be eligible to receive state funding for EVSE installations. Installing the right gauge wire now could prevent expensive rewiring projects in the future.

Recommendation 7: Implement the Advanced Clean Trucks rule

The state should ensure the adoption and implementation of the Advanced Clean Truck Rule, which requires manufacturers to increase the sale of zero-emissions trucks and school buses in Model Years 2027 through 2035.

Recommendation 8: Implement the Advanced Clean Cars II rule

The state should ensure the adoption and implementation of the California Advanced Clean Cars II standards, which require that an increasing percentage of new vehicles sold are zero-emissions starting in Model Year 2027.

Recommendation 9: Adopt the Heavy-Duty Omnibus (Low NOx) regulation

~~The state should adopt the Heavy-Duty Omnibus (low NOx) Regulation that would limit toxic air pollution from diesel trucks and buses and require that new diesel trucks reduce their NOx emissions 90% by 2027. While technically not addressing greenhouse gas emissions, this Regulation is critical as a matter of equity and public health and closely related to mitigating greenhouse gas emissions.~~

Recommendation 10: Transition locally operated transit systems to zero-emissions buses

Beginning in 2025, the state should require the procurement of zero-emissions buses for locally operated transit systems (LOTS) and couple this requirement with assistance to local systems through direct grants or support for local systems to secure grants from other sources (e.g. federal IIJA programs). The same training and worker protections contained in the state legislation governing the MTA zero-emission bus transition should apply.

Recommendation 11: Support and enforce the 2025 electric school bus mandate

As codified in the Climate Solutions Now Act, the state should allocate funding to the MDE Zero Emission Vehicle School Bus Transition Grant Program, prioritizing schools with the greatest needs. The state should also create a multi-agency and stakeholder working group (including utilities, PSC, parent-teacher-student organizations, worker organizations and school districts) to support and accelerate the deployment of electric school buses by providing technical assistance for securing federal funds and other financial aid mechanisms.

Recommendation 12: Transition to electric MARC trains

MTA should transition away from diesel-fueled trains running on the MARC lines to electric-powered trains for completion by 2035. *(This version was approved via online voting but the co-chairs recommend a friendly amendment based on input from MDOT)*

Friendly amendment options:

A: Transition the MARC Penn Line to enable all electric operations upon Amtrak completion of the Frederick Douglass Tunnel (FDT) project, which is currently projected to be completed in 2032.

B: MTA should include a roadmap for transitioning the MARC rolling stock fleet to zero emission technology in their update to the 2019 MARC Cornerstone Plan.

Recommendation 13: Allow the state to regulate greenhouse gas emissions from manufacturing

The General Assembly should repeal the provisions established by the Greenhouse Gas Emissions Reduction Act (GGRA) of 2009 that prohibit the state from requiring greenhouse gas emissions reductions from the state's manufacturing sector or causing a significant increase in costs to the state's manufacturing sector. The GGRA required an independent study by an institution of higher education on this topic. The University of Maryland completed that study in 2022 and found that "reducing emissions from the manufacturing sector not only offers economic opportunities but also solidifies Maryland's position as a climate leader. By including the manufacturing sector in state climate targets and regulations, and taking advantage of federal support, policymakers can facilitate the sector's low-carbon transition through market- and non-market-based policy mechanisms." In 2023, the Maryland's Climate Pathway report showed that reducing emissions from the manufacturing sector is critical for achieving the state's emissions reduction goals. *(This version received 10 votes in favor, 3 opposed, 2*

abstaining, and 6 wanting more discussion via online voting. An ad-hoc group including Mike Powell, Kim Coble, and Bob Wright met on 10/12 to discuss a compromise. The straw man below emerged from that meeting.)

Straw man: The General Assembly should make the following modifications to the statute:

Md Env. Code 2-1202

(h)

(1) "Manufacturing" means the process of substantially transforming, or a substantial step in the process of substantially transforming, tangible personal property into a new and different article of tangible personal property by the use of labor or machinery.

(2) "Manufacturing", when performed by companies primarily engaged in the activities described in paragraph (1) of this subsection, includes:

(i) The operation of saw mills, grain mills, or feed mills;

(ii) The operation of machinery and equipment used to extract and process minerals, metals, or earthen materials or by-products that result from the extracting or processing; and

(iii) Research and development activities.

(3) "Manufacturing" does not include:

(i) Activities that are primarily a service;

(ii) Activities that are intellectual, artistic, or clerical in nature;

(iii) Public utility services, including gas, electric, water, and steam production services; or

(iv) Any other activity that would not commonly be considered as manufacturing.

(4) for purposes of this title, manufacturing does not include the manufacturing of cement products.

Md Env. Code 2-1205

(g)

(1) Unless required by federal law or regulations or existing State law, regulations adopted by State agencies to implement a final plan may not:

(i) Require greenhouse gas emissions reductions from the State's manufacturing sector *below the emissions of that manufacturer in calendar year 2023*; or

(ii) Cause a significant increase in costs to the State's manufacturing sector *beyond the costs that would be incurred by that manufacturer in calendar year 2023*.

(2) Paragraph (1) of this subsection may not be construed to exempt greenhouse gas emissions sources in the State's manufacturing sector from the obligation to comply with:

(i) Greenhouse gas emissions monitoring, recordkeeping, and reporting requirements for which the Department had existing authority under § 2-301(a) of this title on or before October 1, 2009; or

(ii) Greenhouse gas emissions reductions required of the manufacturing sector as a result of the State's implementation of the Regional Greenhouse Gas Initiative.

(h) A regulation adopted by a State agency for the purpose of reducing greenhouse gas emissions in accordance with this section may not be construed to result in a significant increase in costs to the State's manufacturing sector unless the source would not incur the cost increase but for the new regulation.

(i) Subsection (g) and (h) applies only to persons who engaged in manufacturing in Maryland during calendar year 2023.

Recommendation 14: Create a prescriptive pathway for BEPS compliance

The state should consider the life cycle of building systems and building monetizing events (refinancing, time of sale) in BEPS compliance schedules by creating a prescriptive pathway that provides an interim compliance status qualified by deploying a set of building emissions reduction practices that result in a 5–7-year simple return on investment.

Recommendation 15: Allow offsets in BEPS

~~The state should create a mechanism for BEPS Covered Buildings to use offsets or credits for a portion of required emissions reductions.~~

Recommendation 16: Align BEPS requirements with availability of federal and state funding

The state should adjust building level BEPS requirements and timetables to be commensurate with availability of and eligibility for federal and state funding.

Recommendation 17: Consider a real property tax deduction or credit for decarbonization improvements

The state should consider a real property tax deduction or credit for decarbonization expenses and exemptions from recordation and personal property taxes for decarbonization and equipment.

Recommendation 18: Study using increased tax revenues to support BEPS compliance

The state should study using increased commercial real property and recordation tax revenues to fund building level BEPS compliance.

Recommendation 19: Aligns EV infrastructure incentives with owner/tenant responsibilities

The state should align EV infrastructure incentives with multidwelling units to support building owner, condo association and commercial tenant responsibility to install charging infrastructure.

Recommendation 20: Provide funding for EV readiness projects

The state should provide funding for utility side infrastructure and tariff provisions that defer payment for make ready capacity. *(This version was discussed and tabled on Oct 4)*

Revised version offered by Tom Ballentine: The General Assembly should establish a state property tax credit for multi-dwelling unit and commercial building owners equivalent to the documented costs incurred for expanded utility-side and customer-side infrastructure required to serve electric vehicle charging equipment.

Rationale:

- As electric vehicle charging installations create increased electric load, the likelihood increases that the utility-side and / or the customer-side infrastructure serving the host building will need to be expanded.
- Under electric utility service extension tariffs these costs are often the responsibility of the property owner that makes the service request.
- Infrastructure costs will vary depending on the requirements of each site but could be considerable. For example, expenses related to Southern California Edison's Charge Ready Pilot Program reported for 75 level 2 charging sites averaged \$32,702 per site for utility-side infrastructure and \$101,152 per workplace charging site for the customer-side infrastructure between the grid interconnection charging equipment.

Recommendation 21: Fund EV incentives with increased registration fees on fuel-burning vehicles

To fund the incentives proposed in recommendation #1, the state should increase the fee paid when fuel-burning light-duty vehicles (LDVs) are registered in Maryland. The registration fee, which is paid every two years, is

currently \$135 for LDVs weighing up to 3,700 pounds and \$187 for LDVs weighing over 3,700 pounds. A fee increase of around \$90 annually for fuel-burning LDVs that are not EVs or plug-in hybrid EVs (PHEV) would provide enough funding to pay for the first few years of the programs included in recommendation #1. The incentive levels proposed in recommendation #1 could be phased down in future years as more people buy EVs, which would prevent future registration fee increases to support the cost of these programs.

Recommendation 22: Modify STRIDE to reduce ratepayer costs and facilitate electrification

Public Service Commission/General Assembly should make modifications to the STRIDE program to prioritize ratepayer-supported investment on the highest risk assets – pipes that are leaking and most leak-prone – and to consider less costly alternatives to replacement, such as electrification.

- Direct gas companies to develop a cost-effectiveness test or risk-assessment analysis for projects prior to receiving accelerated financial treatment.
- Require justification as to why replacement is necessary compared to any less-costly alternatives, such as:
 - leak detection and repair,
 - targeted replacement, and
 - Electrification.
- Require heightened analysis for service locations that may be retired because of electrification.
- Establish notice requirements for customer-specific STRIDE work to allow customers time to electrify, avoiding unnecessary costly investments.

Recommendation 23: Align state spending with climate goals

The Governor and General Assembly should ensure that state spending on energy projects promotes climate-aligned, zero-emission technologies and does not support or incentivize fossil fuel projects, systems, or infrastructure and is, at minimum, delivering 40% of benefits to environmental justice and low-income communities to be aligned with the Justice40 initiative. The Governor and General Assembly should act to ensure that grants, incentives, financing, and any other funding received from the Federal government are reserved for equitable, climate-aligned investment in clean and zero-emission technologies and infrastructure, not fossil fuel appliances, systems, or infrastructure. (Relevant MCCC recommendations from previous years: 2021 – MWG #7)

Recommendation 24: End SEIF support for fossil fuel projects

The Governor should direct the Maryland Energy Administration (MEA) to end any financial support for fossil fuel projects from the Strategic Energy Investment Fund (SEIF) and reserve all SEIF funds for projects that are fossil fuel-free or supporting qualifying households with bill assistance in the case of RGGI-derived funds. To complement this, the General Assembly should adopt statutory language for SEIF that is also used to govern the Climate Catalytic Fund. Specifically, that “[SEIF] may not be used for a project to install new equipment that uses fossil fuels or improve the efficiency of existing equipment that uses fossil fuels.” The MEA should work with appropriate stakeholders to ensure that households receiving direct bill assistance from the SEIF are prioritized for whole-home retrofits that deliver efficient, allelectric energy retrofits as well as health and safety retrofits. (Relevant MCCC recommendations from previous years: 2020 – MWG #25 and #26; 2021 – MCCC Building Energy Transition Plan and recommendations; 2022 – reiterated Building Energy Transition Plan and recommendations)

Recommendation 25: Remove incineration as an eligible source in RPS

Due to the energy source’s contributions to the state’s greenhouse gas emissions, the General Assembly should adopt legislation to remove municipal solid waste incineration as an eligible generating source from the

Renewable Portfolio Standard. (Relevant MCCC recommendations from previous years: 2020 – MWG #18; 2021 – reiterated via Appendix B of 2020 report)

Recommendation 26: Require that state funds are not used for fossil fuel projects

The Governor should issue an executive order that directs state funds be reserved for investments and projects that are fossil fuel-free, including state contracts, financing, and stateowned projects. This action, where appropriate, would be similar to Presidential Executive Order 14057, which includes directives on decarbonizing the federal government in areas such as carbon pollution-free electricity procurement, net-zero emissions buildings, and zero-emission vehicle fleets. The definitions and many of the strategies within the Implementing Instructions for EO 14057 should guide the Governor in this action. (Relevant MCCC recommendations from previous years: 2020 – MWG #3, MWG #6, MWG #23, MWG #27; 2021 – MWG #10, MWG #21, MWG #34)

Recommendation 27: Sunset financial incentives for fossil fuel appliances/systems in EmPOWER

For the third consecutive year, the Commission recommends the sunset of financial incentives and subsidies for fossil fuel appliances and systems within the EmPOWER Maryland program. (Relevant MCCC recommendations from previous years: 2021 – MWG #8; 2022 – MWG #18)