

Mitigation Working Group

December 14, 2021

Manufacturing Study

An Independent Study Overseen by the Maryland Commission on Climate Change

The Study (Maryland Code, Environment §2–1207)

(a) (1) An institution of higher education in the State shall conduct an independent study of the economic impact of requiring greenhouse gas emissions reductions from the State's manufacturing sector.

(2) The Maryland Commission on Climate Change shall oversee the independent study required by this section.

(b) On or before October 1, 2022, the institution of higher education responsible for the independent study shall complete and submit the study to the Governor and, in accordance with § 2–1257 of the State Government Article, the General Assembly.

The Purpose (Maryland Code, Environment §2–1210)

On review of the study required under § 2-1207 of this subtitle, and the reports required under § 2-1211 of this subtitle, the General Assembly:

- (1) May act to maintain, revise, or eliminate the 40% greenhouse gas emissions reduction required under § 2-1204.1 of this subtitle; and
- (2) Shall consider whether to continue the special manufacturing provisions in § 2-1205(f)(1) of this subtitle.

The Section in Question (Maryland Code, Environment §2–1205)

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

(i) Require greenhouse gas emissions reductions from the State's manufacturing sector; or

(ii) Cause a significant increase in costs to the State's manufacturing sector.

The Definitions (Maryland Code, Environment §2–1202)

(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.

The Definitions (Maryland Code, Environment §2–1202)

(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.

MWG's Task for Today: Informing the Scope of Work

- Legal requirement: Study the economic impact of requiring greenhouse gas emissions reductions from the State's manufacturing sector.
- Potential research questions:
 - What is the estimated economic impact of requiring the manufacturing sector to achieve net-zero emissions by 2045?
 - What is the estimated level of emissions reduction that can be achieved with net-positive economic impacts? (Net-positive within the sector or statewide?)
 - What measures of economic impact should be used?
 - What policies are effective for decarbonizing the manufacturing sector?

The Path Ahead for the Manufacturing Study

Q1 2022 – MDE to contract a state university to conduct the study

Q2 2022 – University to provide a midstream update to MWG

Q3 2022 – University to complete the study, discuss findings with MWG, and submit the study to the Governor and General Assembly

Q4 2022 – MWG to make recommendations on maintaining or modifying the manufacturing sector provisions in the GGRA statute

MWVG's 2022 Work Plan

Draft Work Plan for January through May 2022

Updates on Work Plan Activities

- **Biomass-to-Energy** – MDE is organizing a meeting for Dec 20 when reps from DNR, MDE, UMCES, MCEC, NRDC, TNC, CBF, and CLPP can identify areas of disagreement and develop a plan for seeking agreement.
- **Transportation** – MDE is reviewing the MCCC's transportation recommendations and ZEEVIC Annual Report and talking with stakeholders to determine where the MWG should focus its attention on transportation issues in 2022.

MWG Draft Work Plan for January-May

January 18 – Transportation kick-off and legislative update

February 22 – Biomass-to-energy recommendations from subgroup and legislative update

March 15 – GGRA Progress Report preliminary findings and legislative update

April 19 – Legislative Session Review

May 17 – Setting the MWG's work plan for June-September

Discussion?