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## SB 912 – Climate Crisis and Education Act

## Unfavorable

Potomac Edison, a subsidiary of FirstEnergy Corp., serves about 270,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery and Washington Counties). FirstEnergy is dedicated to safety, reliability and operational excellence. Its ten electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, West Virginia, Maryland and New York.

**Potomac Edison requests an Unfavorable report on SB 912 for the following reasons.**

Senate Bill (SB) 912 creates the Climate Crisis Initiative and the accompanying Climate Crisis Council aimed at reducing greenhouse gases (GHGs) throughout the state and creating an education fund. More specifically, the bill calls for the state to reduce GHGs 70% from 2006 levels by 2030, and 100% from 2006 levels by 2040. Beyond 2040, the state shall be net negative. It calls on the above Council to create a plan to meet the reduction goals while being equitable.

The bill also imposes a GHG fee on all fossil fuels brought into the state for combustion in the state and electricity used in the state that is generated by fossil fuels. The fee escalates each year. The fee for fossil fuels combusted in the state is collected "at the fossil fuels' first point of sale in the state."

SB 912 requires that each electric supplier and electric distribution company to pay the fee on behalf of all their customers on the basis of each kilowatt hour (kWh) used by each customer, based on the carbon intensity of the fuel mix that generated those kWhs, whether from in-state or out-of-state resources. The bill also states that a fee collected under the bill "may not be passed through as a direct cost to an end user of fossil fuel or a customer of an electric company or a gas company."

Potomac Edison opposes SB 912 because the legislation will result in extremely high cost on those living, working and operating in Maryland. The provision barring Potomac Edison from collecting these resulting costs from our customers would be a taking in violation of the United States Constitution. As drafted, the bill forces utilities to embed the fee in its distribution rates so that the cost impact is muted, and recovery would then be subject to PSC approval. The form of that approval is unclear thus timely and appropriate recovery is a significant concern.

SB 912 is not viable. It does not present a reasonable, programmatic set of expectations and goals that would serve as an outline for a set of reasonable, implementable regulations that could help achieve meaningful and useful statutory expectations and goals. Depending upon the magnitude of fees, there would likely be a mass exodus of retail generation suppliers. SB 912 would seem to effectively end generation shopping in Maryland.

In order to avoid these negatives, Potomac Edison respectfully requests an **unfavorable report** on SB 912.