



February 15, 2022

112 West Street
Annapolis, MD 21401

**UNFAVORABLE - Senate Bill 135
Climate Crisis and Environmental Justice Act**

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) oppose **Senate Bill 135 Climate Crisis and Environmental Justice Act**. Senate Bill 135 focuses on the concept of carbon pricing and fees as an efficient means to achieve greenhouse gas (GHG) reductions.

As a company with significant assets and critical energy infrastructure in Maryland, and as a major employer, Pepco and Delmarva Power have a responsibility to address our own GHG footprint while working to provide customers with safe, reliable, affordable, and sustainable energy through innovative and inclusive solutions. Pepco and Delmarva Power support efforts to decarbonize in a meaningful and affordable manner.

A carbon tax is typically applied at the point of generation so that energy producers have an incentive to use less carbon-intensive fuels. Senate Bill 135 imposes the GHG fee on all fossil fuels brought into the state for combustion and electricity used in the state that is generated by fossil fuels. A gas distribution company is required to pay the fee on behalf of all customers and prohibits the fee from being passed through as a direct cost to an end user of a fossil fuel or a customer of a distribution company, however Senate Bill 135 restricts the circumstances under which those dollars can be collected from customers. Because it is important that distribution companies have express authority to recover fees collected on behalf of customers, Pepco and Delmarva Power oppose Senate Bill 135 and respectfully request an unfavorable committee report.

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