

STATE OF MARYLAND



OFFICE OF THE CHAIRMAN

JASON M. STANEK

PUBLIC SERVICE COMMISSION

March 2, 2023

Chair C.T. Wilson
Economic Matters Committee
House Office Building, Room 231
Annapolis, Maryland 21401

RE: HB 839 – INFORMATION - Investor-Owned Electric Companies - Clean Energy Homes Pilot Programs - Establishment (Maryland Resilient and Clean Energy Homes Act)

Dear Chair Wilson and Committee Members:

The Clean Energy Homes Pilot established in HB 839 creates a series of new mandatory incentive programs under Maryland's investor-owned utilities. These offerings will create a suite of programs outside the EmPOWER programs. While this bill is designed to further the State's greenhouse gas reductions goals, I would like to raise two concerns -- the lack of program approval criteria and a need for timeline extensions.

First, these programs will be significant utility expenditures that are not subject to any form of cost-effectiveness review, as drafted. The legislation caps program size at 1% of utility revenues or \$15M, whichever is less. While the statute gives the Commission authority to approve, modify or deny programs proposals, there are no statutory criteria provided to support Commission action. The Committee may want to consider adding criteria to guide Commission action regarding these programs. Without statutory cost-effectiveness or other approval criteria, the bill could have a cumulative impact of \$50-\$60 million per year, resulting in significant rate impacts for utility customers.

Second, increased Commission flexibility would increase the chances of successful implementation. The timelines provided in the bill for filing, review and implementation require more flexibility for the agency to meet them. The Commission is offering amendments to extend the Commission's review period to 180 days for both plan approval and budget requests. In addition, the Commission is offering amendments to provide flexibility for: 1) % of storage capacity available for use by the IOU; 2) the dollar value per kWh of usable capacity; and 3) the % of electric bill savings provided to participating low-income multifamily residents. Climate policy and energy markets are rapidly evolving, and providing additional Commission flexibility in program review and design will ensure a responsive and responsible program.

I appreciate the opportunity to provide information on HB 839. Please contact Lisa Smith, Director of Legislative Affairs, at (410) 336-6288 if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason M. Stanek". The signature is fluid and cursive, with the first name "Jason" being the most prominent.

Jason M. Stanek
Chairman