

Committee: Economic Matters
Testimony on: HB0505 - Limitations on Cost Recovery by Public Service Companies and Reports on Votes Cast at Meetings of Regional Transmission Organizations (Utility Transparency and Accountability Act)
Submitting: Dave Arndt
Position: Favorable
Hearing Date: February 22, 2024

Dear Chair and Committee Members:

Thank you for allowing our testimony today in support of HB0505. My name is Dave Arndt, a Baltimore resident, a chemical engineer, a former Marketing Director for BP Solar in Frederick MD, retiree of the National Institutes of Health.

HB505 will address important issues of transparency in decision making at our “PJM” regional transmission operator and ensure that ratepayers are not subsidizing utility costs for lobbying, advertising, and association dues that are not in the public interest, and which undermine Maryland’s climate goals. The bill will not prevent utilities from lobbying, advertising, and paying association dues. Rather, it will ensure shareholders, not ratepayers, bear those costs.

PJM Transparency

HB0505 requires utilities’ votes at PJM to be made public and requires utilities to be members of PJM. PJM decisions have a significant impact on Maryland’s ability to transition to renewable energy over the timeframe codified in the Climate Solutions Now Act of 2022 (i.e., 60% by 2031 and net zero by 2045). In addition, these decisions affect the cost of electricity in Maryland by passing along to ratepayer’s investments in new transmission, extra capacity for peak energy demand, and other costs. Unfortunately, these and other key decisions are being made in the dark without any transparency for Maryland’s Public Service Commission (PSC), Office of People’s Counsel, or environmental and consumer protection groups. HB0505 also requires Maryland utilities to join PJM as members. Currently, utilities get a bonus to join. If PJM membership is required, then Maryland ratepayers will no longer pay for this bonus as a pass-through from PJM. After a similar requirement was adopted in California, ratepayers saved \$40 million annually.

Ratepayer Costs for Lobbying, Advertising, and Dues

Utilities in Maryland are investor-owned monopolies regulated by the Maryland PSC. While current law prohibits utilities from passing the cost of lobbying on to ratepayers, the language is vague and the reporting is inadequate to ensure it isn’t happening. HB0505 will address this problem by more clearly defining “lobbying or political activities” to include influencing

legislation, elected officials, or elections. It also restricts the use of ratepayer dollars for membership dues to a business or industry trade association (like the American Gas Association or Edison Electric Institute); lobbying or political activities such as policy research and analysis; advertising or marketing to affect public opinion (not approved by the PSC); or travel, lodging, food/beverage, or entertainment expenses for a utility's board of directors and officers

HB0505 will provide the transparency and regulatory guardrails needed to protect Maryland ratepayers and ensure utilities are helping rather than impeding Maryland achieve our ambitious climate goals. I strongly support HB0505 and urge a **FAVORABLE** report in Committee.