



Montgomery County

Office of Intergovernmental Relations

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HB 397

DATE: February 20, 2024

SPONSOR: Delegate Charkoudian

ASSIGNED TO: Economic Matters Committee

CONTACT PERSON: Garrett Fitzgerald (garrett.fitzgerald@montgomerycountymd.gov)

POSITION: Favorable (Department of Environmental Protection)

Public Utilities – Thermal Energy Network Systems – Authorization and Establishment (Working for Accessible Renewable Maryland Thermal Heat (WARMTH) Act)

This legislation meets a critical need in our work to reduce climate pollution in a manner that is safe, healthy, and cost-effective for Maryland residents.

This bill would require each gas utility company to develop and submit to the Maryland Public Service Commission (PSC) a plan to pilot an alternative approach to provide heating services to customers without burning natural gas. The PSC will review these plans for cost-effectiveness and authorize appropriate pilots. The bill establishes requirements to ensure that projects are constructed with fair labor standards and primarily benefit low-to-moderate income residents.

Networked geothermal heating systems may represent a critical opportunity for gas utilities to maintain their status as providers of heating services while playing a key role in Maryland's clean energy transition away from fossil fuel combustion. The pilot project planning and implementation envisioned by this bill would offer a valuable learning opportunity for the utilities, PSC, and other stakeholders about the potential for networked geothermal projects to play a key role in that transition. Importantly, while aspects of these networked energy systems will require some learning by the gas utilities, the technology involved is well-established, and participating pilot neighborhoods will benefit.

Montgomery County appreciates that the bill authorizes counties and community organizations to suggest pilot areas, and that funding would be provided to enable community organizations to support project planning. Participants would not be on the hook to pay for the equipment and would not experience an increase in utility rates. The bill would allow community members the option to opt out of participating in the pilot.

We support this innovative concept, and respectfully request that the Economic Matters Committee issue a favorable report for House Bill 397.