

**INFORMATIONAL – House Bill 397
Authorizing and Establishing Gas Company Pilot Thermal Energy Network Systems
House Economic Matters Committee**

Columbia Gas of Maryland, Inc. (Columbia) appreciates the introduction of HB 397, legislation requiring natural gas utilities to develop and submit a proposal to the Maryland Public Service Commission to establish a thermal energy network system pilot program in their service territory. Columbia understands up to 13 states may be currently in the planning, regulatory or construction stages of creating thermal energy network systems.

Columbia supports public policies promoting an environment of innovation, research, development and deployment needed for greenhouse gas emissions reductions in Maryland that maintain customer affordability and system reliability. The idea of creating pilot thermal energy network systems or “geothermal pilot programs” should be examined further. Columbia believes the most important factor in pursuing this idea is the cost impact to natural gas utility ratepayers. Through our initial research on this idea, we have found the utility companies pursuing geothermal pilot programs have very large customer bases over which to spread the cost of these systems.

Columbia has undertaken preliminary cost estimates for a geothermal pilot program in its service territory and is concerned with the associated cost and financial impact to its customers. Columbia serves approximately 34,000 customers in the western Maryland counties of Garrett, Allegany and Washington. Initial costs estimates are \$300,000 to \$500,000 for feasibility studies and at least \$10 to \$15 million to create a modest geothermal pilot program in western Maryland. Such a program paid for by a small customer base like ours would result in our customers incurring a significant per customer cost.

Columbia has spoken with the bill sponsor and suggested an amendment that would allow smaller gas utility companies – defined as a company with less than 75,000 customers – to have the option of developing a thermal energy network system pilot program if it determined such a program could be created affordably for its customers.

Columbia supports the following amendment to HB 397 that would make participation in thermal energy network systems optional, rather than mandatory, for smaller gas utility companies in Maryland:

**AMENDMENT TO HOUSE BILL 397
(First Reading File Bill)**

On page 15, after line 3, insert:

7-1007.

(A) THE REQUIREMENTS OF THIS SUBTITLE APPLY TO A GAS COMPANY WITH LESS THAN 75,000 CUSTOMERS ONLY IF THE GAS COMPANY FILES A PROPOSAL FOR ONE OR MORE PILOT SYSTEMS WITH THE COMMISSION.

(B) A GAS COMPANY WITH LESS THAN 75,000 CUSTOMERS ELECTING TO FILE SUCH A PROPOSAL SHALL PROVIDE AT LEAST 60 DAYS WRITTEN NOTICE TO THE COMMISSION OF ITS INTENT TO FILE A PROPOSAL.

With this amendment, Columbia is neutral on HB 397. Adding cost-effective reasonably priced thermal energy network systems to Maryland's energy mix creating an even larger "all of the above approach" to reduce greenhouse gas emissions to meet Maryland's ambitious climate goals is an idea worth examining.

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