

Oppose  
Environment and Transportation  
3/1/2024

### **House Bill 1008 - Fossil Fuel Transportation Fee and Mitigation Fund (Climate Pollution Reduction Fund Act)**

Baltimore Gas and Electric Company (BGE) opposes *House Bill 1008- Fossil Fuel Transportation Fee and Mitigation Fund (Climate Pollution Reduction Fund Act)*. *House Bill 1008* establishes a \$0.30 per million British thermal unit (BTU) fee on transporting fossil fuels in the State. House Bill 1008 does not define “fossil fuels” but leaves that determination to the Department of the Environment. The fee will fund the new “Fossil Fuel Mitigation Fund,” which will be used to support activities that reduce greenhouse gas emissions in the State.

Baltimore Gas and Electric Company (BGE) is a supplier of natural gas to 700,000 customers and electricity to 1.3 million customers in Central Maryland. BGE is aggressively addressing our internal greenhouse gas operational emissions and is supportive of policy efforts to address climate change, where we see ourselves as a critical partner. However, the goals and mechanisms as currently outlined in *House Bill 1008* are likely to disadvantage Maryland economically while potentially not achieving the avoidance of climate change impacts that it seeks. Most specifically, the fee elements contained in the bill will not provide the needed incentives to broadly shift energy users permanently to lower emissions solutions and could drive residents and businesses to leave Maryland boundaries, in lieu of making energy use choice changes that reduce emissions.

BGE strongly opposes this legislation for multiple reasons. To start, this legislation imposes a "transportation fee" on the first 'carrier' to transport fossil fuel in the State. Assuming that natural gas is determined by the Department of the Environment to be a fossil fuel subject to the fee imposed by House Bill 1008, a gas utility's interstate pipeline suppliers would be responsible for the fee, but it could be the responsibility of a gas utility under certain

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's largest energy delivery company.

Charles Washington | Brittany Jones | Guy Andes | Dytonia Reed | 410.269.5281

circumstances. Based on 2022 data<sup>1</sup> below, this fee would be over \$28 million for just the natural gas delivered on the BGE system without any mention of when the fee applies and how frequently the fee is collected. As drafted, the legislation does not have any exceptions for generation nor manufacturing or other specialized industries, meaning there is an added cost to power generation in this State as well as impact to local industry.

Further, this legislation stipulates that the fee may be imposed on a “subsequent carrier” if the “first carrier” of fossil fuel into the state fails to pay the fee. As written, there are no enforcement, penalty mechanism or consequence in place if the “first carrier” fails to pay. This legislation unfairly advantages the “first carrier,” by creating an incentive the carrier to avoid paying the fee. It is highly likely that the first carrier, a supplier, will not pay leaving the utility, as a regulated entity, will have to pay.

For these reasons, BGE requests an unfavorable report on *House Bill 1008*.

---

<sup>1</sup> The total cost was calculation based on the total cubic feet of gas that flows through the BGE system on an annual basis. The BGE annual send out on the system in 2022 was 98,157,678 (1 Dth = 1 MMBTU). If a \$0.30 per MMBTU fee is imposed as required under HB1008, it would cost \$28 million dollars.

BGE, headquartered in Baltimore, is Maryland’s largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company’s approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation’s largest energy delivery company.