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## **HB 1532: Continuing the Next Generation Energy Act**

**Committee: House Environment and Transportation**

**Position: Favorable with Amendments**

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Southern Maryland Electric Cooperative (SMECO), a member-owned electric cooperative and not-for-profit organization based in Hughesville that provides electricity to more than 180,000 member accounts in Charles, St. Mary's, Calvert and southern Prince George's County, supports HB 1532 with amendment

HB 1532 would make changes to the state's EmPOWER Maryland program that is designed to incentivize energy efficiency and conservation efforts. SMECO is held to the same requirements as larger investor-owned utilities such as Pepco and BGE to develop a suite of programs designed to meet greenhouse gas reduction targets across our customer base.

SMECO has a long history of encouraging energy conservation and efficiency. As a not-for-profit cooperative, SMECO procures power and distributes it as a straight pass-through cost. Every electron that is saved is an electron that does not need to be purchased. The General Assembly, as part of the Climate Solutions Now Act of 2022, shifted the program to focus on greenhouse gas reductions. This shift has led to higher program costs that have translated into higher EmPOWER MD surcharges on monthly bills.

SMECO wholeheartedly supports the provisions to scale back the greenhouse gas reduction mandates for the coming years. The bill would require a 2.25 percent reduction in 2028 rather than 2025 and 2026. The bill also allows utilities like SMECO to remove programs in our EmPOWER portfolio that are not cost effective. Of our nine programs in our latest EmPOWER MD suite, four of those programs do not meet the 1.0 threshold of cost effectiveness as required by the Public Service Commission (PSC).

By removing the programs that are not cost effective, this will lower the costs and thereby lower the EmPOWER MD surcharge in coming years. It also means that SMECO will almost assuredly fall short of reaching the goals set forth in the EmPOWER MD law. We respectfully request that language be added to the bill that would recognize that utilities are not likely to meet their greenhouse reduction goals if those programs deemed not cost effective are removed.

**SMECO suggests an amendment that removes the obligation of meeting the goals set forth in the statute if they cannot be met through cost effective programs.**

Finally, the bill asks the PSC to conduct a request for information on whether the state should move to a single, third-party administrator for EmPOWER MD programs across the state. **SMECO suggests an amendment that would include language to ensure the third party single administrator would demonstrate that residents in Southern Maryland, where we do not have the same density and are**

**predominantly made up of residential customers, would receive the same level of service as more populated service areas in the Washington DC suburbs and in Baltimore.**

SMECO supports EmPOWER MD, but at a time when electricity prices are high, we support HB 1532 and its efforts to scale back the requirements to save money and lower impacts on customer bills.