

## **House Bill 1532 – Continuing the Next Generation Energy Act**

### **Environment and Transportation Committee Tuesday, March 3, 2026**

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 293,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Maryland, Ohio, Pennsylvania, New Jersey, New York, and West Virginia.

### **INFORMATIONAL ONLY**

House Bill 1532 proposes significant revisions to Maryland's energy statutes with the intent of strengthening cost-effectiveness, expanding program eligibility, and accelerating progress toward statewide clean-energy and greenhouse gas reduction goals.

While Potomac Edison / FirstEnergy fully supports cost-effective energy efficiency programs that advance both climate priorities and customer affordability, we have concerns that several provisions in HB-1532 may inadvertently increase costs for Maryland ratepayers, restrict essential program tools, and create administrative misalignment that complicates compliance.

The bill's creation of a shortened two-year 2027–2028 planning cycle for EmPOWER, followed by a return to three-year cycles beginning in 2029, compresses implementation timelines in ways that escalate costs and require accelerated planning -- without delivering commensurate customer benefits. It further establishes filing and consultation deadlines that do not align with the proposed compressed cycle structure, creating process conflicts and increasing compliance risk for utilities. Maintaining traditional three-year planning cycles, or alternatively adopting a four-year cycle beginning in 2027, would prevent conflicting deadlines, reduce compliance risk, and ultimately be better for customers.

Although HB-1532 delays the scheduled increase in annual energy savings targets from 2.25% to 2.5%, the resulting savings requirements remain extremely aggressive and do not appear to be supported by analysis that demonstrates feasibility of compliance or cost-effective achievement. The bill prohibits residential subprograms that fail cost-effectiveness testing -- effectively eliminating offerings such as HVAC upgrades, electrification incentives, and appliance rebates. We have found that these programs, despite test-related limitations, often deliver the strongest lifecycle greenhouse gas reductions within our portfolio. Adjusting savings targets to levels supported by feasibility and cost-effectiveness data and removing or modifying the prohibition on non-cost-effective residential programs would be preferred.

Potomac Edison / FirstEnergy is also concerned that the reduction of the large-load threshold to 25 MW could unintentionally include larger industrial and manufacturing customers into this legislation, not just data centers. Introducing new costs for these capital-intensive, job producing businesses is not the intent of the bill and could potentially affect Maryland's broader economic competitiveness. Clarifying that the lowered large-load threshold applies only to data centers should be considered.

HB 1532 is well-intentioned, but as drafted, it introduces operational and financial challenges that risk increasing customer costs, limiting effective program design, and disrupting long-standing administrative processes. Targeted amendments addressing some of the concerns we have discussed would better align the bill with Maryland's climate, economic, and ratepayer-affordability goals.

Potomac Edison / FirstEnergy appreciates the opportunity to provide information to assist the Committee's deliberations and remains committed to working collaboratively toward energy policies that advance Maryland's environmental goals while protecting customer affordability.