

# Maryland PIRG

**HB1532: Continuing the Next Generation Energy Act**  
**Environment and Transportation**  
**March 10th, 2026**  
**Favorable with Amendments**

*Maryland PIRG is a state based, small donor funded public interest advocacy organization with grassroots members across the state. We work to find common ground around common sense solutions that will help ensure a healthier, safer, more secure future.*

Maryland PIRG supports HB1532 with some amendments. We thank the Speaker, Chair Korman, and Committee Chair Fraser-Hidalgo for their work on this legislation and hope we can work together to bring it to the Governor's desk with some important consumer protection adjustments.

We appreciate the effort in the bill to include battery storage in the expedited CPCN process. By rapidly supporting the deployment of energy storage, Maryland leaders can address rising electricity prices in the one of the smartest ways possible.

### ***Multiyear Ratemaking***

Recommendation: We support this provision and have two suggested options to make it even stronger.

We support the language in the bill to address the reconciliation process in multiyear rate plans (MYRP) by proactively preventing reconciliation through a "cost-sharing mechanism" which has been proposed at the Public Service Commission (PSC) by the Exelon utilities. This mechanism would function as a fixed-rate reconciliation, opening the door again for excessive profits on overspending.

While the legislative intent of the General Assembly appears to be to end reconciliation processes that increase costs to customers across the board, we worry you could be stuck in a game of wack-a-mole until the legislature or PSC permanently end multi-year ratemaking and all forms of forecasted ratemaking. For example, PEPCO has recently applied for a rate increase. While the company did not use the MYRP process, PEPCO used a similar form of ratemaking known as "forecasted rates." This process asks for an increase in rates based on projected spending, which is unlike traditional ratemaking. Under traditional ratemaking a company asks for increased rates only to recover costs already incurred by investors. Forecasted ratemaking (also known as "future test year" ratemaking) shifts financial risk from investors to ratepayers and exacerbates the already existing tendency to over-project spending and overspend. Approval of forecasted rates also subjects ratepayers to the possibility of a reconciliation request. And despite the substantially lower risk in a forecasted rate case, PEPCO has requested a 10.5% return on equity (ROE), a profit margin which is unjustified and unnecessary for traditional or forecasted rates and would drive up costs to customers.

**Ultimate, even with a comprehensive prohibition on reconciliation, any form of forecasted ratemaking will increase the risk of excessive rate increases for Marylanders.** In order to address this and make the bill stronger the Committee could consider:

1. Fully ending the reconciliation process by adjusting any mention of multi-year rate plan to “*a multiyear rate plan or a rate plan that utilizes a future test year*”
2. Fully prohibiting forecasted ratemaking by adding language to the effect, “*Prohibit the use of a future test year in ratemaking and only allow a rate proposal that uses a historic test year.*”

## **EmPOWER Maryland**

### A. Third-Party Administration

#### Recommendation: Support this provision

EmPOWER Maryland continues to be one of the state’s most important and effective tools to address energy waste, reduce demand on the grid, and increase the efficiency of Maryland homes and businesses. We support the provision of HB1532 that directs the PSC to investigate shifting to a consolidated state-wide third-party administrator to implement EmPOWER.

Currently there are six utilities implementing EmPOWER programs for their customers. Each has its own implementation staff and contractors that manage similar programs - the result of which is a high level of duplication and redundancy, potentially leading to excess costs for customers. Having a single entity manage the programs for all six of the utilities would streamline program delivery and eliminate duplicative administrative costs, thereby reducing the rate impact of the programs without reducing the benefits they provide ratepayers.

An independent, third-party program delivery mechanism could also provide a better means for delivering the overall energy efficiency goals of the program. Utilities make profits off of building new infrastructure for increased energy use, and as such have a natural disincentive in supporting efficiency. While the goals mandated through EmPOWER have been tremendously impactful, this conflict of interest remains. Shifting to a third-party implementor model would help address this conflict.

Transitioning the utility-implemented programs to a third-party implementation model should be considered thoughtfully. An assessment of the pros and cons of both options, as outlined in this bill, is a smart way to move forward.

### B. Goals and Cost-effectiveness

#### Recommendation: Remove or amend the section on cost-effectiveness.

Reducing investments in energy efficiency is generally unwise, and especially so during an energy affordability crisis, as the program cost-effectively brings down customer costs. If the legislature is concerned about ratepayer impact, a wiser choice would be to subsidize the program with state funds or dedicated funds from SEIF permanently. That being said, from a consumer protection standpoint, limiting the energy savings goals of EmPOWER is a better option than substantially shrinking program offerings.

Maryland PIRG recommends that section 7-225 (b) (6) be removed from the bill, or amended as suggested below. EmPOWER Maryland is *tremendously* cost-effective, delivering more than \$2 in savings for every \$1 invested. It is also tremendously more cost effective to the alternatives: increased peak demand, higher capacity costs and increased transmission and generation needs.

That being said, Maryland PIRG is concerned that the utilities are not running EmPOWER in the most cost effective way, needlessly driving up costs and leaving additional savings on the table. However, the added language on cost-effectiveness could exacerbate this problem instead of addressing it, while unnecessarily weakening the program offerings. Cost-effectiveness cannot be assessed until after a program is completed due to factors including actual cost of energy and accounting for actual money spent to administer the program versus customers served. The manner in which a utility administers a program also impacts cost effectiveness, for better or for worse. The value of program benefits may also fluctuate with yearly changes to capacity markets and energy supply costs. Because of this, cost effectiveness estimates are not always accurate, and vary year to year. Shifting individual programs based on such a volatile measure is not a technically accurate way to ensure overall cost effectiveness nor a practical way to administer the program on an ongoing basis. It would also lead to dramatic program differences between regions and less versatile program offerings.

For example, if this provision were applied to BGE and Pepco's cost effectiveness projections from the beginning of the last cycle, residents in PEPCO territory would be able to access all program offerings, but the same discounts on weatherization and appliance rebates would be excluded for BGE customers. Fortunately, slight variances in cost-effectiveness year to year are more than well accounted for in EmPOWER's already robust cost-effectiveness requirements. As such, we recommend this language be removed from the bill.

However, if the Committee wants to add more rigor on cost effectiveness, we would suggest this language be added instead, which pushes the utilities to run their programs in a more cost effective manner, reducing wasteful spending:

7-225 (b) (6) ANY RESIDENTIAL SECTOR SUBPROGRAM WITH A BENEFIT-TO-COST RATIO OF LESS THAN 1.0 UNDER THE PRIMARY STATE JURISDICTION-SPECIFIC TEST, AS DEVELOPED, UPDATED, OR APPROVED BY THE COMMISSION MUST BE ASSESSED BY THE COMMISSION TO SEE IF ITS SCORE CAN BE IMPROVED BY CONSOLIDATING AND/OR STEAMLINING DELIVERY.

In fact, the committee could even go even further and require all residential sector subprograms to be assessed by the commission to see if cost effectiveness could be improved. Maryland PIRG would support either approach.

### ***Nuclear Power***

Recommendation: Remove all new provisions from this bill on nuclear power.

Maryland PIRG cannot support any of the changes to nuclear power procurement and financing laid out in HB1532. These changes will weaken consumer protection safeguards on cost overruns for nuclear power. It's particularly worrisome to see language opening the door for cost overruns for expensive nuclear power in a bill that is also tightening cost-effectiveness requirements and reducing investments in energy efficiency. Doing so is penny-wise and pound foolish.

**We look forward to working with the Committee to address these pressing challenges and opportunities.**