



P.O. Box 278  
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**Committee:** Environment and Transportation

**Testimony on:** HB1532 - Continuing the Next Generation Energy Act

**Position:** Favorable with amendments

**Hearing Date:** March 3, 2026

The Maryland Chapter of the Sierra Club commends the Speaker of the House of Delegates and her colleagues in demonstrating leadership in addressing the energy challenges that our state faces. We appreciate the role that this bill will play in strengthening the provisions in the Next Generation Energy Act.

The bill contains a number of measures that would protect ratepayers from rising energy costs, support clean energy, and improve the governance of the EmPOWER program. However, the Sierra Club would like to express concerns about unintended consequences of some of the changes to the EmPOWER program that this bill proposes. The Sierra Club recommends a favorable report, with supportive amendments. This testimony briefly describes some of the benefits of this bill, and identifies one key area for improvement.

## **Strengths of HB1532**

### **Rate Class for Large Loads**

As Maryland faces an increasing number of requests for interconnection from hyperscale data centers which, as extremely large loads, pose significant strain on the grid, it is important that they are treated uniquely as a class because of their unique energy needs. This bill would lower the threshold for large loads that fit into that rate class from 100 MW to 25 MW, ensuring that these large loads are more comprehensively captured. This would strengthen the state's ability to protect Maryland residential ratepayers from additional energy costs brought about by data centers.

### **Strengthening Requirements in Multiyear Rate Plans**

This bill would also strengthen the requirements for multiyear rate plans (MYRPs), improving protections for ratepayers from potential increased rates through a series of guardrails to contain costs. As energy rates continue to rise, strengthening these guardrails is important for ensuring affordable energy rates for Marylanders.

### **Third Party Administration of EmPOWER Maryland**

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. Currently, EmPOWER programs are run independently by each utility, creating unnecessary complexity for Maryland residents trying to benefit from the energy savings these programs offer. This bill would direct the PSC to investigate shifting to a consolidated state-wide third-party administrator to implement EmPOWER. Having a single entity manage programs for all six 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.

## **Proposed Amendments**

### **EmPOWER Maryland - Changes to Cost Effectiveness**

We recommend that section 7–225 (b) (6) be removed from the bill, or amended as suggested below. As drafted, this section would require the PSC to apply a specific cost-benefit metric for each individual empower sub-program on an annual basis. While cost-effectiveness is of course desirable, this is not an appropriate metric or timeframe to apply to Empower programs.

EmPOWER Maryland is tremendously cost-effective, delivering more than \$2 in savings for every \$1 invested<sup>1</sup>. It is also highly cost effective in reducing growth of peak demand, capacity costs and transmission and generation needs.

EmPOWER Maryland has an existing cost effectiveness requirement. All utility programs must achieve a positive cost-benefit ratio across the suite of programs in the residential and commercial sectors. This model strikes the proper balance between a legislative mandate and the role of the PSC and stakeholders.

Sub-program cost-benefit ratios, while a useful data-point in the ongoing process, are not appropriate for a legislative mandate. Programs have start-up costs and rely on cross-promotion and education that takes time to build. Further, 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. The broad cost-benefit requirement ensures cost-effectiveness while providing PSC flexibility to meet other design needs, such as a diversity of offerings, consistency year to year, balancing system and individual benefits, etc.

The programs most likely to be eliminated by the proposed changes are the residential appliance and HVAC rebate programs, and the ones that provide customers with technology to reduce their energy use long-term. These are among the most concrete programs offered by EmPOWER and bring the most tangible benefits directly to customers. PSC has recognized the long-term value of these programs in reducing individual and system wide energy use.

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.

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<sup>1</sup> Maryland Public Service Commission. The EmPOWER Maryland Energy Efficiency Act Report of 2025. Baltimore, MD: MD PSC 2025  
<https://www.psc.state.md.us/wp-content/uploads/2025-EmPOWER-Maryland-Energy-Efficiency-Act-Standard-Report-Final.pdf>



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It would also lead to dramatic program differences between regions and less versatile program offerings.

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.

### **Conclusion**

We thank the Speaker for her leadership in addressing important energy issues through this bill, and in demonstrating continued interest and concern for addressing Maryland's energy challenges throughout this session. The Sierra Club urges a favorable report on this bill, and offers supportive amendments.

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