

HB 1532 PSC testimony fav w amd.pdf

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KUMAR P. BARVE
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PUBLIC SERVICE COMMISSION

Chair Marc Korman
Environment and Transportation Committee
250 Taylor House Office Building
Annapolis, MD 21401

RE: **HB 1532 - Favorable with Amendment - Continuing the Next Generation Energy Act**

Dear Chair Korman and Committee Members:

The Public Service Commission (the "Commission") appreciates the opportunity to provide this testimony for HB 1532. The bill amends the Public Utilities Article (PUA) in several ways. The Commission supports the overarching goal of the bill to make energy more affordable for Maryland ratepayers and has not identified any serious barriers to implementing any of the legislation's provisions. The Commission requests a favorable report with consideration of some small amendments that would assist in implementing the bill and achieving its goals.

HB 1532 makes several changes to Maryland's current EmPOWER framework. The bill maintains the program's 2026 greenhouse gas reduction targets through 2028 and adjusts the 2029 target to match the level previously planned for 2027. By postponing the higher target, the bill avoids potential cost increases in 2027 and 2028, when utilities would otherwise have needed to invest additional funds to achieve the more aggressive goals.

Additionally, the bill introduces a cost containment mechanism for EmPOWER's residential subprograms, requiring them to pass the primary State jurisdiction-specific test with a benefit-cost ratio of no less than 1.0. This means that any residential subprogram independently must demonstrate that its benefits at least equal its costs. Under the current cost-effectiveness construct, program cost-effectiveness is evaluated in aggregate at the portfolio level.

Effectively, this change would make it so several existing programs may be eliminated from the residential portfolio, which in turn may reduce program costs. It is possible that these changes will lower EmPOWER costs to customers but also reduce the likelihood of meeting the statutory EmPOWER greenhouse gas (GHG) emissions reduction goal. The General Assembly may want to consider expanding the benefit-cost requirement to commercial and industrial customers to further the bill's goal of reducing energy costs for all consumers.

Also related to EmPOWER, Section 2 of HB 1532 requires the Commission to employ an RFI and RFP process to explore the use of a third-party, single-implementer program for the

implementation of the EmPOWER Maryland programs. This would represent a significant change in the operation of EmPOWER. Currently, utilities each administer their own portfolio of programs with assistance from the Department of Housing and Community Development. Consolidating implementation of every utility's programs into one administrator may allow for cost savings and more equitable availability of programs across the State. The Commission appreciates that the bill gives it the ability to evaluate responses to determine whether such an arrangement would be cost effective. The Commission may seek amendments related to dates and will work with the Speaker to ensure the process as drafted is able to be implemented effectively.

In addition to EmPOWER amendments, HB 1532 also expands the applicability of the large load tariff to large load customers that have a monthly maximum demand as low as 25 MWs within their initial contract term. Effectively, this would require certain new commercial and industrial customers, or those who increase their loads to be on a large load tariff subject to regulations. This could increase costs for these customers and be seen as a business barrier, but provides protections to other customers from the financial risk of investments made to serve these customers. The Commission notes it is unclear if there is a minimum load factor threshold for the large load tariff given the inconsistency with the definition of "large load customer" in PUA § 4-212(a)(3). The General Assembly could clarify this to minimize inadvertently applying the tariffs to customers not intended to be impacted by this tariff change.

HB 1532 amends the PUA by re-introducing the reconciliation mechanism as a tool to be considered for use in a multi-year rate plan (MRP). The Next Generation Energy Act passed in 2025 introduced language that barred reconciliation for MRPs completely. This legislation enables an MRP reconciliation of the utility's forecasted revenue requirement but prohibits any proposal that would result in collecting an additional charge from customers. Customers would receive refunds if actual costs are lower than forecasted.¹

HB 1532 updates what types of generation can apply for the Next Generation Energy Act's expedited CPCN process to increase the likelihood that new generation may apply for the process and develop in Maryland. Finally, HB 1532 makes updates to the nuclear procurement process the Commission is developing and had been suggested by the Commission in a report filed with the General Assembly on January 21, 2026. These changes may also help better facilitate the development of generation in Maryland.

The Commission is happy to continue working with the Speaker to address the important goals of energy affordability and consumer protection in Maryland. Please contact Niki Wiggins, Director of Legislative Affairs, at irene.wiggins3@maryland.gov if you have any questions related to this informational testimony.

(signature follows)

¹ Because the Commission currently has pending cases before it that involve reconciliation mechanisms, it is not favorable or unfavorable on this portion of the bill. This paragraph is included to provide contextual information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kumar", with a stylized flourish underneath.

Kumar P. Barve
Chair, Maryland Public Service Commission

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TESTIMONY OF
BRITTANY BAKER
MARYLAND DIRECTOR

—
MIKE TIDWELL
EXECUTIVE DIRECTOR

HB1532- CONTINUING THE NEXT GENERATION ENERGY ACT

FAVORABLE WITH AMENDMENT

MARCH 3, 2026

Chair Korman, Vice Chair Guyton, and Members of the Environment and Transportation Committee, Marylanders are suffering acutely from high utility bills. Utility bills are high due to a confluence of factors:

- 1) Intentional rise in distribution rates, particularly by Exelon-owned utilities, due to accelerated spending on capital expenditures on both the electric and gas distribution systems
- 2) Impacts of data center development across PJM and the distortion of PJM's capacity market auction demand forecast due to highly speculative data center load growth forecasts
- 3) Increased costs due to lack of oversight of capital expenditure spending on local transmission lines, especially in the BGE territory
- 4) Increased usage at the household level due to the extreme weather caused by the changing climate
- 5) PJM mismanagement of the interconnection queue for new energy sources and capacity market auction rules that favor legacy generation sources and expose ratepayers to volatile costs

This bill focuses on the levers within the control of the Maryland General Assembly to ensure that we are lowering costs for Marylanders in a way that cuts at the heart of these problems and ensures the MGA champions provisions designed to lower costs in the short and long term.

Chesapeake Climate Action Network requests one amendment to the bill. We request the removal of this section that will affect how Empower is implemented in the next program cycle.

(6) THE COMMISSION MAY NOT APPROVE A PLAN UNDER THIS 15 SUBSECTION THAT INCLUDES A RESIDENTIAL SECTOR SUBPROGRAM WITH A 16 BENEFIT-TO-COST RATIO OF LESS THAN 1.0 UNDER THE PRIMARY STATE 17 JURISDICTION-SPECIFIC TEST, AS DEVELOPED, UPDATED, OR APPROVED BY THE 18 COMMISSION.

This provision will eliminate HVAC rebates from some investor owned utility territories. HVAC rebates are one of the most well-known programmatic elements of the Empower program. These rebates help consumers reduce energy usage, upgrade to the most quality appliances, and electrify their homes. Eliminating these rebates will significantly reduce the effectiveness of the Empower program by reducing one of the ways that utility bill holders can lower their personal, household costs.

The Empower program has a substantial benefit to the aggregate electricity grid due to reduced energy usage across the board. However, ratepayers also care about what services can be delivered on-site once they start down the path of engaging with their local utility's Empower services. Marketing, weatherization, quick home energy check-ups, HVAC rebates, and the other program offerings that vary by territory offer a complete portfolio that maximizes grid wide benefits and also ensures adequate service offerings for individual households.

I respectfully request a favorable with amendment report on HB1532.

HB1532 OPC_LAPP_FWA

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BILL NO.: House Bill 1532 – Continuing the Next Generation Energy Act

COMMITTEE: Environment and Transportation

HEARING DATE: March 3, 2026 (ENT)

SPONSOR: The Speaker and Delegates Korman and Fraser-Hidalgo

POSITION: Favorable with amendments

The Office of People’s Counsel (OPC) respectfully offers the following comments in support of House Bill 1532, Continuing the Next Generation Energy Act. HB 1532, with the amendments described below. HB 1532 seeks to clarify and strengthen several provisions of the Next Generation Energy Act passed last year. OPC supports a number of these proposed changes, including: lowering the threshold for a large-load customer required to take service on a large-load tariff; clarifying the conditions under which multi-year rate plans and other alternative forms of ratemaking can be used; and transitioning the utility-run EmPOWER energy efficiency programs to an independent, third-party administrator. To ensure greatest ratepayer protections and benefits, OPC recommends several amendments to other provisions in the bill as described below.

1. Large load customer threshold

HB 1532 proposes to lower the monthly maximum demand threshold—from 100 MW to 25 MW—for large load customers that are required to take service on a new large load tariff.¹ Pursuant to the NGEA, such a tariff is intended to ensure that “residential electric customers in the State [do] not bear the financial risks associated with large load

¹ Md. Code Ann., Pub. Util. Art. (PUA) § 4-212(c)(2)(i)(1).

customers interconnecting to the electric system serving the State.”² As OPC advocated before the PSC, such a change is necessary to capture a wider swathe of large-load customers and, in doing so, better protect residential ratepayers from the financial risks associated with interconnecting a large load customer.³

The current 100 MW threshold excludes many would-be large-load customers that could significantly impact retail ratepayer costs. Only the largest, hyperscale data center facilities and specialized manufacturing plants require 100 MW, or more, of electricity.⁴ For perspective, a monthly demand of 100 MW is roughly equivalent to the electricity needed to power 80,000 households.⁵ Average to large size data centers can consume 20 to 100 MW of power a month.⁶ Although usage varies across location and season, 20-99 MWs is still enough electricity to power thousands of homes and could require significant infrastructure investment. Failing to include customers within this range in large-load tariffs risks burdening residential ratepayers with a myriad of costs. A non-hyperscale data center, for example a 25 MW data center, may still require its own substation.⁷ Yet, under current law, this customer would not be subject to large-load tariff requirements such as a load ramp period, minimum service term, collateral requirement, or exit fee. If this hypothetical 25 MW customer were to abandon the project even if the utility has already begun to build the substation, there is a risk that costs would be allocated to other ratepayers.

Lowering the threshold from 100 MW to 25 MW also puts Maryland more in line with thresholds set in other states and under consideration at the federal level. The Virginia State Corporation Commission (“VA SCC”) recently issued an order requiring a new tariff class for large-load customers that defined a large-load customer in relevant

² PUA § 4-212(b).

³ See Md. Off. of People’s Couns., *Proposed data center consumer protection regulations need tightening, OPC tells state regulators* (Jan. 22, 2026), <https://content.govdelivery.com/accounts/MDOPC/bulletins/405a950>.

⁴ *Data Center Power: Fueling the Digital Revolution*, Data Center Knowledge (March 22, 2024), <https://www.datacenterknowledge.com/energy-power-supply/data-center-power-fueling-the-digital-revolution>.

⁵ Carroll, Alex *GigamOM – The era of the 100 MW data center*, Lifeline Data Centers (Feb. 16, 2012), <https://lifelinedatacenters.com/data-center/gigamom-the-era-of-the-100-mw-data-center/>.

⁶ *Data Center Power: Fueling the Digital Revolution*, Data Center Knowledge (March 22, 2024), <https://www.datacenterknowledge.com/energy-power-supply/data-center-power-fueling-the-digital-revolution>.

⁷ See Lawrence Berkeley Nat’l Lab., *2024 United States Data Center Energy Usage Report* at 7 (Dec. 2024), <https://eta-publications.lbl.gov/sites/default/files/2024-12/lbnl-2024-united-states-data-center-energy-usagereport.pdf> (noting data center demand can be used “as an opportunity to develop the leadership and a foundation for an economy-wide electricity infrastructure expansion”); cf. Lawson, Ashley J.; Offutt, Martin C.; Parfomak, Paul W.; Zhu, Ling, *Data Center Energy Infrastructure: Federal Permit Requirements*, Congressional, CRS Report (Dec. 12, 2025) (discussing proposed data center projects and necessary transmission infrastructure to meet load requirements).

part as “one with measured or contracted demand of 25 MWs or more.”⁸ Other jurisdictions, such as Ohio and Pennsylvania, have also approved large load customer tariffs that defined “large load customer” to include customers with a demand much less than 100 MW.⁹ At the federal level, the Department of Energy’s Advanced Notice of Proposed Rulemaking proposes that any rulemaking reforms apply to loads 20 MWs or greater;¹⁰ and Federal Energy Regulatory Commission (FERC) precedent further supports a 20 MW threshold.¹¹

Given the financial risks these commercial customers pose to other ratepayers, OPC strongly supports lowering the threshold for large load tariffs to apply to 25 MW.

1. Multi-year rate plans and other alternative forms of ratemaking

The NGEA explicitly prohibits utilities from filing for reconciliation under multi-year rate plans (MRPs), and the PSC may not approve an MRP that would allow a utility to do so.¹² The NGEA’s language only allows the PSC to approve an MRP if the plan “does not allow for *the public service company to file for reconciliation*” and specifies that “a *public service company that files or has filed an application for a multiyear rate plan may not subsequently file for reconciliation.*”¹³ By the plain terms of the statute, this prohibition does not extend to non-utility parties, leaving open the possibility that OPC, Staff, or the PSC itself could request downward adjustments. But Exelon has disputed this interpretation. The company has argued before the PSC that even non-utility-initiated adjustments may be inconsistent with the NGEA.¹⁴ While the NGEA reflects the

⁸ Md. Pub. Serv. Comm’n Technical Staff, *Staff’s Progress Report on the Status of Implementing Section 4-212 of the Public Utilities Article Regarding Large Load Customer Regulations and Tariffs* (PC 72 Large Load Tariff Workgroup, Dec. 8, 2025) at 24, available by searing the PSC website by “public conference” for “PC72” at <https://webpsexb.pscmaryland.com/DMS/home>.

⁹ The large load customer threshold is 25 MW and 50 MW in Ohio’s data center tariff and Pennsylvania’s large load tariff, respectively. *Id.* at 22–28.

¹⁰ *Secretary Of Energy’s Direction that the Federal Energy Regulatory Commission Initiate Rulemaking Procedures and Proposal Regarding the Interconnection Of Large Loads Pursuant to the Secretary’s Authority Under Section 403 of the Department of Energy Organization Act*, US Department of Energy (October 23, 2025), P 19, accessible at <https://www.energy.gov/sites/default/files/2025-10/403%20Large%20Loads%20Letter.pdf>.

¹¹ See, e.g., *Standardization of Generator Interconnection Agreements & Procs.*, Order No. 2003, 104FERC ¶ 61,103, at P 1(2003), *order on reh’g*, Order No. 2003-A, 106 FERC ¶ 61,220 (2004), *order on reh’g*, Order No. 2003-B, 109 FERC ¶ 61,287 (2004), *order on reh’g*, Order No. 2003-C, III FERC ¶ 61,401 (2005), *aff’d sub nom. Nat’l Ass’n of Regul. Util. Comm’rs v. FERC*, 475 F.3d 1277(D.C. Cir. 2007).

¹² PUA § 4-213(b)-(c) specifies that the Commission may only approve a plan if it “does not allow for the public service company to file for reconciliation” and § 4-213(c) specifies that only a “public service company . . . may not subsequently file for reconciliation . . .”

¹³ PUA § 4-213(b)-(c)(emphasis added).

¹⁴ *Maryland Exelon Utilities’ Response to OPC’s Comments on 2024 AIFs*, MaiLog No. 319456 (CNs 9681, 9692, June 6, 2025) at 8, available by searching the PSC’s website by MaiLog No.: <https://webpsexb.pscmaryland.com/DMS/maillogsearch>.

legislature’s judgment that MRPs should only allow for reconciliation that benefits ratepayers, the legislature cannot ignore the risk that the PSC may accept Exelon’s interpretation or, if not, that the utilities will challenge the plain language in court.

OPC supports the provisions in HB 1532 clarifying that reconciliation that benefits customers is allowed, while reconciliation that results in additional customer charges is not. As drafted, however, the provisions of HB 1532—which only apply to MRPs—do not go far enough to address continuing rate increases that are driven by alternative rate mechanisms that are very favorable to utility investors but costly for customers. Following passage of the NGEA, Exelon Corporation—the parent company of Baltimore Gas and Electric, Delmarva Power and Pepco—is advancing an “earnings risk sharing mechanism” that would adjust PSC-approved customer MRP rates based upon whether a utility’s profit ends up being a certain amount above or below a forecasted benchmark. And in Pepco’s most recently-filed rate case, the company proposed a new method for setting its distribution rates based on forecasted costs.¹⁵ Similar to MRPs, these Exelon proposals would have customers pay for projects the utility has yet to start working on and allow faster cost recovery than allowed in standard rate cases. By any name, mechanisms that set rates based on forecasted costs—rather than based on proven, actual costs as is the case under standard ratemaking—increase rates faster and shift risks of utility overspending away from investors and onto customers.

For these reasons, OPC recommends amendments to HB 1532 to clearly proscribe the use of any rate mechanism that is based on a forecasted test year.

2. Zero emissions credits

HB 1532 proposes several changes to the provisions of the NGEA governing the establishment and purchase of zero-emissions credits (ZECs) from qualifying nuclear generation sources. The proposed changes are intended to implement recommendations in the PSC’s recent report to the General Assembly.¹⁶ As drafted, however, the change authorizing the PSC to approve an increase of up to 15 percent of the total cost of a project under a long-term pricing agreement—has the potential to expose customers to cost overruns.

Under the NGEA, ratepayers and the State are held harmless for any cost overruns associated with a nuclear project.¹⁷ OPC considered this provision particularly important

¹⁵ Md. Off. of People’s Couns., *A Consumer’s Guide to Pepco’s Proposed Rate Increase* (Dec. 11, 2025), <https://opc.maryland.gov/Portals/0/Files/Publications/Reports/PEPCO%20Rate%20Proposal%2012-10-25v5.pdf?ver=sb30LCcptwsitizdd236NQ%3d%3d>.

¹⁶ Md. Pub. Serv. Comm’n, *Nuclear Procurement Regulations and Potential Legislative Changes Report to General Assembly* (Jan. 2026), <https://www.psThec.state.md.us/wp-content/uploads/2026/01/Nuclear-Procurement-Regulations-Staff-Report.pdf>.

¹⁷ PUA § 7-1217(a)(3)(ii).

given the recent history of nuclear power development in the United States. The most recent completed reactors in the United States— Vogtle units 3&4 in Georgia—were significantly behind schedule and cost \$36.8 billion: \$22 billion more than the initially projected cost of \$14 billion. In December 2023 and May 2024, the Georgia Public Service Commission approved on aggregate a 23.7 percent rate increase and a 47.3 percent expansion in utility rate base, in exchange for only a 7.51 percent expansion in generating capacity for Georgia Power.¹⁸ The electricity from Vogtle is, therefore, the most expensive in the world at \$10,784/kW; typical generation prices for wind, solar, or natural gas range from \$1,000 - \$1,500/kW.¹⁹ Recent developments with small modular nuclear reactors (“SMRs”) have not fared any better. In November 2023, NuScale, the developer of a SMR that had been the project closest to reaching commercialization, cancelled its project after significant delays and costs increased from initial estimates of \$3 billion in 2015 to \$9.3 billion at the time of cancellation in 2023.

The PSC’s report recommended the introduction of adjustments to ZEC prices based on a published index and limiting the possible increase in price as a result of indexing to 15 percent with no limit on how much indexing can decrease the price.²⁰ HB 1532 only adopts the portion of that recommendation that limits the price increase to 15 percent. It does not tie the increase in price to a methodology based on a published index adopted by the PSC nor does it provide for the ZEC price to decrease based on the index. As currently written the bill would remove the protection currently in PUA § 7-1217(a)(3)(ii) that protects ratepayers from paying for cost overruns. To maintain that protection, HB 1532 should be amended to remove the proposed PUA § 7-1220(e) or to conform to the PSC’s recommendation to allow the price to change based on an index and allow the price to decrease based on the index.

3. EmPOWER energy efficiency programs

HB 1532 also proposes several major changes to the EmPOWER program, Maryland’s utility-customer funded program to support energy efficiency, conservation, greenhouse gas reductions, and demand response. While OPC strongly supports the transition of utility-run EmPOWER programs to a single third-party administrator, we are concerned that the elimination of any EmPOWER program that is not strictly cost-effective could have unintended consequences. Additionally, OPC recommends that the

¹⁸ Georgia Pub. Serv. Comm’n, *Order Adopting Stipulation*, Docket No. 29849, Document Filing No. 217284 (Jan. 31, 2024), <https://psc.ga.gov/search/facts-document/?documentId=217284>, at 13 (allowing for recovery of financing costs and capital costs).

¹⁹ Patty Durant, Kim Scott, and Glenn Caroll, *Plant Vogtle: The True Cost of Nuclear Power in the United States*, Cool Planet Solutions (May 2024), <https://truthaboutvogtle.com/wp-content/uploads/2024/06/Truth-about-Vogtle-report.pdf>, at 23.

²⁰ Md. Pub. Serv. Comm’n, *Nuclear Procurement Regulations and Potential Legislative Changes Report to General Assembly* (Jan. 2026) at 2, <https://www.psc.state.md.us/wp-content/uploads/2026/01/Nuclear-Procurement-Regulations-Staff-Report.pdf>.

legislature further amend the statute to clarify the goals applicable to the Department of Housing and Community Development (DHCD) and consider ending gas utility EmPOWER programs.

a. Third-party administration

In uncodified section 2, HB 1532 proposes to transition the EmPOWER program from being administered by the utilities to being administered by a single, third-party administrator. OPC fully supports the concept of third-party administration of the EmPOWER programs and has long advocated for the PSC to consider this alternative to utility administration. OPC expects that streamlining program administration with a single third party could make the programs less costly and more efficient. As Exelon Corporation has publicly conceded, energy efficiency represents an economic risk to the utilities.²¹ There is an inherent conflict in having the utilities administer programs that pose risks to their business models. The Commission has directed its Future Programming Work Group to “investigate and report on whether or not certain programs may be better suited for consolidation under a single utility or an independent implementer in order to decrease the amount of funds spent on administrative costs.”²² Some work group participants have expressed concern that the existing statutory language does not allow for third-party administration. The proposed statutory change would give the Commission clear authorization to order third-party administration for EmPOWER, if deemed cost-effective.

b. Cost-benefit analysis

HB 1532 proposes to prohibit the PSC from approving a plan that includes a “residential sector subprogram” that is not cost-effective. Currently, EmPOWER programs must be cost-effective at the *subportfolio* level—the suite of programs offered to residential customers, for example, must be cost-effective, as a whole. Some programs are highly cost-effective, while others are less cost effective but still save participating customers money in the long run while contributing to the advancement of the State’s GHG reduction goals. Under the current proposed language, many of the electric utilities’ current appliance rebate programs—including those that provide incentives for efficient electric heat pumps—would no longer be allowed.²³

²¹ Exelon Corporation, *FORM 10-K (Feb. 12, 2026)*, <https://investors.exeloncorp.com/node/41186/html> at 22, 27.

²² Md. Pub. Serv. Comm’n, *Order on EmPOWER Semi-Annual and Work Group Reports*, Order No. 91711 (Case No. 9705, June 26, 2025) at 15.

²³ See, e.g., *Baltimore Gas and Electric Company Revised 2024-2026 EmPOWER Maryland Program Plan*, MaiLog No. 311701 (Case No. 9705, Aug. 15, 2024) at PDF p. 52; *Revised Potomac Edison EmPOWER Maryland Plan*, MaiLog No. 311732 (Case No. 9705, Aug. 15, 2024) at PDF p. 112; *Potomac Electric Power Company 2025-2026 EmPOWER MD Program Filing*, MaiLog No. 311703 (Case No. 9705, Aug. 15, 2024) at PDF p. 48.

The PSC has, in fact, already determined to begin evaluating cost-effectiveness of distributed energy resources (DERs), including those under EmPOWER, at the *program* level but with an important caveat—“unless a different approach is merited given any of the following considerations: advancing equity (e.g., low-income programs), market transformation objectives, pilots, enabling of other cost-effective programs and other potential regulatory policy objectives.”²⁴ This recently-approved test was the subject of an extensive work group process in the PSC’s Unified Benefit Cost Analysis Work Group. Multiple stakeholders and experts—including PSC staff, OPC and other State agencies, non-profit organizations, and the utilities—presented recommendations to the PSC on an updated test that could be applied with relative uniformity across the PSC’s various DER dockets.

It is important that the PSC retain some discretion in order to make ratepayers’ EmPOWER contributions as effective as possible. OPC, therefore, recommends retaining the current statutory language regarding cost-effectiveness. In the alternative, OPC recommends amending HB 1532 to allow the PSC the discretion to approve programs that are not cost-effective if appropriate to meet market transformation goals consistent with State policy. Additionally, proposed PUA § 7-225(d)(6) should be amended to clarify that any requirement that individual programs be cost-beneficial applies only to electric and gas companies and not to DHCD.

c. Gas utility programs

One option for decreasing the EmPOWER surcharge for many customers is to eliminate the EmPOWER gas programs in their entirety. The gas programs currently provide incentives for new gas equipment, which is contrary to the long-term interests of gas customers, given the high efficiency levels of electric appliances and rising gas distribution costs and analyses showing the benefits of electrification. Gas appliance incentives are also contrary to the State’s climate goals. The Commission recently authorized the continued incentivization of gas appliances under EmPOWER.²⁵ Some of Washington Gas Light’s highest-achieving EmPOWER programs have been those that incentivize the installation of gas equipment in newly-constructed residential homes.²⁶ These incentives contradict multiple studies showing that it is more cost effective for

²⁴ E4TheFuture, *Maryland Unified Benefit-Cost Analysis (UBCA) Framework for Distributed Energy Resources Work Group Report*, MaiLog No. 309737 (Case No. 9674, May 17, 2024) at 9, 53; Md. Pub. Serv. Comm’n, *Order Accepting the Proposed UBCA Framework and Authorizing Phase II*, Order No. 91424 (Case No. 9674, Nov. 22, 2024).

²⁵ Md. Pub. Serv. Comm’n *Order on EmPOWER Semi-Annual and Work Group Reports*, Order No. 92176 (Case No. 9705, February 6, 2026) at 28-29.

²⁶ Washington Gas Light Company, *Washington Gas Light Company’s Semi-Annual EmPOWER Maryland Report for the period of July 1, 2024-December 31, 2024*, ML No. 315998 (Case No. 9705, Feb. 18, 2025) at 5.

new buildings to be all-electric.²⁷ Ending the EmPOWER gas programs would be a reasonable approach.

d. DHCD’s EmPOWER goals

OPC also recommends amending the language of PUA § 7-224(a)(2) to clarify the GHG reduction goals applicable to the DHCD EmPOWER programs. These crucial programs are provided to some of the most economically vulnerable utility customers who often lack the resources to perform weatherization, purchase energy efficient appliances, or electrify their homes without DHCD assistance. They help to protect limited-income customers from being left behind with electrification efforts, and help prevent limited-income customers from being caught in the gas “death spiral,” where higher-income customers leave the gas system, leaving those who cannot immediately afford to electrify their homes to pay gas infrastructure costs and rising costs over time.²⁸ DHCD’s EmPOWER programs serve to directly lower participating limited-income customers’ energy bills.

Despite the value of DHCD’s programs, the PSC recently interpreted the provisions of PUA § 7-224(a)(2)²⁹ to mean that DHCD must meet its 0.9 percent GHG reduction goal over a period of years, instead of annually.³⁰ The PSC noted that “the plain language of PUA § 7-224 does not require the DHCD goal to be based upon annual savings, as the word “annual,” or any similar reference, does not appear in the statute.”³¹ The PSC went on to state that “[i]f the legislature’s intent differs from this interpretation, as several parties have alleged, the legislature may modify the statute to better reflect its intention.”³² The legislature’s intent did differ from this interpretation, as evidenced by a letter from Delegate Lorig Charkoudian of the House Economic Matters Committee that was filed with the PSC.³³ Additionally, the PSC noted that “[w]ork group stakeholders

²⁷ mde.maryland.gov/programs/Air/ClimateChange/MCCC/Documents/MWG_Buildings%20Ad%20Hoc%20Group/E3%20Maryland%20Building%20Decarbonization%20Study%20-%20Final%20Report.pdf

²⁸ Md. Off. of People’s Couns., *Maryland Gas Utility Spending, Projections and Analysis of Future Capital Investments* (Feb. 2025), https://opc.maryland.gov/Portals/0/Files/Publications/Gas%20Utility%20Spending%20Report%20February%202025.pdf?ver=RP_bNtF-Hn7szyL7eLY-Lw%3d%3d at 11.

²⁹ “For the period 2025-2033, the programs and services required under paragraph (1) of this subsection shall be on a trajectory to achieve greenhouse gas reductions after 2027 of at least 0.9% of the baseline determined under subsection (b) of this section.

³⁰ Md. Pub. Serv. Comm’n, *Order on EmPOWER Semi-Annual and Work Group Reports*, Order No. 92176 (Case No. 9705, Feb. 6, 2026) at 17-19.

³¹ Md. Pub. Serv. Comm’n, *Order on EmPOWER Semi-Annual and Work Group Reports*, Order No. 92176 (Case No. 9705, Feb. 6, 2026) at 18.

³² Md. Pub. Serv. Comm’n *Order on EmPOWER Semi-Annual and Work Group Reports*, Order No. 92176 (Case No. 9705, Feb. 6, 2026) at 19.

³³ The Maryland House of Delegates, Delegate Lorig Charkoudian, *The 2024-2026 EmPOWER Maryland Program*, ML No. 324066 (Case No. 9705, Oct. 14, 2025).

other than DHCD” interpreted the statutory language to require a minimum annual savings goal of 0.9 percent.³⁴ The language should be modified for clarity to require an annual savings goal for DHCD of 0.9 percent of the referenced baseline.

Recommendation: OPC requests a favorable Committee report on HB 1532 with the amendments described above.

³⁴ Maryland Public Service Commission, *Order on EmPOWER Semi-Annual and Work Group Reports*, Order No. 92176 (Case No. 9705, Feb. 6, 2026) at 17-19.

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Uploaded by: Dominic Butchko

Position: FWA



House Bill 1532

Continuing the Next Generation Energy Act

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Environment & Transportation Committee

Date: March 3, 2026

From: Dominic J. Butchko

The Maryland Association of Counties (MACo) **SUPPORTS** HB 1532 **WITH AMENDMENTS**. This bill, while largely outside of the purview of county governments, directs the Power Plant Research Program to produce a study on streamlining energy zoning and permitting. County/community input and coordination should be a component of the visioning process in the bill.

The 2025 and 2026 sessions will go down in history as the “Sessions of Energy,” with an unprecedented number of bills debated and enacted to address reliability and utility costs. Last year, one of the most consequential actions was the Renewable Energy Certainty Act (RECA), which sought to provide clearer guardrails for project siting, and to affirm local roles in that process. HB 1532 follows in a long line of high-profile legislation aimed at energy affordability and system planning. While the vast majority of the bill is outside the direct operational scope of county governments, one provision—Section 3 of the uncodified language—does implicate land use, zoning, and permitting authority.

For over a decade, Maryland courts and the General Assembly have made clear that counties are largely preempted on many energy-related matters, particularly utility-scale generation siting. However, that preemption is not absolute, and counties remain the primary level of government responsible for land use and zoning at the community level. MACo requests an amendment to clarify that recommendations on a State-level zoning or permitting structure be developed in consultation with county planning and permitting officials, so the recommendations reflect local comprehensive plans, county infrastructure capacity, and community impacts. Counties urge the following amendment language:

On page 12, in line 10 after “timelines;” insert “(3) coordinate with appropriate local governments in the development of the sites and processes through this Act, to ensure appropriate community input and coordination; and”; and in line 11 strike “(3) and substitute “(4)”.

Counties remain committed to being productive stakeholders in addressing Maryland’s energy needs and look forward to deepening their partnership with the State to meet this moment. Accordingly, MACo urges the Committee to issue a **FAVORABLE WITH AMENDMENTS** report for HB 1532.

HB1532_NEXTGEN2.0_MDPIRG_FWA.pdf

Uploaded by: Emily Scarr

Position: FWA

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.

ECA testimony HB1532 Next Gen.pdf

Uploaded by: Frances Stewart

Position: FWA



HB1532 – FAVORABLE WITH AMENDMENTS

Frances Stewart, MD

Elders Climate Action Maryland

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HB1532 – Continuing the Next Generation Energy Act

Meeting of the Environment and Transportation Committee

March 3, 2026

Dear Chair Korman, Vice Chair Guyton, and Members of the Committee, on behalf of Elders Climate Action Maryland, I support HB1532 with some amendments.

Elders Climate Action is a nationwide organization devoted to ensuring that our children, grandchildren, and future generations have a world in which they can thrive. The Maryland Chapter has members across the state.

Each day, we see the climate crisis more clearly. We know that Maryland is at risk for sea level rise, flooding from intense rainfall, heat waves, and other extreme weather events. Maryland can also be a leader in moving us to a safer, cleaner future where we all can thrive. The clean energy transition is an essential part of that future.

We support HB1532's provisions on Multiyear Ratemaking, EmPOWER Maryland, and lowering the maximum monthly energy demand that is required for certain large load customers to qualify for a specific rate schedule to 25MW.

We recommend that the committee remove the provisions that would subsidize nuclear power. They are detrimental to ratepayers, which is a major problem now that so many Maryland households are struggling with rising utility bills. Allowing a 15% cost overrun functions as a subsidy through an incentive to overspend.

Overspending has been a major problem with nuclear power plants in the United States. For example, the Georgia Power Vogtle Units 3 and 4 took 15 years to build and cost \$36.8 billion, more than twice the project timeline and cost.¹ A 2014 study found that of 180 nuclear power plants worldwide, 117 exceeded their initial budgets by an average of 117% and took 64% longer than projected to build.² The levelized capital costs of nuclear-generated electricity are three times those of solar.

Some have argued that small modular nuclear reactors (SMRs) will solve these problems. Currently, there are no commercial SMRs operating in the United States. The Utah Associated Municipal Power Systems NuScale Power SMR was supposed to cost \$3 billion. When the cost rose to \$9.6 billion, the project was shelved.³

There are a handful of SMRs in Russia and China. The Trump Administration is trying to speed up development in the United States by drastically reducing the safety, security, and environmental safeguards.⁴ Those new rules were developed in secret, and their effects are as yet unknown.

Nuclear power plants take much longer to build than anticipated. And some are never completed. That is a distraction from the development of the renewable energy Maryland needs.

We are also concerned about the vaguely defined Zero Emissions Credits (ZECs) in the bill. ZECs have been tried in New York and are expected to reach \$2 billion/year. That's a huge expense that falls on ratepayers.

¹ *PLANT VOGTLE: The True Cost of Nuclear Power in the U.S.*, June 9, 2024, <https://thirdact.org/georgia/2024/06/09/plant-vogtle-the-true-cost-of-nuclear-power-in-the-u-s/>.

² "U.S. Levelized Capital Costs by Energy Source 2030," Statista, accessed February 27, 2026, <https://www.statista.com/statistics/194327/estimated-levelized-capital-cost-of-energy-generation-in-the-us/>. Benjamin K. Sovacool et al., "Risk, Innovation, Electricity Infrastructure and Construction Cost Overruns: Testing Six Hypotheses," *Energy* 74 (September 2014): 906–17, <https://doi.org/10.1016/j.energy.2014.07.070>.

³ "The Collapse of NuScale's Project Should Spell the End for Small Modular Nuclear Reactors | Utility Dive," accessed February 27, 2026, <https://www.utilitydive.com/news/nuscale-uamps-project-small-modular-reactor-ramanasmr-/705717/>.

⁴ Geoff Brumfiel, "Secretly Rewritten Nuclear Safety Rules Are Made Public," *NPR*, February 26, 2026, <https://www.npr.org/2026/02/26/nx-s1-5727510/secret-rules-experimental-nuclear-reactors-now-public>.

Finally, we are concerned about the effects of expanding nuclear power generation on the health of Maryland residents. A recent study by Harvard University's T.H. Chan School of Public Health showed higher cancer rates in counties closer to nuclear power plants. While a single study cannot establish causality, we should take a cautious approach as we await further studies.⁵

We also urge a change to section 3 on suitable energy sites. We recommend stipulating that the 50 priority energy sites be limited to renewable energy generation or energy storage. We are concerned that allowing the construction of new fossil-fuel burning power plants would lock us into increased greenhouse gas emissions and air pollution for years to come. This is particularly concerning when you realize that most of the old or decommissioned generating sites are in or near environmental justice communities that have been overburdened with air pollution and negative health effects for many years.

For all of these reasons, we urge the committee to adopt our recommended changes and vote favorable with those amendments.

Thank you.

⁵ Yazan Alwadi et al., "National Analysis of Cancer Mortality and Proximity to Nuclear Power Plants in the United States," *Nature Communications* 17, no. 1 (2026): 1560, <https://doi.org/10.1038/s41467-026-69285-4>.

HB 1532 - MoCo DEP (GA 26) FWA.pdf

Uploaded by: Garrett Fitzgerald

Position: FWA



Montgomery County

Office of Intergovernmental Relations

ROCKVILLE: 240-777-6550

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HB 1532

DATE: March 3, 2026

SPONSOR: The Speaker

ASSIGNED TO: Environment and Transportation

CONTACT PERSON: Garrett Fitzgerald (garrett.fitzgerald@montgomerycountymd.gov)

POSITION: Favorable with Amendment (Department of Environmental Protection)

Continuing the Next Generation Energy Act

House Bill 1532 makes several changes to improve Maryland's energy system while protecting ratepayers from rising energy costs.

The bill makes critical changes that would limit future rate increases associated with new utility infrastructure and data centers. Montgomery County supports these valuable protections which will positively impact rates throughout Maryland.

The bill also seeks to improve upon the long-running and successful EmPOWER Maryland program, which has helped thousands of Marylanders to save energy and lower their bills through energy efficiency. Incentives and support offered through EmPOWER Maryland bring real relief to families and the program has a strong track record of success. The Public Service Commission reports that over the life of the program customers have saved \$4 billion on their energy bills and reduced greenhouse gas emissions by the equivalent of operating 25 natural gas-fired power plants for one year.

We suggest three amendments to further strengthen this legislation (see attached). These changes would improve the cost-effectiveness of EmPOWER Maryland by:

- Increasing the likelihood of a successful transition to a third-party program administrator model;
- Ensuring that the wide variety of ratepayers who contribute to EmPOWER Maryland will find relevant offerings within the program portfolio, while also ensuring that EmPOWER programs meet strict cost-effectiveness requirements; and,
- Removing minimum requirements for gas savings goals and reducing associated surcharges.

With the requested amendments, the Montgomery County Department of Environmental Protection respectfully encourages the Environment and Transportation Committee to issue a favorable report on House Bill 1532.

SUGGESTED AMENDMENTS TO HOUSE BILL 1532

(First Reading File Bill)

Amendments to the process of establishing third-party administration of EmPOWER Maryland

On page 4, add a new sub-section at the end of Public Utilities Article §7-223 just before line 31 as follows: “**(f) THE COMMISSION MAY DELEGATE THE RESPONSIBILITY OF DEVELOPING AND IMPLEMENTING CERTAIN OR ALL PLANS AND ACHIEVING TARGETS REQUIRED UNDER THIS SECTION TO A THIRD-PARTY PROGRAM ADMINISTRATOR.**”

On page 10, starting on line 34, strike the language “issue a request for information” and replace with the language “**INITIATE AN INDEPENDENT STUDY**”

On page 11, in line 2, strike the language “request for information shall seek” and replace with the language “**INDEPENDENT STUDY SHALL EVALUATE AND DEVELOP RECOMMENDATIONS RELATED TO**”

On page 11, in line 9, strike the language “request for information” and replace with the language “**COMMISSION**” and after the word “date” add the language “**FOR THE STUDY**”.

On page 11, in line 11, strike the language “Within 30 days after receiving the information requested in subsection (a) of this section, the Public Service Commission” and replace with the language “**NO LATER THAN 90 DAYS FOLLOWING RECEIPT OF THE STUDY INITIATED IN SUBSECTION (A) OF THIS SECTION, THE COMMISSION SHALL ISSUE A DECISION REGARDING PLANNING FOR THIRD-PARTY ADMINISTRATION OF THE PROGRAM, AND WITHIN 60 DAYS OF ISSUING THAT DECISION THE COMMISSION**”

Amendments to ensure the relevance and cost-effectiveness of program offerings

On page 8, in line 14, before the words “THE COMMISSION MAY NOT” add a new sentence as follows: “**THE COMMISSION SHALL ENSURE THAT A DIVERSITY OF PROGRAMS ARE INCLUDED OF RELEVANCE TO THE DIVERSE NEEDS OF RATEPAYERS.**”

On page 8, in line 15, strike language as follows: “~~SUBSECTION THAT INCLUDES A RESIDENTIAL SECTOR SUBPROGRAM WITH...~~”

Amendments to remove gas company programs and costs from EmPOWER Maryland

On page 4, in line 10, strike “and each gas company”

On page 4, in line 15, strike “**or gas company**”

On page 4, in line 20, strike “**and each gas company**”

On page 4, after line 30, include and strike the language of Public Utilities Article §7–223(b)(5) as follows: “~~(5) On or before January 1, 2025, and on or before January 1 every 3 years, starting in 2027, the Commission shall establish greenhouse gas emissions reduction targets for each gas company plan that will achieve at least the greenhouse gas emissions reduction equivalent, measured on a lifecycle basis using the emission intensities under paragraph (2) of this subsection, of the gas savings achieved by the gas company for the 2021–2023 program cycle.~~”

On page 4, after line 30, include the language of Public Utilities Article §7–223(c) and strike language as follows: “(c) The Commission may give priority to long-lived greenhouse gas emissions reduction measures in the plans by establishing a minimum weighted average measure life for the plan of each electric company ~~and gas company.~~”

On page 4, after line 30, include the language of Public Utilities Article §7–223(d) and strike language as follows: “(d) Contributions to greenhouse gas emissions reduction goals and targets in a plan of an electric company ~~or a gas company~~”

On page 4, after line 30, include the language of Public Utilities Article §7–223(e) and strike language as follows: “(e) Beginning January 1, 2025, at least 80% of the greenhouse gas emissions reductions counted toward each electric company’s ~~and each gas company’s~~ greenhouse gas emissions reduction targets established under this section shall come from behind-the-meter programs, which may include deployment of energy storage facilities.

On page 5, in line 14, strike “**and each gas company**”

On page 5, in line 24, strike “**and each gas company**”

On page 5, in line 28, strike “**and each gas company**”

On page 5, in lines 34-35, strike “**and each gas company**”

On page 6, in line 1, strike “**and each gas company**”

On page 7, in lines 1-2, strike “, **each gas company,**”

HB1532 - Favorable with Amendments.pdf

Uploaded by: HoCo Climate Action Organization

Position: FWA



HoCoClimateAction.org
Howard County, Maryland

Testimony for: HB1532 - Continuing the Next Generation Energy Act
Bill Sponsor: The Speaker and Chair Korman and Delegate Fraser-Hidalgo
Committee: Environment and Transportation
Organization Submitting: Howard County Climate Action
Person Submitting: Monica Oconnor
Hearing Date: March 3, 2026
Position: Favorable with Amendments

Dear Chair, Vice Chair and Committee Members,

[HoCo Climate Action](#) is a [350.org](#) local chapter and a grassroots organization representing approximately 1,400 subscribers. We are also a member of the [Climate Justice Wing](#) of the [Maryland Legislative Coalition](#). Our organization works with residents and ally organizations to promote a safe climate and clean energy future. Specifically, we have worked extensively on building electrification to help Maryland achieve its ambitious climate goals, including net-zero emissions.

We support the HB1532 provision that lowers the maximum monthly energy demand that is required for a certain large load customer to qualify for a specific rate schedule from 100 MW to 25MW and support some provisions on Multiyear Ratemaking and EmPOWER Maryland. We recommend changes to the Power Plant Research Program as well. We do not support the provisions related to subsidies to nuclear generation. Our comments and recommended changes/ removal of provisions are as follows.

Empower - Recommendations

We support the provisions that would consider transitioning the utility-implemented Empower program to a third-party and doing an assessment is a reasonable way to move forward. We too are concerned that utilities are not running EmPOWER in the most cost-effective way; however, the language in Section 7–225 (b) (6) could exacerbate this problem and potentially limit program offerings. We recommend that Section 7–225 (b) (6) be removed from the bill.

Multiyear Ratemaking -Recommendations

We support the bill language that will address the reconciliation process in multiyear rate plans (MYRP) by proactively preventing reconciliation through a “cost-sharing mechanism.” However, we are concerned that a “forecasted rate” process could increase rates based on projected spending. This would shift the financial risk from investors to ratepayers and could exacerbate project overspending and subject ratepayers to a possible reconciliation request. We recommend fully ending the reconciliation process by adjusting language to read “*a multiyear rate plan or a rate plan that utilizes a future test year.*” We also recommend fully prohibiting forecasted ratemaking.

Power Plant Research Program - Recommendation amend the section on suitable energy sites

In Section 3 of the bill we recommend stipulating that the 50 priority energy sites be limited to renewable energy generating stations or energy storage devices. We recommend this change, because most of the old or decommissioned generating sites are located in environmental justice areas that have been already overburdened with fossil fuel emissions and the associated negative health effects.

Nuclear - Recommendation to Remove

HB1532 has provisions that would subsidize nuclear energy to the detriment of ratepayers. In addition, implementing a procurement structure for new nuclear generation will not bring new generation to Maryland for years if not decades. Allowing a 15% cost overrun functions basically as a subsidy through an incentive to overspend. This bill sets the stage for further cost increases, which the original Next Generation Energy Act prohibited.

Another negative provision in the nuclear section of the bill is that it changes the definition of "Zero-Emissions Credit" to make it extremely vague and potentially far more expensive. HB1532 would price ZECs according to the reactor's "environmental impacts." This is not defined in the bill —i.e., how environmental attributes would be monetized. This was done in NY and has enabled the cost of ZECs to skyrocket, projected to reach \$2 billion/year under the 20-year extension the New York Governor just signed. Essentially, NY turned the Social Cost of Carbon from a way to evaluate the impacts of climate change that could be avoided into a way to force consumers to pay for huge subsidies to nuclear power plants.

Also, it is not even clear what will replace the original cost recovery mechanism for new reactors in the Next Generation Energy Act revisions. It seems like the new version of ZECs would be an additional subsidy on top of that; either that or it will create a huge loophole to make the ZECs cost whatever is needed to cover the reactors' costs, regardless of the approved cost limits.

For these reasons, we urge the Committee to vote **favorably with amendments** on HB1532.

Howard County Climate Action
Submitted by Monica O'Connor, Steering and Advocacy Committee
www.HoCoClimateAction.org
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HB1532_FAV_Iman_Habib.pdf

Uploaded by: Iman Habib

Position: FWA



PROGRESSIVE MARYLAND

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Bill Title: [HB1532](#) Continuing the Next Generation Energy Act

Position: SUPPORT (FAV)

To: Environment and Transportation Committee

From: Iman Habib, Climate Policy Analyst on behalf of Progressive Maryland

Date: February 27, 2026

Dear Chair Korman and members of the Environment and Transportation Committee,

My name is Iman Habib, Climate Policy Analyst for Progressive Maryland, a member-led, power-building organization that advocates for working class people tackling a wide range of issues, including environmental justice. We have over 125,000 members spanning across Maryland with significant bases in Baltimore City, Prince George's, Montgomery, Frederick, and Harford counties, as well as the Eastern Shore. **Progressive Maryland supports HB1532 Continuing the Next Generation Energy Act with some crucial amendments related to consumer protections.**

Despite PMD membership diversity, members are aligned on one issue: that utility bills are depleting their income and aggravating the cost of living. This crisis is not a product of an energy efficiency program like EmPOWER, but the exorbitantly high electricity rates charged by utility companies. Therefore, cutting programs that relieve this financial burden is the last action the state should take at this time.

We thank Speaker Pena-Melnyk, Chair Korman, and Committee Chair Fraser-Hidalgo for their time in developing this bill and especially support the provision directing the PSC to assess the possibility of moving to a state-wide third-party administrator that is responsible for implementing the EmPOWER program and streamlining this process. Every utility has its own process for implementing EmPOWER for their customers but this leads to duplicative efforts across utilities, potentially resulting in higher costs for ratepayers. The transition to a third-party administrator will ensure that the state is incentivized to promote energy efficiency unlike the status quo.

We advise the committee to remove the provision aiming to assess the cost effectiveness of individual residential EmPOWER programs. Cutting these programs during an unprecedented cost of living crisis removes a cost saving measure consumers could otherwise use to reduce their energy bills. Utilities' habit of overspending and recovering these costs through ratepayer money indicate that they may not be effectively implementing the EmPOWER program. The

introduction of a third party administrator will address this issue of cost-effectiveness, all while ensuring that consumers benefit from clean energy programs.

Given these suggestions, we recommend that the cost-effective language be either completely stricken from the bill or use more robust language to address these concerns. **Progressive Maryland kindly requests that the committee incorporate the suggested changes to House Bill 1532.**

HB1532_FWA_EconAction.pdf

Uploaded by: Jennifer Bevan-Dangel

Position: FWA



HB1532: Continuing the Next Generation Energy Act

Position: Favorable with Amendments

March 3, 2026

The Honorable Marc Korman, Chair
Environment and Transportation Committee
250 Taylor House Office Building
Annapolis, MD 21401
Cc: Members of the Committee

Chair Korman and members of the Environment and Transportation Committee,

Economic Action Maryland Fund urges a favorable report on HB1532, which advances a suite of energy reforms. We do encourage the committee to consider some strengthening amendments.

As the members of this committee are painfully aware, energy rates have risen dramatically in recent years due to a variety of factors. Thousands of Marylanders each year face shutoff notices due to nonpayment, while many others are forced to juggle multi-hundred-dollar utility bills alongside the ever-increasing costs of rent, groceries, and other necessities. In fact, when Economic Action Maryland Fund surveyed our members and other stakeholders this winter, 63% stated utility bills were their primary concern.

We understand that lowering energy prices will take a multi-pronged approach over a number of years. Many of the proposals in HB1532 would help lower rates long-term, but there are areas that could be strengthened. In particular, we encourage the committee to consider:

- Multi-year rates have contributed to rising delivery costs and are not benefitting consumers. We appreciate the language strengthening the provisions around the reconciliation process for multi-year rates but encourage the committee to consider prohibiting multi-year rates entirely moving forward.
- EmPOWER is a critical tool to deliver meaningful cost savings to low-income Marylanders. Energy efficiency can provide timely, up front savings to struggling households. We appreciate and fully support the creation of a third-party administrator to improve efficiency and outreach for this program. However, we believe that the cost-effectiveness language should be focused on the utility companies running their programs in a more cost-effective manner, not restricting the specific tools that can be deployed through the program.
- We are concerned that the expansion of nuclear power is not a cost-effective solution for Marylanders.

For these reasons, we urge a favorable report on HB1532 with strengthening amendments.

Sincerely, Jennifer Bevan-Dangel, Deputy Director

Economic Action (formerly the Maryland Consumer Rights Coalition) champions economic rights and housing justice through advocacy, research, consumer education, and direct service. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

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HB1532_mdsierraclub_FWA3Mar2026.pdf

Uploaded by: Josh Tulkin

Position: FWA

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 invested¹. 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.

¹ 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.

Matt Sehrsweeney
Climate Campaign
Representative
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Josh Tulkin
Chapter Director
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GHHI HB1532 Testimony_signed.pdf

Uploaded by: Justin Barry

Position: FWA



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February 27, 2026

Delegate Marc Korman
Environment and Transportation Committee
250 Taylor House Office Building,
Annapolis, Maryland 21401

Re: FAVORABLE with Amendments– HB1532 – Continuing the Next Generation Energy Act

Dear Chair Korman and members of the committee:

On behalf of the Green & Healthy Homes Initiative (GHHI), I submit for the record our comments on House Bill 1532, GHHI is a 501(c)(3) national nonprofit organization headquartered in Baltimore, Maryland. Our mission is to address the social determinants of health, opportunity, and racial and health equity through the creation of healthy, safe and climate-resilient homes.

GHHI is the nation's lead authority on the benefits of a whole-house approach that aligns, braids and coordinates energy efficiency, health and safety to create an integrated home repair and retrofit delivery model to improve health, economic and social outcomes in line with the state's climate goals. GHHI's work has been recognized through national best practice awards from the US Environmental Protection Agency (EPA) and HUD and the GHHI model has been supported by the US Department of Energy (DOE) and the US Department of Housing and Urban Development (HUD) as well as numerous states, cities and counties throughout the US. By delivering a standard of excellence, GHHI's work aims to eradicate the negative impact of historic disinvestment, the legacy of ill-conceived and unjust housing by creating holistically healthy housing for children, seniors and families in Maryland's low wealth communities.

GHHI is a state weatherization contractor for the state Department of Housing and Community Development (DHCD) low-income EmPOWER program and local weatherization agency for the DHCD Weatherization Assistance Program (WAP) program. GHHI has also been a regular recipient of Maryland Energy Administration Residential Energy Efficiency grant programs. GHHI participants alongside other advocates in the EmPOWER Maryland proceedings and workgroup meetings, regularly delivering comments to the Public Service Commission on the program.

GHHI is supportive with amendments on HB 1532. GHHI strongly supports the intent of the bill and its provisions to address energy affordability issues in Maryland but has concerns that as

GHHI Written Testimony – HB1532 – Continuing the Next Generation Energy Act

February 27, 2026

Page 2

written the bill will have negative impacts on the state EmPOWER program leading to decreased opportunities for state energy saving measures and potentially increasing program costs.

Support for Efforts to Reduce Energy Costs

GHHI supports the legislature’s actions to reduce energy costs through the multiple measures in this bill. Energy costs hurt lower income communities and communities of color the hardest due to older housing stock and less efficient appliances that drive up energy needs. At the same time, a lack of budgeting flexibility decreases the ability of many of these households to manage rising costs, forcing them to cut back on other essentials, risk unhealthy living conditions, or fall behind on bills.

GHHI appreciates the language in the bill restricting utilities’ ability to recover cost overruns in multi-year rate plans. This will help manage the affordability issues for Maryland residents with the highest burdens already.

GHHI also supports the intent to ensure that EmPOWER is a high performing program and that program costs are managed. We know that EmPOWER offers multiple benefits, including reducing energy costs, and that EmPOWER meets its cost-effectiveness requirement by delivering over two dollars in benefits for every dollar spent.¹

GHHI is supportive of the bill’s direction for the Public Service Commission (PSC) to look closely at third-party administration of the utility programs. GHHI expects there to be value in having state-wide consistency in programs which can help with customer awareness, administrative streamlining, and alignment with other statewide initiatives through MEA or DHCD. We support the PSC looking closely at the costs and benefits of moving to this system of administration.

Concerns about how EmPOWER cost-effectiveness language will be implemented

GHHI has a concern with the language about requiring each of the EmPOWER residential sub-programs to meet the cost-effectiveness test. We believe this will harm the overall program effectiveness and be administratively burdensome. The reasons are as follows:

- **Program diversity is valuable as energy needs change.** As we know in Maryland, energy system needs can change quickly. The value of programs that reduce peak demand or delay transmission upgrades may be very high in years with capacity constraints. It would be a mistake and disruptive to see those programs eliminated if they fall below the cost-effectiveness test in years with more energy abundance. Maintaining a diversity of programs helps keep the program robust when state energy needs shift.
- **Program accessibility is important to overall success.** When GHHI is in communities talking to people about energy affordability issues, residents want to know what they can do to save energy in their home. The programs that have the best overlap of accessibility

¹ <https://www.pscmaryland.com/wp-content/uploads/2025/11/2025-EmPOWER-Maryland-Energy-Efficiency-Act-Standard-Report-Final.pdf>

and impact are the HVAC programs and home performance programs. Any homeowner can benefit from an energy audit, and every home needs a heating system. Sometimes these programs with greater accessibility may lag in cost effectiveness scores in territories where work is more expensive or if the benefits accrue in the future. However, ensuring that as many customers as possible have an opportunity to utilize EmPOWER programs builds support for the program, which overall does meet the cost effectiveness requirement by a significant margin.

- **Better sub-program “cost-effectiveness” by the Maryland Jurisdiction Cost Test does not necessarily mean a cheaper program.** Longer-lived measures contribute significantly to the EmPOWER goals but are discounted by the Maryland Jurisdictional Cost Test (MJCT) cost-test. The MJCT measures the net present value of the cumulative benefits. This is an important metric, but it discounts future savings and is not perfectly aligned to the EmPOWER program metric, which is lifecycle greenhouse gas reductions. Longer-lived interventions such as weatherization, appliance replacements, and fuel switching contribute massively to lifecycle greenhouse gas savings. Because of this difference, measures that perform relatively worse on the cost effectiveness test may actually achieve greater greenhouse gas savings per dollar than a more “cost effective” intervention.

GHHI fully supports goal for a higher performing program and supports the existing sector level cost-effectiveness testing by utility that the Commission conducts, but GHHI has significant concerns that the language proposed in this bill will inadvertently hurt the program by limiting program options including some of those that help most with the goals.

Requiring sub-program cost-effectiveness may lead to a program that is both less effective over time, less popular with the public, and more expensive to operate. Having the cost test at the portfolio level remains a better way to evaluate the program because it supports program diversity.

Value for Heat Pumps in EmPOWER

GHHI also worries that this sub-program requirement could eliminate rebates for heat pumps which are highly valuable for achieving the lifecycle greenhouse gas emissions target and for maximizing long term energy efficiency for customers. Without rebates, there would not be incentives to choose high efficiency models of this heating equipment.

Heat pumps are a highly efficient and non-emitting heating technology that performs well in the Maryland climate. They provide heating and cooling by moving heat through refrigerants and compression like a two-way air-conditioning unit. They reduce greenhouse gas emissions, save energy, and improve air quality.²

Heat pumps can also be a key to achieving the EmPOWER savings targets at low cost. Replacing electric resistant heating with a heat pump yields immediate and significant energy and cost

² <https://www.greenandhealthyhomes.org/publication/cutting-through-the-smog-2/>

GHHI Written Testimony – HB1532 – Continuing the Next Generation Energy Act

February 27, 2026

Page 4

savings for the client and reductions in peak demand on the winter electrical grid. Replacing fossil fuels systems with heat pumps can also lead to immediate savings in Maryland, especially in well-insulated homes in BGE territory where gas rates have risen significantly.³⁴ These “fuel-switching” scenarios will also have enormous lifecycle greenhouse gas reductions helping utilities achieve their savings targets.

Given Maryland’s commitments to reducing greenhouse gas emissions and the governor’s support for Zero-Emission Heating Equipment Standards, ensuring heat pump rebates remain available in EmPOWER keeps the program aligned with broader Maryland energy policy. As Maryland residents choose to install heat pumps, EmPOWER incentives can ensure that they choose high-efficiency models that will save energy, reduce grid impacts, and save greenhouse gas emissions.

Suggestions to address EmPOWER program cost concerns.

In looking to how to better manage EmPOWER program costs, GHHI believes the PSC currently has authority to provide more scrutiny to how programs are managed. If the legislature would like to drive additional action, GHHI supports language proposed by other advocates that any residential sector subprogram with a benefit-to-cost ratio of less than 1.0 be assessed by the commission to see if its score can be improved by consolidating and/or streamlining delivery.

GHHI also supports requiring the EmPOWER program costs to have an independent audit with comparison to programs in other state jurisdictions. There may be programs meeting the cost effectiveness test that are still underperforming their potential.

Over recent years, GHHI has joined other advocates participating in the EmPOWER proceedings at the PSC in drawing attention to how the Maryland utility program costs per unit of saving achieved exceed those in other states. Advocates expect that having standardized best practices across utility territories would be a better step towards improving the overall program rather than limiting program options. An independent audit of program costs would help policymakers and stakeholders understand what opportunities do exist for this improvement.

The following is an excerpt from comments on EmPOWER 2024-2026 plan proposals, filed with the PSC October 16, 2023, by the Maryland Energy Efficiency Advocates (which included Green & Healthy Homes Initiative and other advocate organizations). The full comments can be found in the PSC docket for EmPOWER’s 2024-2026 plan, Case No. 9705 at Mail Log 305648⁵. As a note, these comments were filed when the program had an electricity savings goal, so the metric in these comments is lifecycle kWh savings.

... [T]he cost per lifecycle kWh saved proposed by the EmPOWER utilities are all higher than the costs proposed in recent utility plans in other jurisdictions. Figure 13 includes

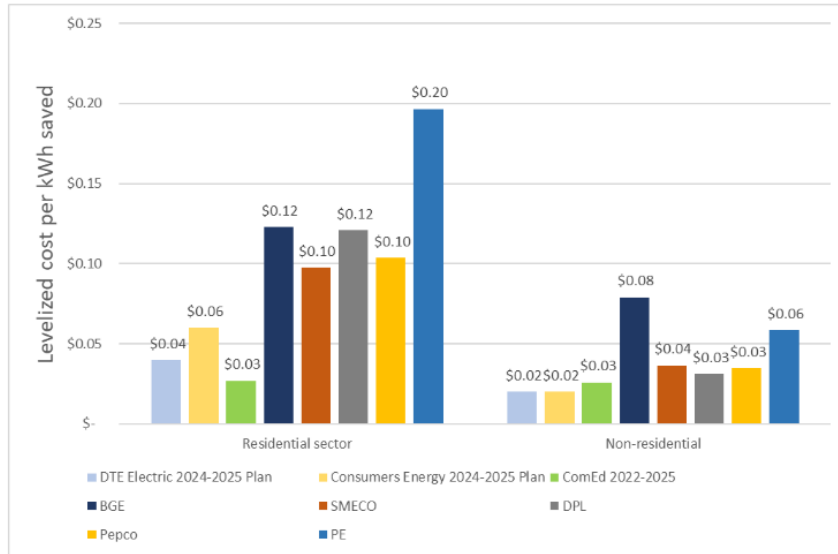
³ <https://progressivereform.org/cpr-blog/new-report-recommends-equitable-approach-to-heating-equipment-standards-maryland/>

⁴ <https://rmi.org/heat-pumps-can-lower-energy-bills-in-maryland-today/>

⁵ <https://webpscxb.pscmaryland.com/DMS/case/9705>

the EmPOWER utility cost comparison ... and adds expected lifecycle costs for Consumers Energy’s 2024-2025 Energy Waste Reduction Plan, DTE Electric Company and DTE Gas Company’s 2024-2025 Energy Waste Reduction Plan, and Commonwealth Edison Company’s Revised Energy Efficiency and Demand Response Plan, 2022–2025.

Figure 13: Net Lifecycle Cost Comparison for EmPOWER 2023 Scenario Savings and DTE, Consumers, and ComEd



...

In many jurisdictions, detailed scrutiny of proposed program costs is conducted to ensure that customers are not asked to pay more for energy efficiency than necessary. ... To this end MEEA respectfully recommends the Commission take two specific actions: first, MEEA recommends the Commission direct an independent evaluation for cost benchmarking and best-practices review of the EmPOWER utilities, as compared with one another and with leading utilities nationally, to determine whether the cost proposals provided in the Plans are reasonable and reflective of best practices. MEEA further recommends the Commission require utilities to eliminate redundant program administrative structures and pursue joint program implementation wherever practicable. The onus should be placed on the utilities to justify any proposal that does not conform to streamlined administration and implementation and uniform adoption of best program practices.

GHHI continues to believe that EmPOWER performance can be improved through administrative improvements. Third-party administration is an important consideration which we fully support exploring. Until that potential change, the PSC should also look at why Maryland utilities lag behind other jurisdictions which have programs meeting their own cost-effectiveness

GHHI Written Testimony – HB1532 – Continuing the Next Generation Energy Act

February 27, 2026

Page 6

tests while including appliance rebate programs. Improved performance could come from adopting best practices from others.

Summary

GHHI appreciates the attention and actions the legislature is taking to lower energy costs for Maryland residents. It is key to helping families live both affordably and safely in their homes.

GHHI has significant concerns though that the language in the bill about sub-program cost effectiveness requirements in EmPOWER would actually undermine this effort and asks that the committee remove this language from the bill before advancing it.

Respectfully submitted,

Signed by:
Ruth Ann Norton
6171FEFD32CD49A...

Ruth Ann Norton
President and CEO
Green & Healthy Homes Initiative

CC: Justin Barry, Director of Energy Initiatives, GHHI



2026.03.03_HB1532_FWA_Advanced Energy United.pdf

Uploaded by: Katie Mettle

Position: FWA



March 3, 2026

Environment & Transportation Committee

HB 1532

Continuing the Next Generation Energy Act

Sponsor: The Speaker

Katie Mettle

Policy Principal, Maryland & New Jersey, Advanced Energy United

FAVORABLE WITH AMENDMENTS

Dear Chair Korman, Vice Chair Guyton, and esteemed members of the Environment and Transportation Committee:

Advanced Energy United is a national industry association that represents companies operating in the clean and advanced energy spaces. “Advanced energy” broadly refers to technology that consists of, or is compatible with, clean energy generation, and makes our grid more affordable, efficient, reliable, resilient and/or secure. Our mission is to accelerate the transition to 100% clean energy economy.

There are several components of HB 1532 that are beneficial to ratepayers. Allowing for rate variances and reconciliations in multiyear rate plans to issue refunds and tasking a third-party administrator with administering the EmPOWER program will improve accountability to ratepayers. Identifying up to 50 priority energy sites, and studying how we can streamline and fast-track energy development, will help get new generation and storage online faster, which is critical to resolving the supply-and-demand issue that has driven up wholesale energy prices.

However, we would like to offer some amendments and food for thought on a few other pieces of the bill:

1. **We suggest amending page 2, line 20 from “25 megawatts” to “75 megawatts.”**
Reducing the large load tariff from 100 MW to 25 MW may be unnecessary and have unintended consequences. Lowering the threshold so dramatically may include industrial customers who are not data centers. Given that data centers are frequently much larger than 100 MW and are continuing to grow in size, it may be more prudent to lower the threshold from 100 MW to a number like 75 MW instead. This could include the largest load customers, while avoiding unintentional economic impacts from including the spectrum of industrial customers this bill would include as written.
2. **We suggest striking page 8, lines 14-18.** This language removes heat pumps from the EmPOWER program. About half the energy used in the average household goes to heating and cooling. Heat pumps can be used for both. They use about one-half to one-third the amount of electricity as electrical resistance furnaces, and they use less electricity than air conditioning.

An analysis by Advanced Energy United demonstrated that if Maryland reduced emissions 10% by 2035 solely by replacing air conditioning paired with fossil fuel heating with heat pumps in enough homes to meet that goal, we would lower peak demand by 85 MW. If we were to lower emissions 40% by 2035 with heat pumps, we would lower peak demand by 490 MW – enough savings to avoid building an entire gas peaker plant.

Heat pumps don't just save individual customers money – saving energy benefits all ratepayers by lowering peak demand, which places downward pressure on wholesale electricity prices. About 80% of Maryland households do not have a heat pump yet ([RMI](#)) – so there is an incredible amount of potential to lower energy consumption in Maryland, which will lower rates for everyone.

This bill makes a few other changes to the EmPOWER program, including temporarily adjusting the program cycle and phasing in the greenhouse gas emissions goals more gradually.

It is very important to understand that the energy savings we have seen from EmPOWER have directly lowered wholesale electricity prices. For example, phase 1 of EmPOWER, which ran from 2008-2015, lowered the kWh rate by 3.4 cents, sold \$392 million worth of energy efficiency and demand response into the PJM Capacity Market Auction (which helped offset the cost of the program), and in 2015, energy efficiency and demand response lowered those auction price for delivery year 2018-2019 by 29.4% ([ACEEE](#)). In 2015, the average Maryland customer saved \$340 on their energy costs thanks to EmPOWER ([ACEEE](#)).

In phase 1, \$1.3 billion was spent, which yielded \$2.4 of benefits by 2015, with a projected \$4.4 billion in ratepayer savings over the life of the investments that had been made. ([ACEEE](#)).

- 3. We suggest striking the nuclear provisions on page 9, lines 19-25; and page 10, lines 26-32.** These provisions lay the groundwork to pass onto ratepayers even higher costs if we build new nuclear generation. Nuclear is the most expensive form of generation to build, with a history of cost overruns and delays. A nuclear plant has never been built without ratepayer subsidies.

Sixteen years ago, Georgia decided to build two new nuclear power reactors and make their residents frontload a share of the construction costs. It was projected to cost \$14 billion and take eight years to construct. The final project cost \$35 billion and took fifteen years. That's 2.5 times the cost, and nearly twice the time.

There are cheaper ways to generate and save electricity to meet projected load growth. [Advanced Energy United released a study](#) last month that showed that data center load growth is projected to increase by 30 GW by 2030 in the PJM region. However, if we roughly double the use of advanced energy technologies (such as advanced transmission technologies, distributed energy resources, and large-scale renewables and battery) over current projections under a "business as usual" scenario between now and 2035, we can offset that projected load growth, reduce peak load by 17% by 2030 and 22% by 2035, and save \$178 billion by 2035.

This bill has several provisions that would benefit ratepayers. Allowing for the possibility of refunds to ratepayers, creating more accountability for the EmPOWER program by allowing a third-party administrator to administer it, and accelerating the buildout of new generation and storage would all create meaningful progress in our state.

Thank you for your time and consideration. Advanced Energy United respectfully requests a favorable report with the amendments we have suggested.

Best Regards,

Katie Mettle, Policy Principal
Advanced Energy United
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202.380.1950 x3197

HB1532_Continuing the Next Generation Energy Act_E

Uploaded by: Laurie McGilvray

Position: FWA



Testimony for: HB1532 - Continuing the Next Generation Energy Act
Bill Sponsor: The Speaker and Chair Korman and Delegate Fraser-Hidalgo
Committee: Environment and Transportation
Organization Submitting: Maryland Legislative Coalition Climate Justice Wing
Person Submitting: Dave Arndt– Co-Chair
Hearing Date: March 3, 2026
Position: Favorable with Amendments

Dear Chair Korman and Committee Members:

Thank you for allowing our testimony today on HB1532. The Maryland Legislative Coalition (MLC) Climate Justice Wing, a statewide coalition of 32 grassroots and professional organizations focused on climate justice, supports HB1532 with some amendments. We hope we can work together to bring it to the Governor’s desk with some important consumer and environmental protection adjustments to the bill.

We support the HB1532 provision that lowers the maximum monthly energy demand that is required for a certain large load customer to qualify for a specific rate schedule from 100 MW to 25MW and support some provisions on Multiyear Ratemaking and EmPOWER Maryland. We recommend changes to the Power Plant Research Program as well. We do not support the provisions related to subsidies to nuclear generation. Our comments and recommended changes/removal of provisions are as follows.

Empower - Recommendations

We support the provisions that would consider transitioning the utility-implemented Empower program to a third-party and doing an assessment is a reasonable way to move forward. We too are concerned that utilities are not running EmPOWER in the most cost-effective way; however, the language in Section 7–225 (b) (6) could exacerbate this problem and potentially limit program offerings. We recommend that Section 7–225 (b) (6) be removed from the bill.

Multiyear Ratemaking -Recommendations

We support the bill language that will address the reconciliation process in multiyear rate plans (MYRP) by proactively preventing reconciliation through a “cost-sharing mechanism.” However, we are concerned that a “forecasted rate” process could increase rates based on projected spending. This would shift the financial risk from investors to ratepayers and could exacerbate project overspending and subject ratepayers to a possible reconciliation request. We recommend fully ending the reconciliation process by adjusting language to read “*a multiyear*

rate plan or a rate plan that utilizes a future test year." We also recommend fully prohibiting forecasted ratemaking.

Power Plant Research Program - Recommendation amend the section on suitable energy sites

In Section 3 of the bill we recommend stipulating that the 50 priority energy sites be limited to renewable energy generating stations or energy storage devices. We recommend this change, because most of the old or decommissioned generating sites are located in environmental justice areas that have been already overburdened with fossil fuel emissions and the associated negative health effects.

Nuclear - Recommendation to Remove

HB1532 has provisions that would subsidize nuclear energy to the detriment of ratepayers. In addition, implementing a procurement structure for new nuclear generation will not bring new generation to Maryland for years if not decades. Allowing a 15% cost overrun functions basically as a subsidy through an incentive to overspend. This bill sets the stage for further cost increases, which the original Next Generation Energy Act prohibited.

The Georgia Power Vogtle Units 3 and 4 took 15 years to build and cost \$36.8 billion, more than twice the project timeline and cost (see [costs for Georgia nuclear plant](#)). The Utah Associated Municipal Power Systems [NuScale Power](#) small modular nuclear reactor project was initially projected to cost \$3 billion and ultimately rose to \$9.6 billion at which point the project was shelved. Furthermore, a 2014 [academic study](#) looked at 180 nuclear power projects around the world and found 175 of them exceeded the initial budget by an average of 117% and took, on average, 64% longer to build. The levelized capital costs of electricity production from [nuclear is three times the cost of solar](#).

Another negative provision in the nuclear section of the bill is that it changes the definition of "Zero-Emissions Credit" to make it extremely vague and potentially far more expensive. HB1532 would price ZECs according to the reactor's "environmental impacts." This is not defined in the bill —i.e., how environmental attributes would be monetized. This was done in NY and has enabled the cost of ZECs to skyrocket, projected to reach \$2 billion/year under the 20-year extension the New York Governor just signed. Essentially, NY turned the Social Cost of Carbon from a way to evaluate the impacts of climate change that could be avoided into a way to force consumers to pay for huge subsidies to nuclear power plants.

Also, it is not even clear what will replace the original cost recovery mechanism for new reactors in the Next Generation Energy Act revisions. It seems like the new version of ZECs would be an additional subsidy on top of that; either that or it will create a huge loophole to make the ZECs cost whatever is needed to cover the reactors' costs, regardless of the approved cost limits.

We respectfully request the committee vote favorable with amendments and adopt our recommended changes to HB1532.

350MoCo
Cedar Lane Unitarian Universalist Church Environmental Justice Ministry
Chesapeake Earth Holders
Chesapeake Physicians for Social Responsibility
Climate Law and Policy Project
Climate Communications Coalition
Climate Parents of Prince George's
Climate Reality Greater Maryland
ClimateXChange
Coming Clean Network, Union of Concerned Scientists
DoTheMostGood Montgomery County
Echotopia
Elders Climate Action Maryland
Fix Maryland Rail
Glen Echo Heights Mobilization
Greenbelt Climate Action Network
HoCoClimateAction
Howard County Indivisible
Maryland Legislative Coalition
Maryland Energy Advocates
Maryland Third Act
Mizrahi Family Charitable Fund
Mobilize Frederick
Montgomery County Faith Alliance for Climate Solutions
Montgomery Countryside Alliance
Mountain Maryland Movement
Nuclear Information & Resource Service
Progressive Maryland
Safe & Healthy Playing Fields
Sierra Club Maryland Chapter
Takoma Park Mobilization Environment Committee
The Climate Mobilization MoCo Chapter
Unitarian Universalist Legislative Ministry of Maryland

HB1532_DNR_SWA_ENT_3-3-26.pdf

Uploaded by: Lydia McPherson

Position: FWA



Wes Moore, Governor
Aruna Miller, Lt. Governor
Josh Kurtz, Secretary
David Goshorn, Deputy Secretary

March 3, 2026

BILL NUMBER: HOUSE BILL 1532 - FIRST READER

SHORT TITLE: CONTINUING THE NEXT GENERATION ENERGY ACT

DEPARTMENT'S POSITION: SUPPORT WITH AMENDMENTS

EXPLANATION OF DEPARTMENT'S POSITION

HB 1532 addresses several aspects of Maryland's energy regulations landscape. Marylanders have seen significant increases in their energy bills in recent years. This legislation identifies grid infrastructure gaps, ratepayer protection, and administrative efficiency, which could help to lower costs for the average ratepayer. Specifically, the bill identifies a generation gap caused by the retirement of older coal and oil plants and develops a proposed State-level zoning or permitting structure designed to promote "fast-tracked" development at the identified priority sites.

Additionally, the bill requires a study by the Power Plant Research Program (PPRP) on streamlining energy development permitting by identifying up to 50 energy sites suitable for new or expanded generating stations or energy storage. This study has an effective date of December 31, 2026, which is a tight deadline and would be difficult to meet with existing resources.

The amendments introduced by the Maryland Energy Administration would help prevent unintended consequences for Maryland's broader business community and would provide the Public Service Commission additional flexibility when it comes to implementing Maryland's EmPOWER program.

BACKGROUND INFORMATION

The PSC relies on PPRP for an independent technical, environmental, and socioeconomic analysis. PPRP has seen a nearly 1,000% increase in Certificates of Public Convenience and Necessity (CPCN) cases in recent years, which has put a strain on existing resources.

In December of 2025, Governor Moore signed Executive Order 01.01.2025.27, entitled "Building an Affordable and Reliable Energy Future." This EO established the Maryland Energy Advisory Council and the Maryland Energy Site-Readiness Initiative, which requires PPRP, in coordination with the Departments of Commerce, Environment, Planning, and the Maryland Energy Administration, to identify ways that the state could shift from "reactive permitting to proactive deployment." The work being done by this Council and the Initiative will provide essential insight into Maryland's energy market moving forward and overlaps with the study within this bill.

Contact: Lydia McPherson, Director, Legislative and Constituent Services
lydia.mcpherson1@maryland.gov ♦ 410-260-8113 (office) ♦ 443-875-7785 (cell)

BILL EXPLANATION

HB 1532 is a comprehensive bill that modifies various aspects of the state's energy regulations, focusing on rate schedules, energy efficiency, and nuclear energy.

HB1532 - FWA - Continuing the Next Generation Ener

Uploaded by: Megan Outten

Position: FWA



Maryland Energy Administration

TO: Chair Korman, Vice Chair Guyton, and Members of the Environment & Transportation Committee
FROM: MEA
SUBJECT: HB 1532 - Continuing the Next Generation Energy Act
DATE: March 3, 2026

MEA Position: FAVORABLE WITH AMENDMENTS

The Maryland Energy Administration (MEA) respectfully submits this testimony in support of House Bill 1532 with amendments.

House Bill 1532 represents a comprehensive effort to lower energy costs by modernizing Maryland's energy framework in response to increasing load growth, evolving market structures, and the State's long-term climate and reliability commitments. The bill addresses large load rate design, multiyear rate plan guardrails, EmPOWER program cycles, nuclear procurement structure, and long-term planning for energy siting and permitting.

MEA appreciates the Speaker's leadership, and that of Chair Marc Korman and Subcommittee Chair David Fraser-Hidalgo, in advancing a forward-looking energy package that seeks to balance affordability, reliability, and environmental progress.

HB 1532 includes a directive for the Power Plant Research Program (PPRP), housed within the Department of Natural Resources (DNR), to conduct a study in consultation with the Maryland Energy Administration and the Maryland Department of the Environment to identify priority energy sites and streamline permitting processes. The newly established Energy Subcabinet is working with the Economic Competitiveness Subcabinet on this smart siting approach. The subcabinets should coordinate these efforts to avoid duplication and promote interagency coordination, environmental review, and long-term energy planning. Because PPRP plays a central role in CPCN review and environmental impact evaluation, careful coordination with DNR will be critical to ensure that any streamlining recommendations preserve environmental protections, community engagement, and statutory responsibilities under existing law.

Furthermore, MEA endorses delaying an increase in the EmPOWER goal to reduce future surcharges to ratepayers. To further reduce costs, MEA suggests that the Strategic Energy Investment Fund (SEIF) could be utilized to reduce the surcharge or pay down the unamortized debt associated with EmPOWER. This is already an allowable use of SEIF under the existing statute.

While MEA supports the overall intent of the legislation, we respectfully request consideration of the following additional amendments:

1. Retain the Current Definition of “Large Load Customer”: The bill lowers the threshold for a large load customer from 100 MW to 25 MW at a single location. MEA advises against reducing the threshold to 25 MW, which will potentially capture non-data center commercial and industrial customers. Maintaining a higher threshold preserves clarity of intent in the Next Generation Energy Act that the State is excluding more traditional businesses from the special rate class.

2. Remove the Cost-Effectiveness Test Floor Within EmPOWER: The bill prohibits the Commission from approving a residential sector subprogram with a benefit-to-cost ratio below 1.0 under the primary cost-effectiveness test. MEA recommends removing this restriction. EmPOWER’s greenhouse gas reduction framework already requires the Commission to evaluate cost-effectiveness across sector portfolios. A rigid subprogram-level floor may constrain innovative measures, workforce development initiatives, and emerging technologies that produce long-term emissions and equity benefits not fully captured by traditional screening tools. Providing the Commission flexibility to evaluate portfolios holistically will better support Maryland’s greenhouse gas reduction targets while protecting ratepayers.

With the amendments outlined above, MEA believes the legislation can help to stabilize costs and advance reliability while preserving flexibility in program design and maintaining strong interagency coordination.

MEA respectfully requests a favorable report with amendments and looks forward to continued collaboration with the Speaker, the Committee, DNR, MDE, and other stakeholders as this important legislation moves forward.

MEA urges the committee to adopt the proposed amendments and to issue a **favorable report as amended**.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Megan Outten, Policy manager, at megan.outten@maryland.gov or 443.842.1780.

Maryland LCV_FWA_HB 1532_Continuing the Next Gener

Uploaded by: Rebecca Rehr

Position: FWA



**MARYLAND
LEAGUE OF
CONSERVATION
VOTERS**

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Executive Director

March 3, 2026

**Favorable with Amendments: HB 1532 - Continuing the Next Generation
Energy Act**

Mr. Chair and Members of the Committee:

Maryland LCV is supportive of several provisions in HB 1532, Continuing the Next Generation Energy Act, which we outline in this testimony.

Additionally, we offer several potential amendment concepts. We thank the Speaker, Chair Korman, and Delegate Fraser-Hidalgo for their leadership on this bill.

HB 1532 addresses:

1. Multiyear rate plans
2. Large load tariff applicability
3. Expedited Certificate for Public Convenience and Necessity for a "Large Capacity Energy Resource"
4. Nuclear procurement
5. EmPOWER

Multiyear rate plan (MYRP) clarification

We appreciate the clarification of the MYRP process, preventing reconciliation through a cost-sharing mechanism which has been proposed at the Public Service Commission (PSC). This change is another important step to protect ratepayers when it comes to the way the utilities anticipate spending funds in their service areas.

Large Load Tariff Applicability

This bill makes an important change to the applicability for a large load tariff, lowering the threshold from a monthly maximum demand of more than 100 megawatts at a single location to 25 megawatts. This will ensure more large load users such as data centers coming on to the grid will contribute to the costs they create, and in turn, this provision helps address electricity affordability.

Expedited Certificate for Public Convenience and Necessity (CPCN) for a “Large Capacity Energy Resource”

The Next Generation Energy Act initiated a solicitation from the PSC for expedited CPCNs for “Dispatchable Energy Generation” and “Large Capacity Energy Resources” in October 2025. There were five applications. One was withdrawn, one was not eligible, and three were recommended for approval by the Power Plant Research Program (PPRP): 150 MW gas plant, 564 MW gas plant, and 800 MW battery storage facility. All three proposals came from Constellation Energy and all three were proposed to be located at their Perryman facility (in a census tract with an Environmental Justice score of 81.8, indicating it is one of the most overburdened and underserved census tracts in the state). Ultimately, the PSC conditionally approved the two gas proposals for the expedited CPCN processes pending a more complete timeline for the projects, and denied the battery storage proposal because it did not meet the legal definition of “Large Capacity Energy Resource.”

The proposal in HB 1532 is to change the definition of “Large Capacity Energy Resource” so that the proposed battery storage facility would be eligible for an expedited CPCN process. The change would be to remove the requirement that the resource has to have applied or been approved for PJM interconnection. Under the new definition, the Constellation battery project could be approved for an expedited CPCN. We are supportive of improving and streamlining processes to support battery storage deployment.

However, this definitional change does not address the ongoing issue in the Next Generation Act of codifying the “Effective Load Carrying Capacity” or ELCC rating via the definition of “Dispatchable Energy Generation” and “Large Capacity Energy Resource.” Codifying the ELCC is troublesome because: 1. The ELCC rating in the law is static and the actual ELCC ratings change at least every other year, and 2. The rating chosen (65%) does not reflect the true reliability of combining renewable + storage systems since they are only considered independently. We are supportive of efforts to strike ELCC from the definitions in last year’s Next Generation Energy Act.

Nuclear Procurement

HB 1532 does include a change to the definition of a Zero Emissions Credit, and it also seems to materially change the consumer protections established for nuclear procurement under the 2025 Next Generation Energy Act. Under the 2025 law, ratepayers were explicitly required to be held harmless from *any* cost overruns associated with an approved nuclear energy generation project. HB 1532 authorizes the Public Service Commission to approve increases in the total cost of a nuclear project under a long-term pricing purchase obligation of up to 15% above the original approved cost. While the bill places a ceiling on those increases, it nonetheless shifts from a framework that prohibited overruns from being passed to consumers to one that allows overruns to be incorporated into the project's pricing structure and ultimately recovered through rates. Allowing even capped cost overruns exposes households and businesses to additional financial risk, particularly at a time when Marylanders are already facing rising electricity bills. For many families, especially low- and moderate-income customers, even incremental rate increases can compound existing affordability challenges and increase overall energy burden.

EmPOWER

Maryland's EmPOWER program has provided tremendous benefits to the state, with \$2 of benefits created for every \$1 invested. HB 1532 proposes two main changes to the program: exploring a third-party administrator for EmPOWER and a change in the cost effectiveness test. Regarding a third-party administrator, Maryland LCV supports this approach. Right now, each utility participating in EmPOWER has its own implementation staff and contractors. Initiating a single entity to manage the programs for all 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.

With regards to the cost-effectiveness test, Maryland LCV has some concerns with the consequences of the change in assessment of cost-to-benefit ratio. The Commission requires utilities to evaluate the EmPOWER program using established cost-effectiveness screening tests. The Maryland Jurisdictional Cost Test (MJCT) is used to evaluate whether the total benefits to society exceed the total costs, including cost of administration, incentive payments, and out-of-pocket participant costs. The benefits include considerations such as avoided generation capacity, transmission and distribution costs, among other things. If the benefit-cost ratio is greater than 1.0, the program is considered cost-effective. This test is applied in such a way that while some individual offerings may not be cost-effective, overall, the program is delivering benefits to the specific rate class. This approach supports innovation and flexibility. Changing the cost-effectiveness as proposed in HB 1532 may have the unintended consequence of stifling both. We would support removal of that paragraph.

Maryland LCV urges a favorable report on this bill with the consideration of our proposed amendments.

HB1532 - Favorable with Amendment (1).pdf

Uploaded by: Shamoyia Gardiner

Position: FWA

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BALTIMORE CITY COUNCIL

BALTIMORE, MARYLAND 21202

February 27, 2026

Honorable Chair Korman and members of the House Environment and Transportation committee,

I write to you in support of **House Bill 1532 – Continuing the Next Generation Energy Act** and amendments being offered by Speaker Peña-Melnyk.

Every day I hear from my constituents that they simply cannot afford their high Baltimore Gas and Electric (BGE) bills. And the research backs this up – low-income Baltimoreans, in particular, bear among the [highest energy cost burdens in the United States](#).

HB1532 would provide critical new safeguards to BGE ratepayers. But Baltimoreans also need substantial relief from further rate increases, and that is why I also strongly support amending the bill to end the use of future and hybrid test years in proceedings before the Public Service Commission.

Existing rate constructs are enabling unaffordable bills and excessive profits for BGE and its parent company, Exelon, which [openly attributes](#) its record profits in part to multi-year rate plans (MYP).

I note that the PSC [initiated](#) a “Lessons Learned” proceeding in August 2024 in which it was to determine the future of MYPs. All filings were due to the PSC by December 2024. More than a year later, however, the PSC still has not issued a decision, and the future of MYPs is in limbo.

On February 19, 2026, BGE [asked](#) the PSC to extend its current rates beyond this calendar year so it could delay its application for a new multi-year rate plan. BGE stated that absent approval of this request, it would submit an application for a new MYP by March 7, 2026.

Absent action from the PSC, and with the likelihood of an imminent BGE rate proceeding before the PSC, it is incumbent upon the General Assembly to act decisively in the interest of ratepayers and end the use of future and hybrid test years, which drive excessive capital spending in MYPs.

I urge the committee to report favorably on this bill as amended. Please contact my office with any further questions.

Sincerely,

Zeke Cohen, Baltimore City Council President

HB 1532 -- EMPOWER MD Speaker Pena Melnyk .pdf

Uploaded by: Tom Dennison

Position: FWA



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People. Power. Progress.

March 3, 2026

HB 1532: Continuing the Next Generation Energy Act

Committee: House Environment and Transportation

Position: Favorable with Amendments

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.

HB1532 Testimony PHI LOI 3.3.26.pdf

Uploaded by: Anne Klase

Position: INFO

March 3, 2026

112 West Street
Annapolis, MD 21401

Letter of Information – House Bill 1532 – Continuing the Next Generation Energy Act

Potomac Electric Power Company (Pepco), and Delmarva Power & Light Company (Delmarva Power) submit this letter of information for consideration for House Bill 1532. House Bill 1532 updates the 2025 Next Generation Energy Act, introducing several changes to Maryland’s EmPOWER program, multi-year rate plan structure, and large-load rate structures.

EmPOWER Program Goals and Cycle Recommendations

Maryland can maintain the benefits of EmPOWER while significantly improving affordability. EmPOWER is Maryland’s flagship energy program. Over the last 17 years, EmPOWER has not only resulted in major savings for customers and grid benefits, but the Program has also been a stable driver of economic growth supporting Maryland businesses, trade allies, and other facets of the State economy. Our State and its utilities have been heralded for our leadership in innovation and energy/GHG reduction within our EmPOWER programs due to their proven effectiveness. Drivers of rising surcharges are structural, not inevitable. **With targeted legislative adjustments, policy makers can improve the affordability of the program and ensure it remains financially sustainable and provides benefits to customers in the years ahead.**

House Bill 1532 would scale back EmPOWER electricity (and GHG equivalent) savings which, under current law, are 2.25% from a 2026 baseline, for 2025 and 2026, and 2.5% beginning in 2027. The bill delays implementation of the 2.5% savings goal until 2029. The bill also shortens the EmPOWER cycle from three years to two years. Pepco and Delmarva Power recommend keeping the three-year program cycle, or even expanding it to four-years to keep administrative costs lower by spreading expenses over a longer period of time. Additionally, successful efficiency programs typically rely on longer planning horizons that give local businesses and contractors who support the program the certainty needed to invest in staffing, training and equipment. Pepco and Delmarva Power caution against shortening the program cycle to ensure that there is not a reduction in participation by local businesses and contractors who are currently participating and implementing the programs successfully.

Additionally, the legislation proposes changing the current EmPOWER benefit-to-cost threshold (B:C) assessment from reviewing at the portfolio level to the program level. Pepco and Delmarva Power understand and support the State’s interest in reducing the overall cost of the EmPOWER program.

[Amber Perry](#) | [Anne Klase](#) | [Allyson Black-Woodson](#) | [Poetri Deal](#) | **410 980 5347**

To support that goal, Pepco and Delmarva Power recommend maintaining the B:C assessment threshold at the portfolio level, not at the sub-program level. Diminishing existing cost-effective opportunities underscore the need to plan for future system resources and the ability to design portfolios that address diverse customer needs.

EmPOWER Recommendation:

Pepco and Delmarva Power recommend updating EmPOWER cost recovery mechanism to a new hybrid expense model. Maryland can modernize cost recovery to better align costs with the long-term value customers receive. **By enhancing the expense model from 2024's House Bill 864 and adopting a hybrid cost recovery framework for near-term bill relief, that would smooth out the surcharge:**

- Amortize only those long-life-lived customer investments such as incentives for heat pumps, heat pump water heaters, and weatherization (measures that last 10–20+ years), over reasonable periods to ensure the costs paid by customers better match the benefits they see and any unrecovered amounts would receive the rate of return authorized by the Maryland Public Service Commission (PSC) in a utility's most recent base rate case, the same as all other utility investments and deferrals;
- Continue to fully expense short-lived measures and costs such as program administration, evaluation, and marketing.
- Limits can be placed on the amount utilities can defer each year to ensure the unamortized balance does not balloon and remains manageable.

This recommendation provides immediate, near-term bill relief for the EmPOWER surcharge, around a 10- 30% reduction in the average residential 2026 EmPOWER surcharge.

Third Party Administration

House Bill 1532 requires the PSC to issue a request for information on the use of a third-party, single-implementer program for the administration of the programs and services under the EmPOWER program.

Third-party administration introduces transition risk, uncertainty, and near-term cost increases without proven long-term savings or better performance. Shifting administration of significant portfolios will result in service disruptions, loss of institutional knowledge and key relationships built up over 17+ years. Transition costs are also real and immediate – new IT systems, contracts, participation agreements, data tracking systems, re-trainings, staff transitions – while any hypothetical savings are unproven.

EmPOWER utilities already operate under PSC oversight, evaluation, and cost-effectiveness review. EmPOWER is audited by an independent statewide evaluator to validate claimed savings and evaluated for cost effectiveness. As a regulated entity, utilities are uniquely accountable to the PSC in a way that no third-party would be. The utilities' results are further scrutinized by the PSC's independent evaluator. The resulting process is one of if not the most rigorous evaluation processes for these types of programs in the country. Not to mention as a State overall, utility-administered EmPOWER portfolios are cost effective.

Utility-administration allows programs to be designed and tailored specifically to the customers in that service territory, their housing stock, customer demographics, etc. Maryland is a diverse state and over-indexing on standardization can lead to solutions that do not work for customers. Local presence and trust in demand-side management (DSM) programs takes years to build up. Moreover, DSM programs are also designed to benefit the grid, which only the utilities are responsible for. Third-party administration would result in programs only focused on "hitting a number" rather than designing and implementing programs that provide wider customer and grid benefits.

Multiple studies have been performed to evaluate the four administration structures of DSM programs across the country: utility, state, third-party, and hybrid implementation. A 2019 study from the Brattle Group and a study released in January 2026 by Opinion Dynamics and The American Council for an Energy-Efficient Economy (ACEEE) both concluded that there are pros and cons to each administration model, and none is superior to the others across all dimensions. However, both studies agreed that if affordability is the primary issue at hand, moving to a statewide third-party implementor is not the best course of action as state and third-party implementation have higher transaction costs than utility run programs and the transition itself requires significant startup costs. Maryland's current administration model reflects many of the best practices that these studies recommend.

Large Load Customers

House Bill 1532 creates a new definition of large load customers, revising the threshold in the 2025 Next Generation Energy Act from 100 MW to 25 MW. These definitional changes would result in the expansion of large load customers to include more commercial and industrial customers within the scope of the bill, and not only data centers. Defining large load customers as 25 MW or greater could inadvertently subject a group of customers into a regulatory structure designed for only the most energy-intensive users, resulting in an unnecessarily burdensome regulatory structure.

Reconciliation

The PSC has initiated a “Lessons Learned” proceeding regarding the multi-year rate plan framework. This proceeding aims to evaluate the effectiveness of MYPs and potential enhancements to the framework previously established by the Commission. Pepco and Delmarva Power recommend waiting for the publication of the Commission’s order and accompanying recommendations before proceeding with any additional legislation as the Commission has been studying the recommendations of stakeholders across the energy landscape including that of utilities, PSC Staff, consumer advocates, the Maryland Energy Administration and others.

Pepco and Delmarva Power have significant concerns with the multi-year rate plan provisions included in House Bill 1532, which would:

1. Impose an asymmetrical, one-sided, reconciliation requirement where utilities are unable to recover for any cost variances, even for material items that are out of their control;
2. May allow for reconciliation to refund differences in a utilities’ forecasted revenue requirement and its actual revenue requirement during the term of a multi-year rate plan.

Specifically, the bill establishes that the Maryland Public Service Commission (PSC) may approve the use of a multiyear rate plan for distribution rates only if the plan does not include reconciliation that would “result in additional customer charges” or cost-sharing mechanism “that would result in additional customer charges above the approved revenue component used by the Commission to establish just and reasonable rates.”

House Bill 1532 would bar utilities from proposing any mechanism that adjusts rates to reflect actual, prudently incurred costs, while still allowing mechanisms that only flow savings back to customers. This creates a one-sided, asymmetrical framework that denies utilities the ability to recover legitimate cost variances and fundamentally disrupts the regulatory balance needed to provide reliable service to customers and support long-term system investments. What is missing is any recognition of sound regulatory policy that aligns cost recovery with strong incentives for efficiency and cost control – approaches that drive long-term affordability and are central to Maryland’s established energy policy priorities.

As written, the bill’s one-sided reconciliation requirement would have significant unintended consequences for customers. By forcing utilities to return every dollar of savings while prohibiting recovery of legitimately incurred, unforeseen costs, the bill strips away operational flexibility needed to manage the system efficiently. This asymmetry would discourage utilities from pursuing cost-saving innovations, ultimately leading to higher long-term customer bills, not lower.

Even more concerning, a framework where utilities must absorb all the financial risk without the ability to recover prudent cost variances weakens their capacity to invest in critical customer improvements. Over time, customers would face more outages, slower service improvements or even degradation, and higher costs as necessary upgrades begin to accumulate.

Current law avoids this problem by prohibiting reconciliations altogether, ensuring fairness and stability. Creating a lopsided system where utilities shoulder all risk, but cannot benefit from cost-saving solutions would produce the opposite of what lawmakers intend – higher costs and worse outcomes for Maryland customers.

There are direct and meaningful benefits to customers when ratemaking policy provides the right incentives for utilities to reduce costs effectively and efficiently. Pepco and Delmarva Power consistently maintain that customers are the primary long-term beneficiaries when utilities are encouraged to pursue operational efficiencies. Under a symmetrical framework, whenever a utility identifies cost savings, whether from improved processes, upgraded technologies, or smarter operations – those savings flow back to customers year after year. This structure promotes true, durable affordability and aligns incentives in a way that delivers sustained value to the people we serve.

Pepco and Delmarva Power look forward to continuing conversations with the bill sponsors on ways to refine House Bill 1532 in a way that balances the State's climate goals, the needs of Maryland communities and creates stability for utilities.

BGE_LOI_ENT_House Bill 1532 - Continuing the Next

Uploaded by: Dy Reed-Lipscomb

Position: INFO



Position Statement

Letter of Information

Environment & Transportation

03/03/2026

House Bill 1532 - Continuing the Next Generation Energy Act

Baltimore Gas and Electric Company (**BGE**) submits this letter of information regarding **House Bill 1532 - Continuing the Next Generation Energy Act (CNGEA)**. *House Bill 1532* updates the 2025 Next Generation Energy Act, which introduces several changes to the EmPOWER program, multi-year rate plan structure, and large-load rate structures.

EmPOWER Program Goals and Cycle Recommendations

House Bill 1532 would scale back EmPOWER electricity (and GHG equivalent) savings goals which, under current law, are 2.25% from a 2026 base line, for 2025 and 2026, and 2.5% beginning in 2027. The Bill delays implementation of the 2.5% savings goal until 2029. **BGE supports these changes; however, BGE notes that an additional 14% cost savings could be achieved if the goal was to 2%.**

Additionally, the bill shortens the overall EmPOWER program cycle from three years to two years. **BGE recommends keeping the 3-year program cycle or extending it to 4 years** to keep administrative costs lower by spreading expenses over a longer period of time. Shortening the cycle would only increase administrative costs and divert resources focused on delivering results and implementing Commission approved programs. States with similar climate ambitions, such as California, use even longer cycles; California's demand-side management program operates on an eight-year cycle, which reduces administrative costs, and provides greater stability in the market for customers as well as business and trade allies like manufacturers, HVAC contractors, etc. Effective energy efficiency programs depend on longer planning horizons that give local businesses and contractors the certainty needed to invest in staffing, training, and equipment. Shortening the program cycle risks reducing participation and engagement from these partners, which could undermine the successful implementation of EmPOWER.

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.

John Haysbert | Brittany Jones | Guy Andes | Dytonia Reed | 410.269.5281

Position Statement

The bill proposes changing the current EmPOWER benefit-to-cost (B:C) assessment threshold from at the portfolio level to requiring residential programs be cost-effective at the sub-program level. This change would disallow less cost-effective but high value programs such as the HVAC and Home Performance with ENERGY STAR Programs. These two programs contribute 40% of BGE's residential GHG reduction goal. It would be extremely difficult and expensive for utilities to make up the savings lost from these programs. Beyond providing significant GHG reductions, these programs provide more long-term energy savings to customers and are supported by a large network of numerous local HVAC contractors and distributors. Both the HVAC and Home Performance with ENERGY STAR programs are critical to supporting Maryland's Zero Emissions Heating Equipment Standard goals. If each individual program is required to meet a B:C ratio of 1.0, many of these initiatives could be reduced or eliminated, limiting BGE's ability to design a balanced portfolio that meets diverse customer needs. More cost-effective programs currently offset those that are less cost-effective, enabling the full portfolio to meet the overall 1.0 threshold. BGE's overall residential portfolio is extremely cost effective at 2.01:1 based on 2024 verified cost-effectiveness results.

BGE understands and supports the State's interest in reducing the overall cost of the EmPOWER program. To support that goal, **BGE recommends maintaining a B:C assessment threshold at the portfolio level, not at the sub-program level.** Diminishing existing cost-effective opportunities underscore the need to plan for future system resources and the ability to design portfolios that address diverse customer needs

Additional EmPOWER Recommendation

BGE recommends updating the EmPOWER cost recovery framework to a "hybrid cost recovery framework. With a hybrid framework described in more detail below, Maryland can modernize cost recovery to better align costs with the long-term value customers receive. **Enhancing the expense model from 2024 Chapter 539 (House Bill 864-- Energy Efficiency and Conservation Plans) and adopting a hybrid cost recovery framework would provide near-term bill relief by smoothing out the surcharge rate impacts.** A hybrid cost recovery framework consists of the following:

- Amortizing only those long-life-lived customer investments such as incentives for heat pumps, heat pump water heaters, and weatherization (measures that last 10–20+ years), over reasonable periods to ensure the costs paid by customers better match the benefits they see and any unrecovered amounts would receive the Maryland Public Service Commission (PSC) authorized rate of return authorized in a utility's most recent base rate case, the same as all other utility investments and deferrals;
- Continuing to fully expense short-lived measures and costs such as program administration, evaluation costs, and marketing.
- Limits can be placed on the amount utilities can amortize each year to ensure the unamortized balance does not balloon and remains manageable.

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.



Position Statement

This recommendation provides immediate, near-term bill relief for the EmPOWER surcharge, around a 10- 30% reduction in the average residential 2026 EmPOWER surcharge.

Third-Party EmPOWER Administrator

The bill requires the PSC to issue an RFP for a statewide third-party administrator to run the EmPOWER program. Utilities currently administer EmPOWER under strict PSC oversight, evaluation, and cost-effectiveness review. A statewide independent evaluator audits EmPOWER to verify claimed savings and assess cost-effectiveness. As regulated entities, utilities are uniquely accountable to the PSC in ways a third party would not be. Shifting to third-party administration not only would introduce significant transition risks, and uncertainty, but also would cause near-term costs to increase without proven long-term savings or better performance. Utilities have been administering EmPOWER programs for over 17 years with national acclaim and recognition for being some of the most effective, well-run programs in the country. Utilities have helped Maryland climb the ACEEE State Energy Efficiency Scorecard to 4th place nationally.

Under the established framework, BGE has consistently exceeded goals while staying under budget, and based on the most recent evaluation generated \$261M in net benefits in 2024 alone, more than twice the minimum requirement of the primary cost-effectiveness test. Statewide, utility-administered EmPOWER portfolios have also been cost-effective. Utility administration allows programs to be tailored to the specific characteristics of each service territory, housing stock, customer demographic, and community needs. Furthermore, EmPOWER programs are designed to also provide benefits to the grid, for which utilities and not third-parties are responsible for. Independent studies conducted on the topic of comparing different administration models by the Brattle Group in 2019 and by Opinion Dynamics and ACEEE in January 2026 conclude that no single model outperforms the others across all dimensions, but the studies agree that if affordability is the primary concern, moving to a third-party statewide administrator is not advisable. Third-party statewide administrator run programs have higher transaction costs and significant start-up expenses. Further, transitioning a multi-billion-dollar portfolio away from utilities would inevitably cause service disruptions and the loss of 17+ years of institutional knowledge and customer relationships. **We recommend keeping the current Utility administered practice in place as it is best practice.**

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.

John Haysbert | Brittany Jones | Guy Andes | Dytonia Reed | 410.269.5281

Position Statement

Large Load Customers

House Bill 1532 creates a new definition of large load customers, revising the threshold in the 2025 Next Generation Energy Act from 100 MW to 25 MW. These definitional changes would result in the expansion of large load customers to include more commercial and industrial customers within the scope of the bill, and not only data centers. **We recommend keeping the 100 MW threshold.** A 25 MW threshold is too low and could unnecessarily sweep a broad range of commercial customers into a regulatory structure designed for only the most energy-intensive users, resulting in an unnecessarily burdensome regulatory structure.

Multi-year Rate Filings and Reconciliation

BGE has significant concerns with the multi-year rate plan provisions included in the CNGEA. Specifically, the bill establishes that the PSC may approve the use of a multi-year rate plan for distribution rates only *if the plan does not include reconciliation that would “result in additional customer charges” or a cost-sharing mechanism “that would result in additional customer charges above the approved revenue component used by the Commission to establish just and reasonable rates.”* Stated another way, the bill would bar utilities from proposing any mechanism that could ever increase rates to reflect actual costs, while still allowing mechanisms that exclusively flow savings back to customers. **The bill would create a one-sided, asymmetrical framework that removes the utility’s ability to recover legitimate cost variances and fundamentally distorts the regulatory balance needed to ensure reliability and long-term system investment.**

Under an asymmetrical reconciliation framework, for example, if BGE has a \$100 revenue requirement, and identifies \$8 in possible cost efficiencies, customers would get an \$8 refund in the following year. However, the customers might end up paying \$100 every year thereafter if the cost efficiencies go unrealized as a result of the structure since the structure is designed such that utilities are incented to spend all \$100. In contrast, with a **symmetrical framework where there is no reconciliation**, the utility can still seek the \$8 in cost efficiencies to the benefit of customers and the utility. Assuming no other changes going forward, the customer would then only be paying \$92 per year afterwards – not \$100 per year. This is real and lasting savings. Without the right incentive structure, the \$8 in cost efficiencies may never be found, and customers end up paying more than they otherwise would every year.

In essence, the bill’s one-sided, asymmetrical reconciliation requirement would have significant unintended consequences for customers. An asymmetrical mechanism could remove essential operational flexibility and fundamentally erode the incentive for utilities to pursue efficiencies. Without a balanced ability to manage both savings and expenses, utilities would be discouraged from developing innovative, cost-effective solutions that ultimately lower long-term customer bills. Creating a lopsided system where utilities cannot benefit from prudent cost-saving decisions would ultimately reduce the very efficiencies lawmakers intend to

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.

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Position Statement

encourage. There are direct customer benefits when good ratemaking policy provides the proper incentives to reduce costs in an effective and efficient manner. BGE underscores that customers, not utilities, derive the greatest long-term advantages when utilities are encouraged to find efficiencies.

House Bill 1532 also attempts to close what it describes as a “loophole” by banning utilities from including “cost sharing mechanisms” in their multi-year rate plans. But that premise is mistaken. **Earnings sharing mechanisms, or cost sharing mechanisms, are not reconciliations, nor do they function like a reconciliation.** They are long-standing, nationally used performance-based tools designed to give utilities a strong incentive to control costs while ensuring customers share in the benefits when efficiencies are achieved. These mechanisms succeed precisely because they strike a careful balance: they motivate utilities to innovate and operate more efficiently, while providing customers with a direct share of the resulting savings. Eliminating that tool does not protect customers, in fact it removes one of the most effective ways to deliver customer savings.

While the General Assembly should set the policy direction, the detailed design, technical calibration, and ongoing oversight belong with the PSC. These structures involve nuanced incentive design, cost-allocation considerations, and long-term regulatory impacts, areas where the PSC has the technical expertise, analytical capacity, and data access necessary to make informed decisions. Empowering the PSC ensures Maryland benefits from clear legislative intent paired with expert evidence-based implementation. More importantly, PSC has more recently considered these regulatory mechanisms. Even the PSC’s own “lessons learned” process asked stakeholders whether earnings sharing mechanisms should be considered, because they operate as incentive tools, not true-ups or cost trackers. *House Bill 1532* would, however, eliminate a proven, customer-benefiting incentive mechanism based on the incorrect assumption that it behaves like a reconciliation. It does not, and Maryland should not take effective tools off the table based on a misunderstanding.

House Bill 1532 unintentionally trades long-term affordability for short-term optics. It disconnects action from outcome by discouraging the very improvements that would otherwise benefit customers most. By stripping away the incentive for utilities to pursue efficiencies, the bill removes the very mechanism that turns innovation into ongoing customer savings, including smarter, leaner ways to operate those efficiencies simply never materialize. Customers lose out on permanent reductions in underlying costs savings that would have lowered bills not just once but every single year going forward. Efficiency isn’t just about cost. It’s about a more resilient grid, a cleaner energy future and a system that evolves with the needs of our communities. When you remove the incentive to innovate, you freeze progress at precisely the moment we need acceleration.

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Position Statement

We respectfully recommend adjustments to the bill to refine *House Bill 1532* in a way that balances the State's climate goals, the needs of Maryland communities, and the utility obligation to ensure the reliability of the electric grid.

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Uploaded by: Nakhia Crossley

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COMMITTEE: ENVIRONMENT AND TRANSPORTATION

TESTIMONY ON: HB 1532 - CONTINUING THE NEXT GENERATION ENERGY ACT

POSITION: FOR INFORMATION

HEARING DATE: MARCH 3 AT 1:00 PM

WASHINGTON GAS RESPECTFULLY SUBMITS THIS STATEMENT FOR **INFORMATION TO HOUSE BILL 1532 – CONTINUING THE NEXT GENERATION ENERGY ACT**

Purpose and Effects of HB 1532

HB 1532 significantly revises Public Utilities Article §4-213 by restricting reconciliation mechanisms, prohibiting cost-sharing tools, authorizing refund-only true-ups, and narrowing a utility's ability to seek upward variance in an MRP after January 1, 2025. Separately, the bill amends the structure of the State's energy efficiency (EE) and greenhouse gas (GHG) reduction programs by modifying program cycles, tightening cost-effectiveness requirements, and initiating a third-party administrator (TPA) review.

While the goals of transparency, consumer protection, and emissions reduction are ones we share, several provisions in the bill, both on the MRP and EE/GHG sides, create operational and financial risk, reduce flexibility, and may unintentionally increase long-term costs for Maryland customers.

Concerns with MRP Provisions

1. Asymmetrical, refund-only reconciliation is certain to create customer risk.

HB 1532 would allow only downward reconciliation and prohibit any mechanism that could result in additional customer charges. This eliminates the two-way true-up structure that helps ensure accuracy, fairness, and predictability. Without limited upward reconciliation when reasonable and prudent costs exceed forecasts, utilities must absorb all variance even when driven by work necessary to maintain safety, reliability, and compliance. This dynamic discourages timely investment and increases the likelihood of budget shortfalls that ultimately lead to higher long-term costs for customers.

2. Prohibition on cost-sharing tools removes PSC flexibility.

Earnings-sharing bands and similar mechanisms are widely used nationwide because they align customer and utility interests, prevent excessive earnings, and maintain incentives for efficient performance. By prohibiting these tools, the bill constrains the Commission's ability to balance incentives and accountability within MRPs and could lead to more frequent, resource-intensive rate cases.

3. Undefined “additional customer charges” creates compliance uncertainty.

Routine PSC-approved mechanisms, including riders, statutory cost recoveries, or program true-ups, could be unintentionally affected. This ambiguity increases compliance risk and could generate avoidable disputes in future proceedings.

Concerns with EE/GHG Provisions

1. The residential cost-effectiveness prohibition poses the greatest risk.

HB 1532 bars the PSC from approving any residential energy efficiency subprogram with a benefit-cost ratio below 1.0 under the Maryland Jurisdiction-Specific Test. For a gas-only portfolio like ours, this restriction could force removal of measures that deliver substantial, low-cost GHG reductions compared with alternatives. Losing these measures would increase our GHG cost per ton, reduce flexibility, and raise overall customer surcharges.

2. Compressed 2026–2028 program cycle limits planning stability.

A mandated two-year EE/GHG plan compresses program design, forecasting, and contractor management. It disrupts pipeline continuity for the contractor networks that deliver much of Maryland’s EE work and makes it harder to build efficient multiyear GHG reduction pathways.

3. Third-party administrator review introduces structural uncertainty.

Although PSC retains discretion to decline a TPA model if it is not cost-effective, the multi-year RFI/RFP process introduces uncertainty that could affect long-term planning and investment. Should a TPA model ever advance, gas-specific governance and strong cost-effectiveness controls would be essential.

Our priority—one we believe is shared by the Committee—is a balanced, carefully constrained approach that protects customers while advancing effective and affordable greenhouse gas reductions. We fully support thoughtful regulatory alignment, customer-focused program design, and accountability. However, as currently drafted, this bill would not achieve those goals. Instead, it risks undermining program stability, limiting cost-effective emissions reductions, and increasing customer costs without delivering the reliability or environmental benefits Maryland seeks. We respectfully urge the Committee to reconsider the current approach to ensure the State adopts a framework that truly centers customers and produces measurable, sustainable progress.

About Washington Gas

Washington Gas Light Company provides safe, reliable natural gas service to more than 1.2 million customers in Maryland, Virginia, and the District of Columbia. WGL has been providing energy to residential, commercial, government, and industrial customers for more than 177 years, and currently serves nearly 520,000 Maryland customers in Montgomery, Prince George’s, Charles, St. Mary’s, Frederick, and Calvert Counties. The Company employs over 600 employees in Maryland, and hundreds of outside contractors, plumbers, union workers, and other skilled tradespeople. The Company strives to improve the quality of life in our communities by maintaining a locally-based workforce, working with suppliers that represent and reflect the

communities we serve, and giving back through its charitable contributions and employee volunteer activities. The Company, together with other natural gas distribution utilities, are responsible for delivering the primary source of heat to Maryland residential energy consumers, serving approximately one half of all Maryland households while providing critical energy services to residential, commercial, and industrial customers at one-third the cost of electricity on a per unit basis.

Contact:

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FirstEnergy INFO ENT - HB1532.pdf

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Position: INFO

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.