

SENATE BILL 850

C5, M5

6lr3261

By: **Senators Gallion, Hester, Watson, and Carozza**

Introduced and read first time: February 6, 2026

Assigned to: Education, Energy, and the Environment

A BILL ENTITLED

1 AN ACT concerning

2 **Electric and Gas Companies – Energy Efficiency, Conservation, and Demand**
3 **Response Programs – Alterations**
4 **(Utility Affordability and Ratepayer Protection Act of 2026)**

5 FOR the purpose of requiring that certain energy efficiency, conservation, and demand
6 response programs include bill savings to residential customers; altering the date by
7 which certain unpaid and unamortized costs must be eliminated; requiring the
8 Public Service Commission to establish, on or before a certain date, certain caps or
9 limit certain assessments; and generally relating to electric company and gas
10 company energy efficiency and demand response programs.

11 BY repealing and reenacting, with amendments,
12 Article – Public Utilities
13 Section 7–222 and 7–223(a)
14 Annotated Code of Maryland
15 (2025 Replacement Volume and 2025 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
17 That the Laws of Maryland read as follows:

18 **Article – Public Utilities**

19 7–222.

20 (a) (1) Subject to review and approval by the Commission, each electric
21 company, each gas company other than a gas company subject to § 4–207(a) of this article,
22 the Department, and, if required in accordance with subsection (c) of this section, each
23 midsize electric cooperative shall develop and implement programs and services in
24 accordance with §§ 7–223, 7–224, and 7–225 of this subtitle to encourage and promote the
25 efficient use and conservation of energy, demand response, and beneficial electrification by

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 consumers, electric companies, gas companies, and the Department in support of the
2 greenhouse gas emissions reduction goals and targets required under Title 2, Subtitle 12
3 of the Environment Article.

4 (2) ANY PROGRAM OR SERVICE DEVELOPED BY AN ELECTRIC
5 COMPANY OR A GAS COMPANY, OTHER THAN A GAS COMPANY SUBJECT TO § 4-207(A)
6 OF THIS ARTICLE, AND APPROVED BY THE COMMISSION UNDER PARAGRAPH (1) OF
7 THIS SUBSECTION SHALL INCLUDE DEMONSTRABLE BILL SAVINGS TO RESIDENTIAL
8 CUSTOMERS.

9 (b) As directed by the Commission, each gas company subject to § 4-207(a) of this
10 article, each municipal electric or gas utility, each small rural electric cooperative, and, if
11 required in accordance with subsection (c) of this section, each midsize electric cooperative
12 shall include energy efficiency and conservation, demand response, and beneficial
13 electrification programs or services **THAT INCLUDE DEMONSTRABLE BILL SAVINGS TO**
14 **RESIDENTIAL CUSTOMERS** as part of their service to their customers.

15 (c) (1) In accordance with this subsection, each midsize electric cooperative
16 shall be subject to either subsection (a) or subsection (b) of this section.

19 (i) subsection (b) of this section through December 31, 2026; and

20 (ii) on or after January 1, 2027, and as the Commission directs,
21 either subsection (a) or subsection (b) of this section.

29 (i) anticipated costs and bill impacts;

30 (ii) a description of the anticipated program offerings;

(iii) the anticipated cost-effectiveness of the residential, commercial, and industrial sector subportfolios based on the cost-effectiveness tests in § 7-225(d)(3)(i) of this subtitle;

1 (iv) the anticipated electricity savings and greenhouse gas emissions
2 reductions; and

3 (v) any other information the Commission requires.

(5) The information provided to the Commission under paragraph (4) of this subsection shall be based on a plan to offer programs and services to customers that complies with the requirements of an electric company subject to subsection (a) of this section for the 3-year program cycle starting January 1, 2027.

(6) When making a public interest determination under paragraph (3) of this subsection the Commission, at a minimum, shall consider the requirements under § 7-225(d)(3) of this subtitle that are considered when approving a plan of an electric company that is subject to subsection (a) of this section.

21 (d) The Commission shall encourage and promote the efficient use and
22 conservation of energy in support of the greenhouse gas emissions reduction goals and
23 targets required under Title 2, Subtitle 12 of the Environment Article, established by the
24 Commission under § 7-223(b) of this subtitle, and specified in § 7-224(a)(2) of this subtitle
25 by:

(1) requiring each electric company and gas company to establish any program or service that:

(I) the Commission determines to be appropriate and cost-effective;

(II) DEMONSTRABLY REDUCES RESIDENTIAL CUSTOMER BILLS:

30 AND

31 (III) USES DEMAND REDUCTION OR OTHER COST CONTAINMENT
32 MECHANISMS TO REDUCE ENERGY CONSUMPTION AND LOWER RESIDENTIAL
33 CUSTOMER BILLS:

34 (2) adopting rate-making policies that provide, through a surcharge line
35 item on customer bills:

4 (ii) on or before December 31, [2032] **2040**, the elimination of any
5 unpaid costs and unamortized costs that:

7 B. were incurred before January 1, 2028; and

10 (iii) compensation for any unpaid costs and unamortized costs under
11 item (ii) of this item at not more than each electric company's and each gas company's
12 average cost of outstanding debt; and

13 (iv) reasonable financial performance incentives and penalties for
14 investor-owned electric companies and gas companies, as appropriate; and

15 (3) ensuring that adoption of electric customer choice under Subtitle 5 of
16 this title and gas customer choice under Subtitle 6 of this title does not adversely impact
17 these goals and targets.

18 (e) The Commission shall, by regulation or order, require each electric company
19 and each gas company subject to subsection (a) of this section that has submitted to the
20 Commission, on or before July 1, 2024, a plan for achieving electricity or gas savings and
21 demand reduction targets to disclose the following information in a form and format readily
22 understandable to the average customer:

27 (2) the period of time that the surcharge will include excess charges to pay
28 down the unpaid costs and unamortized costs.

29 (F) ON OR BEFORE JULY 1, 2027, THE COMMISSION SHALL ESTABLISH, BY
30 ORDER OR REGULATION, CAPS OR LIMIT ASSESSMENTS TO RESIDENTIAL
31 CUSTOMERS UNDER THIS SECTION IN ORDER TO REDUCE COSTS TO RESIDENTIAL
32 CUSTOMERS.

5 (1) covers appropriate ratepayer classes;

6 (2) starting in 2027, covers a 3-year program cycle; [and]

(3) achieves the greenhouse gas emissions reduction target established for the electric company or gas company under subsection (b) of this section through cost-effective energy efficiency and conservation programs and services, demand response programs and services, and beneficial electrification programs and services; **AND**

11 (4) ACHIEVES DEMONSTRABLE SAVINGS TO RESIDENTIAL
12 CUSTOMERS.

13 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before July 1, 2027, the
14 Public Service Commission shall report to the Senate Education, Energy, and the
15 Environment Committee and the House Environment and Transportation Committee, in
16 accordance with § 2–1257 of the State Government Article, on the implementation of this
17 Act.

18 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 October 1, 2026.