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**FAVORABLE with Amendments – Senate Bill 926  
Climate Solutions Act of 2020 – Greenhouse Gas Emissions Reduction Act**

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) appreciate the opportunity to comment on Senate Bill 926 Climate Solutions Act of 2020 – Greenhouse Gas Emissions Reduction Act. SB926 would set higher greenhouse gas emissions reductions that the State must achieve by 2030 and 2045, respectively. Additionally, it would also set procurement standards for state purchases of electric vehicles and require that bus purchases be 25% electric in 2021 ramping to 50% in 2025, and light duty electric vehicle be 50% in 2021 ramping up to 100% in 2025. SB 926 would also impact energy efficiency savings targets established for EmPower Maryland and create requirements for solar on new buildings over a certain square footage. Finally, SB 926 adds an environmental justice component to the strengthened GHG targets, with the intention of identifying and targeting for economic opportunities, communities harmed by discrimination and/or the effects of pollution and climate change.

SB 926 advances Maryland's efforts to decarbonize, however, the details with respect to how Maryland will achieve those goals, particularly as it relates to the energy sector, will be critical. For example, increased penetration of distributed energy resources such as solar can place stress on feeders within our system and as a result, planning and investment will be critical to ensure a reliable interconnection process for all customers.

SB 926 increases the target for energy efficiency programs currently reviewed and approved by the Maryland Public Service Commission (PSC). Pepco and Delmarva Power applaud Maryland for recognizing the importance of energy efficiency as an important tool in driving down greenhouse gas emissions. Currently Maryland has one of the most aggressive energy savings goals of any state, requiring a 2% energy sales reduction target through its EmPower Maryland programs. EmPower programs have been active in the state since 2008. While Pepco and Delmarva Power have developed effective and successful programs to date, in order to achieve a 3% energy reduction target, Pepco and Delmarva Power's spend on EmPower programs would likely need to triple or quadruple. Pepco and Delmarva Power highlight this by way of emphasizing that providing cost effective energy efficiency programs is key to these programs being of value

to all stakeholders. It is unlikely that a 3% energy savings target will result in programs that meet or exceed current cost effectiveness standards.

Pepco and Delmarva Power also note that building and lighting codes and standards are continuously evolving, creating organic energy efficiency benefits for customers; Maryland does not currently recognize these benefits, however, in its calculation of whether EmPower program targets are being met. Finally, it is unclear as to how the transition toward increased vehicle electrification as well as net zero energy goals will align with energy efficiency targets. As currently structured, increasing amounts of electrification from transportation and, potentially, buildings, will make energy efficiency targets even more challenging to meet. With all of these challenges and uncertainties, Pepco and Delmarva Power believe additional discussion is warranted prior to moving forward with higher energy efficiency targets. Pepco and Delmarva Power urge consideration of moving toward an approach that measures carbon benefits of reduced usage and the beneficial aspects of electrification to better align with the goals of this bill and provide additional flexibility as technology, standards and policies evolve.

Pepco and Delmarva Power agree that encouraging the growth of EVs is critically important because transportation is the largest contributor to greenhouse gas emissions in Maryland. In addition, transforming the transportation sector to one that is fueled by electricity has immediate local air quality and public health benefits, particularly for those communities that live closest to high volume transportation corridors, bus routes and bus depots, etc. SB926 recognizes the importance of reducing emissions in the transportation sector by setting several targets that will help advance transportation electrification in the state. In 2013, along with nine other states, Maryland signed a memorandum of understanding on Zero-Emission Vehicle programs. The MOU sets forth a target of 300,000 zero-emissions vehicles in Maryland by 2025. More recently, on January 16, 2019, the PSC approved a five-year electric vehicle (EV) charging infrastructure pilot program that will be implemented by four of the state's largest electric utilities. Pepco and Delmarva Power are implementing this pilot program through our EVSmart Program which will help Maryland progress to the state's Air Quality and Chesapeake Bay goals. The EVSmart Program provides rebates, tools and information to help customers make more informed decisions when it comes to making the transition to a cleaner transportation option. SB926 will complement the EVSmart Program and encourage use of electric vehicles in Maryland.

We look forward to working with the sponsors and key stakeholders on SB926 in order to ensure the bill achieve its goals, effectively, efficiently and affordably. We believe additional discussion is warranted on several provisions, in order to provide clarity and accurate emissions reductions accounting as it relates to the targets set forth in the bill and implementation of the bill.

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