



Larry Hogan, Governor  
Boyd K. Rutherford, Lt. Governor  
Mary Beth Tung, Director

**TO:** Members, Senate Finance Committee  
**FROM:** Mary Beth Tung – Director, MEA  
**SUBJECT:** HB0030 - Office of People's Counsel - Alterations (Office of People's Counsel Environmental Reform Act)  
**DATE:** March 23, 2021

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**MEA Position: Letter of Concern**

Our mission at the Maryland Energy Administration (MEA) is to promote affordable, reliable, and cleaner energy that benefits *all* Marylanders. Our programs and policies help lower energy bills, support business energy upgrades, support a cleaner environment, and promote energy independence for the State.

As amended, House Bill 30 will dilute the mission of the Office of People's Counsel (OPC). The mission of the Maryland Office of People's Counsel (OPC) is to represent Maryland's residential utility consumers. However, environmental interests and the interests of ratepayers are often mutually exclusive. Maryland's most significant efforts to promote clean energy and energy efficiency carry hefty price tags, and those costs are ultimately borne by citizens and ratepayers.

Maryland has instituted and occasionally amended a Renewable Portfolio Standard (RPS). The RPS carries with it a cost of compliance, as energy suppliers are required to purchase a certain amount of Renewable Energy Credits (RECs) to comply with the statutory mandates of the program. Over the last 5 years alone, this cost to ratepayers was \$553,287,674<sup>1</sup>. The statutory EmPOWER Maryland program requires participating electric companies to procure energy savings year-over-year. This program is cost effective, but again, the costs are ultimately borne by ratepayers. The cost recovery mechanism in EmPOWER Maryland has undergone little substantive changes over the years, resulting in escalating costs. The total amount accrued, including interest is now in excess of \$820 million.

To iterate, MEA is highly supportive of efforts to reduce energy consumption and increase energy efficiency and generation, especially generation that is clean and environmentally beneficial. The Maryland Department of the Environment (MDE), Department of Natural Resources (DNR), and others work hard to minimize environmental impacts from the energy sector. The Department of Housing and Community Development spurs progress through its EmPOWER Maryland Low Income Energy Efficiency Program, and MEA also works diligently in the EmPOWER Maryland program proceedings to ensure continued success.

At the same time, MEA takes into account the costs to ratepayers - particularly during the economic hardships created by the COVID-19 pandemic - and the long-term impacts that the

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<sup>1</sup> Total cost of RECs 2015-19, Maryland Public Service Commission, Renewable Energy Portfolio Standard Report: With Data for Calendar Year 2019

costs of these and other programs can have on Maryland's most vulnerable. However, under current law residential ratepayer impact is *the sole mission of OPC*. It is unclear how the OPC will be in a better position than MDE and DNR to determine environmental impacts, thus this requirement appears both confusing and duplicative. MEA believes that this committee should carefully weigh the impacts that House Bill 30 will have on this mission and the mission of other state agencies.

The full MEA Empower Program Cost Analysis is attached for reference, and MEA urges the committee to consider it and the foregoing before issuing its report.