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BILL NO.: **House Bill 30 - Office of People's Counsel –
Alterations (Office of People's Counsel
Environmental Reform Act)**

COMMITTEE: **Finance**

HEARING DATE: **March 23, 2021**

SPONSOR: **Delegate Korman**

POSITION: **Favorable**

The Maryland Office of People’s Counsel (OPC) supports House Bill 30: Office of People’s Counsel Environmental Reform Act. The interests of Maryland citizens in the environment and mitigating climate change should be represented in Public Service Commission (Commission) matters. State policy needs to accommodate both consumer and environmental considerations; State advocacy before the Commission on residential customer matters should reflect—and reconcile where necessary—consumer and environmental goals. Although we think OPC’s current mandate calls on it to represent the environmental interests of residential customers, legislation is appropriate and necessary to make OPC’s mandate explicit and provide the resources for OPC to be effective in that effort.

Current law (Public Utility Code § 2-204) mandates that OPC evaluate and protect the “interests of residential” utility customers. To protect those interests, OPC is authorized to participate in Commission proceedings “on the rates, service, or practices of a public service company.” Unquestionably, the practices of public service companies affect the environment and climate change—which in turn affects utility residential customers. As the General Assembly has found, “[g]reenhouse gases are air pollutants that threaten to endanger the public health and welfare of the people of Maryland” and “[g]lobal warming poses a serious threat to the State’s future health, well-being, and

prosperity.” Environment Art. § 2-1201. Residential customers thus have a compelling interest in mitigating the environmental, health and societal costs of climate change.

Despite the connection between the environment and residential customer interests, consumer advocate offices across the country historically have not fully embraced environmental protection and climate change mitigation as part of their consumer protection mandates. Many state consumer advocate offices—like OPC—were created years ago to address rate issues at a time when there was less environmental awareness and before there was broad scientific consensus on the science behind climate change. Times have changed, and today OPC is committed to incorporating the interests of Maryland citizens in mitigating climate change and environmental protection into its advocacy. Importantly, HB 30 clarifies existing law regarding what should be considered as far as interests of Maryland residential customers and ensures OPC has the resources to further those interests.

Regulatory policy can—and must—simultaneously further the interests of consumers in both environmental protection and cost-effectiveness. The best policy solutions will further the goals of mitigating climate change, promoting consumer welfare, and protecting consumers from monopolistic, anti-consumer, and anti-competitive practices of energy companies. Current State law requires that these goals be compatible. In setting Maryland’s greenhouse gas reduction goals, the General Assembly mandated that the climate goals be “implemented in an efficient and cost-effective manner” that do not “disproportionately impact rural or low-income, low- to moderate-income, or minority communities or any other particular class of electricity ratepayers.” Environment Art. § 2-1206. Further, Maryland law requires that State plans to reduce greenhouse gas emissions “do not decrease the likelihood of reliable and affordable electrical service” and “[c]onsider whether the measures would result in an increase in electricity costs to consumers in the State.” *Id.* HB 30 thus codifies the current state of Maryland law into the People’s Counsel’s work.

Maryland OPC’s efforts to combat climate change require resources. The modifications to OPC’s statute—and any expectations for OPC to significantly expand its work—must be accompanied by an increase in OPC’s resources. While OPC’s impact is high relative to its resources, its resources are small relative to the private interests that participate in applications, hearings, working groups and other matters before the Commission. HB30 provides the necessary resources to include a robust environmental mission. The bill increases the statutory budget cap for OPC; that cap establishes the outer limit of OPC’s budget. Last year the Commission’s statutory budget cap was increased, but OPC’s budget cap was untouched, even though OPC’s workload increases proportionately with the Commission’s workload. HB 30 would increase OPC’s cap in the same proportion as the Commission’s budget cap was raised last year. We believe that this increase would be sufficient to cover OPC’s resource needs under HB 30.

OPC strongly supports the HB30, as amended by the House, to its authorizing statute. The bill will remove any doubt about OPC's mission, reconcile its historical mandate with the present environmental crisis, and make its role consistent with State policy.

Recommendation: OPC supports House Bill 30.