



February 15, 2022

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**Oppose – Senate Bill 528
Climate Solutions Now Act of 2022**

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) oppose **Senate Bill 528 Climate Solutions Now Act of 2022**. Senate Bill 528 would establish a greenhouse gas emissions reduction target of 60% by 2030 and net-zero statewide greenhouse gas (GHG) emissions by 2045. The bill also seeks to develop energy efficiency and electrification requirements for both state- and privately-owned buildings. The bill would require that all newly constructed buildings be electric ready and would not permit heating via fossil fuels after 2022.

As part of the Exelon family of companies, Pepco and Delmarva Power joined Exelon's ongoing commitment to protect the environment and take actions to address climate change. In 2021, Exelon announced a new goal targeting a reduction in GHG emissions of at least 50% below 2015 levels by 2030, and net zero emissions by 2050. At Pepco and Delmarva Power, we are working to align our operations, grid investments, and customer product offerings and services with Maryland's climate change and clean energy goals. This means reducing our own GHG emissions from operations on a trajectory that meets or exceeds the state's reductions goals and working to inform and advocate for policies and processes that enable further decarbonization. Additionally, we strive to support our customers and the larger community by providing the tools, programs and resources needed to enable the transition to a more equitable and inclusive clean energy future and greater resilience in the face of a changing climate. In order to drive down GHG emissions to the level necessary to avoid the worst impacts of climate change, actions must be taken to decarbonize all sectors of the economy, while advancing efficiency, resilience, equity, inclusion and innovation.

Pepco and Delmarva are supportive of efforts to decarbonize Maryland. However, Senate Bill 528 advances Maryland's efforts to decarbonize, however, the details and timeline set forth in the bill will be difficult to implement and likely cost customers more money than would a longer-term, deliberate plan to decarbonize that accounts for equity and affordability. The timeframe in this

bill will require real estate developers to modify electric needs, which have been incorporated into existing planning to ensure safe and reliable service. The timeframe outlined in this bill is not sufficient to receive new interconnection requests from these customers, re-engineer interconnections, analyze modifications to planned investments, and implement new investments. Further, the impact on new investment needs may be considerable in fast growing areas of the system, and ongoing supply chain delays, as well as siting and permitting issues will likely slow the progress of emerging projects. Pepco and Delmarva Power, as the electric distribution companies, will need to plan for, invest in, and build these upgrades to ensure a reliable system for customers and to ensure the system can adapt to increased electrification. Additionally, without participation from the electric distribution companies in any task force planning processes for a transition to all electric distribution the aforementioned items will likely not be taken into account.

From an economic development perspective, Pepco and Delmarva Power are currently in discussions in all parts of our service territory with a variety of developers evaluating bringing business to Maryland. Discussions have included the construction of warehouses and data centers, as well as support for offshore wind manufacturing. States aggressively compete with one another to bring jobs and revenue that ultimately result in an improved quality of life for the communities they serve. Senate Bill 528 lays out a compressed time frame for Pepco and Delmarva Power to convert and prepare our system for all electric distribution and this will likely impact the decisions of these developers, who would undoubtedly bring economic opportunities to Maryland, to consider other jurisdictions with less restrictive policies.

For the above reasons Pepco and Delmarva Power respectfully request an unfavorable vote on Senate Bill 528.

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