



February 25, 2022

112 West Street
Annapolis, MD 21401

**Oppose – House Bill 831
Reducing Greenhouse Gas Emissions - Commercial and Residential Buildings**

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) respectfully oppose **House Bill 831 Reducing Greenhouse Gas Emissions - Commercial and Residential Buildings**. House Bill 831 would require the Department of the Environment (MDE) to establish building emissions standards for covered buildings that achieve 20% reduction in direct building emissions on or before January 1, 2030 from 2025 levels or an alternate baseline of not earlier than 2020 under certain circumstances, and net-zero direct building emissions on or before January 1, 2040. It would require MDE to require owners of covered buildings to measure and report direct emissions to MDE annually beginning in 2025 and establish the Building Energy Transition Implementation Task Force to study and make recommendations regarding the development of complementary programs, policies and incentives aimed at reducing GHG emissions from the building sector.

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 through Exelon's Path to Clean. In 2021, Exelon announced a new goal targeting a reduction in operations-driven 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 to advance Maryland's state and country 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 such as EmPower 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. House Bill 831 advances Maryland's efforts to decarbonize, however, the details and timeline set forth in the bill will be difficult to implement from an operational readiness perspective 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 infrastructure projects needed to support the move to electrification. 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.

For example, this body should consider whether an integrated delivery energy network may offer a more cost-effective means to reach Maryland's ambitious climate goals. Four key tools to consider, which can be facilitated by this integrated delivery energy network, are electrification, further work on energy efficiency, integration of clean energy sources to the transmission and distribution system and introduction of clean fuels, such as hydrogen or renewable natural gas. This integrated approach can provide opportunities to reduce cost increases, maximize equity and provide flexibility for future economic development.

Finally, the task force specified in the bill should include utility representatives and in fact, should include a representative from each utility that is willing to participate. Each utility distribution system will be impacted differently depending on whether customers within the service territory are utilizing fossil fuels for their heating needs or utilizing other sources (geothermal, electric heat pumps, etc.).

Pepco and Delmarva Power are committed to proactively addressing climate change through our Path to Clean and partnering with our key stakeholders, the communities we are privileged to serve, the State, the legislature, the Public Service Commission and others to create a cogent, integrated plan for decarbonization on a timeline that is achievable.

For the above reasons Pepco and Delmarva Power respectfully request an unfavorable vote on House Bill 831.

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