



HoCoClimateAction.org
Howard County, Maryland

**Testimony on SB423 - Natural Gas - Strategic Infrastructure Development and Enhancement -
Surcharge and Plans (STRIDE Act of 2022)**

Hearing Date: February 15, 2022

Bill Sponsor: Senator Hayes

Committee: Finance

Submitting: Ruth White for Howard County Climate Action

Position: Oppose

[HoCo Climate Action](#) -- a [350.org](#) local chapter and a grassroots organization representing more than 1,450 subscribers, strongly opposes SB423 - Natural Gas - Strategic Infrastructure Development and Enhancement - Surcharge and Plans (STRIDE Act of 2022).

This committee is hearing testimony on a bill we strongly support, SB528 the Climate Solutions Act of 2022. As climate activists we are encouraged by its provisions to electrify new buildings and work toward decarbonization of existing buildings, provision inspired by Maryland Commission on Climate Change's Building Transition Report ([here](#) and [here](#)).

We realize that as more and more buildings in the state are electrified, the use of gas and the need for gas pipelines will decrease. Maryland does not yet have a Public Service Commission process to plan for the gradual reduction of gas usage in Maryland. Some other states have already begun such planning.

Meanwhile, we need a spotlight on the STRIDE program to ensure that the cost and operation of the STRIDE program remains very transparent. Customers pay into the program through a surcharge on their bills and need to know how much that is and how much this program costs. Under SB423, costs would move from the STRIDE surcharge to base rates automatically without any quantitative or qualitative review. Therefore stakeholders could not review Stride costs before they are included in a utility's rate base.

Utilities are collecting a large amount of money over many years. This program has continued unexamined. The utilities claim the STRIDE program is needed for safety, but it is not clear that the vast amount of money collected has made the system more safe. We agree that dangerous leaks should be repaired, but we do not agree every pipe in the state needs to be replaced. We need a process to determine the scale of work needed. The State needs a process to plan for the day in Maryland when the building stock has been decarbonized and the gas distribution system is no longer required.

The Committee should require the Commission to perform a study to quantify and examine the STRIDE program and to assess whether the program should continue or, if continued, whether the program needs to be altered to ensure that ratepayers are benefitting from the program.

One issue to be examined is whether STRIDE actually provides the wrong incentive. Repairing gas infrastructure often is a lower-cost alternative to replacement.

Because STRIDE only allows accelerated cost recovery for capital projects that earn a return, it has further disincentivized utilities from repairing pipes rather than replacing them. Any study should examine this disincentive and determine if the utilities are making unwarranted replacements when repairs would be sufficient and less costly.

Finally, any study should examine how STRIDE shifts the significant risk to ratepayers of substantial climate-induced stranded costs. Reducing gas use in buildings will ultimately lead to a reduction in the gas customer base and a diminished need for the state's gas infrastructure.

"Stranded" gas assets can complicate the effort to transition the state away from excessive reliance on gas and its incompatibility with Maryland climate goals. At the core of these complications are potential reductions in overall utility investment, and rate increases for remaining gas customers.

The STRIDE law should not be permitted to exacerbate this dilemma. Based on Maryland's public policy goals, Maryland should recognize that future investments in new replacement infrastructure is no longer prudent.

We need a study to assess whether STRIDE should continue at all or whether the STRIDE program should be significantly scaled back to avoid excessive stranded costs in the future. Given the building electrification that we advocate for, we must start planning for replacing the entire gas infrastructure by 2040, a year that seems distant but is approaching. In the context of the need for rapid action to meet the Maryland Climate target, we need to rethink the STRIDE program. This bill is a step in the wrong direction.

Howard County Climate Action opposes Senate Bill 423 and requests an unfavorable committee report.

HoCo Climate Action

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