



March 2, 2023

112 West Street
Annapolis, MD 21401

Favorable – House Bill 1035 Electric Companies, Gas Companies, and the Department of Housing and Community Development - Energy Efficiency and Conservation Plans

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) support *House Bill 1035 Electric Companies, Gas Companies, and the Department of Housing and Community Development - Energy Efficiency and Conservation Plans*. House Bill 1035 would require each electric company, electric and gas company and the Department of Housing and Community Development (DHCD) to procure or provide for customers or individuals in the state energy efficiency, conservation, and greenhouse gas (GHG) emissions reduction programs and services to encourage and promote the efficient use and conservation of energy in support of GHG emissions reduction goals and targets set by the State. The bill also requires the Public Service Commission (PSC) to oversee the program submissions from the above-mentioned entities.

In 2017, the Maryland General Assembly enacted legislation which updated the electricity savings goals for the EmPOWER Maryland Program and extended the program through 2023. With the current program cycle ending this year, legislation is necessary to continue Maryland's successful EmPOWER program. In 2020 the Public Service Commission (PSC) established the Future Programming Work Group (the "Work Group") to aid the PSC in answering the directives outlined by the General Assembly's 2017 legislation. After soliciting proposals from the EmPOWER stakeholders, and in consultation with the Commission's technical staff, on March 3, 2021, a proposed plan and timeline was filed setting forth a schedule to address topics. The Work Group's 28 virtual meetings were well attended with between 35 to 75 individuals participating at each meeting. All stakeholders had ample opportunities to express their views, both verbally and in writing, on each topic and to question/respond to all stakeholders' proposals. There were also numerous meetings with a smaller number of stakeholders held outside of the Work Group's scheduled meetings in an effort to reach agreement on various issues. The Work Group consisted of all relevant stakeholders, PSC Staff, the Maryland Energy Administration, Office of People's Counsel, and the utilities, to name a few, and put forth recommendations in a report for the future of EmPOWER program to the General Assembly on July 1, 2022.

Pepco and Delmarva Power support House Bill 1035 because the legislation establishes the PSC's authority to set greenhouse gas reduction targets for the EmPOWER program sufficient to support the State's existing 60% by 2031 and net zero by 2045 goal. The provisions in the legislation include all of the consensus items agreed to by the Work Group members during a PSC led process. Unlike the other version of this legislation, this bill allows the PSC, through a regulatory process, the flexibility and discretion to look at and analyze the program designs offered by the utilities and ensure cost-effectiveness and prevent exorbitant costs to Maryland ratepayers. The PSC will also ensure that any programs utility companies may offer have projected and verifiable energy efficiency, conservation and GHG emission reductions for each affected customer class. As we consider all tools in the toolbox to meet Maryland's aggressive greenhouse gas reduction targets, including an equity and affordability lens to the analysis is imperative.

For the reasons stated, Pepco and Delmarva Power respectfully request a favorable report on House Bill 1035.

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