



March 2, 2023

112 West Street
Annapolis, MD 21401

OPPOSE – House Bill 904 Public Utilities- Energy Efficiency and Greenhouse Gas Emissions Reductions- Alterations and Requirements

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) respectfully oppose *House Bill 904- Public Utilities- Energy Efficiency and Greenhouse Gas Emissions Reductions- Alterations and Requirements*. House Bill 904 would alter the goals and requirements of energy efficiency programs under the EmPOWER program (the program) to include targeted greenhouse gas emissions reductions from electric companies and gas companies beginning January 1, 2024. The bill would also require the EmPOWER Maryland Program to provide consumer rebates, and promote the use of federal rebates, for various technologies, and lastly the bill would require the Department of Housing and Community Development (DHCD) and electric utilities to promote fuel switching from gas to electricity.

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.

While House Bill 904 is laudable, Pepco and Delmarva Power have concerns with certain provisions in the bill that were not part of the consensus items agreed to by the work group, which included all relevant stakeholders, at the PSC). House Bill 904 sets an annual incremental target for savings at 2% each year with a cumulative impact of 14% by 2031, without regard to cost effectiveness, customer affordability and equity of the programs. EmPOWER was designed with a robust PSC process in place to minimize the impact of the program's expenses on customers and ensure programs are cost effective. While Pepco and Delmarva Power want to partner with the State to meet its climate goals and continue to provide our customers with safe and reliable service, we are concerned the specificity in this legislation could have unintended consequences to customers. Pepco and Delmarva Power believe that the PSC should have more flexibility and less constraints to set the incremental greenhouse gas reduction targets and program designs for the EmPOWER program. The more prescriptive the targets and program designs are the more challenging it will be for the programs to deliver desired results.

For the reasons stated, Pepco and Delmarva Power respectfully request an unfavorable report on House Bill 904.

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