



CLIMATE COALITION

Montgomery County, MD

Committee: Economic Matters Committee

Testimony on: HB0731 - Natural Gas - Strategic Infrastructure Development and Enhancement
(Ratepayer Protection Act)

Organization: Climate Coalition Montgomery County MD

Submitting: Kevin Walton, Member

Position: Favorable

Hearing Date: February 29, 2024

Dear Chair and Committee Members:

Thank you for allowing our testimony today in support of HB0731. The Climate Coalition Montgomery County, consisting of organizations focused on the climate and environment, urges you to vote favorably on HB0731.

HB0731 amends the current STRIDE law. While the bill continues to allow utilities to receive accelerated cost recovery for qualifying gas infrastructure investments, it limits these investments to replacement projects that address aging pipes with the highest risk for failure. The bill also reduces customer rates by requiring gas utilities to use less costly alternatives than replacement where appropriate. Importantly, it aligns long-term gas infrastructure management with State climate policy and lowers the risk of locking in fossil fuel infrastructure investments that are likely to become uneconomic and stranded.

The Problem

The current STRIDE law, allowing utilities to receive accelerated cost recovery for qualifying gas infrastructure investments, fails to require utilities to prioritize pipe replacement based on the severity of safety risks. As such, the gas utilities are using STRIDE to make large investments in gas infrastructure, predicted to be in the tens of billions of dollars and resulting in excessive rate increases for customers. Additionally, STRIDE was enacted before technological advances made electric appliances a competitive long-term alternative to gas appliances. Based on these advances, building electrification is being promoted in policies from both the federal government and the State of Maryland (such as the Inflation Reduction Act and the Climate Solutions Now Act, respectively). Thus, STRIDE fails to account for the substantial risks of stranded investments as buildings, both residential and commercial, move away from gas towards electrification. For example, the 2021 Building Energy Transition Plan, issued by the

Maryland Commission on Climate Change, notes that gas consumption in buildings is projected to decrease between 62 and 96 percent by 2045.

The Solution

HB0731 addresses these issues by realigning the focus of STRIDE to projects based on risk to the public and cost-effectiveness. This will include an analysis that compares cost of replacement with alternatives such as leak detection and repair or the targeted retirement of portions of the gas system in conjunction with electrification. Importantly, the Climate Solutions Now Act requires the state to reach net-zero greenhouse gas emissions by 2045. This amendment to STRIDE updates the program to align with this goal and will also save utility customers money over the coming decades. Therefore, we recommend a **FAVORABLE** report for HB0731 in committee.

Respectfully,

Kevin Walton
for the Climate Coalition, Montgomery County

Climate Coalition Member Organizations

350 Montgomery County
ACQ Climate (Ask the Climate Question)
Biodiversity for a Livable Climate
Chesapeake Climate Action Network
Elders Climate Action
Environmental Justice Ministry Cedar Lane Unitarian Universalist Church
Environmental Study Group
Friends of Sligo Creek
Green Sanctuary Committee of the Unitarian-Universalist Church of Silver Spring
Montgomery Countryside Alliance
Montgomery County Faith Alliance for Climate Solutions
One Montgomery Green
Poolesville Green
Transit Alternatives to Mid-County Highway Extended/M-83 (TAME)
The Climate Mobilization Montgomery County
Takoma Park Mobilization Environment Committee (TPMEC)
Zero Waste Montgomery County