



Testimony to the House Economic Matters Committee
HB 731 – Natural Gas – Strategic Infrastructure Development and Enhancement
(Ratepayer Protection Act)
Position: Favorable

The Honorable C.T. Wilson
House Economic Matters Committee
251 Lowe House Office Building
Annapolis, MD 21401
cc: Members, House Economic Matters Committee

Feb. 29, 2024

Honorable Chair Wilson and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a non-profit group that works to protect Maryland consumers and secure safety, transparency, and fair treatment of Maryland drivers and car buyers.

We support **HB 731** because it makes important revisions to Maryland's STRIDE Act that should protect Maryland consumers against getting stuck with exorbitant "stranded costs" for ongoing, large-scale investments in natural gas infrastructure. These costly, ill-focused investments reflect the polluting practices of the past and are not consistent with our state's contemporary climate and greenhouse gas reduction goals.

The Abell Foundation's December 2023 report on "The Trouble with STRIDE" starkly explains our current problem, noting that the state's gas suppliers:

*are engaged in a decades-long, state-sanctioned gas infrastructure spending spree that directly contradicts Maryland's legislatively-mandated climate goals and threatens to saddle a dwindling number of ratepayers with billions in costs for decades to come, with the impacts likely disproportionately felt by those least able to afford them.*¹

The broad-brush character of our existing STRIDE law is central to the problem here. The law is intended to encourage reinvestment in our aging gas infrastructure by accelerating cost recovery for such investments. But the existing law doesn't do nearly enough to focus those investments on projects that are cost-effective, genuinely needed to protect public safety, and consistent with the need to move away from fossil fuel use to address the climate change crisis.

As a result, it works to encourage large and perhaps unnecessary gas infrastructure investments – and leaves ratepayers very quickly paying more to compensate our regulated utilities for their costs. The \$408 million rate hike the Public Service Commission approved for BGE in December – which largely goes to cover BGE's accelerated gas infrastructure investments -- is a troubling

¹ https://abell.org/wp-content/uploads/2023/12/2023_Abell-Foundation_Climate-Policy-report_1-7mm.pdf



example. Unless we change the law, the price increases customers in the Baltimore area will pay over the next three years are likely just the tip of the iceberg.

HB 731 makes important changes to the law to focus gas infrastructure investments more wisely. It requires a project plan submitted to the PSC to show that the company has given priority to projects that address genuine safety risks and that its cost compares favorably to other ways of solving the problem. It mandates that the PSC only approve such a project if it finds it is:

- Required to improve the safety of the gas system.
- Consistent with our work to reduce the use of natural gas to achieve climate goals
- Consistent with the availability of alternative energy sources.

These changes still allow accelerated costs recovery for projects genuinely needed to protect the safety of our gas delivery system. But should also discourage unnecessary investments likely to become expensive millstones for ratepayers and reduce costs by requiring utilities to use less costly approaches than pipe replacement when those alternatives are appropriate.

At the same time, they will encourage our much-needed transition to alternative, cleaner energy sources and to help move Maryland toward meeting our critical climate goals.

We support HB 731 and ask you to give it a FAVORABLE report.

Sincerely,

Franz Schneiderman
Consumer Auto