



Bill No: HB 731— Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)

Committee: Economic Matters

Date: 2/29/2024

Position: Favorable

The Apartment and Office Building Association of Metropolitan Washington (“AOBA”) submits this testimony in support of House 731. AOBA members own or manage approximately 20,132,291 million square feet of commercial office space and over 324,458 apartment units in the State of Maryland. Our members are served on a mixture of Washington Gas Light Company’s (“WGL”) distribution non-residential rate schedules, i.e., Commercial and Industrial, Group Metered Apartment and Interruptible rate schedules. AOBA members also receive gas distribution service from Baltimore Gas and Electric Company (“BGE”) under non-residential rate tariffs.

As explained below, HB 731 benefits AOBA members (and all Maryland natural gas customers) by augmenting the reporting requirements attached to the Strategic Infrastructure Development and Enhancement Plan or “STRIDE.” Under STRIDE, Maryland natural gas utilities are authorized to recover the cost of replacing aging and deteriorating pipelines and related services on an accelerated basis. Specifically, HB 731 improves the current legislation authorizing STRIDE by mandating that any “Plan” submitted by a natural gas utility seeking cost recovery for a proposed infrastructure replacement project include:

- a project description, including the project’s “expected useful life”;
- a demonstration that the company has selected and “given priority to projects “based on the risk to the public and cost-effectiveness”;
- an “analysis” of “alternatives to replacement”; including leak detection and repair and the targeted retirement or abandonment of portions of the gas system in conjunction with electrification; and
- notice to customers “affected by proposed projects at least 2 years in advance of construction”;

Importantly, HB 731 also marries the promotion of gas infrastructure projects to Maryland's climate policy, specifying that Commission approval include a finding that the Plan will "improve the safety of the gas system after consideration of alternatives to replacement" and is "consistent with the need to reduce the use of natural gas in light of State Climate Policy" and is consistent with the "projected availability and cost-effectiveness of natural gas alternatives."

AOBA supports adoption of HB 731. The legislation, as proposed, will enhance consumer protection by placing a renewed emphasis on pipeline system safety. Consistent with the State's climate policy, the legislation will also reduce the consumption of natural gas by forcing State public utilities and the Maryland Public Service Commission to consider "alternatives" to both the replacement of gas infrastructure and the use of natural gas, as well as cost-effectiveness of any such alternative(s). HB 731 will also help lower the risk of Maryland ratepayers spending on uneconomic capital assets that may become stranded in the future as the State moves towards electrification. The adoption of HB 731, thus, will not only improve pipeline safety, but will promote the reduction of natural gas consumption and the conservation of energy resources as well.

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