



AN EXELON COMPANY

## Position Statement

Oppose  
Economic Matters  
2/29/2024

### House Bill 864 – Energy Efficiency and Conservation Plans

Baltimore Gas and Electric Company (BGE) opposes *House Bill 864 – Energy Efficiency and Conservation Plans*. House Bill 864 would require all gas and electric utilities and the Department of Housing and Community Development to alter existing energy efficiency and conservation programs to utilize greenhouse gas (GHG) reduction as the new performance metric at this time. While BGE is supportive of the change from a reduction in electricity consumption to a reduction in GHG emissions to reach the ambitious goals of the Climate Solutions Now Act, this bill presents several technical concerns along with affordability concerns for ratepayers.

The Maryland Public Service Commission (PSC) recently approved programs for BGE's 2024-26 EmPOWER cycle after completing a transparent, collaborative, and thorough review process involving all interested parties. The new programs went into effect on January 1, 2024. The filing of the next three-year cycle will take place in September 2026, which would be the appropriate time for utilities to present new program(s) under House Bill 864 that are designed to achieve the GHG emissions reduction targets that the PSC must first establish for each utility. This allows sufficient time for research, analysis, and case studies to ensure the program is optimized for success at the most affordable price to customers. In addition, the Commission required utilities to incorporate a new requirement that 80% of programs be behind-the-meter and 20% be in-front-of-the-meter, which aligns with the caps specified in House Bill 864. However, the PSC should have the discretion to approve including GHG reductions from Community Programs, as defined in this bill.

In July 2022, the PSC provided a report to the General Assembly where it recommended that the General Assembly adopt a GHG abatement goal stating that a goal based on reducing overall electricity sales no longer aligns with the needs of the state. Shifting from a MWh energy savings goal to a GHG abatement goal was a consensus item among all parties involved. An appropriate time to revise goals to further support of the Climate Solutions Now Act would be when the Maryland utilities develop their 2027-2029 EmPOWER Maryland programs. The timelines for reporting and plan development should align with the long-standing EmPOWER Maryland cycle requirements.

The subject of rate affordability remained a top focal point for BGE, the PSC and all parties involved throughout the most recent EmPOWER regulatory process. BGE continues to advocate for practical ratemaking alternatives to keep energy bills as affordable as possible for customers. House Bill 864 eliminates the PSC's discretion to find these solutions since it dictates the manner in which the EmPOWER costs are recovered from customers. **Under the current transition of EmPOWER to expensing, the monthly residential surcharge is expected to more than triple by 2026 to almost \$29 per month and the monthly commercial surcharge is expected to increase more**

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.2 million electric customers and more than 655,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC).

Charles Washington | Brittany Jones | Guy Andes | Dytonia Reed | 410.269.5281



AN EXELON COMPANY

## Position Statement

**than six-fold by 2026 compared to the 2023 EmPOWER surcharges.** Severe spikes in the EmPOWER surcharge on customer bills risk eroding public support for the entire EmPOWER Maryland program. House Bill 864 inappropriately prevents the PSC from exercising agency discretion to consider surcharge impacts on customers when determining how to fund EmPOWER programs. BGE strongly urges the General Assembly to keep the PSC empowered to make these decisions given their expertise, closeness to real-time changes in EmPOWER costs and customer bills, and broader view of the expected costs necessary to achieve the state's energy transition.

The PSC has created a work group that includes many stakeholders to further investigate the drastic surcharge increases in efforts to find alternative solutions. The work group's report is due on July 1, 2024, which is another justification to pause further legislative action. It is critical to keep the regulatory authority empowered to take actions such as those that might stem from the work group's report to best support Maryland energy customers.

BGE respectfully requests an unfavorable report on House Bill 864. We look forward to continuing discussions with the bill sponsors and other vested parties so that, together, we can achieve the Climate Solutions Now Act goals in the most economical way possible.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.2 million electric customers and more than 655,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC).

Charles Washington | Brittany Jones | Guy Andes | Dytonia Reed | 410.269.5281