



HB 731 – Natural Gas – Strategic Infrastructure Development and Enhancement
(Ratepayer Protection Act)

House Economic Matters Committee
February 29, 2024

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Position: Support

Mr. Chairman and Honorable Members of the Committee:

Advanced Energy United ('United') writes to request a favorable report on HB 731, which would modify the Strategic Infrastructure Development and Enhancement (STRIDE) Program to prioritize the highest risk gas pipelines and to consider less costly alternatives for the replacement of gas infrastructure.

United is a national industry association that educates and advocates for policies that allow our member companies to compete to repower our economy with clean, reliable, and affordable energy. We represent over 100 businesses working across the energy sector, including large-scale and distributed renewables, geothermal, energy storage, energy efficiency, transmission developers, electric vehicle (EV) manufacturers, charging infrastructure providers, and more.

As you are aware, in 2013, the state legislature enacted the Strategic Infrastructure Development and Enhancement Plan or STRIDE law, which allows gas utilities in the state to charge customers more every month to accelerate the cost recovery of replacement of certain aging pipelines. Under this program, gas utilities in the state plan to spend upward of \$4.7 billion on fossil-fuel infrastructure over the next 20 years, which is not expected to be fully recovered (i.e. taken off of customer bills) until 2100.¹

¹ Office of People's Counsel, Executive Summary of Gas Utility Spending Report (October 2022). Available at: <https://opc.maryland.gov/Portals/0/Files/Publications/Consumer-Learning/Executive%20Summary%20on%20GasUtilitySpending%20Executive%20Summary%2010-5-22.pdf?ver=kwkREqDHbyQHFUGVoEIl2g%3d%3d>

The continuation of this wholesale replacement program – without deeper project-by-project scrutiny for need – is not only more expensive for Maryland ratepayers, but ties the state for decades to a fossil fuel system that is inconsistent with Maryland’s broader state energy policy goals in accordance with significant legislation such as the Climate Solutions Now Act of 2022 (CSNA). Additionally, as homeowners and businesses take advantage of federal incentives like the Home Efficiency Rebates and the Home Electrification and Appliance Rebate Programs to increase their buildings’ energy efficiency and move toward electrification, fewer and fewer customers will be left to foot the bill of these fossil fuel infrastructure investments. Business as usual exposes the state to stranded asset risks that are only increasing year to year.

United strongly supports having the Public Service Commission give more individualized attention to gas pipeline replacements, as opposed to an accelerated and nearly automatic approval process, so that projects absolutely necessary for safety and reliability are completed in a timely manner. A more thoughtful process can also identify where system needs may be addressed with clean energy investments better aligned with state policy goals (“non-pipeline alternatives”). This may include a range of distribution system technologies, software, and services not traditionally prioritized within these pipe replacement programs, but that may enhance the safety, tracking and data accuracy, and utility visibility into the gas system to prepare for future needs, including gas demand response and gas system shrinkage.

The Ratepayer Protection Act would modify the STRIDE program to prioritize the highest risk pipes actually in need of investment, while also considering lower-cost alternatives to full pipe replacement. This is a significant and overdue reform, requiring Maryland’s gas utilities to ensure, first and foremost, that gas infrastructure spending is cost effective for its customers, while giving state regulators such as the Public Service Commission more tools at its disposal to review gas utility spending and determine what is in the best interest of the Maryland ratepayer, especially given the state’s clean energy and decarbonization goals. United supports this effort to ensure that ratepayer dollars are spent prudently.

Advanced Energy United requests a favorable report on HB 731.

