

Letter of Information
Economic Matters
2/8/2024

House Bill 518- Public Service Commission – Performance-Based Regulations –Study

Baltimore Gas and Electric Company (BGE) appreciates this opportunity to provide informational comments on *House Bill 518- Public Service Commission – Performance—Based Regulations –Study*. House Bill 518 would require the Public Service Commission to study the feasibility of transitioning from the current utility ratemaking models to a performance-based ratemaking model.

BGE remains dedicated to providing our customers throughout Central Maryland with safe, affordable, resilient, and reliable energy.

BGE sees value in exploring alternative ratemaking models and believes that aligning State policy goals and utility rates is an important objective. A performance-based rate model is one of many tools available with the potential to balance the additional obligations of utilities to meet State policy goals while obtaining measurable benefits and providing value to customers. While BGE appreciates the objective of *House Bill 518* to study performance-based rate models and develop recommendations for any necessary legislative action, BGE has concerns that the proposed legislation would undermine the ongoing work being performed at the Maryland Public Service Commission (Commission).

The Commission has already implemented some aspects of performance-based ratemaking over time, including regulations mandating minimum reliability goals which contain penalty provisions. Further, as recently as 2019, the Commission initiated a proceeding, Public Conference (PC) 51, to assess and evaluate novel and alternative ratemaking models) and later expanded the scope to understand how best to integrate performance-based measures into an ratemaking decisions. The PC51 Workgroup identified goals and outcomes (e.g., integrating more renewable resources and energy efficiency, peak demand reductions, supporting grid modernization, etc.) that could align utility performance with State policy objectives that were not addressed through existing regulatory measures.

House Bill 518 could upend on-going Commission efforts before it has fully determined how properly constructed performance-based rates could yield public benefits over time.

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).



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Position Statement

We look forward to continuing conversations with the sponsor to ensure the appropriate rate structures to benefit our customers.

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