

Oppose
Economic Matters
2/29/2024

House Bill 731- Natural Gas – Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)

Baltimore Gas and Electric Company (BGE) opposes *House Bill 731- Natural Gas – Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)*. House Bill 731 requires gas companies to include certain descriptions, demonstrations, analyses, and notifications in filings for proposed eligible infrastructure replacement projects to the Public Service Commission (PSC). It also alters the requirements for the Commission to approve a certain infrastructure replacement plan.

House Bill 731 explicitly aims to slow the replacement of aged and leak-prone gas infrastructure and deviate from the General Assembly's intent of accelerating replacement to mitigate public safety risks and reduce greenhouse gas emissions through utility Strategic Infrastructure Development and Enhancement (STRIDE) programs. The Pipeline and Hazardous Materials Safety Administration (PHMSA), a United States Department of Transportation agency, has been very clear through the years that aging infrastructure, specifically cast iron and bare steel, needs to ultimately be eliminated from the nation's gas systems. PHMSA has issued a "call to action", various bulletins, comments, and even rulemakings that urge natural gas energy providers and States to address and replace certain materials like cast iron and bare steel. More recently, PHMSA has begun to focus on low-pressure systems. In fact, PHMSA tracks States' progress of replacing some of these materials given the safety risks. The data shows Maryland still lags behind other States, as it has been more than 1/3 slower than the national average in replacing cast iron infrastructure over the last five years, despite being recognized as having among the larger populations of cast iron. This is important because PHMSA's data confirms that more than 75% of leaks on the gas distribution system are from cast iron and bare steel piping. As the natural gas distributor for approximately 700,000 customers, BGE remains steadfast in its commitment to take proactive measures to reduce safety risks and to deliver reliable energy.

In addition to safety enhancements, gas infrastructure replacement has led to significant environmental benefits that support Maryland's Climate Solutions Now Act. BGE is currently authorized by the PSC to replace over 120 miles of outmoded pipe over 3 years, which will reduce carbon emissions by 1 million metric tons over their lifetime. It is critical to replace aged infrastructure with new durable piping to achieve a cost-effective reduction in greenhouse gas emissions. Additionally, the gas infrastructure can be used for renewable energy storage and the delivery of renewable gases derived from biogenic sources and zero-carbon electricity. An independent study conducted by Energy + Environmental Economics (E3) demonstrated that an integrated energy system is the most feasible and cost-effective path to reach net-zero greenhouse gas emissions by 2045. This position has been reinforced at the federal level with the Biden-Harris Administration launching a \$1 billion Infrastructure Law Program that aims to improve the cost-

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 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), the nation's largest energy delivery company.



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Position Statement

effectiveness of energy generation, transmission, and distribution while reducing greenhouse gas emissions. \$200 million has already been granted to utilities doing gas infrastructure replacement work.

House Bill 731 places an unrealistic requirement of notifying customers 2-years in advance before beginning a critical infrastructure replacement project so that customers can electrify their homes. BGE currently provides advance notification and works with customers who express their intent to electrify, though incredibly scarce. There is nothing preventing customers from electrifying today. As a regulated utility and trusted energy provider, we are responsible for delivering a safe and efficient energy system to all customers, including those who cannot afford to electrify. Even if there is only 1 customer on a street who is unable to electrify, BGE must maintain the gas system accordingly to deliver reliable service and to ensure public safety for all.

Finally, the Commission has docketed a proceeding (Case No. 9707) in response to the petition of the Maryland Office of People's Counsel related to near term priority actions and comprehensive long-term planning for Maryland's gas companies. Concerns about utility planning for the gas distribution systems of the future, including concerns about investments under utility STRIDE programs, are appropriate for consideration in Case No. 9707 so that a more holistic approach can be taken instead of focusing on the specific segments of the systems.

BGE remains committed to supporting the energy evolution and to helping Maryland reach its climate goals in the most affordable, efficient, and effective method possible, without compromising safety.

BGE respectfully requests an unfavorable report on House Bill 731 as introduced. We look forward to continuing conversations with the bill sponsor and all stakeholders involved.

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