



Maryland Energy Administration

TO: Chair Feldman, Vice Kagan, and members of the Senate Education, Energy, and the Environment Committee

FROM: MEA

SUBJECT: SB 548 Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)

DATE: February 15, 2024

MEA Position: FAVORABLE

This bill would amend Maryland's Strategic Infrastructure Development and Enhancement (STRIDE) law to better mitigate ratepayer impacts and align gas infrastructure replacement with the State's climate requirements, while also maintaining focus on the health and safety of Marylanders.

As it stands now, Maryland's gas utilities interpret the STRIDE law to justify millions of dollars in spending to replace miles of potentially leak-prone (not actually leaking) pipe. MEA supports utilities in their efforts to protect health, life, and property by replacing hazardous pipes. Many pipes that may be leak-prone, however, do not pose such a threat.

Utilities also have a duty to protect ratepayers and to help Maryland meet its accelerated GHG requirements. Pipe replacement spending may ultimately leave ratepayers to bear the costs of stranded gas assets as more Marylanders electrify their homes and businesses.

There is a better way to proceed. This bill is consistent with recommendations of the Maryland Commission on Climate Change¹, and the Maryland Building Energy Transition Implementation Task Force², and with testimony that the Maryland Energy Administration (MEA) and other parties filed with the Maryland Public Service Commission (PSC). In the 2023 rate cases of Washington Gas and Light Company (Case No. 9704), Columbia Gas (Case No. 9701) and Baltimore Gas and Electric Company (Case No. 9692), MEA and others urged the PSC to make sure Maryland's gas utilities focus where possible on alternatives to costly pipe replacement, such as pipe repair or targeted electrification (i.e.,

¹ Maryland Commission on Climate Change, 2023 Annual Report, Recommendation 14.

² Maryland Building Energy Transition Implementation Task Force Final Report, January 24, 2024, p.15.

assessing if a neighborhood would be better served by electrification). Currently, New York utilities are demonstrating that non-pipeline alternatives can achieve safety and cost containment in their leak-prone pipe programs. See e.g., New York State Public Service Commission, Case No. 20-G-0131.

The PSC agreed, stating that “[G]as utilities must consider all cost-effective non-pipeline alternative options available to defer, reduce, or remove the need to construct or upgrade components of their natural gas systems, and not solely pursue infrastructure replacement, in order to prudently justify their system safety and reliability spending in the future.” Order No. 90943 (CN 9704), p. 135. This bill would codify and expand on that requirement.

For the foregoing reasons, MEA urges the committee to issue a **favorable report**. Thank you for your consideration of this testimony. For questions or additional information, please contact Joyce Lombardi at joyce.lombardi1@maryland.gov or 443.401.1081.