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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony Regarding SB 548
Natural Gas - Strategic Infrastructure Development and Enhancement
(Ratepayer Protection Act)
Before the Education, Energy, and Environment Committee
On February 15, 2024

Good afternoon, Chairman Feldman, and members of Education, Energy, and Environment Committee,

I am here in enthusiastic support of Senate Bill 548, The Ratepayer Protection Act, (“SB 548”) which seeks to make modifications to the Strategic Infrastructure Development and Enhancement (“STRIDE”) law.

By way of background, the STRIDE law was enacted in 2013 aimed to encourage gas utilities to replace aging gas infrastructure by allowing accelerated recovery and profit on infrastructure investment costs. The program functions by permitting the Public Service Commission (“PSC”) to allow gas utilities to include a monthly surcharge (of up to \$2) on ratepayers’ utility bills for early recovery of the estimated costs of such projects.

The STRIDE law was enacted before significant advances in pipe leak detection technologies were commercially viable, before technological advances in electric appliances made them competitive with gas appliances, and before the State of Maryland created policies promoting building electrification, such as the Climate Solutions Now Act. Similarly, under the leadership of this committee, our state has undertaken major steps towards reducing our state’s overall greenhouse gas emissions 60% by 2031. In keeping with these goals and the developing climate in which they exist, in its 2023 Annual Report, the Maryland Commission on Climate Change (“MCCC”) called for modifications to the 2013 STRIDE law to allow for reduced ratepayer costs and to align gas infrastructure spending with state climate policy and building electrification.¹ The bill before you

¹<https://mde.maryland.gov/programs/air/ClimateChange/MCCC/Documents/MCCC%20Annual%20Report%202023/MCCC%20Annual%20Report%202023.pdf>

today encompasses these recommendations and adapts STRIDE to an energy and climate landscape that is much different than the landscape it was designed to address over a decade ago.

Senate Bill 548 is not a repeal of STRIDE. Instead, SB 548 makes modest changes to the current law to ensure that STRIDE work is only billed to utility customers where necessary and appropriate to ensure the safety of the gas system and provide consistency with state climate policy.

Under the current law, the PSC reviews STRIDE plans based on whether they are: 1) reasonable and prudent, and 2) designed to improve public safety or infrastructure reliability over the short and long term. Senate Bill 548 maintains these factors while and requires the PSC to analyze whether the investments being made are:

- required to improve the **safety of the gas system after consideration of alternatives** to replacement;
- **consistent with the need to reduce the use of natural gas in light of state climate policy**; and
- consistent with the projected availability and **cost-effectiveness of natural gas alternatives**.

These are common sense requirements that will protect customers from unnecessary investments and the risk that widely accepted projected declines in gas consumption will result in gas pipes that become obsolete long before they are fully paid for.

In conclusion, SB 548 serves to align the STRIDE program with Maryland's climate policy goals and create more consumer protection guard rails so that utility customers are not charged unnecessarily. The more heavily we invest in replacing older gas infrastructure with costly brand-new gas infrastructure, rather than allowing for cost effective alternatives to replacement, the more customer rates go up unnecessarily and fewer dollars available to support clean alternatives that support Maryland's climate goals.

Senate Bill 548 requires consideration of these climate and consumer protection goals before new infrastructure is created, while still allowing the new infrastructure if gas utilities meet these considerations before the PSC. In that way it is the best of both worlds, creating a more thoughtful regime that reflects how the energy landscape has changed over the last 11 years, while still allowing utilities accelerated cost recovery for the core activity envisioned in the original STRIDE law. As such, I ask that you support this legislation and report SB 548 favorably out of this august committee.