



Committee: Education, Energy and the Environment
Testimony on: SB0682 - Limitations on Cost Recovery by Public Service Companies and Reports on Votes Cast at Meetings of Regional Transmission Organizations (Utility Transparency and Accountability Act)
Organization: Maryland Legislative Coalition Climate Justice Wing
Submitting: Laurie McGilvray, Co-Chair
Position: Favorable
Hearing Date: February 22, 2024

Dear Chair and Committee Members:

Thank you for allowing our testimony today in support of SB0682. The Maryland Legislative Coalition Climate Justice Wing, a statewide coalition of nearly 30 grassroots and professional organizations, urges you to vote favorably on SB0682.

SB0682 will address important issues of transparency in decisionmaking at our “PJM” regional transmission operator and ensure that ratepayers are not subsidizing utility costs for lobbying, advertising, and association dues that are not in the public interest, and which undermine Maryland’s climate goals. The bill will not prevent utilities from lobbying, advertising, and paying association dues. Rather, it will ensure shareholders, not ratepayers, bear those costs.

PJM Transparency

SB0682 requires utilities’ votes at PJM to be made public and requires utilities to be members of PJM. PJM decisions have a significant impact on Maryland’s ability to transition to renewable energy over the timeframe codified in the Climate Solutions Now Act of 2022 (i.e., 60% by 2031 and net zero by 2045). In addition, these decisions affect the cost of electricity in Maryland by passing along to ratepayers investments in new transmission, extra capacity for peak energy demand, and other costs. Unfortunately, these and other key decisions are being made in the dark without any transparency for Maryland’s Public Service Commission (PSC), Office of People’s Counsel, or environmental and consumer protection groups. SB0682 also requires Maryland utilities to join PJM as members. Currently, utilities get a bonus to join. If PJM membership is required, then Maryland ratepayers will no longer pay for this bonus as a pass-through from PJM. After a similar requirement was adopted in California, ratepayers saved \$40 million annually.

Ratepayer Costs for Lobbying, Advertising, and Dues

Utilities in Maryland are investor-owned monopolies regulated by the Maryland PSC. While current law prohibits utilities from passing the cost of lobbying on to ratepayers, the language is vague and the reporting is inadequate to ensure it isn't happening. SB0682 will address this problem by more clearly defining "lobbying or political activities" to include influencing legislation, elected officials, or elections. It also restricts the use of ratepayer dollars for membership dues to a business or industry trade association (like the American Gas Association or Edison Electric Institute); lobbying or political activities such as policy research and analysis; advertising or marketing to affect public opinion (not approved by the PSC); or travel, lodging, food/beverage, or entertainment expenses for a utility's board of directors and officers

Given past abuses, these guardrails are critical. For example, Washington Gas tried to influence customers by including deceptive language in their bills, stating "Natural gas is a clean, efficient, and reliable energy. Converting an all electric home to natural gas is the equivalent of planting 2.75 acres of trees or driving 26,520 fewer miles each year. In addition, natural gas cost[s] 1/3 less than electric, which makes it a smart decision for the environment and your wallet." The statement falsely implied that gas does not result in significant greenhouse gas emissions and confused customers by overstating the environmental and cost-saving benefits of gas. The bill language has been challenged by the Maryland Office of People's Counsel. Additionally, Washington Gas tried to charge ratepayers \$419,000 in promotional advertising and membership in the American Gas Association. In their recent rate case, the PSC rejected the request, but urged the General Assembly to clarify the law to help future regulators protect customers. Finally, SB0682 includes annual reporting requirements for utilities to file with the PSC disclosing expenses covered by the bill.

SB0682 will provide the transparency and regulatory guardrails needed to protect Maryland ratepayers and ensure utilities are helping rather than impeding Maryland achieve our ambitious climate goals. We strongly support SB0682 and urge a **FAVORABLE** report in Committee.

350MoCo

Adat Shalom Climate Action

Cedar Lane Unitarian Universalist Church Environmental Justice Ministry

Chesapeake Earth Holders

Chesapeake Physicians for Social Responsibility

Climate Parents of Prince George's

Climate Reality Project

ClimateXChange – Rebuild Maryland Coalition

Coming Clean Network, Union of Concerned Scientists

DoTheMostGood Montgomery County

Echotopia

Elders Climate Action
Fix Maryland Rail
Glen Echo Heights Mobilization
Greenbelt Climate Action Network
HoCoClimateAction
IndivisibleHoCoMD
Maryland Legislative Coalition
Mobilize Frederick
Montgomery County Faith Alliance for Climate Solutions
Montgomery Countryside Alliance
Mountain Maryland Movement
Nuclear Information & Resource Service
Progressive Maryland
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