



## **Testimony by Marshall Duer-Balkind, Institute for Market Transformation**

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)

February 22, 2022

Senate Education, Energy, and the Environment Committee  
Position: FAVORABLE

Dear Chairman Feldman and Members of the Committee,

The Institute for Market Transformation (IMT) is pleased to file written comments in support of SB0682, the *Utility Transparency and Accountability Act*, though I regret we cannot be there in person. IMT is a nonprofit that focuses on innovative and pragmatic solutions that fuel greater investment in high performing, energy-efficient buildings, with a strong focus on improving equity and helping communities at the front lines of the climate crisis. Our utility team is also actively involved in utility policy issues in multiple states, including Maryland. IMT is headquartered in Washington, DC, and I am a resident of Mount Rainier, Maryland, represented by Senator Augustine and Delegates Fennel and Ivey.

IMT supports SB0682 - the Utility Transparency and Accountability Act and encourages its passage. SB0682 would prohibit utilities from charging ratepayers for lobbying, political spending, advertising and other expenses unrelated to providing safe and reliable energy service, and increase accountability for their participation in decisions made by the regional transmission organization, PJM.

Utility companies have a state-granted monopoly, and the legislature and Public Service Commission (PSC) regulate their rates and spending. This arrangement is meant to ensure that ratepayers are only charged for the costs of maintaining infrastructure and distributing energy. However, utilities regularly try to foist expenses onto ratepayers that are not necessary for safe, affordable, and reliable utility service.

Utility customers across the country have unknowingly been paying millions through their monthly bills to fund utilities' efforts to lobby against climate policies, bail out failing fossil fuel plants, and attack clean energy solutions like rooftop solar and building electrification. In egregious cases like Ohio's FirstEnergy scandal, utilities have even used ratepayer money for

outright bribery of elected officials. FirstEnergy then charged Potomac Edison customers in Maryland for advertising, corporate sponsorships, advertising and other expenses related to that scandal. All while households are struggling with rising energy costs.

This is an unacceptable misuse of customers' money. Ratepayers should not be forced to bankroll lobbying and political advocacy that may run directly counter to their own interests in addressing climate change and promoting clean energy. The proposed legislation provides common sense protections by clearly defining lobbying and political spending and prohibiting utilities from charging customers for these activities. It will close loopholes that utilities exploit to charge ratepayers for attempts to influence public opinion and elected officials, and require transparency through annual reporting on these activities.

The legislation would also require public transparency of votes by the utility companies at PJM, the Regional Transmission Organization (RTO). PJM plays a critical role in the dispatching of electricity generation resources and the funding of energy efficiency and renewable energy investments—PJM can be an important partner for achieving Maryland's climate goals, or an obstacle. This bill would require a public record of all RTO votes cast by utility companies along with a description of how each vote benefits the public interest. This information is currently private, meaning that the public and lawmakers have no way of knowing what our utility companies are advocating for or opposing at this critical body.

Utilities and their trade associations often lobby against policies that support Maryland's climate goals. Customers should not be forced to subsidize these inherently political organizations. This bill clarifies that utilities must use their profits, not customer money, to pay trade association dues. Other states like Colorado, Connecticut, and Maine have already passed similar laws. It's time for Maryland to join them in standing up for ratepayers and stopping utilities from taking advantage of a captive customer base to fund their special interest agendas.

In summary, this bill will protect ratepayers from subsidizing utilities' political influence activities, increase transparency, and provide regulators with the information they need to enforce the law. We urge a favorable report on this important legislation.

Thank you for your consideration.

Sincerely,

Marshall Duer-Balkind  
Director of Policy Programs  
Institute for Market Transformation