



AN EXELON COMPANY

## Position Statement

Oppose  
Education, Energy, and the  
Environment  
3/21/2024

### House Bill 864 – Energy Efficiency and Conservation Plans

Baltimore Gas and Electric Company (BGE) opposes *House Bill 864 – Energy Efficiency and Conservation Plans*. House Bill 864 would require all gas and electric utilities and the Department of Housing and Community Development to alter existing energy efficiency and conservation programs to utilize greenhouse gas (GHG) reduction as the new performance metric at this time. BGE is supportive of the change from a reduction in electricity consumption to a reduction in GHG emissions to reach the ambitious goals of the Climate Solutions Now Act. However, House Bill 864 presents significant affordability concerns for ratepayers as programs are being expanded and flexibility for multiple funding mechanisms has been removed.

The Maryland Public Service Commission (PSC) recently approved programs for BGE’s 2024-26 EmPOWER cycle after completing a transparent, collaborative, and thorough review process involving all interested parties. The new programs went into effect on January 1, 2024. The subject of rate affordability remained a top focal point for BGE, the PSC and all parties involved throughout the EmPOWER regulatory process. BGE continues to advocate for practical ratemaking alternatives that keep energy bills as affordable as possible for customers. House Bill 864 eliminates the PSC’s discretion to find these solutions as it dictates the manner in which the EmPOWER costs are recovered from customers.

| EmPOWER Maryland Surcharge Under Recently Adopted Expensing Model (2024-2027) |        |         |         |         |                 |
|---|--------|---------|---------|---------|-----------------|
|   | 2023   | 2024    | 2025    | 2026    | Estimated 2027* |
| EmPOWER Surcharge   | \$8.65 | \$14.23 | \$21.31 | \$28.77 | \$45.00+        |

\*Reflects the projected costs of beneficial electrification and the required stepup in EmPower Maryland energy efficiency targets.

**Under the current transition of EmPOWER to expensing, the monthly residential surcharge is expected to more than triple by 2026 to almost \$29 per month and the monthly commercial surcharge is expected to increase more than six-fold by 2026 compared to the 2023 EmPOWER surcharges.** These projected surcharge increases do not reflect any costs that will be required to implement beneficial electrification programs, such as replacing furnaces with electric heat pumps, which can come at significantly increased costs to customers as compared to energy efficiency programs. Severe spikes in the EmPOWER surcharge on customer bills risks eroding public support for the entire EmPOWER Maryland program.

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).

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House Bill 864 inappropriately prevents the PSC from exercising their discretion to consider surcharge impacts on customers when determining how to fund EmPOWER programs. BGE strongly urges the General Assembly to retain the PSC's authority to make these decisions given their expertise, closeness to real-time changes in EmPOWER costs and customer bills, and broader view of the expected costs necessary to achieve the state's energy transition.

The PSC has created a work group that includes many stakeholders to further investigate the drastic surcharge increases in efforts to find alternative solutions. The work group's report is due on July 1, 2024, which is another justification to pause further legislative action. It is critical to keep the regulatory authority empowered to take actions such as those that might stem from the work group's report to best support Maryland energy customers.

BGE respectfully requests an unfavorable report on House Bill 864. We look forward to continuing discussions with the bill sponsors and other vested parties so that, together, we can achieve the Climate Solutions Now Act goals in the most economical way possible.

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