



Auto Consumer Alliance
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**Testimony to the House Economic Matters Committee
HB 419 – Natural Gas – Strategic Infrastructure Development and Enhancement
(Ratepayer Protection Act)
Position: Favorable**

The Honorable C.T. Wilson
House Economic Matters Committee
251 Lowe House Office Building
Annapolis, MD 21401
cc: Members, House Economic Matters Committee

Feb. 6, 2025

Honorable Chair Wilson and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a non-profit group that works to secure safety and fair treatment for Maryland drivers and consumers.

We support **HB 419** because it makes important revisions to Maryland's STRIDE Act that should protect Maryland consumers against getting stuck with exorbitant increases in the distribution charges for natural gas from some of Maryland's major utilities – charges that are now driving the dramatic run-up in home utility costs that is creating an affordability crisis for many Marylanders.

The Office of the People's Counsel's June 2024 report on "Maryland Utility Rates and Charges" shows that gas distribution charges have more than tripled since 2010 at some of the state's major utilities (BGE and Columbia Gas).¹ Distribution charges now account for fully half of an average household's energy bill – and their rapid expansion has pushed energy bills up sharply, even as underlying energy supply costs have actually declined in recent years.

Unlike energy supply costs (which fluctuate sharply with the world energy market), these distribution charges are largely under the control of BGE and other local utilities – and regulated by the state.² The explosion in those costs, the OPC found, is chiefly driven by state regulators allowing BGE and other local utilities to recover and profit from large scale (and not always necessary) capital investment in "repairing, modernizing and replacing utility infrastructure across the state – particularly natural gas infrastructure that could tether consumers to gas energy" even as the state strives to move away from fossil fuel-based energy.³

The broad-brush character of our existing STRIDE law is central to the problem here. The law is intended to encourage reinvestment in our aging gas infrastructure by accelerating cost recovery for

¹ <https://opc.maryland.gov/Portals/0/Files/Publications/Reports/Utility%20Rates%20Report%20from%20OPC%206-24-24.pdf?ver=U9sComXeJkKSt6TlexiwFA%3D%3D>

²² <https://www.baltimoresun.com/2025/01/25/peoples-counsel-bges-utility-rate-increases-are-behind-high-bills-guest-commentary/>

³ <https://marylandmatters.org/2024/06/25/report-blames-utility-infrastructure-costs-for-spike-in-consumers-monthly-gas-electric-bills/>



such investments. But the existing law doesn't do nearly enough to focus those investments on projects that are cost-effective, genuinely needed to protect public safety, and consistent with the need to move away from fossil fuel use to address the climate change crisis.

As a result, it works to encourage large and perhaps unnecessary gas infrastructure investments – and leaves ratepayers very quickly paying more to compensate our regulated utilities for their costs. The three-year, \$408 million rate hike the Public Service Commission approved for BGE in December 2023 – which largely goes to cover the costs of BGE's accelerated gas infrastructure investments -- is a troubling example.⁴

HB 419 makes important changes to the law to focus gas infrastructure investments more wisely. It requires a project plan submitted to the PSC to show that the company has given priority to projects that address genuine safety risks and that its cost compares favorably to other ways of solving the problem. It mandates, among other amendments to our existing law, that the PSC only approve such a project if it finds it is:

- Required to improve the safety of the gas system.
- Consistent with the need to reduce the use of natural gas to achieve our climate goals.
- Cost-effective in light of alternatives to natural gas use.

These changes still allow accelerated costs recovery for projects genuinely needed to protect the safety of our gas delivery system. But should also discourage unnecessary investments likely to become expensive millstones for ratepayers and reduce costs by requiring utilities to use less costly approaches than pipe replacement when those alternatives are appropriate.

Those reforms should help protect ratepayers against the kind of runaway distribution charge increases now driving our energy affordability upheavals. At the same time, they will encourage our much-needed transition to alternative, cleaner energy sources and to help move Maryland toward meeting our critical climate goals.

We support HB 419 and ask you to give it a FAVORABLE report.

Sincerely,

Franz Schneiderman
Consumer Auto

⁴ <https://www.cbsnews.com/baltimore/news/maryland-public-service-commission-authorizes-bges-multi-year-rate-plan/>