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COMMITTEE: ECONOMIC MATTERS

TESTIMONY ON: HB1035 PUBLIC UTILITIES – ELECTRICITY GENERATION PLANNING – PROCUREMENT, PERMITTING, AND CO-LOCATION (NEXT GENERATION ENERGY ACT)

POSITION: SUPPORT WITH AMENDMENTS

HEARING DATE: FEBRUARY 28, AT 1:30PM

WASHINGTON GAS RESPECTFULLY SUBMITS THIS STATEMENT IN **SUPPORT with amendments** to HB1035 **–** ***Next Generation Energy Act*** ("HB1035").

Background

The Maryland General Assembly is considering HB1035, the Next Generation Energy Certainty Act, focuses on enhancing electricity generation planning and procurement, with an emphasis on nuclear and dispatchable energy generation to support Maryland's energy future.

Position

The Company supports HB1035 with proposed amendments to expand the scope of the bill to include all dispatchable generation technologies that can support State climate objectives, such as natural gas-fired generating stations with carbon capture, and renewable natural gas (RNG)-fired generating stations.

RNG is a fully interchangeable lower-carbon alternative to conventional natural gas. According to the United States Department of Energy, RNG is a pipeline-quality gas that is fully interchangeable with conventional natural gas. RNG is essentially biogas (the gaseous product of the decomposition of organic matter) that has been processed to pipeline standards.[1] Capturing, treating, and upgrading RNG from sources of organic matter, including landfills, wastewater treatment facilities, organic food waste, and agricultural operations, to pipeline-quality gas can significantly reduce greenhouse gas (GHG) emissions from the State's waste and agriculture sectors.[2] The waste sector accounts for a significant portion of the State's GHG emissions; landfills and wastewater treatment plants accounted for approximately 7 million metric tonnes of CO2e, or

[1] DOE Alternative Fuels Data Center
[2] EPA. Renewable Natural Gas (Aug. 3, 2023).

approximately 8% of the State's gross GHG emissions, as of 2020.[3] The Maryland Department of the Environment (MDE) recently found that landfills were the single largest source of methane emissions in Maryland, and that these emissions have been historically underestimated and are approximately four times higher than previously thought.[4] MDE recently published a final regulation for control of landfill gas emissions from municipal solid waste (MSW) landfills in 2023[5] establishing support for specific, predictable, and achievable reduction in GHG targets for waste products which can unlock private/public investment and preserve customer energy affordability for alternate fuels. The agriculture sector accounted for 4% of the State's GHG emissions in 2020, and MDE projects these emissions to be relatively constant through 2050 with few abatement options identified.[6]

Conclusion

At Washington Gas Light Company, our core values are safety, collaboration, integrity, inclusion, and learning. The Company supports Maryland's goals to meet its GHG emissions reduction targets while enhancing energy reliability and minimizing ratepayer impacts and is committed to working with stakeholders to help achieve Maryland's GHG emissions reduction targets. RNG can be used to help reduce GHG emissions from current uses for natural gas while it remains an important part of the State's energy system. Natural gas is currently used to provide energy to the residential, commercial, industrial, and transportation sectors and most analyses today indicate this will continue to be the case for decades to come.

For the above reasons, the Company respectfully requests your consideration for the proposed amendments for HB1035 to expand the provisions to support all dispatchable generation technologies which be proven to align with state climate objectives (e.g. natural gas fired generating stations with carbon capture, hydrogen-fired generating stations, RNG-fired generating stations).

Thank you for your consideration of this information.

ADDENDUM: PROPOSED AMENDMENTS

Section 7-211 would establish the State's policy to broadly support new nuclear generating units, as preamble to its support of small modular nuclear reactor.

- Consider modifying Section A which currently reads "The General Assembly finds and declares that it is the State's policy to encourage development of clean, carbon-free, nuclear power, including development through innovative designs" to read as follows in order to maintain the possibility that natural gas-fired generation obtaining

[3] MDE. 2020 Greenhouse Gas Inventory (Sep. 24, 2022). In the 'Summary' tab, emissions from "Landfills" and "Wastewater Management" add to 7.21748 million metric tonnes of CO2e, which corresponds to 8.4856% of Gross Emissions, which was 85.05523 million metric tonnes of CO2e. All numbers use a 20-year GWP.
[4] MDE. Climate Pollution Reduction Plan (Dec. 28, 2023). Page 52
[5] Maryland Code. Section 26.11.42.04 - Requirements for Municipal Solid Waste (MSW) Landfills (Feb. 9, 2024).
[6] MDE. Climate Pollution Reduction Plan (Dec. 28, 2023). Pages 58-59

similar favorable treatment per the subsequent provisions of this bill:

"The General Assembly finds and declares that it is the State's policy to encourage development of clean <u>dispatchable</u>~~, carbon-free, nuclear~~ power generation, including development through innovative designs"

- Under **Section 7-506.1**, **strike subsection (C) in its entirety** as it precludes the ability of large commercial and industrial customers to develop onsite generation and saddles those customers with navigating the processes associated with electric interconnection queue studies and wait times. This may limit the choice of large commercial and Industrial customers to use natural gas-fired generation on their premises. At present, it reads as follows:

  "Except as provided by federal law and subsection (D) of this section, an electricity supplier of other owner of a generating station may not enter into a contract for the provision of direct supply of electricity to a commercial or industrial customer in a way that bypasses (1) interconnection with the electric transmission and distribution systems and (2) the distribution services of an electric company"

<u>About Washington Gas Light:</u>

Washington Gas Light Company ("the Company") provides safe, reliable natural gas service to more than 1.2 million customers in Maryland, Virginia, and the District of Columbia. Washington Gas has been providing energy to residential, commercial, government, and industrial customers for more than 176 years, and currently serves more than 500,000 Maryland customers in Montgomery, Prince George's, Charles, St. Mary's, Frederick, and Calvert Counties. The Company employs over 400 people within Maryland, including contractors, plumbers, union workers, and other skilled tradespeople. We strive to improve the quality of life in our communities by maintaining a diverse workforce, working with suppliers that represent and reflect the communities we serve, and giving back through our charitable contributions and employee volunteer activities. The Company, together with other natural gas distribution utilities, are responsible for delivering the primary source of heat to Maryland residential energy consumers, serving approximately one half of all Maryland households while providing critical energy services to residential, commercial, and industrial customers at one-third the cost of electricity on a per unit basis.[7]

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[7] DOE. Energy Conservation Program for Consumer Products: Representative Average Unit Costs of Energy (Aug. 28, 2023).