

Thursday, February 6th, 2025

TO: C. T. Wilson, Chair of the House Economic Matters Committee, and Committee Members

FROM: Mariana Rosales, The Nature Conservancy, Director of Climate; Cait Kerr, The Nature Conservancy, State Policy Manager.

POSITION: Support HB 419 Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)

The Nature Conservancy (TNC) supports HB 419 sponsored by Delegate Embry. HB 419 aims to require gas utilities to prioritize safety through using modern leak detection technology when cost effective, reduce costs, and provide 2 years notice to customers of work in their home. The bill seeks to add critical guardrails on infrastructure spending in order to prevent overinvestment that would fall on ratepayers' pockets. It updates the STRIDE law passed in 2013 by requiring gas utilities to ensure cost effective gas infrastructure and consider non-pipeline alternatives to gas.

The 2013 STRIDE law was passed with the intent of incentivizing gas utilities to more proactively fix their aging gas infrastructure; however, it lacked critical safeguards on spending. As a result, it has exacerbated an existing incentive to overinvest in new infrastructure; furthermore, the law also lacks language requiring spending to prioritize safety. We support adding safeguards to the law as laid out in HB 419 to control costs and to focus on fixing leaks through pipe repair or replacement. These reforms are an important step in ensuring customer dollars are spent prudently. Current gas utility bill increase rates are making it increasingly unaffordable for customers and businesses to heat their homes and buildings, and these bill increases are due in large part to increased capital spending on new pipes and equipment.

Infrastructure repairs and improvements should prioritize safety and cost-effectiveness. Gas utilities have a legal obligation to maintain pipes' safety. Leaks from gas pipes put our communities at risk and emit toxic pollution that harms human and environmental health. As it stands, STRIDE has not delivered on promises of increased safety - nothing in the current STRIDE law specifies that utilities must target leaks, and leaks can often be repaired at much lower costs to customers than that of replacement.

According to the US Energy Information Administration, in 2023, natural gas surpassed nuclear as the main source of in-state electricity for the first time. Natural gas accounted for about 41% of our electricity generation and natural gas-fired generation has more than tripled in Maryland since 2015. About 2,640 megawatts of new natural gas-fired generating capacity has come online since then. While the Climate Solutions Now Act has set Maryland on a path away from fossil fuels in the coming years, we need to be thoughtful about our existing infrastructure and investments. Safety is an obligation, cost-effectiveness should be a priority, and purchasing decisions ought to be sustainable and future-minded. Our approach to spending on costly new pipelines and equipment not only disregards the state's commitments to economy-wide emissions reductions, but also passes the financial burden off to consumers.

Utilities need to fulfill their obligation to provide safe and affordable energy to Maryland homes. We support adding safeguards to the law as laid out in the Ratepayer Protection Act to control costs and to focus on fixing leaks through pipe repair or replacement. TNC commends Delegate Embry for her leadership on this bill.

Therefore, we urge a favorable report on HB 419.