

Kim Coble Executive Director

2025 Board of Directors

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

Chair Wilson and Members of the Committee:

Maryland LCV supports HB 419 - Ratepayer Protection Act, and we thank Delegate Embry for her leadership on this issue, and commitment to protecting ratepayers. Maryland LCV supports the Ratepayer Protection Act as an essential reform to the STRIDE (Strategic Infrastructure Development and Enhancement) program.

The Ratepayer Protection Act would make critical modifications to the STRIDE program to help alleviate high utility cost burdens on Maryland families—especially those with low wealth—and to help the program achieve its intent of focusing on and prioritizing repairs to aging gas infrastructure for safety reasons. This reform ensures that gas infrastructure spending is cost effective, giving the Public Service Commission (PSC) better tools to review gas utility spending, determine what is in the best interest of ratepayers, and align spending with Maryland's clean energy and decarbonization goals. The Maryland Commission on Climate Change and the Building Energy Transition Task Force recommended the modification of STRIDE to reduce ratepayer costs and greenhouse gas (GHG) emissions, and the Maryland Energy Administration supported this bill last session.

Maryland's gas infrastructure spending under STRIDE is financially unsustainable and has fueled utility profits with rising utility bills for families. A <u>brief</u> from the Office of People's Counsel highlighted that in 2023 alone, BGE spent \$160 million on STRIDE, costing customers \$576 million when factoring in profits and interest. Without the changes proposed in the Ratepayer Protection Act, gas customers are projected to pay \$40 billion for this program over the next 20 years.

Likewise, gas delivery rates have <u>tripled</u> since 2010, and projections show they will continue to rise steeply. A typical BGE customer could see their winter heating bill climb to \$450 by 2035, and up to \$575 by 2050. These increases are driven largely by unnecessary gas infrastructure spending, with profits funneled to utility shareholders instead of benefiting the community.

The Ratepayer Protection Act also improves STRIDE safety provisions. to its safety provisions. An Abell Foundation <u>report</u> found that in the nine years before STRIDE, natural gas incidents resulted in no deaths and 4 serious injuries, while 9 deaths and 58 serious injuries occurred in the nine years after it was enacted—far from the safety benefits STRIDE was intended to achieve. In one incident in 2024, a natural gas <u>explosion</u> killed 2 people and injured 3 more.

The way it is currently administered, STRIDE is not supporting Maryland in achieving greenhouse gas emission reduction targets. Both the 2021 law requiring the PSC to account for climate change in its decisions and the 2022 Climate Solutions Now Act mandating a 60% reduction in emissions by 2031 and net-zero emissions by 2045 did not repeal or amend STRIDE. The Ratepayer Protection Act will therefore help redirect resources toward the safe, cost-effective management of gas infrastructure while accelerating the clean energy transition. It will also importantly provide customers at least two years' notice before undertaking work in their homes to allow customers the opportunity to electrify. The Office of People's Counsel (OPC) projected that current STRIDE investments will lead to \$206 billion in stranded costs from 2024 to 2100. With more effective management of the STRIDE program through the provisions in the Ratepayer Protection Act, we can avoid some of these costs, which are disproportionately borne by low-income Maryland households.

Maryland's major regulated gas suppliers are spending a lot of money on gas infrastructure that do not support Maryland's climate goals and cost ratepayers billions. The Ratepayer Protection Act reforms STRIDE to help promote more cost-effective spending of ratepayer dollars, prioritize safety, protect consumers from rising heating costs, and accelerate Maryland's clean energy transition. Maryland LCV urges a favorable report on this critical bill.