SB0598 - SUPPORT
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SB0598 – Electric Companies – Cost Containment Plans – Requirements (SAVINGS Act)

Meeting of the Education, Energy, and the Environment Committee

March 5, 2026

Dear Chair Feldman, Vice Chair Kagan, and Members of the Committee, on behalf of Elders Climate Action Maryland, I urge a favorable report on SB0598, the SAVINGS Act.

Elders Climate Action is a nationwide organization devoted to ensuring that our children, grandchildren, and future generations have a world in which they can thrive. The Maryland Chapter has members across the state.

Each day, we see the climate crisis more clearly. We know that Maryland is at risk for sea level rise, flooding from intense rainfall, heat waves, and other extreme weather events. Maryland can also be a leader in moving us to a safer, cleaner future where we all can thrive. The clean energy transition is an essential part of that future.

We are also acutely aware of the affordability challenges many Maryland households face. Rising utility bills are a large part of that problem. For those of us on fixed incomes, including many of our members, this is a growing concern.

Capital expenses, operations, and maintenance of the distribution systems that bring electrical power to our homes and businesses are a significant share of our electric bills. According to the Office of People's Counsel's "A Consumer's Guide to Summer 2025 Electric Rates", a Pepco customer pays a fixed monthly delivery charge of $8.44 plus an additional 9.2 cents for the delivery of each kilowatt hour they use.

A Pepco customer who used 500 kWh in a month would pay $122.92. $54.44 of that bill would be delivery costs. Those costs increased 153.9% from 2010 to 2025. That is more than three times the increase in the Consumer Price Index between January 2010 and July 2025. The increases varied across utilities, but SMECO, BGE, Delmarva, and Pepco all had increases significantly higher than the rate of inflation.

Investments in advanced energy distribution systems, such as grid-enhancing technologies, advanced conductors, and battery storage, can make the electric grid more cost-effective and reliable while reducing peak demand. In 2022, a New Jersey utility, Atlantic City Electric, commissioned a study by the Brattle Group, "Cost-Benefit Analysis of Electric Distribution Investments". The study estimated that the investments would provide a 171.6% return over 20 years. Most of that would be savings to the utility and ratepayers.

The SAVINGS Act is well named. The bill would require electric utilities to submit triennial cost containment plans to the Public Service Commission. If the PSC finds that the plan would offer ratepayers meaningful savings, the utility could propose a shared savings mechanism. If the PSC approves the plan, up to 85% of the cost savings would go to ratepayers. If the PSC does not approve the plan, they may require the utility to resubmit. Once a utility has an approved shared-savings mechanism, it must submit annual progress reports to the PSC.

The investments utilities would make under the SAVINGS Act would provide significant savings to ratepayers. They would also improve grid reliability and facilitate the integration of renewable energy, which would reduce air pollution and the greenhouse gas emissions that drive climate change.

For all of these reasons, we strongly urge a favorable report on SB0598, the SAVINGS Act.

Thank you for your time and consideration.