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BILL NO.: Senate Bill 0850 –Utility Affordability and Ratepayer Protection Act of 2026

COMMITTEE: Education, Energy, and the Environment

HEARING DATE: March 5, 2026 (EEE)

SPONSOR: Senators Gallion, Hester, Watson, and Carozza

POSITION: Informational

The Office of People’s Counsel (OPC) respectfully offers the following informational comments on Senate Bill 0850, the Utility Affordability and Ratepayer Protection Act of 2026. SB 0850 proposes several major changes to the statutory framework governing the EmPOWER program—Maryland’s utility-customer funded program to support energy efficiency, conservation, greenhouse gas reductions, and demand response. Specifically, SB 0850 aims to lower the costs to residential customers for EmPOWER programs by requiring that:

- Electric and gas company plans result in “demonstrable savings to residential customers”;
- Electric and gas companies establish programs or services that use “demand reduction or other cost containment mechanisms to reduce energy consumption and lower customer bills”;
- The PSC establish “caps or limit assessments to residential customers...in order to reduce costs”; and
- The deadline for paying off the unamortized EmPOWER balance be extended from 2032 to 2040.

OPC appreciates the sponsors’ intent to address unaffordable utility bills and offers the following comments for the Committee’s consideration.

First, SB 0850 does not define what constitutes “demonstrable bill savings to residential customers” or how such savings would be measured, which may result in unintended consequences. By any measure, the benefits of the EmPOWER program outweigh the costs. EmPOWER offers utility customers opportunities to save money on their energy bills by offering equipment and product rebates; free or discounted (to the individual customer) energy efficiency checkups and repairs for the home; equipment upgrades and tune-ups; and energy usage alerts that can help customers better control their bills and save money. EmPOWER programs produce about \$2 in benefits for every dollar spent.¹ The measures and equipment installed through EmPOWER so far are expected to save Maryland utility customers over \$15.8 billion over the lifetime of the equipment.²

To the extent that the proposed change would require each individual EmPOWER program to result in demonstrable benefits that exceed costs, SB 0850 may eliminate programs that have been part of EmPOWER for many years. Currently, EmPOWER programs must be cost-effective at the *subportfolio* level—the suite of programs offered to residential customers, for example, must be cost-effective, as a whole. Some programs are highly cost-effective, while others are less cost effective but still save participating customers money in the long run while contributing to the advancement of the State’s GHG reduction goals. Under the current proposed language, many of the electric utilities’ current appliance rebate programs—including those that provide incentives for efficient electric heat pumps—may no longer be allowed.³

Second, SB 0850 does not change the statutory mandate for utilities to carry out EmPOWER plans that achieve the legislatively imposed greenhouse gas (GHG) reduction goals, leaving unclear how the State’s EmPOWER goals would be achieved if costs to achieve the goals exceed any “cap or limit” set by the PSC. SB 0850 also does not give the PSC guidance as to how to set such a cap, other than that it “reduce costs to residential customers”

Third, while extending the deadline for paying off the unamortized EmPOWER balance will lower the amount customers pay towards that balance each month, the extension also means that customers will continue to pay interest on the balance for an

¹ Guidehouse and Cadmus, *EmPOWER Maryland 2023 Cost-Effectiveness Results Report* (Jan. 2, 2025) at 7, available from the Md. Pub. Serv. Comm’n EmPOWER Evaluation Advisory Group Work Group.

² Md. Pub. Serv. Comm’n, *The EmPOWER Maryland Energy Efficiency Act Report of 2025* (June 2025) at 2, <https://www.psc.state.md.us/wp-content/uploads/2025-EmPOWER-Maryland-Energy-Efficiency-Act-Standard-Report-Final.pdf>.

³ See, e.g., *Baltimore Gas and Electric Company Revised 2024-2026 EmPOWER Maryland Program Plan*, MailLog No. 311701 (Case No. 9705, Aug. 15, 2024) at PDF p. 52; *Revised Potomac Edison EmPOWER Maryland Plan*, MailLog No. 311732 (Case No. 9705, Aug. 15, 2024) at PDF p. 112; *Potomac Electric Power Company 2025-2026 EmPOWER MD Program Filing*, MailLog No. 311703 (Case No. 9705, Aug. 15, 2024) at PDF p. 48.

additional eight years. Even if that interest remains limited to the company's cost of debt—rather than their full rate of return—the extension will increase the total costs to customers.

OPC appreciates the opportunity to provide these informational comments on SB 0850 and is available to answer any questions the Committee may have.