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BILL NO.:	House Bill 1532 – the Utility Reducing Energy Load Inflation for Everyday Families (RELIEF) Act
COMMITTEE:	Education, Energy, and the Environment
HEARING DATE:	March 25, 2026 (EEE)
SPONSOR:	The Speaker and Delegates Korman, Fraser-Hidalgo, Allen, Behler, Foley, Guyton, Healey, Holmes, J. Long, Lewis, Odom, Stein, and Ziegler
POSITION:	Favorable

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The Office of People's Counsel (OPC) respectfully offers the following comments in support of House Bill 1532, the Utility Reducing Energy Load Inflation for Everyday Families (RELIEF) Act. The Utility RELIEF Act significantly advances residential customer interests by creating important tools, regulatory guidance, and added transparency that should help lower costs and limit future rate increases. OPC is proud to have supported many of the bill's provisions in the House and offers the following high-level comments in support of the Act. For more detailed explanation, please refer to OPC's previously filed testimony, linked where relevant below.

Reducing customer utility bills is a tall order: legal barriers make it challenging to reduce utility rates once they are approved, and the State has limited influence over costs that are federally regulated. The Utility RELIEF Act includes much-needed measures to address—where possible—federally regulated energy, capacity, and transmission costs that are much in the news and contributing to high customer bills. Importantly, however, the Act also takes aim at the rapid and steady rise in distribution rates that is a significant driver of higher customer bills.

For example, as amended, the Utility RELIEF Act prohibits the Public Service Commission (PSC) from authorizing base rates that are set using any mechanism based on a forecasted test year. Standard ratemaking practice uses actual utility costs and investments placed into service to set rates. It stands for the proposition that utilities should not be allowed to recover costs from customers unless they show that their investments were reasonable and prudent and are actually providing benefits to customers. In other words, standard ratemaking compensates utilities for their actual performance.

By contrast, ratemaking based on forecasted spending allows utilities to recover speculative costs for operational expenses and capital investment costs that they say they *plan* to incur. Forecasts determine in the present what utilities should recover for work planned for the future. This is beneficial for investors but costly for customers,[1] as it allows for faster cost recovery—and faster rate increases—than standard rate cases and shifts risks of utility overspending away from investors and onto customers. By prohibiting these ratemaking mechanisms in base rate proceedings, HB 1532 takes an important step to limit future rate increases.

The Utility RELIEF Act will advance residential customer interests in utility accountability and affordability in many other ways too, including through provisions that:

Help to rein in rising distribution costs and increase transparency by:

- Clarifying the intent of last year's Next Generation Energy Act to allow, as part of a multi-year rate plan (MRP), reconciliation proceedings that benefit customers but not reconciliation proceedings that result in additional customer charges. As noted above, the Act further restricts the use of alternative forms of ratemaking by any name—whether MRP, earnings risk sharing mechanism, or future forecasted test year—that set rates based on forecasted utility spending—rather than based on proven, actual costs;[2]
- Limiting how much investor-owned utilities can charge customers for compensation of a supervisor to 110% of the maximum annual salary payable to the Chair of the PSC, which amounts to roughly $250,000 for fiscal year 2027;[3]
- Using alternative compliance payment revenue to offset the existing EmPOWER surcharge on customer bills and pay for legislatively directed initiatives like the Distributed Renewable Integration and Vehicle Electrification (DRIVE Act) of 2024, which would have otherwise added to customer bills; and

[1] *See* Attachment 1 at pg. 1.
[2] *See* OPC Testimony on HB1532.
[3] *See* OPC Testimony on SB0002/HB0001.

- Requiring utilities to disclose and the PSC to publish information about utility rate trends and how to participate in proceedings before the PSC;[4]

Address rapidly growing transmission costs by:

- Requiring the owner or operator of a transmission line to be a member of a regional transmission organization (RTO), like PJM Interconnection, LLC, thereby removing leverage utilities currently exercise over PJM and providing grounds to challenge the 0.5% return "adder" that transmission owners and operators currently receive for voluntarily participating in an RTO;[5]
- Expanding State oversight of transmission line siting by subjecting underground and underwater transmission lines to the same requirement as overhead transmission lines to apply for a certificate of public convenience and necessity (CPCN) and removing a provision that requires the PSC to grant a CPCN waiver under certain circumstances;[6] and
- Encouraging transmission utilities to use lower cost alternatives like alternative transmission technologies (ATTs) to avoid costly new infrastructure investments where possible;[7]

Address the impacts of data centers on existing utility customers by:

- Lowering the threshold from 100 megawatts (MW) to 25 MW for the customer-protective rules the PSC is developing to require large load customers to cover their own costs—a change necessary to capture a wider swathe of large-load customers and put Maryland more in line with thresholds set in other states and under consideration at the federal level;[8]
- Increasing transparency for planned data center development by requiring that data centers register with the PSC and provide certain information;[9]

Modify EmPOWER, Maryland's utility-customer funded program to support energy efficiency, conservation, greenhouse gas reductions, and demand response, by:

- Examining the merits of transitioning the EmPOWER program away from utility administration and toward a single third-party administrator to help curb administrative costs, reduce the complexity of the program, and address the

[4] *See* OPC Testimony on HB0540.
[5] *See* OPC Testimony on SB0386/HB0897.
[6] *See* OPC Testimony on HB0928.
[7] *See* OPC Testimony on SB0201/HB0040 and OPC Testimony on SB0386/HB0897.
[8] *See* OPC Testimony on HB1532.
[9] *See* OPC Testimony on SB0992.

utilities' underlying disincentive to maximize reductions in energy use—which ultimately means less infrastructure spending;[10]
- Ending gas utility EmPOWER programs, which in many cases have undermined residential customers' economic interests by locking them into long-lived gas appliances;[11] and
- Temporarily lowering the greenhouse gas reduction goals to reduce overall program costs; and

Equitably advance residential solar deployment by:

- Directing the PSC to establish a new, more balanced framework for compensating customers who participate in net energy metering for rooftop and community solar;[12] and
- Supporting customer adoption of portable solar technology that can help expand the benefits of solar to a broader group of customers—including renters and low- and moderate-income customers—at little to no cost to non-participating customers.[13]

Other provisions of the Utility RELIEF Act aim to encourage reputable third-party suppliers to reenter the residential retail supply market in Maryland by making limited adjustments to the reforms enacted as part of Senate Bill 0001 in 2024. OPC supported the passage of SB 0001 because it imposed strong consumer protections to minimize abuses and ensure that customers reap the intended benefits of retail choice. While HB 1532 adds flexibility to particular provisions that may have restricted the operation of reputable third-party retail suppliers in Maryland, it preserves the core customer protections established by SB 0001: enhanced licensing requirements, a price cap, increased penalty amounts, elimination of early termination fees, and prohibitions on commission-based compensation for energy salespersons as well as the sale and purchase of accounts receivable.[14]

The Utility RELIEF Act bill includes certain provisions—like using ACP revenue to offset the EmPOWER surcharge—that will offer immediate and guaranteed relief to customers. Other provisions have the potential to result in lower costs or limit future rate increases. HB 1532 also gives more tools to agencies like ours to advocate for federal reforms beneficial to residential customers. The extent to which such provisions result in benefits will depend, in large part, on implementation at the PSC and PJM and before federal regulators. OPC appreciates the General Assembly's focus on utility affordability

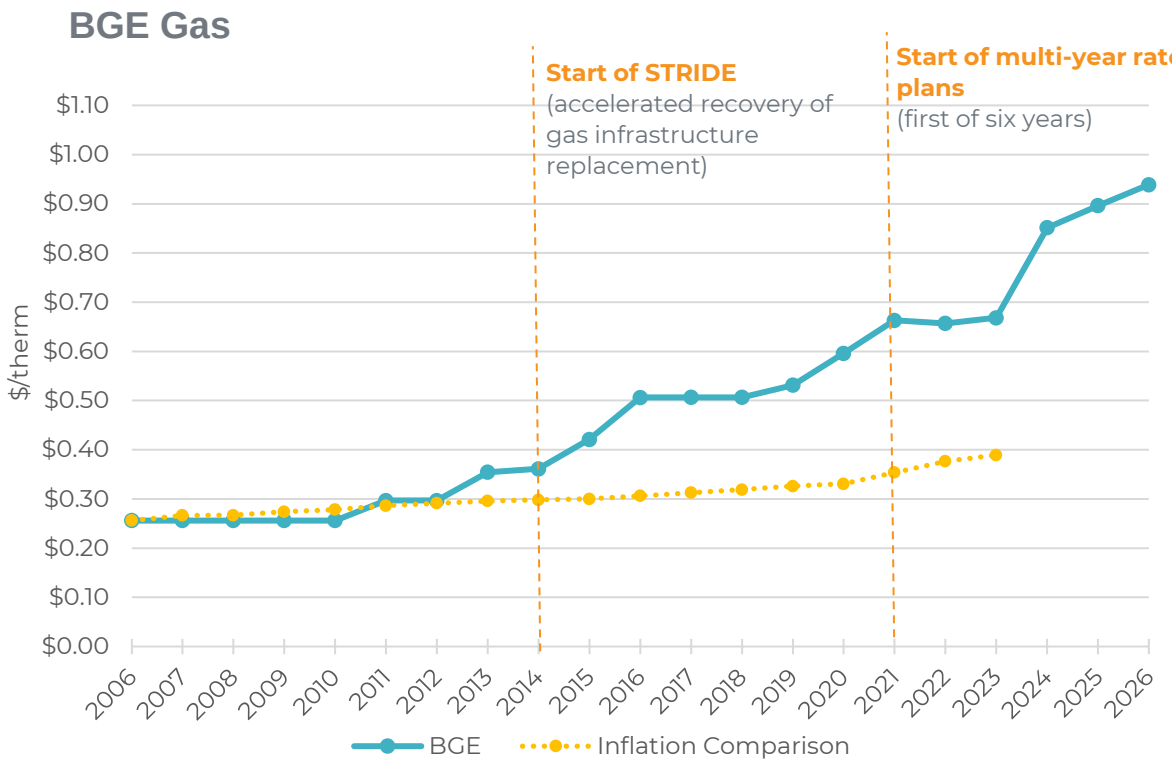
[10] *See* OPC Testimony on HB1532.
[11] *Id.*
[12] *See* OPC Testimony on HB1476.
[13] *See* OPC Testimony on SB0341/HB0345.
[14] *See* OPC Testimony on SB 0749.

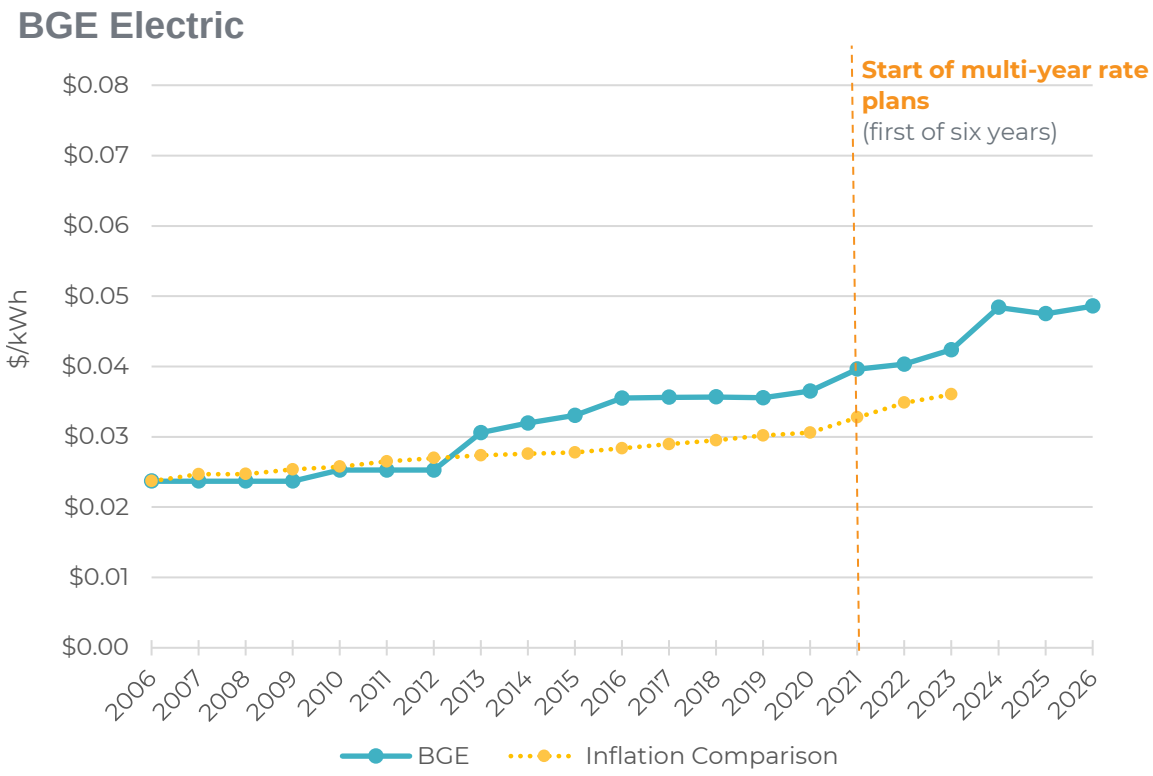
this session and looks forward to continuing to work with legislators and other State, regional, and federal partners to implement these policies in a way that ensures the greatest ratepayer protections and benefits.

Recommendation: OPC requests a favorable Committee report on HB 1532.

Accelerated cost recovery helps drive rate increases

Each of the Exelon utilities' rates increases following PSC approval of their **multi-year rate plans**.





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Attachment 1

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BILL NO.:	House Bill 1532 – Continuing the Next Generation Energy Act
COMMITTEE:	Environment and Transportation
HEARING DATE:	March 3, 2026 (ENT)
SPONSOR:	The Speaker and Delegates Korman and Fraser-Hidalgo
POSITION:	Favorable with amendments

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The Office of People's Counsel (OPC) respectfully offers the following comments in support of House Bill 1532, Continuing the Next Generation Energy Act. HB 1532, with the amendments described below. HB 1532 seeks to clarify and strengthen several provisions of the Next Generation Energy Act passed last year. OPC supports a number of these proposed changes, including: lowering the threshold for a large-load customer required to take service on a large-load tariff; clarifying the conditions under which multi-year rate plans and other alternative forms of ratemaking can be used; and transitioning the utility-run EmPOWER energy efficiency programs to an independent, third-party administrator. To ensure greatest ratepayer protections and benefits, OPC recommends several amendments to other provisions in the bill as described below.

1. Large load customer threshold

HB 1532 proposes to lower the monthly maximum demand threshold—from 100 MW to 25 MW—for large load customers that are required to take service on a new large load tariff.[1] Pursuant to the NGEA, such a tariff is intended to ensure that "residential electric customers in the State [do] not bear the financial risks associated with large load

[1] Md. Code Ann., Pub. Util. Art. (PUA) § 4-212(c)(2)(i)(1).

customers interconnecting to the electric system serving the State."[2] As OPC advocated before the PSC, such a change is necessary to capture a wider swathe of large-load customers and, in doing so, better protect residential ratepayers from the financial risks associated with interconnecting a large load customer.[3]

The current 100 MW threshold excludes many would-be large-load customers that could significantly impact retail ratepayer costs. Only the largest, hyperscale data center facilities and specialized manufacturing plants require 100 MW, or more, of electricity.[4] For perspective, a monthly demand of 100 MW is roughly equivalent to the electricity needed to power 80,000 households.[5] Average to large size data centers can consume 20 to 100 MW of power a month.[6] Although usage varies across location and season, 20-99 MWs is still enough electricity to power thousands of homes and could require significant infrastructure investment. Failing to include customers within this range in large-load tariffs risks burdening residential ratepayers with a myriad of costs. A non-hyperscale data center, for example a 25 MW data center, may still require its own substation.[7] Yet, under current law, this customer would not be subject to large-load tariff requirements such as a load ramp period, minimum service term, collateral requirement, or exit fee. If this hypothetical 25 MW customer were to abandon the project even if the utility has already begun to build the substation, there is a risk that costs would be allocated to other ratepayers.

Lowering the threshold from 100 MW to 25 MW also puts Maryland more in line with thresholds set in other states and under consideration at the federal level. The Virginia State Corporation Commission ("VA SCC") recently issued an order requiring a new tariff class for large-load customers that defined a large-load customer in relevant

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[2] PUA § 4-212(b).

[3] *See* Md. Off. of People's Couns., *Proposed data center consumer protection regulations need tightening, OPC tells state regulators* (Jan. 22, 2026), *https://content.govdelivery.com/accounts/MDOPC/bulletins/405a950*.

[4] *Data Center Power: Fueling the Digital Revolution*, Data Center Knowledge (March 22, 2024), https://www.datacenterknowledge.com/energy-power-supply/data-center-power-fueling-the-digital-revolution.

[5] Carroll, Alex *GigamOM – The era of the 100 MW data center*, Lifeline Data Centers (Feb. 16, 2012), *https://lifelinedatacenters.com/data-center/gigamom-the-era-of-the-100-mw-data-center/*.

[6] *Data Center Power: Fueling the Digital Revolution*, Data Center Knowledge (March 22, 2024). https://www.datacenterknowledge.com/energy-power-supply/data-center-power-fueling-the-digital-revolution.

[7] *See* Lawrence Berkeley Nat'l Lab*., 2024 United States Data Center Energy Usage Report* at 7 (Dec. 2024), https://eta-publications.lbl.gov/sites/default/files/2024-12/lbnl-2024-united-states-data-center-energy-usagereport.pdf (noting data center demand can be used "as an opportunity to develop the leadership and a foundation for an economy-wide electricity infrastructure expansion"); *cf.* Lawson, Ashley J.; Offutt, Martin C.; Parfomak, Paul W.; Zhu, Ling*, Data Center Energy Infrastructure: Federal Permit Requirements*, Congressional, CRS Report (Dec. 12, 2025) (discussing proposed data center projects and necessary transmission infrastructure to meet load requirements).

part as "one with measured or contracted demand of 25 MWs or more."[8] Other jurisdictions, such as Ohio and Pennsylvania, have also approved large load customer tariffs that defined "large load customer" to include customers with a demand much less than 100 MW.[9] At the federal level, the Department of Energy's Advanced Notice of Proposed Rulemaking proposes that any rulemaking reforms apply to loads 20 MWs or greater;[10] and Federal Energy Regulatory Commission (FERC) precedent further supports a 20 MW threshold.[11]

Given the financial risks these commercial customers pose to other ratepayers, OPC strongly supports lowering the threshold for large load tariffs to apply to 25 MW.

1. Multi-year rate plans and other alternative forms of ratemaking

The NGEA explicitly prohibits utilities from filing for reconciliation under multi-year rate plans (MRPs), and the PSC may not approve an MRP that would allow a utility to do so.[12] The NGEA's language only allows the PSC to approve an MRP if the plan "does not allow for *the public service company to file* for reconciliation" and specifies that "a *public service company that files or has filed* an application for a multiyear rate plan may not subsequently file for reconciliation."[13] By the plain terms of the statute, this prohibition does not extend to non-utility parties, leaving open the possibility that OPC, Staff, or the PSC itself could request downward adjustments. But Exelon has disputed this interpretation. The company has argued before the PSC that even non-utility-initiated adjustments may be inconsistent with the NGEA.[14] While the NGEA reflects the

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[8] Md. Pub. Serv. Comm'n Technical Staff, *Staff's Progress Report on the Status of Implementing Section 4-212 of the Public Utilities Article Regarding Large Load Customer Regulations and Tariffs* (PC 72 Large Load Tariff Workgroup, Dec. 8, 2025) at 24, available by searing the PSC website by "public conference" for "PC72" at https://webpscxb.pscmaryland.com/DMS/home.

[9] The large load customer threshold is 25 MW and 50 MW in Ohio's data center tariff and Pennsylvania's large load tariff, respectively. *Id.* at 22–28.

[10] *Secretary Of Energy's Direction that the Federal Energy Regulatory Commission Initiate Rulemaking Procedures and Proposal Regarding the Interconnection Of Large Loads Pursuant to the Secretary's Authority Under Section 403 of the Department of Energy Organization Act*, US Department of Energy (October 23, 2025), P 19, *accessible at* https://www.energy.gov/sites/default/files/2025-10/403%20Large%20Loads%20Letter.pdf.

[11] *See, e.g., Standardization of Generator Interconnection Agreements & Procs.,* Order No. 2003, 104FERC ¶ 61,103, at P 1(2003), *order on reh'g*, Order No. 2003-A, 106 FERC ¶ 61,220 (2004), *order on reh'g*, Order No. 2003-B, 109 FERC ¶ 61,287 (2004), *order on reh'g*, Order No. 2003-C, III FERC ¶ 61,401 (2005), *aff'd sub nom. Nat'l Ass'n of Regul. Util. Comm'rs v. FERC*, 475 F.3d 1277(D.C. Cir. 2007).

[12] PUA § 4-213(b)-(c) specifies that the Commission may only approve a plan if it "does not allow for the public service company to file for reconciliation" and § 4-213(c) specifies that only a "public service company . . . may not subsequently file for reconciliation . . ."

[13] PUA § 4-213(b)-(c)(emphasis added).

[14] *Maryland Exelon Utilities' Response to OPC's Comments on 2024 AIFs*, MaiLog No. 319456 (CNs 9681, 9692, June 6, 2025) at 8, available by searching the PSC's website by MaiLog No.: https://webpscxb.pscmaryland.com/DMS/maillogsearch.

legislature's judgment that MRPs should only allow for reconciliation that benefits ratepayers, the legislature cannot ignore the risk that the PSC may accept Exelon's interpretation or, if not, that the utilities will challenge the plain language in court.

OPC supports the provisions in HB 1532 clarifying that reconciliation that benefits customers is allowed, while reconciliation that results in additional customer charges is not. As drafted, however, the provisions of HB 1532—which only apply to MRPs—do not go far enough to address continuing rate increases that are driven by alternative rate mechanisms that are very favorable to utility investors but costly for customers. Following passage of the NGEA, Exelon Corporation—the parent company of Baltimore Gas and Electric, Delmarva Power and Pepco—is advancing an "earnings risk sharing mechanism" that would adjust PSC-approved customer MRP rates based upon whether a utility's profit ends up being a certain amount above or below a forecasted benchmark. And in Pepco's most recently-filed rate case, the company proposed a new method for setting its distribution rates based on forecasted costs.[15] Similar to MRPs, these Exelon proposals would have customers pay for projects the utility has yet to start working on and allow faster cost recovery than allowed in standard rate cases. By any name, mechanisms that set rates based on forecasted costs—rather than based on proven, actual costs as is the case under standard ratemaking—increase rates faster and shift risks of utility overspending away from investors and onto customers.

For these reasons, OPC recommends amendments to HB 1532 to clearly proscribe the use of any rate mechanism that is based on a forecasted test year.

2. Zero emissions credits

HB 1532 proposes several changes to the provisions of the NGEA governing the establishment and purchase of zero-emissions credits (ZECs) from qualifying nuclear generation sources. The proposed changes are intended to implement recommendations in the PSC's recent report to the General Assembly.[16] As drafted, however, the change authorizing the PSC to approve an increase of up to 15 percent of the total cost of a project under a long-term pricing agreement—has the potential to expose customers to cost overruns.

Under the NGEA, ratepayers and the State are held harmless for any cost overruns associated with a nuclear project.[17] OPC considered this provision particularly important

[15] Md. Off. of People's Couns., *A Consumer's Guide to Pepco's Proposed Rate Increase* (Dec. 11, 2025), https://opc.maryland.gov/Portals/0/Files/Publications/Reports/PEPCO%20Rate%20Proposal%2012-10-25v5.pdf?ver=sb30LCcptwsitizdd236NQ%3d%3d.
[16] Md. Pub. Serv. Comm'n, *Nuclear Procurement Regulations and Potential Legislative Changes Report to General Assembly* (Jan. 2026), https://www.psThec.state.md.us/wp-content/uploads/2026/01/Nuclear-Procurement-Regulations-Staff-Report.pdf.
[17] PUA § 7-1217(a)(3)(ii).

given the recent history of nuclear power development in the United States. The most recent completed reactors in the United States— Vogtle units 3&4 in Georgia—were significantly behind schedule and cost $36.8 billion: $22 billion more than the initially projected cost of $14 billion. In December 2023 and May 2024, the Georgia Public Service Commission approved on aggregate a 23.7 percent rate increase and a 47.3 percent expansion in utility rate base, in exchange for only a 7.51 percent expansion in generating capacity for Georgia Power.[18] The electricity from Vogtle is, therefore, the most expensive in the world at $10,784/kW; typical generation prices for wind, solar, or natural gas range from $1,000 - $1,500/kW.[19] Recent developments with small modular nuclear reactors ("SMRs") have not fared any better. In November 2023, NuScale, the developer of a SMR that had been the project closest to reaching commercialization, cancelled its project after significant delays and costs increased from initial estimates of $3 billion in 2015 to $9.3 billion at the time of cancellation in 2023.

The PSC's report recommended the introduction of adjustments to ZEC prices based on a published index and limiting the possible increase in price as a result of indexing to 15 percent with no limit on how much indexing can decrease the price.[20] HB 1532 only adopts the portion of that recommendation that limits the price increase to 15 percent. It does not tie the increase in price to a methodology based on a published index adopted by the PSC nor does it provide for the ZEC price to decrease based on the index. As currently written the bill would remove the protection currently in PUA § 7-1217(a)(3)(ii) that protects ratepayers from paying for cost overruns. To maintain that protection, HB 1532 should be amended to remove the proposed PUA § 7-1220(e) or to conform to the PSC's recommendation to allow the price to change based on an index and allow the price to decrease based on the index.

3. EmPOWER energy efficiency programs

HB 1532 also proposes several major changes to the EmPOWER program, Maryland's utility-customer funded program to support energy efficiency, conservation, greenhouse gas reductions, and demand response. While OPC strongly supports the transition of utility-run EmPOWER programs to a single third-party administrator, we are concerned that the elimination of any EmPOWER program that is not strictly cost-effective could have unintended consequences. Additionally, OPC recommends that the

[18] Georgia Pub. Serv. Comm'n, *Order Adopting Stipulation*, Docket No. 29849, Document Filing No. 217284 (Jan. 31, 2024), https://psc.ga.gov/search/facts-document/?documentId=217284, at 13 (allowing for recovery of financing costs and capital costs).
[19] Patty Durant, Kim Scott, and Glenn Caroll, *Plant Vogtle: The True Cost of Nuclear Power in the United States*, Cool Planet Solutions (May 2024), https://truthaboutvogtle.com/wp-content/uploads/2024/06/Truth-about-Vogtle-report.pdf, at 23.
[20] Md. Pub. Serv. Comm'n, *Nuclear Procurement Regulations and Potential Legislative Changes Report to General Assembly* (Jan. 2026) at 2, https://www.psc.state.md.us/wp-content/uploads/2026/01/Nuclear-Procurement-Regulations-Staff-Report.pdf.

legislature further amend the statute to clarify the goals applicable to the Department of Housing and Community Development (DHCD) and consider ending gas utility EmPOWER programs.

a. Third-party administration

In uncodified section 2, HB 1532 proposes to transition the EmPOWER program from being administered by the utilities to being administered by a single, third-party administrator. OPC fully supports the concept of third-party administration of the EmPOWER programs and has long advocated for the PSC to consider this alternative to utility administration. OPC expects that streamlining program administration with a single third party could make the programs less costly and more efficient. As Exelon Corporation has publicly conceded, energy efficiency represents an economic risk to the utilities.[21] There is an inherent conflict in having the utilities administer programs that pose risks to their business models. The Commission has directed its Future Programming Work Group to "investigate and report on whether or not certain programs may be better suited for consolidation under a single utility or an independent implementer in order to decrease the amount of funds spent on administrative costs."[22] Some work group participants have expressed concern that the existing statutory language does not allow for third-party administration. The proposed statutory change would give the Commission clear authorization to order third-party administration for EmPOWER, if deemed cost-effective.

b. Cost-benefit analysis

HB 1532 proposes to prohibit the PSC from approving a plan that includes a "residential sector subprogram" that is not cost-effective. 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—would no longer be allowed.[23]

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[21] Exelon Corporation, *FORM 10-K (Feb. 12, 2026),* https://investors.exeloncorp.com/node/41186/html at 22, 27.

[22] Md. Pub. Serv. Comm'n, *Order on EmPOWER Semi-Annual and Work Group Reports*, Order No. 91711 (Case No. 9705, June 26, 2025) at 15.

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

The PSC has, in fact, already determined to begin evaluating cost-effectiveness of distributed energy resources (DERs), including those under EmPOWER, at the *program* level but with an important caveat—"unless a different approach is merited given any of the following considerations: advancing equity (e.g., low-income programs), market transformation objectives, pilots, enabling of other cost-effective programs and other potential regulatory policy objectives."[24] This recently-approved test was the subject of an extensive work group process in the PSC's Unified Benefit Cost Analysis Work Group. Multiple stakeholders and experts—including PSC staff, OPC and other State agencies, non-profit organizations, and the utilities—presented recommendations to the PSC on an updated test that could be applied with relative uniformity across the PSC's various DER dockets.

It is important that the PSC retain some discretion in order to make ratepayers' EmPOWER contributions as effective as possible. OPC, therefore, recommends retaining the current statutory language regarding cost-effectiveness. In the alternative, OPC recommends amending HB 1532 to allow the PSC the discretion to approve programs that are not cost-effective if appropriate to meet market transformation goals consistent with State policy. Additionally, proposed PUA § 7-225(d)(6) should be amended to clarify that any requirement that individual programs be cost-beneficial applies only to electric and gas companies and not to DHCD.

c. Gas utility programs

One option for decreasing the EmPOWER surcharge for many customers is to eliminate the EmPOWER gas programs in their entirety. The gas programs currently provide incentives for new gas equipment, which is contrary to the long-term interests of gas customers, given the high efficiency levels of electric appliances and rising gas distribution costs and analyses showing the benefits of electrification. Gas appliance incentives are also contrary to the State's climate goals. The Commission recently authorized the continued incentivization of gas appliances under EmPOWER.[25] Some of Washington Gas Light's highest-achieving EmPOWER programs have been those that incentivize the installation of gas equipment in newly-constructed residential homes.[26] These incentivizes contradict multiple studies showing that it is more cost effective for

[24] E4TheFuture, *Maryland Unified Benefit-Cost Analysis (UBCA) Framework for Distributed Energy Resources Work Group Report*, MaiLog No. 309737 (Case No. 9674, May 17, 2024) at 9, 53; Md. Pub. Serv. Comm'n, *Order Accepting the Proposed UBCA Framework and Authorizing Phase II*, Order No. 91424 (Case No. 9674, Nov. 22, 2024).
[25] Md. Pub. Serv. Comm'n *Order on EmPOWER Semi-Annual and Work Group Reports*, Order No. 92176 (Case No. 9705, February 6, 2026) at 28-29.
[26] Washington Gas Light Company, *Washington Gas Light Company's Semi-Annual EmPOWER Maryland Report for the period of July 1, 2024-December 31, 2024*, ML No. 315998 (Case No. 9705, Feb. 18, 2025) at 5.

new buildings to be all-electric.[27] Ending the EmPOWER gas programs would be a reasonable approach.

d. DHCD's EmPOWER goals

OPC also recommends amending the language of PUA § 7-224(a)(2) to clarify the GHG reduction goals applicable to the DHCD EmPOWER programs. These crucial programs are provided to some of the most economically vulnerable utility customers who often lack the resources to perform weatherization, purchase energy efficient appliances, or electrify their homes without DHCD assistance. They help to protect limited-income customers from being left behind with electrification efforts, and help prevent limited-income customers from being caught in the gas "death spiral," where higher-income customers leave the gas system, leaving those who cannot immediately afford to electrify their homes to pay gas infrastructure costs and rising costs over time.[28] DHCD's EmPOWER programs serve to directly lower participating limited-income customers' energy bills.

Despite the value of DHCD's programs, the PSC recently interpreted the provisions of PUA § 7-224(a)(2)[29] to mean that DHCD must meet its 0.9 percent GHG reduction goal over a period of years, instead of annually.[30] The PSC noted that "the plain language of PUA § 7-224 does not require the DHCD goal to be based upon annual savings, as the word "annual," or any similar reference, does not appear in the statute."[31] The PSC went on to state that "[i]f the legislature's intent differs from this interpretation, as several parties have alleged, the legislature may modify the statute to better reflect its intention."[32] The legislature's intent did differ from this interpretation, as evidenced by a letter from Delegate Lorig Charkoudian of the House Economic Matters Committee that was filed with the PSC.[33] Additionally, the PSC noted that "[w]ork group stakeholders

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[27] mde.maryland.gov/programs/Air/ClimateChange/MCCC/Documents/MWG_Buildings%20Ad%20Hoc%20Group/E3%20Maryland%20Building%20Decarbonization%20Study%20-%20Final%20Report.pdf

[28] Md. Off. of People's Couns., *Maryland Gas Utility Spending, Projections and Analysis of Future Capital Investments* (Feb. 2025), https://opc.maryland.gov/Portals/0/Files/Publications/Gas%20Utility%20Spending%20Report%20February%202025.pdf?ver=RP_bNtF-Hn7szyL7eLY-Lw%3d%3d at 11.

[29] "For the period 2025-2033, the programs and services required under paragraph (1) of this subsection shall be on a trajectory to achieve greenhouse gas reductions after 2027 of at least 0.9% of the baseline determined under subsection (b) of this section.

[30] Md. Pub. Serv. Comm'n, *Order on EmPOWER Semi-Annual and Work Group Reports*, Order No. 92176 (Case No. 9705, Feb. 6, 2026) at 17-19.

[31] Md. Pub. Serv. Comm'n, *Order on EmPOWER Semi-Annual and Work Group Reports*, Order No. 92176 (Case No. 9705, Feb. 6, 2026) at 18.

[32] Md. Pub. Serv. Comm'n *Order on EmPOWER Semi-Annual and Work Group Reports*, Order No. 92176 (Case No. 9705, Feb. 6, 2026) at 19.

[33] The Maryland House of Delegates, Delegate Lorig Charkoudian, *The 2024-2026 EmPOWER Maryland Program*, ML No. 324066 (Case No. 9705, Oct. 14, 2025).

other than DHCD" interpreted the statutory language to require a minimum annual savings goal of 0.9 percent.[34] The language should be modified for clarity to require an annual savings goal for DHCD of 0.9 percent of the referenced baseline.

Recommendation: OPC requests a favorable Committee report on HB 1532 with the amendments described above.

[34] Maryland Public Service Commission, *Order on EmPOWER Semi-Annual and Work Group Reports*, Order No. 92176 (Case No. 9705, Feb. 6, 2026) at 17-19.