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**COMMITTEE:** EDUCATION, ENERGY, AND THE ENVIRONMENT

**TESTIMONY ON:** SB 850 — ELECTRIC AND GAS COMPANIES – ENERGY EFFICIENCY, CONSERVATION, AND DEMAND RESPONSE PROGRAMS – ALTERATIONS (UTILITY AFFORDABILITY AND RATEPAYER PROTECTION ACT OF 2026)

**POSITION:** UNFAVORABLE

**HEARING DATE:** MARCH 5 AT 1:00 P.M.

WASHINGTON GAS RESPECTFULLY SUBMITS THIS STATEMENT FOR **UNFAVORABLE** TO **SB 850 — ELECTRIC AND GAS COMPANIES – ENERGY EFFICIENCY, CONSERVATION, AND DEMAND RESPONSE PROGRAMS**

### **Purpose and Effects of SB 850**

SB 850 re-tools Maryland’s EE/DR framework to emphasize customer affordability and transparency by: (i) requiring demonstrable bill savings to residential customers in utility EE/DR/BE programs; (ii) directing the PSC to require programs that are cost-effective and that demonstrably reduce bills using demand reduction or other cost-containment mechanisms; (iii) updating ratemaking to ensure current cost recovery by January 1, 2028, extending payoff of unpaid/unamortized balances to 2040, and requiring plain-language bill disclosures that legacy balances date to 2008; and (iv) instructing the PSC, by July 1, 2027, to establish caps or limit assessments for residential customers.

### **Concerns with Affordability & Transparency Provisions**

- 1. Ambiguity in “demonstrable bill savings” could mis-measure program value.**  
If interpreted as a month-to-month bill test, the standard would be statistically noisy and penalize seasonal gas measures; Maryland already relies on rigorous EM&V methods that quantify lifetime bill savings. In 2024, Washington Gas demonstrated bill-positive and cost-effective outcomes over measure life using these sanctioned methodologies.
- 2. Hard caps/limits on residential assessments risk under-recovery and higher \$/ton.**  
A mandated cap can trigger program contraction, delay or dilute recovery, and ultimately increase compliance costs per ton, undermining statutory GHG goals. The PSC can meet the bill’s affordability intent more effectively with volatility-reduction mechanisms—staged reconciliations, amortization schedules, and periodic micro-true-ups—that reduce near-term bill pressure while preserving delivery.
- 3. Legacy-balance disclosure needs a clear decline trajectory to avoid confusion.**  
Requiring bill language that customers have been paying off pre-2028 balances (dating to 2008) increases transparency but should be paired with an annual, published glidepath that explains why and when those balances decline, so customers see the connection between recovery mechanisms and improving affordability.

Washington Gas's energy efficiency programs are already delivering demonstrable, quantifiable bill savings for customers under existing Public Service Commission oversight. Independent evaluation, measurement, and verification results show that participating residential customers receive nearly three dollars in lifetime bill savings for every dollar they contribute to the program, and the portfolio as a whole delivers more than three dollars in bill savings per dollar invested. These outcomes reflect the PSC's long-standing use of rigorous, standardized evaluation methods that measure customer savings over the full life of efficiency measures, rather than short term bill fluctuations driven by weather or market conditions. As a result, the current framework is effectively protecting customers, containing costs, and delivering meaningful affordability benefits without the need for additional statutory tests.

### **About Washington Gas**

Washington Gas Light Company provides safe, reliable natural gas service to more than 1.2 million customers in Maryland, Virginia, and the District of Columbia. WGL has been providing energy to residential, commercial, government, and industrial customers for more than 177 years, and currently serves nearly 520,000 Maryland customers in Montgomery, Prince George's, Charles, St. Mary's, Frederick, and Calvert Counties. The Company employs over 600 employees in Maryland, and hundreds of outside contractors, plumbers, union workers, and other skilled tradespeople. The Company strives to improve the quality of life in our communities by maintaining a locally based workforce, working with suppliers that represent and reflect the communities we serve, and giving back through its charitable contributions and employee volunteer activities. The Company, together with other natural gas distribution utilities, are responsible for delivering the primary source of heat to Maryland residential energy consumers, serving approximately one half of all Maryland households while providing critical energy services to residential, commercial, and industrial customers at one-third the cost of electricity on a per unit basis.

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#### Contact:

Nakhia Crossley, Public Affairs Lead, Maryland, Washington Gas  
**M 571-683-0334** | [nakhia.crossley@washgas.com](mailto:nakhia.crossley@washgas.com)