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**BILL NO.:** Senate Bill 0801 Regional Greenhouse Gas Initiative, EmPOWER Energy Efficiency Programs, and Net Energy Metering / House Bill 1525 – Regional Greenhouse Gas Initiative, EmPOWER Energy Efficiency Programs, and Community Solar Energy Generating Systems

**COMMITTEE:** Education, Energy, and the Environment  
Environment and Transportation

**HEARING DATE:** March 5, 2026 (EEE)  
March 10, 2026 (ENT)

**SPONSOR:** Senator McKay  
Delegates Wivell, Arentz, Beauchamp, Buckel, Hornberger, Hutchinson, McComas, Miller, T. Morgan, Reilly, Schmidt, Tomlinson, and Valentine

**POSITION:** Informational

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The Office of People's Counsel (OPC) respectfully offers the following informational comments on Senate Bill 0801/House Bill 1525, Regional Greenhouse Gas Initiative, EmPOWER Energy Efficiency Programs, and Community Solar Energy Generating Systems. SB 0801/HB 1525 proposes several significant changes apparently intended to reduce customers' utility bills, including (1) requiring the State to withdraw from the Regional Greenhouse Gas Initiative (RGGI) unless and until all other states in the PJM Interconnection region become full members or the State becomes and remains a net exporter of electricity; (2) changing the model of cost recovery for the EmPOWER program—Maryland's utility-customer funded program to support energy efficiency, conservation, greenhouse gas reductions, and demand response; and (3) clarifying the compensation that eligible customer-generators served by a third-party retail supplier or community choice aggregator receive for net excess generation under the net metering program.

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

### **1. Participation in the Regional Greenhouse Gas Initiative (RGGI)**

By way of background, RGGI establishes a declining cap on CO<sup>2</sup> emissions from power plants in ten states, including Maryland. Power plants in Maryland and other RGGI states must purchase an "allowance" for each ton of CO<sup>2</sup> they emit. Allowances are auctioned on a quarterly basis by RGGI, Inc., a non-profit corporation that administers RGGI, and proceeds from these auctions are returned to participating states.

As required by statute, 50 percent of RGGI proceeds are currently used to fund Maryland's Electric Universal Service Program (EUSP), which provides energy assistance to low-income Marylanders, and other electricity assistance programs in the Department of Human Services.<sup>1</sup> Thus, withdrawing Maryland from RGGI would eliminate most of the State's current energy assistance funding. In FY 2025, Maryland received more than \$267 million in RGGI proceeds and appropriated \$94 million in proceeds to the EUSP. This \$94 million accounted for approximately 71 percent of total EUSP funding for FY 25, with \$37.5 million in ratepayer contributions accounting for nearly all of the balance.<sup>2</sup> If Maryland withdraws from RGGI, EUSP funding will be reduced to \$37.5 million per year in ratepayer funding unless the State replaces the RGGI proceeds with another source of revenue, such as general funds. SB 0801/HB 1525 does not provide an alternative source of revenue. Consequently, as drafted, SB 0801/HB 1525 would have a devastating impact on low-income Marylanders at a time when energy costs are rising and hundreds of thousands of Maryland households struggle to pay their energy bills.

Moreover, the fact that SB 0801/HB 1525 would authorize Maryland to rejoin RGGI if and when the State becomes a net exporter of energy appears to be based on a premise that Maryland's status as a net importer is inherently problematic. Maryland, however, has imported a portion of its power needs for many decades through both periods of high and low energy costs.<sup>3</sup> In fact, more states in PJM are energy importers than exporters. D.C. imports about 98 percent of energy, and Delaware about 57 percent.

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<sup>1</sup> Md. Code Ann., St. Gov't Art. § 9-20B-05(g).

<sup>2</sup> See, e.g., Md. Pub. Serv. Comm'n, *Electric Universal Service Program 2024 Annual Report Pursuant to § 7-512.1(c) of the Public Utilities Article* (Apr. 3, 2025) at 3, <https://www.psc.state.md.us/about/reports/>.

<sup>3</sup> See U.S. Energy Info. Admin. (EIA), *State Electricity Profiles*, Table 10., [https://www.eia.gov/electricity/state/maryland/state\\_tables.php](https://www.eia.gov/electricity/state/maryland/state_tables.php). Maryland has been a net energy importer of electricity every year since 1990 (the EIA only provides data going back to the '90s). In 2013, Maryland imported 30,881,323 MWh, or 46% of its total electricity from other states, the highest annual import to date. 1998 was the lowest year of imports since 1990, with 13,945,102 MWh, or 22% imported into the State. In 2023, 24,139,011 MWh, or 40% of the State's demand, was imported.

As long as there is enough capacity in the region and sufficient transmission to deliver the electricity, importing part of Maryland’s energy needs poses no risk to Marylanders and reduces costs for customers, as the regional transmission organization, PJM, dispatches the most economic generation at any given point in time. Additionally, Maryland’s status is not a limitation, but results from economics and importing power from the cheapest generator regardless of geographic location. This was illustrated at times during the June 2025 heat wave when Maryland produced far more of its electricity from within the State than its annual average of 60 percent. During non-peak load seasons, Maryland at times even becomes a net exporter. Thus, it is not clear why participation in RGGI is linked to Maryland’s status as an importer.

## **2. EmPOWER cost recovery**

SB 0801/HB 1525 proposes to change the model of cost recovery for the EmPOWER program but does not change the mandate to carry out the program, leaving unclear how the State’s EmPOWER goals would be achieved if the current EmPOWER funding mechanism—the EmPOWER surcharge—were eliminated. SB 0801/HB 1525 also seeks to repeal specific provisions added to the EmPOWER statute in 2024 to limit the total costs to customers of the EmPOWER programs. While the proposed repeal has the potential to reduce the amount that customers pay for EmPOWER programs now, it will increase the total costs to customers over the long-term for at least three reasons:

*First*, 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.<sup>4</sup> 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.<sup>5</sup>

Notably, most EmPOWER programs do not need to be administered by the utility and their costs do not need to be recovered in utility rates. In fact, funding the programs through utility rates is regressive compared to other alternatives, such as general funds due to more progressive tax brackets. Thus, while the benefits of the EmPOWER programs described above would no longer be realized under the bill, the State could

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<sup>4</sup> 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.

<sup>5</sup> 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>.

retain the programs using non-utility program administrators and funding programs outside of utility rates.

*Second*, repealing the statutory directive to recover costs “on a current basis”—also referred to as “expensing”—leaves open the possibility that the PSC could allow utilities to resume the costly practice of amortizing costs over time. When the EmPOWER program was announced by then-Governor O’Malley in 2007, the PSC ordered the utilities to charge only about 20 percent of EmPOWER program costs in the current year to utility customers as a means of minimizing the initial customer cost impacts of the program.<sup>6</sup> The Commission deferred the utilities’ recovery of the balance (approximately 80 percent of each year’s program costs) to later years.<sup>7</sup> This method of cost recovery is comparable to paying for EmPOWER on a credit card and resulted in an unpaid balance that grew to more than \$800 million.<sup>8</sup> Customers also paid carrying costs on the balance, essentially paying the utilities interest on the growing “debt.” For example, in 2020, the EmPOWER utilities collectively earned about \$55 million on the EmPOWER balance, almost 17 percent of what customers paid in their EmPOWER surcharges.<sup>9</sup>

For years, our office advocated to end the amortization practice that was costing customers tens of millions every year in carrying costs. Eventually, there was widespread recognition that this practice had to change, and in 2022, the PSC ordered the utilities to transition away from the practice of deferring some EmPOWER costs each year, starting in 2024.<sup>10</sup> In 2024, the legislature codified the PSC’s action by passing HB 864. SB 0801/HB 1525 proposes to repeal this codification, leaving open the possibility that the PSC could allow utilities to return to the practice of deferring program costs, which would give the utilities more profits while increasing total costs for customers.

*Third*, repealing the statutory directive that the unamortized balance be recovered at no more than each company’s average cost of outstanding debt leaves open the possibility that the PSC could authorize the utilities to instead earn their full rate of return—including a significant profit. That would increase total costs for customers.

Transitioning EmPOWER to a model where each year’s program expenses are charged to customers that year and the accumulated balance is paid off has led to temporary increases in the EmPOWER surcharges for most customers, but those

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<sup>6</sup> Md. Pub. Serv. Comm’n, Order No. 81637 (Case No. 9111, Sept. 8, 2007) at 6.

<sup>7</sup> *Id.* at 6.

<sup>8</sup> Md. Energy Admin., *EmPOWER Program Cost Analysis* (Oct. 15, 2020) at 3, <https://energy.maryland.gov/documents/meapowerprogramcostanalysis.pdf>.

<sup>9</sup> *Id.* at 6.

<sup>10</sup> Md. Pub. Serv. Comm’n, Order No. 90456 (Case No. 9648, Dec. 29, 2022) at 13-14, 20-21.

increases will end and ultimately customers will save hundreds of millions of dollars over time.

### **3. Net metering compensation**

SB 0801/HB 1525 would specify that the dollar value of any net excess generation accrued by an eligible customer-generator participating in net metering “shall be equal to the generation or commodity portion of the rate that the eligible customer-generator would have been charged FOR STANDARD OFFER SERVICE”—regardless of whether the customer is served by an electric company, a third-party retail supplier, or a community choice aggregator. Although the intent is not entirely clear, the changes appear designed to address a scenario that has surfaced in the PSC’s net metering working group wherein a customer served by a third-party supplier could be compensated differently for net excess generation than a customer served under standard offer service.

OPC appreciates the opportunity to provide these informational comments on SB 0801/HB 1525 and is available to answer any questions the Committee may have.