



Maryland Energy Administration

TO: Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy, and the Environment Committee

FROM: MEA

SUBJECT: SB 850 - Electric and Gas Companies - Energy Efficiency, Conservation, and Demand Response Programs - Alterations (Utility Affordability and Ratepayer Protection Act of 2026)

DATE: March 5, 2026

MEA Position: Letter of Opposition

The Maryland Energy Administration (MEA) respectfully submits this testimony in opposition to Senate Bill 850.

MEA shares the goal of protecting ratepayers and ensuring that energy efficiency and demand response programs deliver meaningful value to Maryland households. However, SB 850 would significantly constrain the structure and implementation of Maryland’s energy efficiency framework in ways that risk undermining both affordability and the State’s statutory greenhouse gas reduction goals.

First, the bill requires that all approved programs and services include “demonstrable bill savings to residential customers.” While bill savings are an important outcome, this rigid requirement does not account for how energy efficiency and beneficial electrification programs function in practice. Many programs produce lifecycle cost savings, system-wide cost reductions, peak demand reductions, and avoided infrastructure investments that benefit all customers over time—even if immediate or direct bill reductions are not uniformly measurable for every residential participant.

Maryland’s energy efficiency portfolio is designed to achieve cost-effectiveness using established cost-effectiveness tests and Public Service Commission oversight. By narrowing eligibility to programs that can demonstrate direct residential bill savings, SB 850 could unintentionally eliminate programs that:

- Deliver long-term net savings to customers,
- Reduce peak demand and avoid costly generation or transmission investments,
- Support greenhouse gas emissions reductions
- Advance beneficial electrification necessary for transportation and building sector decarbonization.

Second, the bill requires the Public Service Commission to establish caps or limit assessments to residential customers. While cost containment is important, imposing statutory caps without

consideration of system benefits, avoided costs, and statutory emissions requirements may hinder Maryland's ability to meet its climate mandates. Energy efficiency remains one of the lowest-cost strategies available to reduce energy demand and protect customers from long-term volatility in fuel and infrastructure costs.

Third, altering the timeline for eliminating unpaid and unamortized costs may have unintended rate impacts. Maryland's current framework allows for cost smoothing to reduce rate volatility and maintain program stability. Abrupt structural changes to amortization schedules could create short-term bill pressure or reduce the ability to finance future cost-effective programs.

Maryland's energy efficiency and demand response programs have consistently delivered measurable energy savings, reduced system costs, and lowered greenhouse gas emissions. These programs are a foundational component of the State's clean energy strategy and are designed with Commission oversight to balance affordability, cost-effectiveness, and environmental compliance.

While we appreciate the sponsors' focus on ratepayer impacts, SB 850 introduces constraints that may weaken the very tools that help control long-term energy costs for Maryland families and businesses.

For these reasons, MEA respectfully requests the Committee issue an **unfavorable report**.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Megan Outten, Policy Manager, at megan.outten@maryland.gov.