

KUMAR P. BARVE
CHAIR



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PUBLIC SERVICE COMMISSION

Chair Brian Feldman
Education, Energy, and the Environment Committee
2 West Miller Senate Office Building
Annapolis, MD 21401

RE: SB 834 - Information – Energy Efficiency and Conservation Programs, Services, and Plans - Moratorium

Dear Chair Feldman and Committee Members:

The Public Service Commission (the “Commission”) appreciates the opportunity to provide this informational testimony for SB 834. The bill enacts a moratorium on the enforcement and implementation of the EmPOWER program while previously accrued and amortized program expenses are paid off. Once these costs are fully recovered, the Commission is required to submit a report to the General Assembly informing them the costs have been fully collected and include a recommendation on whether the moratorium should be rescinded. The potential impacts of this moratorium are set forth below.

The direct initial effect of this legislation is that the EmPOWER surcharge on customer bills will be reduced to cover only previously spent program costs. Under the current statutory cost recovery structure, these costs will be recovered from 2026 - 2030. However, while the bill reduces the EmPOWER surcharge, that reduction must be weighed against the loss of avoided-cost benefits to determine the net effect on ratepayers.

The EmPOWER programs influence overall customer energy usage and lower the demand placed on the electric system. As a result, utilities avoid certain costs such as purchased energy, capacity charges, and transmission and distribution expenses. If these programs are discontinued, many of these avoided costs would reappear. The impact would be especially significant for demand response programs, which currently help reduce utilities’ capacity obligations in the PJM energy markets. Without these programs utilities may face higher capacity costs, which could in turn increase costs for customers.

SB 834 would also impact the State’s ability to achieve its greenhouse gas emissions reduction target. The legislature has established a goal to achieve net-zero statewide greenhouse gas emissions by 2045.¹ To achieve this goal, the Maryland Department of the Environment (MDE) was required to develop a plan for incremental reductions in greenhouse gas emissions over the

¹ Maryland Environment Article § 2-1204.2.

next few decades to set the State on a path toward achieving the target by 2045. MDE's published plan incorporates the use of EmPOWER programs into the strategy for meeting the greenhouse gas goals.² Because the State still must meet the greenhouse gas reduction goals, consideration will need to be given to how the goals will be met without the EmPOWER programs if SB 834 is enacted.

Please contact Niki Wiggins, Director of Legislative Affairs, at irene.wiggins3@maryland.gov if you have any questions related to this informational testimony.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kumar P. Barve".

Kumar P. Barve
Chair, Maryland Public Service Commission

² Maryland's Climate Pollution Reduction Plan, Dec. 28, 2023; p. 5, 7, 13, 38 - 39, 40, and 90.
<https://mde.maryland.gov/programs/air/ClimateChange/Maryland%20Climate%20Reduction%20Plan/Maryland%207s%20Climate%20Pollution%20Reduction%20Plan%20-%20Final%20-%20Dec%2028%202023.pdf>