

KUMAR P. BARVE  
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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 801 - Information – Regional Greenhouse Gas Initiative, EmPOWER Energy Efficiency Programs, and Net Energy Metering**

Dear Chair Feldman and Committee Members:

The Public Service Commission (the “Commission”) appreciates the opportunity to provide this informational testimony for SB 801. This bill requires Maryland to withdraw from the Regional Greenhouse Gas Initiative (RGGI); eliminates the statutory guidance for calculating utility rate of return on EmPOWER costs; and changes the value of a net energy metering (NEM) customer’s excess generation. Below, the Commission provides contextual information related to these changes and outlines potential impacts to ratepayers.

Withdrawal from RGGI may benefit power plant operators in Maryland to the extent that it reduces their costs to operate, which could result in flow-through benefits to customers. However, withdrawal from RGGI would also end all RGGI proceeds into the Strategic Energy Investment Fund (SEIF) overseen by the Maryland Energy Administration. In FY25, approximately 40% of total SEIF funding—about \$267 million—came from RGGI proceeds. Without these funds, MEA will need to eliminate programs that implement critical demand-response systems, enable advanced infrastructure technologies to benefit grid capacity, and help low-income customers afford energy, among others.<sup>1</sup>

With respect to EmPOWER, SB 801 removes provisions from the Public Utilities Article that specify how utilities recover EmPOWER program costs from customers. The bill does not end the EmPOWER program, so the utilities will still need to incur costs to operate EmPOWER programs and the Commission will need to determine how costs are recovered from ratepayers. Because the proposed legislation removes the *requirement* that EmPOWER costs be listed as a separate line item on a customer’s utility bill, utilities could propose—and the Commission could approve—recovery either through a surcharge or in base rates.

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<sup>1</sup> For example, 50% of RGGI funds in the SEIF must be used to support Electric Universal Service Program (EUSP) for bill assistance and arrearages. In FY25, \$94 million in proceeds from the SEIF were used to support bill assistance through the Office of Home Energy Programs (OHEP) for eligible low-income customers. Without funding for these programs, there may be an increase in utility arrearages for OHEP-eligible low-income customers and an increase in service terminations.

Currently, new EmPOWER program costs are recovered as an operating expense in the year they are incurred. Previously, however, the utilities classified EmPOWER costs as an investment to be recovered over time and subject to a return calculated the utilities' weighted average cost of capital. The statutory terms that are currently in place specify that the previously amortized balance that is still outstanding be collected over the next five years with a return calculated using the utilities' cost of *debt*. The cost of debt is cheaper than the cost of capital, which is what utilities previously used for a return on EmPOWER costs. If utilities were allowed to return to using their cost of capital to calculate a return, program costs would increase.<sup>2</sup>

Related to NEM, SB 801 changes how the value of excess generation must be calculated when determining the amount to be reimbursed to an NEM customer who receives payment annually. The current framework was established by statute in 2023 and the Commission's process to implement those requirements was just recently completed. If SB 801 goes forward, the Commission will need to conduct a new rulemaking to update provisions of COMAR to reflect those statutory changes. The electric utilities will also need to update their tariffs to reflect the new net metering rates.

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

Sincerely,



Kumar P. Barve  
Chair, Maryland Public Service Commission

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<sup>2</sup> The specific impact of the proposed legislation is dependent upon whether utilities return to collecting EmPOWER costs over time or in a single year. Costs spread out over time typically result in lower bill impacts but cost more over the time.