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BILL NO.: Senate Bill 0373/House Bill 0066 – Environment - Regional Greenhouse Gas Initiative - Withdrawal (Restoring Energy Freedom Act)

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

HEARING DATE: February 19, 2026 (EEE)
February 10, 2026 (ENT)

SPONSOR: Senators Hershey & West
Delegate Chisholm

POSITION: Informational

The Office of People’s Counsel (OPC) respectfully offers the following informational comments on Senate Bill 0373/House Bill 0066, the Restoring Energy Freedom Act, which proposes to withdraw Maryland from participation in the Regional Greenhouse Gas Initiative (RGGI) by repealing various statutes, including sections of State Government Article § 9–20B–05, that provide for Maryland’s participation in RGGI and for the disposition of proceeds from the sale of carbon dioxide (CO²) allowances under RGGI.

By way of background, RGGI establishes a declining cap on CO² 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 CO² 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.¹ In Fiscal Year 2025, RGGI proceeds accounted for approximately 71 percent of EUSP funding. Thus, withdrawing Maryland from RGGI would eliminate most of the State's current energy assistance funding. Without other action to make up for the funding, such as through general funds, withdrawal from RGGI 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.

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.² 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. HB 0066 does not provide an alternative source of revenue. Consequently, as drafted, the bill would decimate energy assistance funding in Maryland and harm low-income Marylanders.

OPC appreciates the opportunity to provide this information on the potential impact of SB 0373/HB 0066 on energy assistance and is available to answer questions.

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

² 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/>.