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

Dear Chair Feldman and Committee Members:

The Public Service Commission (the “Commission”) appreciates the opportunity to provide this informational testimony for SB 850. The bill makes three changes to the EmPOWER program: 1) requires all residential programs to provide “demonstrable bill savings”; 2) extends the deadline for paying down unamortized program expenses from 2032 to 2040; and 3) requires the Commission to establish caps or limit assessments to residential customers. The Commission supports the bill’s goal of ensuring Marylanders have access to affordable energy, but submits this informational testimony to outline potential customer impacts as well as possible barriers to effectively implementing this bill.

SB 850 requires that all EmPOWER programs provide demonstrable bill savings to residential customers but does not define the term “demonstrable bill savings.” By nature, many EmPOWER programs achieve savings through avoided costs that accrue over time associated with decreased energy consumption over the useful life of an installed product. Much of the savings are collective and occur at the utility level to benefit all customers regardless of whether they have participated in an EmPOWER program, including avoided costs of purchased energy, capacity charges, and transmission and distribution investments and expenses.¹

By requiring that an EmPOWER program “demonstrably reduce[] residential customer bills” without defining a set of considerations or methodology for that determination, it may limit the consideration of the full benefits of the program.² It may also prevent the Commission from approving EmPOWER programs if factors unrelated to the program would prevent bills from

¹ As of December 31, 2024, the EmPOWER Maryland programs have saved a total of 17,582,578 MWh and 3,589 MW of energy. The expected savings associated with EmPOWER Maryland programs exceeds \$15.8 billion over the life of the installed measures.

² Because this bill retains language in the statute requiring that a program be “cost-effective,” it is assumed that the added provisions would necessitate an inquiry beyond the current benefits-costs analysis done to determine if a program is cost-effective.

being reduced, such as higher energy prices (including higher prices for resources used to generate electricity), higher demand for electricity (data centers, electric vehicles, etc.), and lifestyle changes. In order to ensure the bill can be implemented as intended, it would be helpful to amend the bill to allow the Commission to establish how “bill savings” and “bill reductions” are measured, and to clarify if and how those measurements are related to current analyses pursuant to the cost-effectiveness evaluation.

Additionally, SB 850 notably omits commercial and industrial customers from the added savings requirement provision. Because it would be complex to conclusively demonstrate that a commercial and industrial program directly reduces residential customer bills, the statute may prevent EmPOWER programs serving commercial customers from being approved. Since commercial conservation and demand reduction programs are often the most cost-effective programs, producing the greatest savings, it would be beneficial to amend the bill to clarify that utilities can continue to develop and implement EmPOWER programs serving these customer classes.

The Commission also notes that the bill’s requirement for the Commission to cap EmPOWER assessments on residential customers in order to “reduce costs” creates a similarly unclear directive. Depending on how they must be calculated and applied, caps may impact the contribution of the EmPOWER programs to the State’s strategy to meet its greenhouse gas emissions reduction goals. If the bill wishes to maintain EmPOWER’s dual focus on cost savings and greenhouse gas emissions reduction, it may be helpful to remove or amend this provision.

Finally, the bill’s proposal to extend the pay-off deadline for past program costs would reduce the amount of these costs in the EmPOWER surcharge by about 50 percent in a year. Given that these costs account for approximately 10 percent of recoverable costs in the surcharge, the effect of this change would be to reduce the surcharge by about 5 percent each year. Because of the extended pay-off timeframe, accrued carrying costs in the form of a return for the utility would be higher, which would lead ultimately to a higher total balance being paid.

Please contact Niki Wiggins, Director of Legislative Affairs, at 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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