

SB0850 Utility Affordability-Ratepayer Protection

Uploaded by: SHARON CARRICK

Position: FAV



March 3, 2026

The Honorable Brian J. Feldman, Chairman
and Members of the Education, Energy and the Environment Committee
Senate of Maryland
Annapolis, Maryland

Dear Chair Feldman and Members:

RE: **SB0850** – Electric and Gas Companies -- Energy Efficiency, Conservation, and Demand Response Programs -- Alterations (Utility Affordability and Ratepayer Protection Act of 2026) -- **FAVORABLE**

The Maryland Federation of Republican Women strongly supports SB0850 as an appropriate response to out-of-control cost recovery assessments incorporated into utility bills.

- Energy users are penalized as residential users and through the increased costs to the businesses they patronize.
- Utility customers have no control over these assessments. The recovery assessments are not reasonable nor have they resulted in efficient use and conservation of energy.
- The funds from these assessments have been used to backfill General Fund deficits (\$292M in the FY2027 Proposed Budget).
- Exorbitant utility bills leave homeowners with no financial resources to pursue efficiency upgrades (insulation, new and better insulated windows, cold-climate heat pumps).
- Renters have even less control over efficiencies that could reduce their utility bills.

Demonstrable bill savings is a reasonable requirement before imposing assessments on residential customers. Only then can you achieve “buy in” for energy conservation.

Please vote a **FAVORABLE** report for **SB0850**.

Sincerely,

Ella Ennis
Legislative Co-Chair
(443) 295-3989

Sharon Carrick
Legislative Co-Chair
(301) 464-1954

SB 850 - LOO - Electric and Gas Companies - Energ

Uploaded by: Megan Outten

Position: UNF



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.

SB0850_WGL_Crossley_UNF.pdf

Uploaded by: Nakhia Crossley

Position: UNF



1000 Maine Avenue, SW | Suite 600 | Washington, DC 20024 | www.washingtongas.com

COMMITTEE: EDUCATION, ENERGY, AND THE ENVIRONMENT

TESTIMONY ON: SB 850 — ELECTRIC AND GAS COMPANIES – ENERGY EFFICIENCY, CONSERVATION, AND DEMAND RESPONSE PROGRAMS – ALTERATIONS (UTILITY AFFORDABILITY AND RATEPAYER PROTECTION ACT OF 2026)

POSITION: UNFAVORABLE

HEARING DATE: MARCH 5 AT 1:00 P.M.

WASHINGTON GAS RESPECTFULLY SUBMITS THIS STATEMENT FOR **UNFAVORABLE** TO **SB 850 — ELECTRIC AND GAS COMPANIES – ENERGY EFFICIENCY, CONSERVATION, AND DEMAND RESPONSE PROGRAMS**

Purpose and Effects of SB 850

SB 850 re-tools Maryland’s EE/DR framework to emphasize customer affordability and transparency by: (i) requiring demonstrable bill savings to residential customers in utility EE/DR/BE programs; (ii) directing the PSC to require programs that are cost-effective and that demonstrably reduce bills using demand reduction or other cost-containment mechanisms; (iii) updating ratemaking to ensure current cost recovery by January 1, 2028, extending payoff of unpaid/unamortized balances to 2040, and requiring plain-language bill disclosures that legacy balances date to 2008; and (iv) instructing the PSC, by July 1, 2027, to establish caps or limit assessments for residential customers.

Concerns with Affordability & Transparency Provisions

1. Ambiguity in “demonstrable bill savings” could mis-measure program value.

If interpreted as a month-to-month bill test, the standard would be statistically noisy and penalize seasonal gas measures; Maryland already relies on rigorous EM&V methods that quantify lifetime bill savings. In 2024, Washington Gas demonstrated bill-positive and cost-effective outcomes over measure life using these sanctioned methodologies.

2. Hard caps/limits on residential assessments risk under-recovery and higher \$/ton.

A mandated cap can trigger program contraction, delay or dilute recovery, and ultimately increase compliance costs per ton, undermining statutory GHG goals. The PSC can meet the bill’s affordability intent more effectively with volatility-reduction mechanisms—staged reconciliations, amortization schedules, and periodic micro-true-ups—that reduce near-term bill pressure while preserving delivery.

3. Legacy-balance disclosure needs a clear decline trajectory to avoid confusion.

Requiring bill language that customers have been paying off pre-2028 balances (dating to 2008) increases transparency but should be paired with an annual, published glidepath that explains why and when those balances decline, so customers see the connection between recovery mechanisms and improving affordability.

Washington Gas's energy efficiency programs are already delivering demonstrable, quantifiable bill savings for customers under existing Public Service Commission oversight. Independent evaluation, measurement, and verification results show that participating residential customers receive nearly three dollars in lifetime bill savings for every dollar they contribute to the program, and the portfolio as a whole delivers more than three dollars in bill savings per dollar invested. These outcomes reflect the PSC's long-standing use of rigorous, standardized evaluation methods that measure customer savings over the full life of efficiency measures, rather than short term bill fluctuations driven by weather or market conditions. As a result, the current framework is effectively protecting customers, containing costs, and delivering meaningful affordability benefits without the need for additional statutory tests.

About Washington Gas

Washington Gas Light Company provides safe, reliable natural gas service to more than 1.2 million customers in Maryland, Virginia, and the District of Columbia. WGL has been providing energy to residential, commercial, government, and industrial customers for more than 177 years, and currently serves nearly 520,000 Maryland customers in Montgomery, Prince George's, Charles, St. Mary's, Frederick, and Calvert Counties. The Company employs over 600 employees in Maryland, and hundreds of outside contractors, plumbers, union workers, and other skilled tradespeople. The Company strives to improve the quality of life in our communities by maintaining a locally based workforce, working with suppliers that represent and reflect the communities we serve, and giving back through its charitable contributions and employee volunteer activities. The Company, together with other natural gas distribution utilities, are responsible for delivering the primary source of heat to Maryland residential energy consumers, serving approximately one half of all Maryland households while providing critical energy services to residential, commercial, and industrial customers at one-third the cost of electricity on a per unit basis.

Contact:

Nakhia Crossley, Public Affairs Lead, Maryland, Washington Gas
M 571-683-0334 | nakhia.crossley@washgas.com

SB 850_UNF_Maryland LCV_Utility Affordability and

Uploaded by: Rebecca Rehr

Position: UNF



**MARYLAND
LEAGUE OF
CONSERVATION
VOTERS**

**Maryland LCV
Board of Directors**

Patrick Miller
Chair

Honorable Nancy Kopp
Treasurer

Bonnie Norman
Secretary

Kimberly Armstrong

Caroline Baker

Joe Gill

Lynn Heller

Honorable Steve Lafferty

Kevin Loeb

Kim Coble
Executive Director

March 5, 2026

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

Mr. Chair and Members of the Committee:

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

SB 850 would require that energy efficiency, conservation, demand response, and beneficial electrification programs include demonstrable bills savings to residential customers. While bill impacts are an important consideration, this additional requirement could constrain the types of programs the Public Service Commission (PSC) is able to approve. Maryland's existing framework evaluates such programs based on system-wide cost-effectiveness, including avoided generation, transmission and distribution costs. Some programs that deliver significant long-term savings to the grid and to ratepayers as a whole may not produce immediate, directly measurable bill reductions for individual customers. For example, EmPOWER Maryland, funded through a nonbypassable surcharge, is a cost-effective program that reduces overall electricity demand, lowers peak system costs, and helps avoid expensive new generation and transmission infrastructure. Since its launch in 2008, [EmPOWER Maryland has generated approximately \\$14.5 billion in savings](#) from installed energy efficiency measures. In 2024 alone, the [program reduced summer peak demand](#) by roughly **1,000 megawatts**, comparable to the output of up to three gas peaker plants. These savings benefit all ratepayers, not just program participants.

SB 850 also extends the deadline for eliminating unpaid and unamortized program costs from 2032 to 2040. While this change spreads charges over a longer period, reducing monthly bill impacts, it may also affect the pace and structure of future investments in programs that generate long-term savings. Lastly, the bill directs the PSC to establish caps on residential assessments. Depending on how those caps are structured, they could limit program scale and reduce peak demand savings that help avoid higher system costs.

30 West Street, Suite C
Annapolis, MD 21401
Phone: 410-280-9855

www.mdlcvo.org

Taken together, these provisions could shift program design toward near-term, directly quantifiable bill impacts rather than preserving the Commission's flexibility to prioritize comprehensive, system-wide cost-effective solutions that support long-term affordability.

Maryland should continue improving transparency and affordability within these programs, but reforms should preserve the proven benefits of cost-effective efficiency and demand response – not restrict them in ways that raise long-term costs.

Maryland LCV urges an unfavorable report on this bill.

SB 850 Information PSC testimony.pdf

Uploaded by: Barve Barve

Position: INFO

KUMAR P. BARVE
CHAIR



FREDERICK H. HOOVER, JR.
BONNIE A. SUCHMAN
ODOGWU OBI LINTON
RYAN C. MCLEAN

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

WILLIAM DONALD SCHAEFER TOWER • 6 ST. PAUL STREET • BALTIMORE, MARYLAND 21202-6806

410-767-8000 • Toll Free: 1-800-492-0474 • FAX: 410-333-6495

MDRS: 1-800-735-2258 (TTY/Voice) • Website: www.psc.state.md.us/psc/

SB0850 - OPC Testimony.pdf

Uploaded by: David Lapp

Position: INFO

DAVID S. LAPP
PEOPLE'S COUNSEL

WILLIAM F. FIELDS
DEPUTY PEOPLE'S COUNSEL

JULIANA BELL
DEPUTY PEOPLE'S COUNSEL

————— **OPC** —————
OFFICE OF PEOPLE'S COUNSEL
State of Maryland

6 ST. PAUL STREET, SUITE 2102
BALTIMORE, MARYLAND 21202
WWW.OPC.MARYLAND.GOV

BRANDI NIELAND
DIRECTOR, CONSUMER
ASSISTANCE UNIT

CARISSA RALBOVSKY
CHIEF OPERATING OFFICER

BILL NO.: Senate Bill 0850 –Utility Affordability and Ratepayer Protection Act of 2026

COMMITTEE: Education, Energy, and the Environment

HEARING DATE: March 5, 2026 (EEE)

SPONSOR: Senators Gallion, Hester, Watson, and Carozza

POSITION: Informational

The Office of People’s Counsel (OPC) respectfully offers the following informational comments on Senate Bill 0850, the Utility Affordability and Ratepayer Protection Act of 2026. SB 0850 proposes several major changes to the statutory framework governing the EmPOWER program—Maryland’s utility-customer funded program to support energy efficiency, conservation, greenhouse gas reductions, and demand response. Specifically, SB 0850 aims to lower the costs to residential customers for EmPOWER programs by requiring that:

- Electric and gas company plans result in “demonstrable savings to residential customers”;
- Electric and gas companies establish programs or services that use “demand reduction or other cost containment mechanisms to reduce energy consumption and lower customer bills”;
- The PSC establish “caps or limit assessments to residential customers...in order to reduce costs”; and
- The deadline for paying off the unamortized EmPOWER balance be extended from 2032 to 2040.

OPC appreciates the sponsors’ intent to address unaffordable utility bills and offers the following comments for the Committee’s consideration.

First, SB 0850 does not define what constitutes “demonstrable bill savings to residential customers” or how such savings would be measured, which may result in unintended consequences. By any measure, the benefits of the EmPOWER program outweigh the costs. EmPOWER offers utility customers opportunities to save money on their energy bills by offering equipment and product rebates; free or discounted (to the individual customer) energy efficiency checkups and repairs for the home; equipment upgrades and tune-ups; and energy usage alerts that can help customers better control their bills and save money. EmPOWER programs produce about \$2 in benefits for every dollar spent.¹ The measures and equipment installed through EmPOWER so far are expected to save Maryland utility customers over \$15.8 billion over the lifetime of the equipment.²

To the extent that the proposed change would require each individual EmPOWER program to result in demonstrable benefits that exceed costs, SB 0850 may eliminate programs that have been part of EmPOWER for many years. Currently, EmPOWER programs must be cost-effective at the *subportfolio* level—the suite of programs offered to residential customers, for example, must be cost-effective, as a whole. Some programs are highly cost-effective, while others are less cost effective but still save participating customers money in the long run while contributing to the advancement of the State’s GHG reduction goals. Under the current proposed language, many of the electric utilities’ current appliance rebate programs—including those that provide incentives for efficient electric heat pumps—may no longer be allowed.³

Second, SB 0850 does not change the statutory mandate for utilities to carry out EmPOWER plans that achieve the legislatively imposed greenhouse gas (GHG) reduction goals, leaving unclear how the State’s EmPOWER goals would be achieved if costs to achieve the goals exceed any “cap or limit” set by the PSC. SB 0850 also does not give the PSC guidance as to how to set such a cap, other than that it “reduce costs to residential customers”

Third, while extending the deadline for paying off the unamortized EmPOWER balance will lower the amount customers pay towards that balance each month, the extension also means that customers will continue to pay interest on the balance for an

¹ Guidehouse and Cadmus, *EmPOWER Maryland 2023 Cost-Effectiveness Results Report* (Jan. 2, 2025) at 7, available from the Md. Pub. Serv. Comm’n EmPOWER Evaluation Advisory Group Work Group.

² Md. Pub. Serv. Comm’n, *The EmPOWER Maryland Energy Efficiency Act Report of 2025* (June 2025) at 2, <https://www.psc.state.md.us/wp-content/uploads/2025-EmPOWER-Maryland-Energy-Efficiency-Act-Standard-Report-Final.pdf>.

³ See, e.g., *Baltimore Gas and Electric Company Revised 2024-2026 EmPOWER Maryland Program Plan*, MailLog No. 311701 (Case No. 9705, Aug. 15, 2024) at PDF p. 52; *Revised Potomac Edison EmPOWER Maryland Plan*, MailLog No. 311732 (Case No. 9705, Aug. 15, 2024) at PDF p. 112; *Potomac Electric Power Company 2025-2026 EmPOWER MD Program Filing*, MailLog No. 311703 (Case No. 9705, Aug. 15, 2024) at PDF p. 48.

additional eight years. Even if that interest remains limited to the company's cost of debt—rather than their full rate of return—the extension will increase the total costs to customers.

OPC appreciates the opportunity to provide these informational comments on SB 0850 and is available to answer any questions the Committee may have.