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COMMITTEE: ENVIRONMENT AND TRANSPORTATION

TESTIMONY ON: HB 958 NATURAL GAS – CONNECTION AND LINE EXTENSION – DISCOUNTS AND PAYMENT PLANS

POSITION: SUPPORT

HEARING DATE: FEBRUARY 27 AT 1:00 PM

WASHINGTON GAS RESPECTFULLY SUBMITS THIS STATEMENT IN **SUPPORT** TO **HOUSE BILL 958 – NATURAL GAS – CONNECTION AND LINE EXTENSION – DISCOUNTS AND PAYMENT PLANS**

Background

HB 958 is a response to Order No. 91683, issued by the Public Service Commission in its Future of Gas proceeding, which advanced sweeping policy changes without the due-process safeguards traditionally afforded to stakeholders. The Order was issued without an evidentiary record, without independent affordability or energy reliability analysis, and without the level of stakeholder engagement that a policy shift of this magnitude requires. As a result, HB 958 seeks to restore transparency, fairness, and proper procedural grounding to decisions that have significant negative implications for Maryland customers, housing affordability, and long-term energy planning.

Analysis

HB 958 recognizes a fundamental truth that has often been missing from recent policy debates: **Maryland must keep all energy resources available and affordable for customers as the state works to build the generation, infrastructure, and technology it does not yet have.** This bill rebalances state policy so that reliability, affordability, and customer choice remain centered in Maryland's energy planning.

Affordability must remain a cornerstone of energy policy. Recent regulatory proposals aimed at eliminating natural gas line extension allowances would significantly increase costs for Maryland residents, particularly those moving into new housing or residing in communities where electric alternatives remain expensive or technically infeasible.

Washington Gas's analysis of recent customer projects found that removing these allowances would increase costs by **over \$800,000 for a single large townhome development.** Such cost increases ultimately flow to prospective homeowners and renters at a time when Maryland is already grappling with escalating housing and energy affordability concerns.

Importantly, line extension allowances are not subsidies. They are cost-allocation tools designed to prevent cross-subsidization, ensuring that new customers pay their fair share without

disproportionately subsidizing others. Eliminating these allowances altogether would force new customers to **overpay** while existing customers benefit from system growth without contributing to associated costs. This outcome conflicts with Maryland's public utility laws and violates principles of just, reasonable, and nondiscriminatory rates.

HB 958 helps ensure energy affordability for working families, low-income customers, and residents of new communities who already face high barriers to entry.

Maryland needs all resources available as it builds the electric grid of the future. Maryland's climate policies envision a future with a dramatically expanded, less emissions-intensive electric grid. But today, that grid simply does not exist. The PJM region remains heavily dependent on fossil-fuel-based generation, and the grid continues to experience reliability and capacity challenges that have been well-documented in recent years.

Governor Moore's Building an Affordable and Reliable Energy Future Executive Order underscored the seriousness of these concerns, noting that electricity demand could exceed supply as early as 2027. As Maryland attempts to promote increased electrification, the state must ensure it does not unintentionally jeopardize reliability or overburden a grid that is not yet ready to meet the projected load.

HB 958 aligns policy with reality. It ensures that natural gas, a resource Maryland already has, and one that provides dependable service during extreme temperatures and peak demand, remains available as part of a balanced, all-of-the-above strategy. The bill recognizes that Maryland must build new renewable generation, storage, transmission, and distribution capacity before it substantially increases electrification statewide.

Marylanders rely on the ability to choose energy options that best meet their household needs, budgets, and preferences. Eliminating access to safe, reliable gas services, particularly in new communities, would restrict customer choice, reduce energy equity, and increase financial burdens on residents who may not be able to afford higher electric installation and appliance costs.

HB 958 protects that choice. It supports an energy strategy where customers, not policies, determine what works best for their homes, while Maryland builds new energy resources.

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.

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