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BILL NO.: House Bill 0521 – Electric Companies and Gas Companies -
Customer Bill Surcharge - Repeal

COMMITTEE: Environment and Transportation

HEARING DATE: February 17, 2026

SPONSOR: Delegates Chisholm, Anderson, Arentz, Arikan, Fisher,
Grammer, Griffith, Jacobs, Kipke, M. Morgan, T. Morgan,
Nawrocki, Reilly, Schmidt, Szeliga, and Tomlinson

POSITION: Informational

The Office of People’s Counsel (OPC) respectfully offers the following informational comments on House Bill 0521, Electric Companies and Gas Companies - Customer Bill Surcharge – Repeal. HB 0521 seeks to change the model of cost recovery for the EmPOWER program—Maryland’s utility-customer funded program to support energy efficiency, conservation, greenhouse gas reductions, and demand response. HB 0521 does not change the mandate to carry out the program, leaving unclear how the State’s EmPOWER goals would be achieved if the current EmPOWER funding mechanism—the EmPOWER surcharge—were eliminated. HB 0521 also seeks to repeal specific provisions added to the EmPOWER statute in 2024 to limit the total costs to customers of the EmPOWER programs. While the proposed repeal has the potential to reduce the amount that customers pay for EmPOWER programs now, it will increase the total costs to customers over the long-term for at least three reasons:

First, 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 The relatively recent addition of GHG reduction goals under EmPOWER³ will also help improve air quality, for the benefit of all Marylanders.

Second, repealing the statutory directive to recover costs “on a current basis”—also referred to as “expensing”—leaves open the possibility that the PSC could allow utilities to resume the costly practice of amortizing costs over time. When the EmPOWER program was announced by then-Governor O’Malley in 2007, the PSC ordered the utilities to charge only about 20 percent of EmPOWER program costs in the current year to utility customers as a means of minimizing the initial customer cost impacts of the program.⁴ The Commission deferred the utilities’ recovery of the balance (approximately 80 percent of each year’s program costs) to later years.⁵ This method of cost recovery is comparable to paying for EmPOWER on a credit card and resulted in an unpaid balance that grew to more than \$800 million.⁶ Customers also paid carrying costs on the balance, essentially paying the utilities interest on the growing “debt.” For example, in 2020, the EmPOWER utilities collectively earned about \$55 million on the EmPOWER balance, almost 17 percent of what customers paid in their EmPOWER surcharges.⁷

For years, our office advocated to end the amortization practice that was costing customers tens of millions every year in carrying costs. Eventually, there was widespread recognition that this practice had to change, and in 2022, the PSC ordered the utilities to transition away from the practice of deferring some EmPOWER costs each year, starting in 2024.⁸ In 2024, the legislature codified the Commission’s action by passing HB 864. HB 0521 proposes to repeal this codification, leaving open the possibility that the PSC could allow utilities to return to the practice of deferring program costs, which would give the utilities more profits while increasing total costs for customers.

¹ Guidehouse and Cadmus, *EmPOWER Maryland 2023 Cost-Effectiveness Results Report* (Jan. 2, 2025) at 7, available from the Maryland Public Service Commission’s 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 HB 0864, 2024 Leg., Reg. Sess. (Md. 2024), <https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/hb0864/?ys=2024rs>.

⁴ Md. Pub. Serv. Comm’n, Order No. 81637 (Case No. 9111, Sept. 8, 2007) at 6.

⁵ *Id.* at 6.

⁶ Md. Energy Admin., *EmPOWER Program Cost Analysis* (Oct. 15, 2020) at 3, <https://energy.maryland.gov/documents/meaempowerprogramcostanalysis.pdf>.

⁷ *Id.* at 6.

⁸ Md. Pub. Serv. Comm’n, Order No. 90456 (Case No. 9648, Dec. 29, 2022) at 13-14, 20-21.

Third, repealing the statutory directive that the unamortized balance be recovered at no more than each company's average cost of outstanding debt leaves open the possibility that the PSC could authorize the utilities to instead earn their full rate of return—including a significant profit. That also would increase total costs for customers.

Transitioning EmPOWER to a model where each year's program expenses are charged to customers that year and the accumulated balance is paid off has led to temporary increases in the EmPOWER surcharges for most customers, but those increases will end and ultimately customers will save hundreds of millions of dollars over time.

OPC appreciates the opportunity to provide these informational comments on HB 0521 and is available to answer any questions the Committee may have.