

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.: House Bill 0967 – Electric Companies – Environmental
Surcharges or Fees – Prohibition on Collection

COMMITTEE: Environment and Transportation

HEARING DATE: February 27, 2026 (ENT)

SPONSOR: Delegates Buckel, et al.

POSITION: Informational

The Office of People’s Counsel (OPC) respectfully offers the following informational comments on House Bill 0967, Electric Companies – Environmental Surcharges or Fees – Prohibition on Collection. HB 0967 proposes to prohibit electric companies from collecting certain “environmental surcharges or fees” in any year following a determination that average residential electric bills increased faster than inflation. HB 0967 defines environmental surcharges to include surcharges that enable electric companies to recover costs of the EmPOWER program, the purchase of offshore wind renewable energy certificates (ORECs), or compliance fees paid in lieu of purchasing renewable energy certificates to satisfy the renewable energy portfolio standard. Notably, however, HB 0967 does not change the statutory provisions requiring electric companies to run EmPOWER programs, purchase offshore wind renewable energy credits (ORECs), or pay compliance fees, leaving unclear how these statutory mandates would be achieved if the current funding mechanisms—surcharges—were eliminated.

While the proposed prohibition against the collection of surcharges has the potential to reduce the amount that customers pay for these statutory requirements now, it will increase the total costs to customers over the long-term for at least two reasons:

First, by any measure, the benefits of the EmPOWER program—Maryland’s utility-customer funded program to support energy efficiency, conservation, greenhouse gas reductions, and demand response—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. HB 0967 would automatically suspend environmental surcharge recovery whenever residential electric bills outpace inflation, directly threatening stable funding for EmPOWER. This could interrupt program operations even when EmPOWER is delivering net customer benefits, and could threaten customer trust and participation in the program.

Second, repealing the statutory directive to recover costs through a surcharge leaves open the possibility that the PSC could allow utilities to instead amortize costs over time, substantially increasing long-term customer costs. 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 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 EmPOWER 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

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.

utilities to transition away from the practice of deferring some EmPOWER costs each year, starting in 2024.⁸ In 2024, the legislature codified the PSC’s action by passing HB 864. Although HB 0967 does not expressly repeal these requirements, the proposed prohibition against collecting surcharges under certain circumstances calls into question how these statutory provisions would be read together. In the case of ORECs and compliance fees—and even potentially in the case of EmPOWER—HB 0967 leaves open the possibility that the PSC could allow utilities to instead defer program costs, which potentially would lead to higher long-term costs for customers.

OPC appreciates the opportunity to provide these informational comments on HB 0967 and is available to answer any questions the Committee may have.

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