

# SENATE BILL 966

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By: **Senator Feldman**

Introduced and read first time: February 15, 2022

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Public Utilities – Energy Efficiency and Conservation Programs – Alterations**

3 FOR the purpose of requiring energy efficiency and conservation programs and services  
4 provided by gas companies and electric companies to encourage and promote the  
5 electrification of certain products and beneficial electrification beginning with a  
6 certain calendar year; prohibiting the energy efficiency and conservation programs  
7 and services from providing financial assistance for equipment or appliances that  
8 use fossil fuel; requiring the Public Service Commission to consider the social cost of  
9 greenhouse gases when determining whether the energy efficiency and conservation  
10 programs and services are cost-effective; requiring electric companies to increase  
11 their annual incremental gross energy savings through certain energy efficiency and  
12 conservation programs and services for certain program cycles; and generally  
13 relating to energy efficiency and conservation programs.

14 BY repealing and reenacting, with amendments,  
15 Article – Public Utilities  
16 Section 7–211(d), (f), (g), and (k)  
17 Annotated Code of Maryland  
18 (2020 Replacement Volume and 2021 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
20 That the Laws of Maryland read as follows:

21 **Article – Public Utilities**

22 7–211.

23 (d) **(1)** Subject **TO PARAGRAPH (2) OF THIS SUBSECTION AND SUBJECT** to  
24 review and approval by the Commission, each gas company and electric company shall

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 develop and implement programs and services to encourage and promote the efficient use  
2 and conservation of energy by consumers, gas companies, and electric companies.

3 **(2) BEGINNING WITH CALENDAR YEAR 2024, THE PROGRAMS AND**  
4 **SERVICES PROVIDED UNDER THIS SUBSECTION SHALL:**

5 **(I) ENCOURAGE AND PROMOTE THE REPLACEMENT OR**  
6 **ENHANCEMENT OF GAS, OIL, OR PROPANE HEATING SYSTEMS WITH ELECTRIC HEAT**  
7 **PUMPS, GIVING PRIORITY TO LOW-INCOME HOUSEHOLDS AND CONSUMERS; AND**

8 **(II) ENCOURAGE AND PROMOTE BENEFICIAL ELECTRIFICATION**  
9 **FOR THE PURPOSES OF REDUCING ENERGY CONSUMPTION, REDUCING CONSUMER**  
10 **COSTS, AND REDUCING GREENHOUSE GAS EMISSIONS.**

11 **(3) BEGINNING WITH CALENDAR YEAR 2024, THE PROGRAMS AND**  
12 **SERVICES PROVIDED UNDER THIS SUBSECTION MAY NOT PROVIDE FINANCIAL**  
13 **ASSISTANCE FOR EQUIPMENT OR APPLIANCES THAT USE FOSSIL FUEL.**

14 (f) **(1)** The Commission shall:

15 **[(1)] (I)** require each gas company and electric company to establish any  
16 program or service that the Commission deems appropriate and cost effective to encourage  
17 and promote the [efficient use and conservation of energy] **ITEMS SPECIFIED IN**  
18 **SUBSECTION (D) OF THIS SECTION;**

19 **[(2)] (II)** adopt rate-making policies that provide cost recovery and, in  
20 appropriate circumstances, reasonable financial incentives for gas companies and electric  
21 companies to establish programs and services that encourage and promote the [efficient  
22 use and conservation of energy] **ITEMS SPECIFIED IN SUBSECTION (D) OF THIS**  
23 **SECTION; and**

24 **[(3)] (III)** ensure that adoption of electric customer choice under Subtitle 5  
25 of this title does not adversely impact the continuation of [cost-effective energy efficiency  
26 and conservation] **THE programs PROVIDED UNDER SUBSECTION (D) OF THIS SECTION.**

27 **(2) IN DETERMINING WHETHER A PROGRAM OR SERVICE PROVIDED**  
28 **UNDER SUBSECTION (D) OF THIS SECTION IS COST-EFFECTIVE, THE COMMISSION**  
29 **SHALL CONSIDER THE SOCIAL COST OF GREENHOUSE GASES, USING EITHER THE**  
30 **RATE ADOPTED BY THE DEPARTMENT OF THE ENVIRONMENT OR THE RATE**  
31 **ADOPTED BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY, WHICHEVER IS**  
32 **GREATER.**

33 (g) (1) Except as provided in subsection (e) of this section, on or before  
34 December 31, 2008, by regulation or order, the Commission shall:

1 (i) to the extent that the Commission determines that cost-effective  
2 energy efficiency and conservation programs and services are available, for each affected  
3 class, require each electric company to procure or provide for its electricity customers  
4 cost-effective energy efficiency and conservation programs and services with projected and  
5 verifiable electricity savings that are designed to achieve a targeted reduction of at least  
6 5% by the end of 2011 and 10% by the end of 2015 of per capita electricity consumed in the  
7 electric company's service territory during 2007; and

8 (ii) require each electric company to implement a cost-effective  
9 demand response program in the electric company's service territory that is designed to  
10 achieve a targeted reduction of at least 5% by the end of 2011, 10% by the end of 2013, and  
11 15% by the end of 2015, in per capita peak demand of electricity consumed in the electric  
12 company's service territory during 2007.

13 (2) (i) Except as provided in subsection (e) of this section, for the  
14 duration of the [2018–2020 and] 2021–2023 **AND 2024–2026** program cycles, by regulation  
15 or order, the Commission shall, to the extent that the Commission determines that  
16 cost-effective energy efficiency and conservation programs and services are available, for  
17 each affected class, require each electric company to procure or provide for its electricity  
18 customers cost-effective energy efficiency and conservation programs and services with  
19 projected and verifiable electricity savings that are designed on a trajectory to achieve a  
20 targeted annual incremental gross energy savings of at least [2.0% per year, calculated as  
21 a percentage of the electric company's 2016 weather-normalized gross retail sales and  
22 electricity losses] **THE FOLLOWING ANNUAL PERCENTAGES, CALCULATED AS A  
23 PERCENTAGE OF THE ELECTRIC COMPANY'S 2016 WEATHER-NORMALIZED GROSS  
24 RETAIL SALES AND ELECTRICITY LOSSES:**

25 1. **2.25% PER YEAR IN 2025 AND 2026;**

26 2. **2.5% IN 2027; AND**

27 3. **2.75% PER YEAR IN 2028 AND THEREAFTER.**

28 (ii) The savings trajectory shall use the approved 2016 plans  
29 submitted under subsection (h)(2) of this section as a baseline for an incremental increase  
30 of a rate of .20% per year until the minimum [2.0% per year] savings rate **SPECIFIED IN  
31 SUBPARAGRAPH (I) OF THIS PARAGRAPH** is achieved.

32 (iii) The gross retail sales against which the savings are measured  
33 shall:

34 1. reflect sales associated with customer classes served by  
35 utility-administered programs only; and

1   2.     be updated by the Commission for each plan submitted  
2 under subsection (h)(2) of this section.

3   (iv)   The targeted annual incremental gross energy savings shall be  
4 achieved based on the 3-year average of an electric company's plan submitted under  
5 subsection (h)(2) of this section.

6           (k)    On or before May 1 of each year, the Commission, in consultation with the  
7 Maryland Energy Administration, shall report, subject to § 2-1257 of the State Government  
8 Article, to the General Assembly on:

9   (1)   the status of programs and services to encourage and promote the  
10 **[efficient use and conservation of energy] ITEMS SPECIFIED IN SUBSECTION (D) OF THIS**  
11 **SECTION**, including an evaluation of the impact of the programs and services that are  
12 directed to low-income communities, low- to moderate-income communities to the extent  
13 possible, and other particular classes of ratepayers;

14   (2)   a recommendation for the appropriate funding level to adequately fund  
15 these programs and services; and

16   (3)   in accordance with subsection (c) of this section, the per capita  
17 electricity consumption and the peak demand for the previous calendar year.

18           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
19 1, 2022.