



January 21, 2021

**HOUSE ECONOMIC MATTERS COMMITTEE
HB 298 – Utility Regulation – Consideration of Climate and Labor**

Statement in Opposition

Chesapeake Utilities Corporation (“Chesapeake Utilities”) respectfully OPPOSES HB 298 which, among other things, would require the Maryland Public Service Commission (“Commission”) to consider “climate change” and “fair and stable labor standards” in all decisions when supervising and regulating public service companies. In addition, HB 298 would require all gas and electric companies (but not other public service companies) to file an annual report with the Commission that provides detailed worker wage and benefit information for all capital projects from the preceding calendar year (and requires that report to be filed with the General Assembly). Finally, HB 298 would specifically require the Commission to consider the effect of climate change in the context of a proceeding for a certificate of public convenience and necessity (CPCN) for an electric overhead transmission line or electric generation station.

First, HB 298 is predicated on an inaccurate narrative. Last year, the proponents asserted that this legislation was necessary because - in a prior CPCN proceeding concerning the CP Crane power plant in Baltimore County (Case No. 9482) - the Commission ruled that climate change was not “explicitly part of the decision making process.” This argument is misleading. In Case No. 9482 (Order No. 89211), an intervenor environmental group *failed* to present *any evidence* of “climate change” during the evidentiary phase of the case before the Public Utility Law Judge. Instead, the environmental group waited until the Law Judge issued her proposed order; and then filed an appeal with the full Commission arguing that the proposed order failed to consider climate change. On appeal, the Commission rightly rejected that argument and noted that the environmental group (as a party) had a duty to present evidence during the evidentiary phase of a case or risk the consequences (“The Commission finds that by failing to adequately participate in the proceedings before the.. Law Judge in this matter and by failing to introduce evidence in the record or challenge the evidence introduced by the Applicant and Staff, Intervenors waived their right now to raise these issues in their Appeal.”). In the CP Crane case, the Commission correctly chastised an environmental group for failing to meaningfully participate in a case in which it was a party. Importantly, the Commission did not rule that it could not consider environmental issues in a CPCN case (the Commission further explained, “although the Intervenors did not formally introduce evidence in support of their positions in this case, the Proposed Order did fully address the Intervenors’ public comments regarding environmental concerns ...”).

HB 298 is a solution in search of a problem. HB 298 would require the Commission to consider “fair and stable labor standards” (an undefined term) and climate change in *all* proceedings and decisions – including cases in which those considerations may be completely extraneous (*e.g.*,



tariff changes by a telephone company, corporate transaction approvals, bay pilot proceedings, *etc.*). This would lead to increased costs and unnecessary delays. Under current law, Commission staff is required to complete the record in all proceedings. If no party in a particular case presents any evidence related to climate change or fair labor standards, the Commission's technical staff would be required to acquire specialized knowledge or hire an expert on those topics in order to comply with HB 298.

Chesapeake Utilities is unaware of wide-spread examples of the Commission failing to consider environmental issues when appropriate. The Commission is an independent state agency that is appropriately focused on regulating public utilities. Other agencies such as MDE, DNR, the Department of Labor and the National Labor Relations Board are better equipped to implement policies related to climate change and fair labor standards. Also, the significant costs incurred by all gas and electric companies to prepare and file the extensive capital project wage and benefit annual reports would be an additional expense recovered from utility ratepayers. The Commission is funded by all utility customers in the State. Respectfully, its limited resources and efforts are best spent accomplishing its core mission.

HB 298 is unnecessary for CPCN purposes. The Power Plant Research Program (within DNR) is a mandatory participant in all CPCN proceedings before the Commission. The PPRP coordinates the participation/comments by all other relevant State agencies (MDE, DNR, Agriculture, *etc.*) when formulating a position and presenting evidence during the case. This current process operates well, ensures that a robust record is developed and allows the Commission Staff to focus its work during a CPCN proceeding.

For the reasons stated above, Chesapeake Utilities respectfully requests that your Committee give HB 298 an unfavorable report.