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112 West Street
Annapolis, MD 21401
410-269-7115

**Informational – House Bill 583
Climate Solutions Now Act of 2021**

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) appreciate the opportunity to comment on House Bill 583 Climate Solutions Now Act of 2021. HB583 would set higher greenhouse gas emissions reductions that the State must achieve by 2030 and 2045, respectively. Additionally, it would also set procurement standards for state purchases of electric vehicles and require that bus purchases be 25% electric in 2021 ramping to 50% in 2025, and light duty electric vehicle be 50% in 2021 ramping up to 100% in 2025. HB 583 would also impact energy efficiency savings targets established for EmPower Maryland and create requirements for solar on new buildings over a certain square footage. Finally, HB 583 adds an environmental justice component to the strengthened GHG targets, with the intention of identifying and targeting for economic opportunities, communities harmed by discrimination and/or the effects of pollution and climate change.

HB 583 advances Maryland's efforts to decarbonize, however, the details with respect to how Maryland will achieve those goals, particularly as it relates to the energy sector, will be critical. For example, increased penetration of distributed energy resources such as solar can place stress on feeders within our system and as a result, planning and investment will be critical to ensure a reliable interconnection process for all customers.

HB 583 increases the target for energy efficiency programs currently reviewed and approved by the Maryland Public Service Commission (PSC). Pepco and Delmarva applaud Maryland for recognizing the importance of energy efficiency as an important tool in driving down greenhouse gas emissions. Currently Maryland has one of the most aggressive energy savings goals of any state, requiring a 2% energy sales reduction target through its EmPower Maryland programs. EmPower programs have been active in the state since 2008. While Pepco and Delmarva have developed effective and successful programs to date, in order to achieve a 3% energy reduction target, Pepco and Delmarva's spend on EmPower programs would likely need to triple or quadruple. Pepco and Delmarva highlight this by way of emphasizing that providing cost effective energy efficiency programs is key to these programs being of value to all stakeholders. It is unlikely that a 3% energy savings target will result in programs that meet or exceed current cost effectiveness standards.

Pepco and Delmarva also note that building and lighting codes and standards are continuously evolving, creating organic energy efficiency benefits for customers; Maryland does not currently recognize these benefits, however, in its calculation of whether EmPower program targets are being met. Finally, it is unclear as to how the transition toward increased vehicle electrification as well as net zero energy goals will align with energy efficiency targets. As currently structured, increasing amounts of electrification from transportation and, potentially, buildings, will make energy efficiency targets even more challenging to meet. With all of these challenges and uncertainties, Pepco and Delmarva believe additional discussion is warranted prior to moving forward with higher energy efficiency targets. Pepco and Delmarva urge consideration of moving toward an approach that measures carbon benefits of reduced usage and the beneficial aspects of electrification to better align with the goals of this bill and provide additional flexibility as technology, standards and policies evolve.

Pepco and Delmarva agree that encouraging the growth of EVs is critically important because transportation is the largest contributor to greenhouse gas emissions in Maryland. In addition, transforming the transportation sector to one that is fueled by electricity has immediate local air quality and public health benefits, particularly for those communities that live closest to high volume transportation corridors, bus routes and bus depots, etc. HB583 recognizes the importance of reducing emissions in the transportation sector by setting several targets that will help advance transportation electrification in the state.

We look forward to working with the sponsors and key stakeholders on House Bill 583 in order to ensure the bill achieve its goals, effectively, efficiently and affordably. We believe reduction of the Empower targets is warranted in order to preserve the affordability of that program.

Proposed amendments to address these items are attached.

Contact:

Katie Lanzarotto
Senior Legislative Specialist
202-428-1309
Kathryn.lanzarotto@exeloncorp.com

Ivan K. Lanier
State Affairs Manager
202-428-1288
Ivan.Lanier@pepco.com

House Bill 583 Climate Solutions Now Act of 2021 Proposed Amendments:

On page 28, in lines 15 and 20, in each instance, strike “3.0%” and substitute “2.5%”.