



AN EXELON COMPANY

Position Statement

Support
Economic Matters
3/2/2023

House Bill 1035 - Public Utilities – Energy Efficiency and Greenhouse Gas Emissions Reductions – Alterations and Requirements

Baltimore Gas and Electric Company (BGE) strongly supports House Bill 1035 - *Public Utilities – Energy Efficiency and Greenhouse Gas Emissions Reductions – Alterations and Requirements*. House Bill 1035 changes the focus of the goals of the EmPOWER Maryland (EmPOWER) program from conserving energy to greenhouse gas reductions.

BGE supports shifting the focus of EmPOWER to align program goals with the State’s current greenhouse gas reduction policies. House Bill 1035 requires the Maryland Public Service Commission (Commission) to establish greenhouse gas reduction targets for the EmPOWER program to help support the State’s efforts to reduce greenhouse gas emissions, including its goal of achieving net-zero Statewide greenhouse gas emissions by 2045. The legislation also sets forth parameters to ensure external analysis of the proposed program to ensure cost-effectiveness. Specifically, the legislation requires the use the Primary Maryland Jurisdiction-Specific Test developed by a stakeholder workgroup to evaluate the cost-effectiveness of the program and requires the Maryland Department of the Environment to provide an analysis for the Commission on the adequacy of EmPOWER plans in supporting the State’s greenhouse gas reduction goals.

House Bill 1035 provides the Commission with the authority to determine the most appropriate program design, and the Commission is well-positioned to execute this task to help the State achieve its energy and decarbonization goals. The Commission initiated the EmPOWER Future Programming Workgroup composed of a variety of stakeholders, including the Office of People’s Counsel, the Commission Staff, BGE and other utilities, the Maryland Energy Administration, and several advocacy groups, to develop recommendations on the future of the EmPOWER program. After extensive meetings, discussions of various viewpoints, and negotiations, a consensus goal structure was reached for how GHG savings should be achieved through EmPOWER. House Bill 1035 is based on the many consensus recommendations reached and proposed to the Commission. House Bill 1305 preserves Commission discretion and flexibility, which allows for optimal solutions through the program design and approval process when both cost and benefit information can be carefully considered to help ensure that EmPOWER plans are in the public interest.

We support the legislation as it allows the Commission to leverage its’ expertise, resources, and long-standing history of evaluating, approving, and monitoring successful energy conservation programs. The legislation, as written, provides the flexibility to develop a program with an entirely new goal structure without adding significant and potentially costly constraints such as codification of greenhouse gas reductions targets *as required by Senate Bill 689 (House Bill 905)*.

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The changes in House Bill 1035 gives the Commission the flexibility to develop the greenhouse gas reduction saving while balancing the need to mitigate ratepayer impacts.

BGE believes transitioning the EmPOWER program from an energy efficiency to a greenhouse gas reduction goal will require efforts from all stakeholders and partners to support the State's ambitious decarbonization goals. For the reasons stated above, BGE respectfully request a favorable report.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.2 million electric customers and more than 655,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship, and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC).