



February 29, 2024

**HOUSE ECONOMIC MATTERS COMMITTEE
HB 516 – Climate Crisis and Environmental Justice Act of 2024**

Statement in Opposition

Chesapeake Utilities Corporation (“Chesapeake Utilities”) respectfully **OPPOSES** certain provisions contained in HB 516. Among other things, HB 516 seeks to implement a new greenhouse gas (“GHG”) pollution fee collected on all fossil fuels brought into the State for combustion and would place an unnecessary tax on Maryland's 1.2 million customers who rely on natural gas to meet their energy needs.

Chesapeake Utilities operates natural gas local distribution companies that serve approximately 32,000 customers on Maryland’s Eastern Shore in Caroline, Cecil, Dorchester, Somerset, Wicomico, and Worcester Counties. These public utilities are regulated by the Maryland Public Service Commission and have provided in the coldest months of the year safe, reliable, resilient, and affordable service in the State for decades. As a company, Chesapeake Utilities serves as a positive and informed resource in the State's ongoing energy discussions.

HB 516 is Just a Penalty for Utilizing Natural Gas. HB 516 is just a penalty for customers utilizing natural gas and ignores the role natural gas can continue to play to meet Maryland's climate goals and offset GHG emissions. This is especially relevant because HB 516 fails to consider emissions from electricity generation by explicitly exempting electric generators from the new tax, who by the way are one of the leading causes of GHG emissions in the State. As such, HB 516 only penalizes natural gas customers for their usage of natural gas and fails in its intent to reduce one of the leading causes of GHG emissions in the State. On the contrary, the fact that natural gas has been replacing the use of dirtier fuels, such as fuel oils, is a primary driver of lower emissions from the State's residential and commercial customers.

HB 516 Will Only Place Additional Cost Burdens on Customers. HB 516's proposed tax on homes and businesses using natural gas will only place an additional regressive tax burden on the State's 1.2 million natural gas customers. Artificially increasing the price of natural gas by a GHG pollution fee will only increase the energy burden for Maryland's residents and businesses, further undermining affordability of energy for Maryland households. Under HB 516, natural gas customers will either be forced to electrify and pay the high upfront costs of converting their natural gas appliances and heating systems, or pay artificially higher fuel costs caused by the fee.

Chesapeake Utilities is Committed to Reducing Emissions. To be clear, Chesapeake Utilities is committed to reducing GHG emissions, which we have consistently done and have detailed in our 2022 Sustainability Report ([Sustainability Reporting - Chesapeake Utilities Corporation chpk.com](https://www.chpk.com/sustainability-reporting)). We implement cost-effective solutions to expand energy options that increase efficiency and reduce carbon emissions and we collaborate with companies and organizations,



both within our industry and beyond, along with community partners, to promote best practices and raise awareness of environmental issues.

On behalf of Chesapeake Utilities Corporation, and our thousands of employees and their families who deliver energy safely and contribute every day in the communities where they live, work and serve, we respectfully request an unfavorable vote on HB 516.

Sincerely,

Chesapeake Utilities Corporation
Steve Baccino, Governmental Affairs Director / Contact: sbaccino@chpk.com