



AN EXELON COMPANY

Position Statement

Support
Economic Matters
3/6/2024

House Bill 1240 – Fossil Fuel-Powered Appliances and Vehicles – Installation, Use, and Fees

Baltimore Gas and Electric Company (BGE) supports *House Bill 1240 – Fossil Fuel-Powered Appliances and Vehicles – Installation, Use, and Fees*. House Bill 1240 would prohibit the Department of the Environment, the Department of Housing and Community Development, and the governing body of a county or municipality from prohibiting the use or installation of natural gas- and propane-powered appliances in certain homes. As a delivery provider of natural gas to more than 700,000 customers, BGE supports this bill because it preserves customer choice, protects the ability to provide diverse energy systems, which enhances energy resiliency and affordability for customers, and will help the state achieve its greenhouse gas reduction requirements in a practical and efficient manner by being able to use all tools at our disposal.

The BGE territory serves 54% of Maryland’s residential gas customers and 55% of commercial and industrial gas customers. These customers represent nearly half of statewide natural gas use in Maryland’s buildings and industry. The demand for natural gas remains strong amongst Marylanders. In 2023, 86% of new residential communities elected natural gas when it was within proximity. From May 2015 through April 2022, approximately 3,700 residential customers voluntarily converted their homes to natural gas. In just over the first six months of 2023, BGE customers converted 59 appliances to natural gas (heating, hot water, dryer, and stove). When surveyed about why they chose to make these conversions, more than half of customers said they wanted to save money on utilities. The State must set forth energy policy with affordability and choice in mind while remaining committed to meeting the goals of the Climate Solutions Now Act.

Further, BGE engaged Energy + Environmental Economics (E3) to analyze viable pathways to achieve the State’s net zero goals and identify potential implications for BGE’s customers and service area. E3 analyzed three key decarbonization scenario pathways that built on prior work E3 performed for the State: 1) Limited Gas; 2) Hybrid; and 3) Diverse. Each of the pathways could achieve Maryland’s net-zero GHG emission targets and all require significant electrification – including building and transportation electrification. The most important finding by E3 is that the Hybrid and Diverse pathways, both of which leverage the combined capabilities of the electric and gas delivery systems, achieve Maryland’s goals at *lower cost and less risk* for customers and the State’s economy compared to the Limited Gas pathway. These

BGE, headquartered in Baltimore, is Maryland’s largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 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), the nation’s largest energy delivery company.

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Integrated Energy System (IES) pathways also deliver greater resiliency, fuel diversity, more realistic constructability, and less disruption to customers and the State's economy¹. And again, the Integrated Energy System pathways meet Maryland's goal of achieving net zero greenhouse gas emissions by 2045.

BGE respectfully requests a favorable report on House Bill 1240 so that we may continue to diversify our energy grid while meeting the Climate Solutions Now Act goals.

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