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COMMITTEE: ENVIRONMENT & TRANSPORTATION

TESTIMONY ON: HB 1240 FOSSIL FUEL-POWERED APPLIANCES AND VEHICLES - INSTALLATION, USE, AND FEES

POSITION: SUPPORT

HEARING DATE: MARCH 6, 2024

Washington Gas respectfully submits this statement in **SUPPORT** of **House Bill 1240, Fossil Fuel-Powered Appliances and Vehicles - Installation, Use, and Fees.**

Washington Gas Light Company (“the Company”) provides safe, reliable natural gas service to more than 1.2 million customers in Maryland, Virginia, and the District of Columbia. Washington Gas has been providing energy to residential, commercial, government, and industrial customers for more than 175 years, and currently serves more than 500,000 Maryland customers in Montgomery, Prince George’s, Charles, St. Mary’s, Frederick, and Calvert Counties. The Company employs over 400 people within Maryland, including contractors, plumbers, union workers, and other skilled tradespeople. We strive to improve the quality of life in our communities by maintaining a diverse workforce, working with suppliers that represent and reflect the communities we serve, and giving back through our charitable contributions and employee volunteer activities. The Company, together with other natural gas distribution utilities, are responsible for delivering the primary source of heat to Maryland residential energy consumers, serving approximately one half of all Maryland households while providing critical energy services to residential, commercial, and industrial customers at one-third the cost of electricity on a per unit basis.¹

House Bill 1240 protects energy choice in Maryland. Every individual in Maryland should have the right to use natural gas in their homes. Completely removing sources of energy from the market will do nothing to help Maryland residents heat their homes and will only reduce the reliability of our electric grid. Today, fossil fuel resources comprise over 55% of PJM’s generation mix,² with

¹ DOE. [Energy Conservation Program for Consumer Products: Representative Average Unit Costs of Energy](#) (Aug. 28, 2023).

² PJM. [Markets & Operations](#) (last accessed Mar. 4, 2024).

fossil generation often being higher during periods of peak demand,³ and PJM has documented challenges in interconnecting new renewable energy resources.⁴ The State's high reliance on fossil-fuel heavy electricity from PJM underlines the fact that electrification is not guaranteed to reduce GHG emissions. Direct use of natural gas in a home or building is much more efficient than using gas to generate electricity, which makes the forced installation of all electric heating sources an even more unwise policy.

Gas appliances are at the center Maryland households. They power our stoves, furnaces, water heaters, and fireplaces. Nearly 189 million Americans use natural gas because it is affordable, reliable, and safe.⁵

The Energy Information Administration's (EIA) Winter Fuels Outlook for 2023-2024 estimates that it will cost, on average, 76% more to heat homes this winter using electricity compared to natural gas (U.S. Average: \$1,063 vs \$601). In the Northeast, it is estimated to cost 92% more this winter (Northeast Average: \$1,465 vs. \$761).⁶ Additionally, widespread electrification will increase electric rates overall due to the increased need for infrastructure investments that are needed to support high load growth. A recent New York Times article stated that "power bills have been rising nationwide, and in Baltimore, electricity rates have increased almost 30 percent over the last decade, according to data from the Bureau of Labor Statistics."⁷

Additional benefits and cost savings resulting from the reliability of the State's natural gas infrastructure would be lost through widespread electrification. Less than 1% of customers are expected to experience a natural gas outage in any given year, while electric distribution systems see an average of one (1) outage per year per customer.⁸ The high reliability of the natural gas system provides significant cost savings on peak demand days.

Across the country, there has been a growing trend of local jurisdictions targeting natural gas as an energy resource by enacting policies that impede or prohibit its use or seek to limit investments and development in natural gas infrastructure. For example, Berkely, California's proposed ban on natural gas hookups in new construction was struck down in federal court.⁹ This is bad policy, and laws like this make little environmental sense and even less economic sense and jeopardize Maryland's energy security. Instead, House Bill 1240 would allow for the Company to further explore lower carbon fuels and other GHG emission abatement strategies for the gas system that can provide emissions benefits without being limited by a ban on natural gas appliances. 24 other states have proactively passed laws to prevent local governments from banning natural gas connections.¹⁰

³ PJM. [Winter Operations of the PJM Grid: December 1, 2020 – February 28, 2021](#) (Apr. 7, 2021).

⁴ PJM. [Energy Transition in PJM: Resource Retirements, Replacements & Risks](#) (Feb. 24, 2023).

⁵ AGA. [Natural Gas is Essential](#)

⁶ U.S. Energy Information Administration. [Winter Fuels Outlook 2023-24](#) (Jan. 9, 2024).

⁷ New York Times. [As Utility Bills Rise, Low-Income Americans Struggle for Access to Clean Energy - The New York Times \(nytimes.com\)](#) (Jan. 11, 2024).

⁸ AGA. [Natural Gas is Reliable](#)

⁹ SmartCitiesDive. [Federal court won't reconsider decision to overturn Berkeley, California, natural gas ban](#) (Jan. 2, 2024).

¹⁰ S&P. [Half of US states are on pace to prohibit local gas bans](#) (Jun. 21, 2023).

We believe that prohibiting the use or installation of natural gas will have serious negative impacts on households, restaurants, and communities across Maryland. Maryland consumers benefit from lower costs when multiple energy options are available in the marketplace. Policies that prohibit natural gas in homes promote higher cost electric alternatives without taking cost or consumer choice into consideration. HB 1240 works to ensure that Maryland consumers have a choice in meeting their energy needs, and the freedom to choose the energy source that delivers warmth in the winter at the most affordable cost for their family.

Washington Gas looks forward to working with the Committee on this legislation. For the above reasons Washington Gas respectfully requests a favorable report on House Bill 1240.

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