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Maryland Senate Education, Energy and the Environment Committee
Hearing on **SB 548 Natural Gas – Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)**
Testimony of Olivia Wein, National Consumer Law Center
February 15, 2024

Position – Support

To the Members of the Education, Energy and the Environment Committee:

Thank you for holding this hearing on **Senate Bill 548, Natural Gas – Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act) (SB 548).** My name is Olivia Wein and I am a Senior Attorney with the National Consumer Law Center. The National Consumer Law Center ("NCLC") is a non-profit law and policy organization that, since 1969, has used its expertise in consumer law and energy policy to advance consumer justice, racial justice, and economic security for low-income families and individuals. We submit this testimony on behalf of our low-income clients.

NCLC has been actively involved in advocacy for consumers who have struggled to afford vital utility service, including advocacy in Maryland and other states. We submit this testimony in support of SB 548, because the Ratepayer Protection Act contains important protections that will help keep low-income consumers connected to essential home heating utilities during the transition to greater electrification of home heating.

Affordable energy service is critical for the maintenance of habitable, safe homes. Unfortunately, the lower the amount of a Marylander's household income, the greater the share of that household income that must be dedicated to the monthly utility bills. The percentage of income required to cover energy costs is often referred to as the household's "energy burden." The average energy burden increases as household income decreases. One analysis of energy burdens in the state found that in 2022, Maryland households with incomes below 50% of the Federal Poverty Level had to spend an average of 37% of their household income to pay home energy bills.[1] Another analysis of residential energy affordability found that around 400,000 Marylanders have an energy burden over 6%.[2] Even moderate-income Marylanders, with household incomes of 185% - 200% of the Federal Poverty Level, had energy burdens of 8%.[3] This is in comparison to non-low-income households, which on average have much smaller energy burdens of around 3%.[4]

Many low-income Marylanders with high energy burdens are currently struggling to pay their energy bills and are thus at risk of disconnection from vital utility service. According to data filed by BG&E at the Maryland Public Service Commission, in 2023, BG&E reported 10,567 low-income customers were disconnected (7,911 low-income households were reconnected), and the gross amount of low-income customer arrearages was over $93,500,000.[5]

The Ratepayer Protection Act is an important, modest consumer protection step as Maryland considers gas infrastructure investments and gas utility operations in light of impacts on ratepayers and the state's emission reduction goals, as set forth in the 2030 Greenhouse Gas

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[1] Fisher, Sheehan & Colton, *The Home Energy Affordability Gap 2022, Maryland (April 2023)*, available at http://www.homeenergyaffordabilitygap.com/.
[2] Arjun Makhijani, et al, Energy Affordability in Maryland: Integrating Public Health, Equity and Climate, Executive Summary (Feb. 2023), available at https://www.psehealthyenergy.org/wp-content/uploads/2023/02/Energy-Affordability-in-Maryland-2023_-Final-Report-1.pdf.
[3] Fisher, Sheehan & Colton, *The Home Energy Affordability Gap 2022, Maryland (April 2023)*, available at http://www.homeenergyaffordabilitygap.com/.
[4] See e.g., Dept. of Energy, "Low-Income Community Energy Solutions" at https://www.energy.gov/scep/slsc/low-income-community-energy-solutions.
[5] Maryland Public Service Commission webpage on Termination and Arrearages available at https://webapp.psc.state.md.us/newIntranet/test/Viewreport.cfm.

Emissions Reduction Act (GGRA) Plan.[6] The STRIDE law[7] was intended to expedite the replacement of aging gas infrastructure by providing utilities a special method for recovering their spending on gas infrastructure, a cost ultimately borne by utility ratepayers. While the Ratepayer Protection Act continues to allow utilities to receive accelerated cost recovery for qualifying gas infrastructure investments, it does provide several notable protections for consumers. SB 548:

- Reduces customer rates by requiring gas utilities to use less-costly alternatives and lowers the risk of spending on assets that are likely to become uneconomic or stranded.
- Prioritizes replacement of aging pipes that pose the most risk to the public.
- Requires consideration of less costly alternatives to replacement, including leak detection and repair, targeted retirement and electrification.

Such modest, common-sense measures to protect Marylanders from financial harm are particularly important during the transition to a cleaner energy system.

In conclusion, NCLC supports SB 548 and recommends it receive favorable treatment from this committee. If there are any questions regarding this testimony, please contact Olivia Wein, Senior Attorney, National Consumer Law Center at owein@nclc.org or 202-452-6252.

Sincerely,

/s/ Olivia Wein

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[6] Maryland joins several other states in this effort, including California ([6]California Public Utilities Commission, Long-Term Gas Planning Proceeding (R 20-01-007)), Colorado (Colorado Public Utilities Commission, Gas Rulemaking Proceeding 21R-0449G) and Massachusetts (Massachusetts Department of Public Utilities, Future of Gas Proceeding, Docket No. D.P.U. 20-80) have taken steps to consider together gas infrastructure safety concerns, the need to transition to more renewable energy sources, impacts on gas utility operations, and the impacts on ratepayers.

[7] STRIDE statute, PUA §4-210.