

October 24, 2025

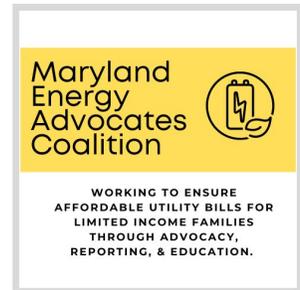
Andrew S. Johnston, Executive Secretary

Maryland Public Service Commission

William Donald Schaefer Tower

6 St. Paul's Street, 16th Floor

Baltimore, Maryland 21202



PSC PC 59 Comments and MEAC Coalition Sign On

Maryland Energy Advocates Coalition Comments are divided into these Sections:

1. Introduction and Appreciation
2. Why Low-Income Rates are Imperative Today
3. Limited-Income Rate Design
4. MEAC's position on Non-Consensus Topic - Tiered-discounts/Bill credits
5. Program Costs
6. Cost Recovery
7. Coordination with Other Programs
8. Recommendation for PC59 Work Group Phase 2

The following organizations sign on in support of MEAC's comments:

Abell Foundation

Cancer Support Foundation

Chesapeake Climate Action Network

Climate Access Fund

Efficient Home, LLC

Green & Healthy Homes Initiative

Institute for Energy and Environmental Research

National Consumer Law Center, on behalf of its low-income clients

Maryland Legislative Coalition – Climate Justice Wing

Section 1: Introduction and Appreciation

The Maryland Energy Advocates Coalition (MEAC) submits these comments in response to the Public Service Commission's October 16, 2025, Notice of Comment and Hearing in Public Conference 59 (PC 59).

MEAC has been an active advocate in the Commission's process to consider adoption of a utility discount rate plan for low-income households in Maryland. The Commission initiated PC59 in November 2023. MEAC submitted extensive comments on January 31 and February 28, 2024, and presented further comments at the September 2024 hearings. MEAC was pleased that in its December 20, 2025, Order, the Commission either supported many of MEAC's proposals or directed a Work Group to consider the options.

MEAC wishes to extend its appreciation to the Public Service Commissioners, and to Benjamin Baker and David Chy, the Work Group Leaders, and the Technical Staff for working collaboratively with the Work Group members, collecting data and producing the Work Group Report. MEAC also expresses appreciation to the Work Group members for their willingness to collaborate with each other to develop and produce the model structure (with noted options), cost and cost allocation data. National Consumer Law Center was particularly helpful in providing the initial model structure, while the Department of Social Services Office of Home Energy Program (OHEP), utilities and Staff collaborated to produce the cost data found in the Appendices. ACEEE and NCLC provided significant assistance for the Low-Income Cost Drivers Report, and particularly the important demographic data.

Section 2: Why Now? Safety for Maryland's Vulnerable Populations

The PC 59 Work Group brought to light that Maryland's low-income segment, the roughly 450,000 households that earn 200% or less than the Federal Poverty Level, comprise of our state's most vulnerable residents. Seventy-five percent of low-income households include at least one member that is considered a vulnerable population, defined as seniors ages 60 and above, critically ill residents, children under 6 and disabled persons. In 2025, their energy burdens, the portion of their gross income spent on utilities, is approaching 4 times (8%-12%) that of non-low-income accounts, which average between 2-3 percent of income.

The Work Group hosted a subgroup to analyze the key drivers behind Maryland's low-income energy burdens. We discovered that Maryland's low-income demographic profile may not match previous perceptions. As written in Appendix E, the majority profile for a low-income account is a senior resident aged 60 years or older earning a yearly fixed income averaging \$18,000; about \$1,500 per month. This senior lives alone in a rented apartment that was built before 1980. This rental is heated by a gas furnace or inefficient electric resistance heating. The average low-income account has little control over the building's maintenance and appliance choices. DHCD provided data revealing that low-income residences use 27% more energy per square foot than non-low-income dwellings. These factors combined explain why Maryland's current average low-income energy utility bill is about \$2,500 per year, a little over \$200 per month. It's apparent that today's 14% low-income energy burden (which is climbing) leaves very little budget left over each month for rent, let alone health care costs, food, mobile phone service and other essentials.

While Maryland's utility unaffordability issue is long-standing, what's changed in the last 4 years is the upward rate pressure caused by three factors: 1) Extreme utility distribution rate increases for both electricity and gas, 2) Climbing electricity SOS supply rates due to unprecedented PJM region data center load growth, and 3) Housing and grocery price inflation coupled with level wages, for those families that earn wages. Utility rate projections reveal a future pricing pattern that MEAC suggests will price out this low-income segment to the point they will simply be unable to pay for their power.

Energy needed to power Artificial Intelligence and new data centers will require a huge increase in generation. To meet this energy demand, based on current trajectory, it appears likely that new transmission and generation will be needed and will be paid for -- in part or in whole by -- rate payers. And this wholesale supply pressure will sit atop delivery rates that will continue to increase yearly given previously approved rate cases. In short, Maryland's energy affordability has reached a tipping point, even without data centers.

Launching a limited-income rate mechanism that keeps low-income energy burdens at 6% of income, will protect Maryland's vulnerable population with safe access to heat, refrigeration, A/C and reduce account terminations because of non-payment.

This is especially true for the significant portion of subsidized housing accounts that participate in OHEP. According to the OHEP data used for the Credit Mechanism File, 24% of 2025 OHEP grants went to households that earn very low incomes and receive housing vouchers to defray shelter. Power terminations for voucher recipient accounts quickly morph into housing crises. A contractual provision to keep a housing voucher is that the rental's power must stay connected and in good standing. Losing a housing voucher often results in eviction due to rental non-payment.

Section 3: Design of the Proposed Low-Income Discount Rate Mechanism

In its December 20, 2025, Order, the Commission laid out a set of principles to follow in establishing a low-income discount rate mechanism. These included setting of minimum statewide year-round requirements for all utility plans, and a minimum application to utility distribution charges. The Commission stated that the mechanism “should aim to provide a level of assistance, in coordination with other benefits...to approximately 6% of the customer’s annual income.” Program eligibility must be income-based, as required by PUA 4-309(a)(2)(i), and include at a minimum OHEP’s statutory income eligibility requirements and categorical eligibility, while considering the addition of other automatic enrollment categories. The Commission also wanted a model that limited administrative complexities.

MEAC’s tiered-discount proposal is like tiered discount programs in other states.^[1]

Section 4: Positions on non-consensus. The Work Group achieved consensus on most matters, and non-agreement on a few, as noted in the Work Group Report.

MEAC’s supports all consensus elements below:

1. MEAC supports the proposed WG Report OHEP customer eligibility and enrollment requirements and tiered-discount structure based on household poverty levels as described in pages 7-12 of the WG Report. The Work Group members, including OHEP, the utilities, advocates and Staff, created a design that works cleanly with the OHEP program administration and limits the administrative and complexities for the utilities.
2. MEAC supports the inclusion of both distribution and supply charges, as well as riders and taxes (Report, p. 13) in calculations of the total energy burden and program costs. Based upon current estimations identified in the Report

and the high energy burdens of low-income households, MEAC believes that inclusion of all charges is reasonable.

3. Total energy burden should be no greater than 6% of income. The Commission's Initiating Order has stated that the Work Group should design a design a mechanism that delivers assistance, with coordination with other assistance², approximating 6% of a customer's total annual income. Many other states have used the 6% target, while a few states have adopted lower targets in recent years. MEAC supports the adoption of a 6% energy and thinks it's reasonable given Maryland's higher than average shelter costs and increasing energy costs.

MEAC's position on non-consensus - Discount design. Explained on pages 12-17 in the WG Report on pages 12-17, the most important WG non-consensus point is to offer a flat bill credit or percentage of rate discount.

MEAC supports the use of a percent of tiered-rate discount and not a flat bill credit. This approach will ensure a better (although not exact) match with individual bills and usage and provide greater assurance that the 6% energy burden target will be met on a customer basis. Reducing low-income household energy burdens is the main goal of a discount rate mechanism. While use of a tiered discount may introduce some cost volatility year to year, MEAC is supportive of developing a reasonable yearly project cost maximum, or budget cap, to ensure that costs are contained, while at the same time ensuring the lower income tiers achieve the 6% energy burden.

Using a flat bill credit risks falling short of the target 6% energy burden during periods of extreme heat or cold, when usage increases. PC59 also revealed that there is a small, yet important, portion of OHEP accounts that have extreme usage as we have defined at more than twice normal levels. Monthly fixed amount bill credits by OHEP poverty tier will provide larger credits for small energy users yet smaller credits for larger users. This extreme usage level will not be protected. And, with 60% of the low-income segment renting, renters have fewer options to reduce usage in the current EmPOWER program because of the need for landlord approval. We address new ways to focus on these "extreme usage accounts" and bring state programs and utilities together to reduce this group's usage in Section 7.

Section 5: Program Costs

The Work Group members diligently worked together to model program for the Commission's consideration. MEAC believes that the cost projections using the 6% burden and including both distribution and supply costs^[3] are in an acceptable range for approval by the Commission.

MEAC is aware that the high and ever-increasing energy bills affect all Maryland households and businesses; particularly moderate-income households, especially those barely over-income for OHEP benefits. The challenges are the subject of numerous Commission (and FERC) dockets and will not disappear any time soon. With that backdrop, the current burdens on low-income households are crushing, and will only lead to increasing arrearages, terminations and utility bad debt already subject to recovery through rates. These current utility costs are already borne today by Maryland rate payers yet are buried within rate cases and are not readily transparent to the public. Based upon the Work Group's estimated cost calculations, MEAC believes that on balance, the individual and societal benefits of the proposed mechanism, with a 6% energy burden target based on distribution, supply and other charges, outweigh the cost impacts upon all customers.

Section 6: Cost Recovery

Working together, the Work Group members conducted a deep dive into the potential annual costs of the proposed discount rate plan, with the results presented to the Commission in the final WG Report. MEAC believes that the utility discount plan, as described in the Report, is well-designed, administratively streamlined, and doable, and at a manageable cost.

This still leaves the question of "who pays." As MEAC stated in its January 31, 2024 Comments, utility ratepayers should not be viewed as the source, or only source, of funding for the statewide discount rate plan. With the adoption of PUA 4-309, the General Assembly made clear that the societal benefits of a utility discount rate plan are in the public interest. (PUA 4-309(b)(2)). While the Commission only has oversight over regulated utilities and energy suppliers, and does not control other funding sources, MEAC hopes that the Commission would strongly encourage the legislature and other state agencies to consider alternative or at least reliable, supplemental funding sources given the societal benefits.

The legislature went even further when it stated that “in evaluating a utility Plan the Commission must consider the public interest in *allocating the costs of the [Plan] between the utility company’s shareholders and ratepayers*” (PUA 4-309(e)(2). This statutory mandate was raised by MEAC within the Work Group, but as the Report notes, the Exelon Utilities and Potomac Edison explicitly rejected shareholder contributions to the cost of the plan. Despite that lack of support from the utilities themselves, the legislature still requires the Commission to consider whether the public interest requires utility shareholders to contribute to the cost of the plan, and MEAC urges the Commission to do so. MEAC suggests that a possible scenario is that utility return rates could be lower for limited income accounts. The WG Report offered ideas for LI Mechanism funding and MEAC supports and is ready to participate in executing these ideas. Specifically, from Section 7, the Community Solar LI OHEP grant concept and a Pilot program focusing on high usage OHEP accounts.

Even if other funding sources are not available, or immediately available, MEAC believes that the legislative declaration of societal benefits applies to all utility customers, and that all residential, commercial and industrial customers should share in the cost of the plan. Therefore, MEAC supports the allocation of 25% of the total costs to residential customers, and 75% to commercial and industrial customers, like the ratio for EUSP cost allocation.

We understand that all customers are affected by the utility rate increases, and that it may seem counterintuitive to recommend imposition of another cost upon those customers. However, for residential customers who are not eligible for the discounts, household circumstances can change, through loss of employment, reduced income, illness or other factors. Those households may benefit in the future from the LI Mechanism program (e.g., the proposed tiered discount). Further, the societal benefits of more affordable utility rates for low-income households extend to all households, communities, businesses and other entities. Finally, based on the experience with similar plans in other states, the tracking reduced administrative costs, uncollectible receivables and service termination over time, the Commission and stakeholders can determine whether there may be utility expense offsets to the cost of the Plan.

Section 7: Coordination With Other Programs

As the WG Report notes, the Commission had required that “the model mechanism should coordinate benefits with existing energy assistance programs to the extent

practicable, including direct assistance programs, energy efficiency, and demand management” (Report, p. 17). The Work Group members, particularly with the assistance of the OHEP Director, worked to ensure that the discount rate mechanism is coordinated seamlessly with the existing OHEP benefit programs, reducing both utility and customer complexity. The ideas below can be found in the Work Group report on pages 17-18.

A. DHCD LI EmPOWER: Much Work Group discussion centered around requiring LI DHCD EmPOWER Maryland as a prerequisite for accessing LI rates. Today, all OHEP customers who do not “opt out” are referred to DHCD for consideration for Limited Income EmPOWER Maryland programs. However, the Work Group members agree that energy efficiency should be encouraged and that there should be no mandate for EmPOWER participation at this time until the program is expanded to better service renters and delivered fuel households. Appendix E’s DHCD section offers reasons for continued low DHCD LI EmPOWER participation. In short, 60% of low-income households rent and landlords have little incentive to pay to improve energy efficiency. Most of Maryland’s low-income owner-occupied housing was built pre-1980 and frequently has structural and health and safety issues that must be addressed before comprehensive EmPOWER weatherization measures can be installed. For many low-income households with high energy burdens, the primary driver of increased costs is due to highly inefficient heating systems. The current DHCD LI EMPOWER program requires weatherization occur before HVAC replacement.

MEAC is hopeful that future LI EmPOWER program technical specs and standards can be expanded to better address reducing usage and Greenhouse Gas emission from low-income accounts. MEAC will be actively participating in DHCD EmPOWER proceedings going forward.

B. New Community Solar OHEP Grant program: Maryland’s permanent Community Solar program requires Community Solar developers serve at least 40% of its kilowatt-hour output to low and moderate income (LMI) subscribers.^[4] A major barrier to low-income household sign up for community solar has been the need for a credit or debit card for payment because of today’s dual billing. MEAC thinks that low-income participation *may* increase with the activation of utility consolidated billing (UCB) as of January 1, 2026, but we do not expect a significant increase. MEAC continues to observe low interest in Community Solar by low-income account holders due to bad

experiences with retail choice customer acquisition tactics leading to more expensive utility bills (e.g., door-to-door sales and kiosk promos with gift cards). Furthermore, this population is hard to engage on complex new energy issues that take more time to explain.

Given these barriers and looking to find solutions to support increased solar build out in Maryland, MEAC and a large informal work group (solar developers, DSS OHEP, state agencies and environmental groups) have developed a concept to deliver Community Solar developer savings directly to low-income OHEP accounts using the current OHEP-to-utility grant system. This concept doesn't require individual account enrollment which is subject to higher account churn and credit issues (Community Solar doesn't have Purchase of Receivables). The proposed "OHEP Solar Grant" invites interested solar developers to join the yearly LI Mechanism "buck sheet" process with the PSC and DSS OHEP. Developers would carve out a portion of their next year's estimated interconnected energy load that would be committed for OHEP LI solar grants. Utilities would pay the solar developers for that LI load. Then the developers would transfer 20% of that LI load's solar revenue to DSS OHEP as low-income solar savings. Using this additional solar funding, OHEP would calculate the account solar grant amounts. OHEP would then deliver these new solar grants to utilities in their current OHEP-to-utility weekly EDS data feeds. The utilities would execute this additional solar grant using the same automatic OHEP process as they do today. OHEP grants are credited to a low-income household's utility bill charges and reduce their charges. The funds generated by this new solar grant concept would be included into yearly LI Mechanism calculation as a 5th OHEP grant and lower the overall LI Rate funding needed. Solar developers benefit from a simpler savings delivery mechanism that reduces risk that they will not hit the LMI 40% target, thus potentially spurring more solar development in Maryland.

C. Top 5 Precision Energy Reduction Pilot:

During the Work Group, DSS OHEP provided granular account-level usage, income, and account volume by utility by poverty levels. The Work Group observed in the OHEP data spreadsheets, which matched what MEAC members see in-the-field, that a small portion of OHEP accounts have extreme energy usage. We informally defined extreme usage and twice the average or more.

MEAC envisions a new and informal Work Group hosted by the PSC with the goal to pilot a collaborative effort where each utility, DHCD, advocates, and OHEP proactively reach out to these accounts, identify why each account's usage is high and then layer on all available programs. This informal Work Group could develop a database collecting actual data from visits, audits, outreach and deliverables with the goal that within 1 year from launch, the Top 5% of extreme users would be completed.

Maryland has much to learn in how to help low-income households lower their energy usage. Energy usage can be high for a long list of reasons and MEAC respects that identifying and resolving energy use issues is complicated and can be costly.

MEAC members have learned from working one-on-one with thousands of low-income families that some accounts are mis-coded small business accounts or are a combo home/business account. Some accounts have unique situations like bitcoin mining or 24/7 medical equipment use. Yet the number one reason we observe high usage is an under-performing or broken HVAC. Residents have reported to MEAC members that due to a broken heater or furnace, the family then relies on space heaters, not realizing that decision increases electricity usage.

Another concerning field observation is subsidized housing (Level 6 accounts) with extremely high usage. MEAC has worked with state DHCD and Baltimore City Housing to suggest ways to focus on this group. MEAC has learned that if a heater is deemed operable during required building inspections, there is no recourse to require landlords to weatherize or update inefficient HVAC appliances. Large utility bills fall squarely on the housing voucher recipient who unknowingly chose a rental with extreme energy use.

Section 8: MEAC Recommends PC59 Work Group Phase 2

MEAC strongly recommends that the Commission institute a Phase 2 of this proceeding. A 2nd Phase can be used to address the following:

1. Monitor and work through implementation issues upon approval of a mechanism by the Commission.
2. Exploration of master-metered buildings and ability of renters to participate in a discount rate mechanism to offset their portion of building energy costs. There are roughly 1,000 master-metered accounts in Maryland, and it is unclear if Maryland has data on what percentage would be considered majority low-income residents.

3. Exploration of ways to make the Community Solar initiatives and potential discounts work more effectively for low-income households.
4. Explore options to develop an Arrearage Management Program to help accounts reduce large past-due balances. While the Commission ruled that arrearages and arrearage management plans (AMPs) should not be included in the Work Group discussion, MEAC believes that the arrearage issue cannot be discounted in future discussion because accounts that are new to OHEP and will be accessing LI Rates may have high arrearage balances which the LI Rate Mechanism will not address.
5. Exploration of other options to deliver energy usage reductions to households, such as replacement of certain heating equipment with heat pumps, window heat pumps, and weatherization.

In conclusion, MEAC is deeply grateful to all the stakeholders who participated in the PC59 Work Group for nearly 2 years. We thank then-Delegate Derrick Davis and Senator Malcolm Augustine for having the foresight in 2021 to include a limited rate mechanism in HB606.

PC59 is a once-every-few-decades opportunity for Maryland to make a material difference in hundreds of thousands Maryland families' lives and to reduce crushing and rising energy burdens. We think that PSC Commission approval of a limited income rate mechanism will help protect our state's most vulnerable residents from power terminations and improve their health and safety.

Endnotes:

¹⁴ For example, the Illinois Commerce Commission (ICC) recently approved gas tiered discount rates, which took effect October 1, 2024 (See ICC Docket No. 22-0066, *Northern Illinois Gas Company d/b/a Nicor Gas – Proposed General Increase in Rates*, Order of November 16, 2023, at 201-205, available at: <https://www.icc.illinois.gov/docket/P2023-0066/documents/344366/files/601330.pdf>; ICC Docket No. 22-0067, *Ameren Illinois Gas Company– Proposed General Increase in Rates*, Order of November 16, 2023, at 265-268 (currently on Remand before the ICC), available at: <https://www.icc.illinois.gov/docket/P2023-0067/documents/344282/files/601209.pdf>; and ICC Docket No. 22-0068/0069, *North Shore Gas Company, Peoples Gas Light & Coke Co. – Proposed General Increase in Rates*, Order of November 16, 2023, at 266-269, available at: <https://www.icc.illinois.gov/docket/P2023-0068/documents/344306/files/601245.pdf>). The ICC also approved electric discount rates

which take effect next year (See ICC Docket No. 24-0163, *Commonwealth Edison Co. -- Petition for Approval of Low-Income Discount Rate*, Final Order of March 6, 2025 at 22-41, available at: <https://www.icc.illinois.gov/docket/P2024-0163/documents/363172/files/635979.pdf>).

This program will begin January 1, 2026; See ICC Docket No. 25-0083, *Ameren Illinois Co. -- Proposed revenue-neutral rate design pursuant to Section 16-105.5 of the Public Utilities Act*, Order of August 7, 2025 at 40-44, available at: <https://www.icc.illinois.gov/docket/P2025-0083/documents/369035/files/646725.pdf>. This program will begin June 1, 2026).

^[2] As the Report notes, the Work Group consensus was to include only OHEP provided grants in determining the final size of the credits (Report, p.13). Other grants, such as Fuel Fund, Salvation Army and non-profit and charitable organizations are relatively small and too variable year to year.

^[3] MEAC supports the inclusion of utility riders and taxes in the final calculations. However, if that is a “bridge too far” for program cost or administrative complexity reasons, MEAC still would urge the Commission to include both distribution and supply costs in the program cost calculations.

^[4] PUA §7-306.2(a)(4)(ix).