

Committee: Transportation and Environment Subcommittee (Appropriations Committee)

Testimony on: Budget Hearing – Public Service Commission (C90G00)

Position: Favorable with Amendments

Hearing Date: February 27, 2023

In view of the Public Service Commission’s key role in managing Maryland’s transition to clean energy, the Maryland Chapter of the Sierra Club encourages the Subcommittee to consider increasing the PSC’s budget for fiscal year (FY) 2024 above the request proposed by the Department of Budget and Management.

The Department proposes that the PSC receive funding of \$25.2 million for FY 2024, an increase of \$1.5 million over the prior year.¹ This would provide for 143 staff, an increase of 2 positions from the FY 2023 level, as well as increases in salaries and other adjustments. We agree that a budget increase at least in this amount is necessary and appropriate.

However, this increase is significantly less than the increase in staffing and related resources recommended by a PSC staff report released on December 22, 2022.² Given the timing of that report and the transition to the Moore-Miller Administration, we expect that the report did not fully impact the funds requested for FY 2024. The report recommended at least 13 additional staff positions and conversion of six consultant slots to four permanent staff, based on recommendations of the Office of People’s Counsel and other commenters, including the Maryland Sierra Club.^{3 4} The report also acknowledged the potential value of additional consultant and facilitation expertise.⁵

Maryland is currently facing significant challenges in modernizing its utility system to meet the clean energy transition required under the Climate Solutions Now Act (CSNA) of 2022 and related legislation enacted in recent years. In particular, CSNA directs the State to achieve a 60 percent reduction in greenhouse gas emissions by 2031 (from 2006 levels) and net-zero emissions by 2035.

This will require significant actions and leadership in a variety of interrelated areas under the jurisdiction of the PSC. These areas include:

1. Facilitating and promoting expansion of renewable energy production and distributed energy resources, particularly including solar, wind, and battery storage.

¹ Department of Budget and Management, FY 2024 Proposed Operating Budget Detail by Agency, <https://dbm.maryland.gov/budget/Pages/operbudget/FY2024-Agency.aspx>

² Public Service Commission of Maryland, Public Conference 57, Modernizing the Commission’s Staffing and Resources, Summary Report, Prepared for the Commission by the Public Conference 57 Work Group (“PSC Report”), Andrew Johnston and Amanda Best, Public Conference 57 Work Group Leaders, December 22, 2022.

³ PSC Report, p. 9.

⁴ Recommendations on the PSC’s resources and organizational structure were provided on September 1, 2022, by the “Joint Commenters” in response to the PSC’s July 8, 2022, Notice of Public Conference and Opportunity to Comment. The Joint Commenters are the Maryland League of Conservation Voters, Maryland Legislative Coalition (“MLC”), Chesapeake Physicians for Social Responsibility, MLC Climate Justice Wing, Cedar Lane Environmental Justice Ministry, Elders Climate Action Maryland, and Sierra Club - Maryland Chapter. PSC Maillog No. 242166.

⁵ PSC Report, p. 18.

2. Working with the PJM regional grid interconnection system, which has significant control over new renewable energy generation development in Maryland, to accelerate and accommodate approvals.
3. Managing the transition away from fossil-fuel burning in buildings which is responsible for about 13 percent of Maryland's greenhouse gas emissions.
4. Protecting ratepayers from the immediate and long-term cost of utility infrastructure development that is not oriented to the clean energy transition and is likely to create stranded assets.
5. Ensuring that low- and moderate-income residents of the State are protected from undue burdens and facilitating their access the benefits of clean energy in their homes through programs such as EmPOWER Maryland and Community Solar.
6. Ensuring that the electric grid is prepared for the expansion of use in transportation, buildings, and other sectors.

Addressing these issues will require expertise both at the staff level and from external sources. As noted in the PSC's report, external consultants can be appropriate sources of such expertise, particularly if the need is temporary and specialized. For example, the PSC received a significant boost of consulting resources following enactment of the Offshore Wind Energy Act of 2013,⁶ and it is worth considering whether the directions outlined in the CSNA of 2022 and related legislation being considered this year warrant additional temporary expertise.

In addition, certain expertise may be available in other State agencies, such as the Maryland Department of the Environment, that in principle could be supported by the PSC through interagency funding agreements.

Finally, there is considerable expertise among the PSC's stakeholders. These stakeholders are sometimes engaged through PSC working groups. The Maryland Sierra Club has participated in such groups and found that they vary in terms of effectiveness. The PSC's report noted that increased facilitation capability could be explored by the agency.

We believe that increased timeliness and leadership from the PSC would greatly benefit Maryland's transition to clean energy. While we believe that additional resources would promote those actions, we defer to the Subcommittee to best direct and potentially require reporting by the PSC on the additional resources. In that regard, we believe such direction would benefit from the type of independent organizational assessment of the agency that would be required by HB891 or that could be pursued by the PSC directly.

We appreciate the Subcommittee's interest in and leadership on these important issues.

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⁶ PSC Report, p. 18.