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October 3, 2022

Attn: Kimberly Coble and Michael Powell, Co-Chairs  
c/o Mark Stewart  
Maryland Commission on Climate Change  
Greenhouse Gas Mitigation Working Group  
1800 Washington  
Blvd. Baltimore,  
MD 21230

Re: BGE Comments on the September 27, 2022 Maryland Commission on Climate Change's Mitigation Working Group (MWG) Discussion Draft Recommendations for 2022

Dear Co-Chairpersons Coble and Powell and Mr. Stewart:

BGE supports Maryland's decarbonization goals. In addition to focusing on BGE's own Path to Clean, under which we will achieve net-zero operational GHG emissions, we commit to assisting the State of Maryland, our customers, and our communities in reaching their sustainability goals, while continuing to deliver on our core mission to provide safe, reliable, and affordable energy.

For nearly a year, BGE has partnered with climate consultants, engineering firms, and other stakeholders to analyze pathways to Maryland's decarbonized future. With the learnings from those studies in mind, BGE appreciates the opportunity to provide the following comments on the current draft recommendations before the Mitigation Work Group:

1. There are multiple viable paths to decarbonization, but any future that meets net zero will require significant transformations and investments across the economy and a role for electrification.
2. Pathways to decarbonization that rely on an integrated energy system carry a lower overall cost and level of challenge relative to those that rely primarily on electrification or renewable gases.
3. Consumers are central to the transformations required to achieve net-zero and achieving scale will require developing solutions that are affordable and work for customers.
4. Regulatory and policy support will be necessary to both manage the challenges associated with decarbonization and capture new opportunities.
5. BGE has a critical role in enabling decarbonization in Maryland

A key finding of the analyses is that pathways that leverage the combined capabilities of electric and gas delivery systems – known as Integrated Energy System pathways – achieve Maryland's goals at lower cost and less risk for consumers and the state's economy. Such pathways also provide greater resiliency and fuel diversity, are more realistic in terms of constructability, and are less disruptive to utility customers.

An integrated energy system approach would include an increasingly clean electric generation mix, significant building electrification, and leveraging the value of the natural gas network as it transitions to cleaner fuels. An integrated system approach would avoid the challenges of a full-electrification pathway with peak electric demands that are projected to approximately triple for BGE to a range of 17,000 – 22,500 MW, up from today's peak load of under 7,000 MW. According to a recent engineering study, this level of peak load growth would require the construction of 250 new or expanded substations and more than a doubling of electric feeders in BGE's service territory. In Central Maryland's heavily developed region, the increasing challenges of siting and permitting new infrastructure make such a pathway unaffordable and implausible.

BGE stands ready to help the state move forward with a decarbonization pathway that is optimal for our customers in terms of affordability and other strategic considerations. We share the views of the Maryland Climate Commission and many other stakeholders that a foundational element of achieving net-zero carbon emissions is driving a significant transition in building heat and hot water. We are actively working on the design of building electrification/ decarbonization proposals to that end, and envision that in many instances gas is retained as a backup/supplemental heating resource, operating in conjunction with electric heat pumps. The integrated energy system pathways will require the installation of approximately 1 million heat pumps by 2045 in BGE's service territory alone, a challenging target that will require the full engagement of utility companies working with our customers to facilitate the transition.

The Climate Solutions Now Act (CSNA) of 2022 was recently enacted by the General Assembly, and it establishes processes and several working groups to study and recommend a plan for achieving Maryland's GHG reduction goals. The state should allow for the completion of the required studies and analyses before many of the additional recommendations currently before the Mitigation Work Group are considered. Additionally, BGE fully opposes recommendations that fail to recognize the critical contribution of the gas delivery system to achieving Maryland's decarbonization goals, as they unnecessarily burden our customers with significant additional costs and risks.

While the CSNA analyses proceed, the Mitigation Work Group and the General Assembly should focus on additional transportation electrification efforts, such as the adoption of the Advanced Clean Cars II (ACC II) standards, as authorized by the Maryland General Assembly in 2007, and other measures to accelerate electric vehicle adoption.

Thank you for the opportunity to comment on these recommendations, and we look forward to partnering with the State to achieve its decarbonization goals.

*Mark D Case*