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By Electronic Filing
In Re: RM95

Thank you for this opportunity to provide comments on draft regulations to implement the Next Generation Energy Act (NGEA)'s reforms to gas pipeline spending. The Upgrade Maryland Coalition respectfully submits the following recommendations.

I. Regulations Under RM95 Must Be Issued Expeditiously

NGEA was emergency legislation signed into law on May 20, 2025, and became effective starting on June 1, 2025. The legislature, in establishing NGEA, placed clear requirements on the Maryland gas utilities to prioritize safety, demonstrate cost effectiveness, and consider alternatives to pipeline replacement, including repair and non-pipeline alternatives.

The legislature, in promulgating legislation, often will direct an agency, such as the Maryland Public Service Commission (PSC), to promulgate enabling regulations to clarify or otherwise develop the regulatory framework to enact the legislature's intent. No such language is included in NGEA as relates to gas pipeline spending - **NGEA is self-actuating.** This means the NGEA's requirements have been the law in Maryland since the June 1, 2025 enactment date. Although the undersigned appreciate that the Commission is taking steps to draft clarifying regulations to ensure certainty in the application of NGEA, the law has imposed binding requirements on gas companies' spending on infrastructure for over a year.

Since NGEA went into effect, Washington Gas Light Company (WGL) and Baltimore Gas & Electric Company (BGE) have both argued at the PSC that they do not have to comply with the law, or that the law does not apply to them until they file a new STRIDE program or rate case. [1] While WGL has conceded that the PSC has the authority to adjust the company's current plan to comply with the law, the company has expressed that the delay of these regulations means

[1] *See, generally,* Case No. 9708, Washington Gas and Light Company, *Response to Letter Order on Next Generation Energy Act* (December 20, 2025), Baltimore Gas and Electric Company, *Response of Baltimore Gas and Electric Company to Request for Stay.* ML 323578 (February 9, 2026).

they do not have to comply with NGEA until the enactment of the regulations, and opined that likely will not occur until 2028. [2] Both have proposed "business as usual" gas pipeline replacement plans for 2026. This position has effectively been advanced *fait accompli* by the PSC - notably in the review of WGL's 2026 STRIDE Plan, which, although it prompted the initiation of RM95, allowed WGL's CY2026 STRIDE List to advance without application of the NGEA's new binding requirements.[3] In Order No. 92466, in which the Commission denied the Office of People's Counsel's (OPC) Request for Clarification and Rehearing—OPC questioned why the Commission had not applied NGEA's new binding requirements on STRIDE to WGL's 2026 STRIDE Plan—the Commission emphasized that RM95 will be the vehicle for setting stricter STRIDE regulations in compliance with NGEA and said it would consider proposals from stakeholders on the inclusion of regulations to implement PUA § 4-214.

The Upgrade Maryland Campaign contends that RM95 regulations should cover the new STRIDE provisions in PUA § 4-210 and planned gas infrastructure investment in PUA § 4-214, as those provisions are very similar and interrelated, and both are legal standards in effect under NGEA since June 1, 2025. In Order No. 92466, the PSC articulated that the requirements of PUA § 4-214 are structurally similar to those provisions of PUA § 4-210 at the root of RM95's evaluation of STRIDE.[4] In order to uniformly apply all relevant provisions of NGEA to gas pipeline replacement work, the Commission must include PUA § 4-214 in the RM95 regulatory process. Failing to do so could further delay implementation of the law for BGE, the state's largest gas utility.

The PSC should not wait until the conclusion of any separate dockets, including Case No. 9707, before issuing regulations that implement NGEA. The Commission was correct in emphasizing "the need to respect urgency in this matter" in Order No. 92466.[5] While the new law has now been in effect for more than twelve months, Order No. 92207 requires Commission Staff to promulgate implementing regulations within 120 days of February 26, 2026, which is Friday, June 26—*a date which has already passed*. In light of this, the PSC must finalize regulations in RM95 with the utmost urgency through the emergency regulations process and must not authorize recovery on further gas pipeline work until the gas companies are in compliance with NGEA. The undersigned request that, given the significant time that has already elapsed since NGEA's enactment, the priority the legislature put on this bill through its emergency status, and ongoing cost impacts to ratepayers from continuing gas infrastructure investments in the State, the PSC should expeditiously promulgate draft regulations, *such that regulations are final no later than October of 2026*.

II. Definitions and Provisions that Should Be Included in the RM95 Regulations

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[2] PSC Administrative meeting, June 10, 2026, https://www.youtube.com/watch?v=qmvFtcYRO4o (38th minute)
[3] Case No. 9708, The Commission, *Order 92207* at 4,5 (Feb. 26, 2026).
[4] Case No. 9708, The Commission, *Order No. 92466* at 8, 9 (June 9, 2026).
[5] Case No. 9708, The Commission, *Order No. 92466* at 7 (June 9, 2026)

NGEA expands the requirements pertaining to gas capital spending and STRIDE in key ways, and the Commission's regulations must define all the additional steps gas companies are now required to take. The following section will explain the regulatory requirements that should stem from the NGEA's new terms.

1. Gas Companies must meet a robust definition of "public safety"

Safety is a consideration that is cited frequently in the context of STRIDE. Improving the safety of the gas system by addressing the risk of leak-prone pipes is the stated reason for these pipeline replacement programs. NGEA adds new requirements for the utilities to demonstrate that they are properly prioritizing projects in regards to safety risks, thus the regulations must impose constraints on how gas companies define safety and risk.

Utilities are required to maintain a safe system, and that obligation is true regardless of the availability of STRIDE or other recovery for gas pipeline spending. Although maintaining safety is a core tenet of the responsibilities of a regulated utility, nothing in STRIDE removes or alters the utility's fundamental responsibility to ensure system safety, a point the legislature specifically emphasized this point in multiple sections of NGEA.[6] At a threshold, the regulations in RM95 must require a meaningful demonstration of a pressing safety concern, and how the utility is prioritizing a particular project over other infrastructure projects, as a fundamental requirement of any consideration of the merits of a STRIDE project plan. A discussion of project prioritization should be required for any projects and project plans advanced under either PUA § 4-210 or projects advanced under PUA § 4-214related to safety - it is impermissible to allow work to be approved, and the costs borne by the public, for "safety" reasons if utilities are permitted to advance the argument that *any* work meets the definitional threshold of advancing public safety.

NGEA requires gas companies to show their proposed infrastructure replacement plans are "required to improve the safety of the gas system after consideration of alternatives to replacement" (PUA § 4–210(f)(3)(iii)), and Section 14-214(c) similarly directs a review of "the estimated risk reduction associated with a safety-related investment, if applicable."

The regulations in RM95 should specify, consistent with NGEA, that the term "planned gas infrastructure investment" means any *non-emergency* investment in the replacement, upgrade, or construction of a portion of a gas company's system. Gas companies can and should continue to implement mitigations to address imminent safety risks, consistent with their ongoing obligations to maintain the safety of the gas system. Planned gas infrastructure investments, however, are not all inherently necessary for safety, and should be subject to the regulatory limitations outlined in these comments.

The regulations in RM95 should accordingly:

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[6] Md Pub. Util. Code Ann. § 4-210(b)(1), (c).

- Require the prioritization of pipes based on a transparent safety methodology for "at risk pipes," including cast iron and bare steel, and should not treat all "at risk pipe" as equally or categorically risky;
- Require a valid, transparent risk methodology (including the provision of data and models such that third parties can independently replicate and validate the analysis performed by utilities and their vendors), formalize and document project selection and sequencing decision making processes, and demonstrate that chosen mitigations are cost-effective;
- Require a fair and accurate consideration of all risk mitigation strategies, including but not limited to advanced rehabilitation and repair technologies and non-pipeline alternatives;
- Require the demonstration that any pressure conversion work is prudent and reasonable, especially in light of overall risk and safety;
- Specify that considering "safety" includes not only the reduced risk from replacing leak-prone pipe, but other considerations that are essential to evaluating safety, including explosion risk, and indoor and outdoor air pollution; and
- Require safety investments to reasonably address system threats identified in utilities' Distribution Integrity Management Plans.

The PSC should not allow gas utilities to use accelerated cost recovery for any investments that are not optimized for risk reduction. Additionally, in making a showing for recovery under STRIDE or through a rate setting proceeding, the Commission should require gas companies to clearly explain how they are considering these various aspects of safety.

In WGL's 2026 STRIDE plan in Case No. 9708, it made conclusory statements such as, "Meter Set and Piping Remediation/Replacement allows for the safe operations and delivery of gas to the customer."[7] Simply stating that a proposed project is associated with safety, with no additional information, cannot be deemed sufficient to comply with the regulations.

2. Pipeline replacements must be "consistent with state policy"

Under PUA § 4–210(b), gas companies are subject to a new requirement to show that any accelerated pipeline replacements are "consistent with state policy." The Commission must define "state policy" as encompassing all state laws, regulations, and policies impacting utilities, including Maryland's climate policies.[8] These include statutory provisions, such as the Climate Solutions Now Act (CSNA)'s requirement that Maryland reduce emissions 60% by 2031 and reach carbon neutrality by 2045,[9] and the Commission's requirement to regulate utilities and consider the preservation of Maryland's environmental quality, including the protection of the global climate and "the achievement of the State's climate commitments for reducing statewide

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[7] Case No. 9708, WGL Response, Exhibit 2 (Dec. 20, 2025).
[8] Given the mandates of the Climate Solutions Now Act and Maryland's climate laws and PSC proceedings, it is reasonable that PUA § 4–214 must be consistent with state policy as well.
[9] Md Env. Code Ann. § 2-1204.2.

greenhouse gas emissions."[10] The term "state policy" is broad, encompassing any formal state policy pronouncements beyond legislation, including the Maryland Department of the Environment's Climate Pollution Reduction Plan,[11] the Building Energy Performance Standards it has enacted, and Zero-Emission Heating Equipment Standards and Clean Heat Standards once those are final regulations. The term "state policy" must also include any Commission pronouncements regarding the future of gas, including the termination of line extension allowance subsidies.[12]

The regulations proposed in RM95 must require the gas companies to (1) document all the state climate and electrification policies that will affect the future of the gas system, and (2) explain why any proposed pipeline replacement projects are "consistent" with all of these policies.

3. The "expected useful life" of pipeline replacements must be quantified

NGEA requires gas companies to describe the "expected useful life" of any proposed pipeline replacement projects.[13] The regulations should clarify that "expected useful life" is *not* the expected time period during which a new gas pipeline could be technically functional. Instead, this term must include a consideration of the stranded asset risk associated with any proposed infrastructure project. The regulations proposed in RM95 should require gas companies to (1) identify and (2) quantify the stranded asset risk associated with any new pipeline infrastructure that is proposed. For example, if a new gas pipeline could technically remain operational for 70 years, but it is being installed in the year 2030, then its expected useful life will likely fall short of its operational years, based on average gas usage per household, electrification trends, and greenhouse gas emission reduction goals, including the CSNA's requirement that Maryland must be carbon-neutral only 15 years after that date.[14] This calculation of a new infrastructure project's expected useful life will be informative for the subsequent analysis on cost-effectiveness.

4. Gas companies must assess the cost-effectiveness of pipeline replacements

The NGEA requires a consideration of cost-effectiveness. Under PUA § 4–210(e)(2)(v), for a proposed infrastructure replacement plan, a gas company must show it "has selected and given priority to projects based on risk to the public and cost–effectiveness" and "compare[d] the costs of proposed replacement projects with alternatives to replacement, including leak detection and repair." Relatedly, PUA § 4–210(e)(6) requires gas companies to show they have "analyzed available cost–effective options to defer, reduce, or remove the need to replace, construct, or upgrade components of the gas company's distribution infrastructure, including leak detection

[10] Section 2–113(a)(2)(v)-(vi).
[11] Maryland Department of the Environment. (2023). *Maryland's Climate Pollution Reduction Plan, Policies to Reduce Statewide Greenhouse Gas Emissions 60% by 2031 and Create a Path to Net-Zero by 2045.*
[12] Case No. 9707. The Commission, *Order No. 91683* (June 13, 2025).
[13] Md. Pub. Util. Code Ann. § 4-210(e)(2)(i).
[14] Given the mandates of the Climate Solutions Now Act and Maryland's climate laws and PSC proceedings, it is reasonable that PUA § 4–214 must be consistent with state policy as well

and repair." Likewise, PUA § 4-214(c)(2) requires gas companies to show, in order to recover any "reasonable and prudent costs" of an infrastructure project, that they have considered "cost-effective options available to defer, reduce, or eliminate the need to replace, upgrade, or construct new components[.]"

Taken together, these provisions require gas companies to quantitatively compare the costs of their specific proposed projects with the costs of alternatives. The regulations should specify that gas companies must specifically list and quantify these variables—not provide conclusory statements such as, "these projects are cost-effective" or "these project's costs have been compared to alternatives." For example, in Case No. 9708, WGL claimed its 2026 STRIDE project list was compliant with the NGEA by making vague, unsubstantiated assurances, such as, "[t]he Company's capital planning process also includes an analysis comparing the costs of proposed replacement projects with alternatives to replacement." [15] This type of conclusory statement should be deemed insufficient for compliance with the RM95 regulations.

The regulations in RM95 should require utilities to:

- Present a transparent analysis of the full lifetime customer costs of projects, including retirement costs, utility returns and taxes, and ongoing operations and management;
- Formalize and document the evaluation of the use of pipeline replacement alternatives, including energy efficiency and demand response measures, electrification of segments of the system, thermal energy networks, pipeline repair, joint encapsulation, advanced relining, and leak detection and repair; and
- Demonstrate both absolute and relative cost-effectiveness. That is, demonstrate not only that the chosen mitigation is cost-effective, but that it is more cost-effective than other alternatives.

The regulations should require the gas companies to transparently demonstrate how they are calculating the costs of their pipeline replacements and the alternatives listed above. On the level of specific projects, their estimated costs cannot be overly vague and conclusory, but must be specifically stated, with cost components and assumptions made transparent.

Finally, a consideration of the stranded asset risk associated with gas infrastructure replacement projects must factor into this cost-effectiveness calculation. If a new gas pipeline has an expected useful life that is substantially shorter than its technically possible lifespan due to customer usage trends and Maryland's binding climate policies, the full costs of installing that pipeline will be incurred over a relatively short time period, whereas the costs of alternatives such as electrification will be smoothed out over a longer time horizon. How various costs are incurred over time is an important element of the quantitative cost-effectiveness calculation; omitting this would impair the calculation's accuracy.

5. **Gas companies must provide a plan for notifying customers of replacements**

[15] Case No. 9708, WGL, *Response to Letter Order on Next Generation Energy Act* at 37 (Dec. 20, 2025).

NGEA requires gas companies to prepare "a plan for notifying customers affected by proposed projects at least 6 months in advance of construction," and PUA § 4–210(e)(3) provides additional benchmarks for those communications to customers, which should include "any other information the Commission considers necessary to evaluate the plan."

The regulations proposed in RM95 should require that gas companies provide more than six months' notice to customers about upcoming pipeline replacement projects. A two-year notice requirement would provide customers with a more reasonable period of time to research electrification, explore available financing options for electrification, and acquire electric appliances and make service panel upgrades in order to electrify their homes.

Additionally, the RM95 regulations should require that these customer notifications list any alternatives those customers can pursue, and any incentives offered by the gas utility, electric utilities, or state agencies for pursuing those alternatives to continued usage of the gas system. As an example, the notification should explain the availability of EmPOWER incentives for energy efficiency measures that are offered by the electric utility that serves the same service territory, and state incentives for electrifying appliances, such as those offered by the Maryland Energy Administration.

6. Gas companies must describe customer benefits of any proposed replacements

NGEA also expands gas companies' obligations to assess the "customer benefits" of any proposed infrastructure projects, in PUA § 4–210(d)(6). Likewise, PUA § 4-214(C) of NGEA provides that, in order to recover the "reasonable and prudent" costs of an infrastructure project, a gas company must show that it considered "the customer benefits of the investment." NGEA does not define the terms "customer benefits," but the proposed regulations in RM95 must provide a robust definition for this term.

The regulations should clarify that assessing customer benefits also requires a consideration of potential harms, including impacts of projects on customer rates in both the short and long term, public nuisances associated with construction work, and potential risks of infrastructure replacement projects, including any safety concerns of the work and the stranded asset risks associated with new pipelines. The customer benefit analysis should also address non-energy benefits and societal benefits.

The regulations should specify that the gas companies cannot claim there are climate benefits associated with replacing gas pipelines, as WGL did in its recent 2026 STRIDE plan in Case No. 9708, because installing new gas infrastructure entrenches reliance on the gas system, which is inherently polluting. Finally, as with making a showing of cost-effectiveness and a consideration of alternatives, the gas companies must be required to specifically describe customer benefits.

III. Summary of Proposed Regulatory Requirements

As a high-level summary, a proposed plan filed pursuant to PUA § 4-210 and PUA § 4-214 shall include the following information, as described in greater detail above:

1. An explanation of the safety impacts of proposed pipeline replacements, which includes a discussion of the risks of gas leaks, dangerous explosions, indoor air pollution, and climate pollution;
2. A cost-effectiveness analysis of the proposed project and all other options considered by the gas company, which considers full lifetime costs, full societal costs, and stranded asset risks, non-energy benefits, societal benefits, and environmental benefits;
3. A detailed description of the cost-effectiveness methodology used, including inputs and assumptions and the supporting analysis for each option;
4. A detailed consideration of alternatives to gas infrastructure replacements, including energy efficiency and demand response measures, electrification of segments of their system, thermal energy networks, and pipeline repair, joint encapsulation, and advanced relining, as well as leak detection and repair;
5. A cost-effectiveness evaluation with a detailed comparison of the costs of each alternative to the cost of proposed pipeline replacements;
6. The customer benefits of the proposed project as compared to other alternatives;
7. How each option is consistent with State policy, including the Climate Solutions Now Act and environmental statutes, regulations, and policies detailed above;
8. The proposed project's useful life as compared to the other options considered; and
9. A detailed demonstration that the gas company has selected projects by giving priority to the risk to the public and cost-effectiveness.

The regulations should clearly specify that if the gas company fails to include any of the information listed above, or otherwise fails to comply with NGEA or other state policies or regulations, the Commission shall dismiss the filing and/or deny recovery of associated costs.

Additionally, although not directed by NGEA, in the interest of transparency, the Commission should also consider requiring that all planned gas infrastructure investments and ongoing recovery be added as discrete line items on gas customers' bills to avoid confusion about the source of costs.

Sincerely,

Center for Progressive Reform

Earthjustice

Maryland PIRG Foundation

Maryland Sierra Club

Advance Maryland

CCAN Action Fund

Cedar Lane Unitarian Universalist Environmental Justice Ministry

Climate Communications Coalition

Climate Reality Greater Maryland

Economic Action Maryland Fund

Elders Climate Action Maryland

Evergreen Action

HoCo Climate Action

Maryland Energy Advocates Coalition

Maryland Legislative Coalition - Climate
Justice Wing

National Consumer Law Center

Progressive Maryland

Third Act Maryland