BEFORE THE
MARYLAND PUBLIC SERVICE COMMISSION

PETITION OF THE OFFICE OF PEOPLE'S COUNSEL FOR NEAR-TERM, PRIORITY ACTIONS AND COMPREHENSIVE, LONG-TERM PLANNING FOR MARYLAND'S GAS COMPANIES	* * * *	Case No. 9707 (Phase II)

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INITIAL AND REPLY TESTIMONY

OF

DR. SOL DE LEON

ON BEHALF OF THE OFFICE OF PEOPLE'S COUNSEL

MAY 4, 2026

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EXHIBIT SD-1 – Resume of Dr. Sol deLeon

EXHIBIT SD-2 – Data Requests and Responses Referenced in Testimony

INTRODUCTION

Q. Please state your name and business address.

A. My name is Sol deLeon. My business address is 485 Massachusetts Ave., Suite 3, Cambridge, Massachusetts 02139. I am a Principal Associate at Synapse Energy Economics, Inc. I work primarily in Synapse's consulting for future of gas utilities practice, and I also work in the related area of building decarbonization technology and policy.

Q. Please describe Synapse Energy Economics.

A. Synapse Energy Economics is a research and consulting firm specializing in electricity and gas industry regulation, planning, and analysis. Our work covers a range of issues, including economic and technical assessments of demand-side and supply-side energy resources, energy efficiency policies and programs, integrated resource planning, electricity market modeling and assessment, renewable resource technologies and policies, and climate change strategies. Synapse works for a wide range of clients, including state attorneys general, offices of consumer advocates, trade associations, public utility commissions, environmental advocates, the U.S. Environmental Protection Agency, U.S. Department of Energy, U.S. Department of Justice, the Federal Trade Commission, and the National Association of Regulatory Utility Commissioners. Synapse's staff includes over 35 professionals with extensive experience in the electricity and gas industries.

Q. Please describe your professional experience.

A. I have over 25 years of experience in the energy industry, primarily in U.S. natural gas distribution utilities and international merchant electricity generation. At Synapse, which I joined in 2023, I analyze gas utility applications and filings before state public service commissions, in addition to developing studies, reports, and other materials regarding gas utility investments, business models, ratemaking, depreciation, revenue requirements, and business risk. I have also provided expert testimony on the implications of climate goals and the changing energy landscape on gas infrastructure investments, including a proposal to construct a liquified natural gas ("LNG") gas storage facility by New Mexico Gas Company (on behalf of the New Mexico Office of the Attorney General). Further, I have co-authored studies addressing the future of gas utility planning, including *Regulatory Approaches to Gas Utility Futures: Survey of Proceedings, Policies, and Analyses Across Jurisdictions and Minnesota Building Decarbonization Analysis: Equitable and cost-effective pathways toward net-zero emissions for homes and businesses.* Prior to joining Synapse, I was a project manager at Washington Gas Light Company ("Washington Gas" or "WGL"), working on initiatives for corporate governance, renewable natural gas ("RNG"), and greenhouse gas ("GHG") emissions reduction inventories. Before that, I worked for AES Corporation where I conducted risk evaluations and financial analysis on the fuel supply contracting and hedging strategies of electric generation facilities. I

developed valuation models for electric generating assets. I completed my Masters in Business Administration and my Doctorate in Liberal Studies at Georgetown University. My doctorate focused on energy transition and energy justice. My complete CV is attached as Exhibit A.

Q. Have you previously testified in proceedings before state utility commissions in other jurisdictions?

A. Yes. I have testified and participated in regulatory proceedings before the Connecticut Public Utilities Regulatory Authority, Illinois Commerce Commission, Michigan Public Service Commission, New Mexico Public Regulation Commission, and the Pennsylvania Public Utility Commission.

Q. On whose behalf are you appearing?

A. I am presenting testimony on behalf of the Maryland Office of People's Counsel.

Q. What is the purpose of your testimony in this proceeding?

A. The primary purpose of my testimony is to address: (1) the capacity and supply practices of Maryland's gas companies, and how those practices address State climate goals, and (2) whether there are fuels other than natural gas that gas companies could realistically and affordably use in their existing systems to help achieve Maryland's climate goals.

Q. Which issues from Order No. 91791 does your testimony address?

A. In Order No. 91791, the Maryland Public Service Commission ("Commission") directed that this proceeding address 12 issues. By discussing gas capacity and

supply planning, and alternative fuels, *my testimony addresses Order No. 91791 issues 1, 2, 3, and 7, as shown below*:

(1) [E]ach natural gas company, and combination gas and electric company, subject to the Commission's jurisdiction shall provide a full description of its current natural gas capacity, supply, and capital investment planning practices. This description shall include, but is not limited to, a discussion of how current gas company planning practices address State climate goals;

(2) As a general matter, how can natural gas company planning be improved and made more transparent?

(3) What policies, guidelines, or regulations, if any, should be adopted to ensure that future natural gas company planning practices adequately address the State's climate goals?

(7) Are there alternative fuels that could realistically and affordably assist in achieving the State's climate goals by utilizing the existing gas system?

Q. Have you prepared exhibits to accompany your testimony?

A. Yes. I have prepared the following exhibits:

- Exhibit SD-1: Resume
- Exhibit SD-2: Data Requests and Responses Referenced in Testimony

I. Recommendations

Q. Please summarize your recommendations.

A. With respect to supply and capacity (*Order No. 91791 issues 1, 2, and 3*), I recommend that the Commission (a) require all gas companies to expand their capacity planning forecast horizon to 20 years to be consistent with the gas planning proposals by OPC witness Alice Napoleon, (b) require that each company include its capacity planning forecast analysis in its annual supply and capacity plan filings with the Public Service Commission, and (c) require that the gas companies' long-term plans incorporate this long-term gas capacity planning. Specifically, I recommend that the Commission establish standardized reporting on supply and capacity planning to improve transparency and enable the Commission and stakeholders to evaluate and understand both the near-term (next winter) and longer-term choices each utility is making on behalf of its customers for both supply and capacity planning.

The Commission should also require the companies to report on existing and planned contracting and hedging, along with the forecasted price of gas for demand that is not covered by existing contracts. This analysis is most useful during the critical winter heating season, when high household demand for heating drives increased concern about the burden of utility bills on customers.

With respect to the Commission's inquiry on whether there are alternative fuels that could realistically and affordably assist in achieving the State's climate goals

by utilizing the existing gas system (*Order No. 91791 issue 7*), my response is "no." Based on available data and projections, I conclude that alternative fuels, including RNG and hydrogen are not viable alternatives for use in the existing natural gas systems to assist in achieving the State's climate goals. Furthermore, certified natural gas (CtNG) is also not a viable alternative for use in the existing natural gas system, as any claimed emissions reductions occur out of state and are not credited towards the state's climate goals.

II. Gas supply and capacity planning

Q. Please describe the organization of this section of your testimony.

A. In this section of my testimony, I first discuss and define key concepts relevant to gas supply and capacity planning. Next, I discuss Maryland gas companies' current capacity and supply planning practices, the extent to which current practices address State climate goals and consider emerging market trends, and my concerns and recommendations regarding current gas company supply and capacity procurement practices. *This section addresses issues 1, 2 and 3 identified in Order No. 91791.*

Q. Please explain the difference between gas supply contracts and gas capacity contracts.

A. Local gas distribution companies ("LDC") enter into both supply contracts and capacity contracts to deliver gas to the utility, which then pipes the gas to its residential, commercial, and industrial customers. Pursuant to supply contracts, the gas utilities—typically paying market prices to gas suppliers—buy the gas

commodity that ultimately flows through their distribution pipes to their customers. Pursuant to capacity contracts, the gas utilities pay transportation companies to reserve pipeline (and often storage) space necessary to transport the gas commodity from the upstream delivery point or hub to the city gates. The city gates are the points at which the local gas distribution company takes possession of the gas from the transmission pipeline.

Q. Please explain the role that capacity contracts play in meeting projected gas demand.

A. Gas utilities execute capacity contracts, which are agreements between the utility and an interstate pipeline through which the utility secures the right to transport a specified volume of natural gas over a defined path from its supply source to its distribution system, typically in exchange for a fixed demand charge. Because capacity contracts with gas utilities often provide the financial support needed to develop long-lived assets such as pipelines or storage, the procurement of capacity often involves long-term contracts. Utilities may also need to manage their rights at the conclusion of those contracts, which could include options to extend some or all of the capacity. In evaluating their options, utilities must align their contractual decisions with long-term load forecasts to examine whether the anticipated load will persist over the full contract term or whether declining customer counts could render a portion of that capacity unnecessary.

In addition to long-term capacity contracts, each LDC can also secure short-term contracts (e.g., for one winter) from other utilities, large industrial

customers, or shippers. These short-term contracts, however, come with risks such as availability during peak demand periods, potentially higher and more volatile prices, the possibility of interruption if service is not firm, and dependence on secondary market capacity release where availability cannot be guaranteed.

Q. What should gas utilities consider when planning capacity contracts?

A. Gas utilities should consider in their contracting how to meet their responsibilities for providing sufficient gas supply to safely and reliably meet their customers' demands. Thus, a primary consideration for capacity planning is the amount of gas required on the peak (generally coldest) day for firm load, referred to as the design day, and how that volume of gas may increase or decrease over time. OPC witness Kenji Takahashi analyzes current gas company demand and load forecasting, including design-day demand forecasting. He notes that to be accurate, forecasting must account for—among other things—current market trends, existing utility-administered fuel-switching incentives, and forthcoming climate policies.[1]

Q. What should gas utilities consider when planning supply contracts?

A. A primary consideration for supply contracting is natural gas price volatility, including its impact on end-use gas customers. Natural gas commodity prices are set by market forces and fluctuate based on supply and demand, primarily driven by weather and regional pipeline constraints. Prices at key trading hubs, such as Henry Hub, serve as the primary benchmark price. Gas utilities can execute

[1] Initial and Reply Testimony of OPC witness Kenji Takahashi at page 6 (Case No. 9707, May 4, 2026).

contracts for gas supply through fixed-price or indexed-priced (i.e., priced by reference to published reference prices or benchmark prices) supply agreements. Gas utilities can use financial derivatives that fix or limit the price of delivered gas to protect customers from price increases (while also limiting the ability to capture benefits from price declines).

Gas utilities can also use storage to lock in lower-priced gas, by purchasing and taking delivery of gas during the lower-priced summer/non-heating months and withdrawing gas from storage during higher-priced periods, typically during the winter heating season. Using storage to lock in lower-priced gas serves two purposes. First, it enhances supply reliability by ensuring that a reserve of gas is physically available to meet peak demand even if pipeline deliveries are constrained. Second, it provides an economic benefit to customers by allowing the utility to acquire a portion of its gas supply at lower off-season prices rather than purchasing all gas at potentially elevated winter spot prices. In this sense, storage functions as both a reliability tool and a cost-management strategy. Ultimately, the gas companies have to develop a contracting strategy that balances certainty of supply, price stability, and affordability.

A. Risks related to supply contracting and capacity contracting

Q. What are the primary risks associated with supply contracting and capacity contracting?

A. The risks associated with contracting for gas supply and capacity include procuring too much ("over-contracting") or too little ("under-contracting") supply and capacity. Over-contracting means that the gas company has entered into a contract under which it purchases more gas or capacity than needed to meet its customers' demands. While this is a risk, it typically has been a low-impact risk because the utility generally could store the gas commodity and resell capacity (called "capacity release").[2] However, the risk of over-contracting is amplified when market trends and policies to reduce carbon emissions result in demand forecasts that overestimate future gas use and peak demand.[3]

The other risk is under-contracting. In the case of gas supply, if the gas utility is under-contracted in the short term, the gas utility would have to purchase gas in the spot market at potentially higher prices. In the case of capacity, the gas utility can be forced to enter into interruptible or short-term firm transportation contracts or risk failing to meet design day customer demands. These short-term contracts are likely to be expensive due to constraints in the capacity market or due to higher

[2] When a utility resells capacity, capacity release revenues—money earned when utilities sell unused pipeline capacity to other parties—are typically credited back to customers.
[3] OPC Witness Takahashi Initial and Reply at 6.

prices during peak demand periods. Gas utilities and their regulators therefore have a natural incentive to over- rather than under-contract to minimize this risk.

Q. How should gas companies consider emerging market trends and State climate goals in their capacity and supply planning?

A. As discussed by OPC witness Takahashi, emerging market trends along with the policies necessary to achieve the State's climate goals are critical elements for accurately forecasting future volumes of natural gas consumed. Depending on how the market evolves between full electrification and hybrid heating systems and how quickly customer preferences change between boilers and heat pumps, the gas companies could see different rates of decline in the volumetric requirements for gas supply than they do for design day capacity. The gas companies' capacity and supply planning typically look five years into the future. Given the multi-decadal nature of market changes and policies for meeting State goals, and the long-term nature of capacity contracts, this five-year focus is insufficient. The gas companies should expand their planning horizon to extend at least to the 2045 timeline of State climate policy. I recommend at least a 20-year planning and reporting horizon, aligned with OPC witness Napoleon's recommendation, and standardized reporting to provide the transparency needed for the Commission to monitor the gas utilities' procurement practices.

Q. Do market trends and State climate goals interact with the risks of over- and under-contracting?

A. Yes. Declining gas use would make over-contracting more likely and reduce the risk of under-contracting. As stated above, over-contracting traditionally has not been as risky as under-contracting because excess supply and capacity can be resold, allowing the gas utilities to recoup their costs. Long-term, sustained gas use reduction due to market trends and climate policies, may reduce the value of excess capacity and supply due to reduced market need for these services. This reduced demand would make reselling more difficult. Thus, over-contracting may become riskier and costlier than it is today.

B. Gas companies' supply and capacity planning practices

Q. Please summarize the gas companies' reporting regarding gas capacity and supply.

A. Some, but not all, of the gas companies file an annual plan with the Commission. Baltimore Gas and Electric Company ("BGE") files an annual gas capacity plan that includes a design day forecast and the plans to meet customer demand on a five-year planning horizon.[4] For its gas supply activities, BGE files a monthly report to adjust gas commodity rates and annual testimony to report on the market-based rates program, which is a mechanism that ensures the price a customer pays for the gas commodity reflects current market prices.[5] WGL files an annual gas

[4] Direct Testimony of BGE Witness Brian M.W. Scheerer at 12:12.
[5] BGE Witness Scheerer Direct at 20.

portfolio plan that covers the demand forecast, capacity resource planning, and commodity (or supply) planning—the most recent of which is the 2026–2030 portfolio plan.[6] Columbia Gas of Maryland ("Columbia") also files its "Strategic Gas Supply" plans annually[7] and submits testimony and exhibits as part of Case No. 9510. UGI Utilities, Inc. ("UGI") does not submit annual plans to the Commission, noting that it was not named in the 1986 Commission Order No. 67583 requiring gas companies to submit annual supply plans.[8] Likewise, Chesapeake Utilities of Maryland, Inc ("Chesapeake") does not submit an annual gas supply plan. However, as part of annual regulated proceedings, Chesapeake provides current pipeline capacity assets and responds to data requests on capacity and supply planning.[9]

Q. Are these reporting practices sufficient?

A. No. These practices offer the Commission and stakeholders an inconsistent and incomplete view of the gas utilities' supply and capacity situations. The three utilities that file annual plans, appear to use reasonably consistent tools and approaches, however, not all the gas companies provide annual reports. Neither the Commission nor stakeholders can effectively evaluate or provide meaningful

[6] Direct Testimony of WGL Witness Kevin M. Murphy Exhibit WGL-KMM-2 and WGL Response to OPC DR 2-19.
[7] Columbia Response to OPC DR 2-19.
[8] UGI Response to OPC DR Set 2-19.
[9] Direct Testimony of Chesapeake Witness Noia, page 3:14.

direction or input on the utilities' supply and capacity strategies given the limited reporting the gas companies provide.

Q. Please summarize the gas companies' gas supply procurement practices.

A. The gas companies generally purchase natural gas supply through contracts of varying duration (i.e., contract length) that are priced based on the index (or market benchmark price). Longer-term contracts provide supply certainty, as they entail the delivery of a volume of gas every day. Maryland gas utilities reflect a range of approaches, each with distinct implications for supply reliability, price stability, and long-term ratepayer cost exposure. BGE does not purchase gas for system supply needs for periods longer than one month.[10] BGE considers factors such as weather forecasts, storage inventories, and market factors when determining the volume of gas to purchase.[11] BGE notes its concern that purchasing too much would place the company in a position of holding excess gas on a day with lower gas demand with nowhere to send the gas.[12] On days that require more gas supply, BGE relies on a combination of storage withdrawals, spot market purchases, and peak shaving to meet customer demand.[13]

WGL's supply portfolio includes baseload contracts, swing contracts, and spot contracts.[14] Baseload contracts depend on a market price and cover the minimum

[10] BGE Witness Scheerer Direct 18:12.
[11] BGE Response to OPC DR 2-6.
[12] BGE Response to OPC DR 2-6.
[13] BGE Response to OPC DR 2-6.
[14] See WGL Witness Murphy Direct, Exhibit WGL-KMM-2 at 26.

volume of gas commodity without exceeding the requirements of the warmest day of the period. WGL then manages daily load variability above that baseload using swing contracts and spot contracts that are fixed price or set at the daily market price.[15]

Columbia's gas supply strategy uses fixed-term contracts and spot market purchases. Columbia negotiates fixed-term contracts for delivery during the winter months of December to February. Outside of those fixed-term winter commitments, Columbia relies on spot market purchases to cover demand variations driven by temperature fluctuations and other conditions.[16] Chesapeake forecasts load for the month and procures baseload supply every month.[17] UGI executes a hedging strategy that layers natural gas purchases seasonally to reduce price volatility, meaning that, rather than procuring all of its supply needs at once or at a single point in time, UGI staggers its purchase commitments across multiple time periods. This strategy effectively averages UGI's acquisition price and reduces the risk that any single market event will dramatically increase the cost of its overall supply portfolio. UGI then uses gas storage to keep lower-priced gas for withdrawal and use during the higher-priced seasons.[18]

[15] *See* WGL Witness Murphy Direct, Exhibit WGL-KMM-2 at 27.
[16] Direct Testimony of Columbia Witness Tina M. Monnig at 9:7.
[17] Chesapeake response to OPC DR 2-6 and OPC DR 2 -10 to 15.
[18] Direct Testimony of UGI Witness Timonthy J. Angstadt at 4:4.

Q. Please summarize the gas utilities' gas capacity procurement practices.

A. The gas companies generally maintain a portfolio of contracts with interstate pipelines to ensure they have the capacity to meet design day demand. BGE holds firm transportation, firm storage, and no-notice service contracts on three interstate gas pipelines.[19] BGE also operates an LNG facility and a propane air facility to support peak-day needs.[20] WGL maintains a portfolio of long-term, firm transportation contracts, underground storage contracts, third-party peaking services, and its own peaking resources.[21] The pipeline contracts serve WGL's base load, while storage and peaking facilities are maintained to be available during the winter peak.[22] Columbia maintains a portfolio of transportation and storage contracts. It has a combination of fixed-term and spot supplies to meet demand.[23] UGI holds long-term, firm-transportation capacity and storage contracts with several interstate pipelines and a gas storage company. UGI also has peaking service contracts for LNG, compressed natural gas, and liquid propane air. In addition, UGI holds delivered supply contracts whereby the physical commodity is delivered directly into the distribution system, which eliminates the need for a separate capacity contract.[24]

[19] BGE Witness Scheerer Direct at 7:5.
[20] BGE Witness Scheerer Direct at 8:9.
[21] WGL Witness Murphy Direct at 22:15.
[22] WGL Witness Murphy Direct at 23:1.
[23] Columbia Witness Monnig Direct at 8:3.
[24] UGI Witness Angstadt Direct at 3:20.

Q. How many years do the gas utilities consider when making their capacity plans?

A. The gas utilities generally have a five-year planning horizon in putting together their gas capacity portfolio. BGE's capacity plan includes a five-year planning horizon.[25] WGL develops 10-year load forecasts under various weather scenarios and then reviews the supply portfolio for the upcoming winter supply season and at least four years into the future.[26] Columbia's design day forecast includes a five-year planning horizon and is updated annually.[27] UGI also utilizes a five-year planning horizon.[28]

Q. Do the gas companies' planning practices address market trends and State climate goals?

A. Among recent plans, only WGL explicitly addresses the potential impact of State climate goals on supply or capacity plans. WGL states that in the long term, excess capacity may result from the potential shrinking of demand due to policy-driven electrification or energy efficiency.[29] To assess the potential need to update capacity contract levels, WGL develops a five-year capacity release forecast [30] and develops a 10-year resource analysis that compares the capacity expected to be available each year with forecasted firm demand.[31]

[25] BGE Witness Scheerer Direct at 12:14.
[26] WGL Witness Murphy Direct, Exhibit.WGL-KMM-2 at 4.
[27] Columbia Witness Monnig Direct at 5:6.
[28] UGI Witness Angstadt Direct at 7:4.
[29] WGL Witness Murphy Direct, Exhibit WGL-KMM-2 at 21.
[30] WGL Witness Murphy Direct, Exhibit WGL-KMM-2 at 23.
[31] WGL Response to OPC DR 2-18(a).

BGE, Columbia, and UGI have five-year planning horizons driven by design day demand. They do not explicitly address the impact of the State's climate goals in supply and capacity planning.

Q. What are your concerns regarding the gas companies' procurement practices?

A. My primary concern is that the utilities' procurement strategies are focused on the short term. As the emerging market trends such as heat pump adoption that Mr. Takahashi discusses in his testimony continue to take shape, and as the State implements policies to achieve its climate goals, it is crucial that the gas companies' expand their procurement planning horizon and ensure alignment with long-term planning considerations. In order to meaningfully consider emerging market trends and the State's climate goals, utilities should conduct gas supply and capacity planning over the full range of timescales from the short to long term and link supply and capacity plans to the long-term gas planning process. As OPC witness Takahashi argues, utility design day forecasts may be overstated, which would drive over-contracting for capacity as well as the potential over-building of on-system capacity. Furthermore, a five-year outlook review is insufficient to capture the full impacts of changes in gas demand which would become increasingly apparent over the 20-year forecast horizon for gas planning proposed by Ms. Napoleon.

C. Provider of last resort obligations

Q. What is a provider of last resort ("POLR")?

A. Gas utilities with a POLR obligation must be able to supply gas to all customers, including those customers receiving retail gas services that may decide to return to their default gas utility.

Q. What are the gas utilities' arguments on the impact of POLR responsibilities on capacity planning?

A. To meet their POLR responsibilities, BGE and WGL argue that they need to have sufficient pipeline and storage capacity available to meet the design day demand from both existing firm customers and customers who have selected third-party suppliers.[32]

Q. What is your response to the gas utilities' claims that to meet POLR responsibilities they need to have sufficient pipeline and storage capacity to meet design day demand?

A. My concern about the risks of over-contracting, as discussed above, remains despite the gas utilities' responsibility to have sufficient capacity to meet design day demand. I argue that the POLR obligation does not preclude a hedging and contracting strategy that accounts for demand uncertainty. Thus, the utilities should consider the implications of steadily declining demand over time. In addition, when a customer shifts from third-party supply back to default supply, the customer's former supplier now has excess capacity which it may be willing to sell. Utilities should not use their POLR status as a justification for locking in

[32] *See* BGE Witness Scheerer Direct at 5:16 and 11:3; WGL Witness Murphy Direct at 21:3.

long-term capacity commitments that may create over-contracting and other stranded costs as customer demands fall.

Q. What are your recommendations?

A. I recommend that the Commission (a) require all gas companies to expand their capacity planning forecast horizon to 20 years to be consistent with the gas planning proposals by OPC witness Napoleon, (b) require that this analysis be included in each company's annual supply and capacity plan filings with the Commission, and (c) require that the gas companies' long-term plans incorporate this long-term gas capacity planning. A 20-year planning horizon extends planning to and past the State's 2045 net-zero emissions target and thereby enables the utilities to consider and incorporate State policy impacts and emerging market trends. The Commission should require explicit discussion from each utility as to how its plans are consistent with market trends and State policy, including its long-term projections of customer counts and sales used for capital and financial planning.

I also recommend that the Commission establish standardized reporting on supply and capacity planning, to improve transparency and enable the Commission and stakeholders to evaluate and understand both the near-term (next winter) and longer-term choices each utility is making on behalf of its customers for both supply and capacity. Standardized reporting is essential because, as this proceeding has revealed, the gas utilities currently employ materially different

planning horizons, procurement strategies, and risk management approaches, making it difficult for the Commission and other stakeholders to conduct meaningful cross-utility comparisons to identify best practices. The Commission should require the companies to report on existing and planned contracting and hedging, along with the forecasted price of gas for demand not covered by existing contracts. Transparency regarding these approaches would allow OPC and other stakeholders to evaluate how the utilities are managing risk on behalf of their customers, as well as for the Commission to opine and rule on the reasonableness of the gas companies' procurement practices. Transparency is particularly important for the critical winter heating season, when high household demand for heating drives consumption of higher-priced gas, leading to increased concern about the burden of utility bills on customers, including low-income customers.

III. Gas companies' proposed use of alternative fuels and CtNG

Q. Please provide an overview of this section of your testimony.

A. In this section I define alternative fuels and CtNG within the context of this case and describe what the gas companies are proposing. I then explain my opinion that, based on current data and projections, alternative fuels and CtNG cannot realistically and affordably assist in achieving the State's climate goals by utilizing the existing gas system. *This section addresses issue 7 identified in Order No. 91791*

Q. What are alternative fuels?

A. Alternative fuels in the context of this proceeding are primarily renewable natural gas ("RNG"), and hydrogen ("H2"). While the gas companies discuss certified natural gas or responsibly sourced gas ("CtNG") as an alternative fuel, it should not be considered an alternative fuel as it is conventional natural gas with an associated certification process. RNG is the term used to define a biogas that has been upgraded to a quality similar to processed fossil natural gas. RNG is produced from various feedstocks, typically from organic waste sources such as landfills, wastewater treatment facilities, and agricultural operations. Once upgraded, RNG has a methane concentration greater than 90 percent and can be injected into natural gas pipelines and used interchangeably with fossil gas.[33]

Hydrogen, when burned, does not release GHGs. However, hydrogen is a leak-prone, flammable gas that contributes to climate change. Hydrogen is also considered an indirect greenhouse gas. When hydrogen leaks into the atmosphere, it reacts with the same molecules that break down methane, thus extending how long methane remains in the atmosphere and increasing methane's warming effect.[34] Hydrogen is also rarely found on its own, so it must be produced.

[33] U.S. Environmental Protection Agency. "Renewable Natural Gas." Landfill Methane Outreach Program (LMOP). Accessed December 1, 2025. <https://www.epa.gov/lmop/renewable-natural-gas>.
[34] Warwick, N. J., Archibald, A. T., Griffiths, P. T., Keeble, J., O'Connor, F. M., Pyle, J. A., and Shine, K. P.: Atmospheric composition and climate impacts of a future hydrogen economy, Atmos. Chem. Phys., 23, 13451–13467, https://doi.org/10.5194/acp-23-13451-2023, 2023.

Q. What are the gas companies' proposals regarding alternative gas supply or CtNG?

A. The gas companies identify policies that would promote the supply and use of alternative fuels. The gas companies focus most of their attention on RNG. They propose more developed policy actions that support the production of or the consumer demand for RNG.

- BGE notes that policies could be designed to support in-state RNG production and encourage development of RNG facilities. BGE further argues that expanding the State's RNG market could help lower the cost, lower Maryland's overall emissions rate, and have an impact on capacity and supply planning decisions.[35]
- WGL identifies RNG as one of several options to materially reduce GHG emissions in the short term, as it can be injected into the pipeline system to replace a portion of traditional natural gas, but notes that a utility RNG program would require Commission approval.[36] WGL further identifies hydrogen as an advanced technology that may provide opportunities for GHG emission reductions in the longer term.[37] WGL actively procures CtNG and includes the purchase of CtNG as part of its strategic approach to commodity procurement.[38]

[35] BGE Witness Scheerer Direct at 29:17.
[36] WGL Witness Bartos Direct at 45:17.
[37] WGL Witness Bartos Direct at 7:14.
[38] WGL response to OPC DR 3-24.

- Columbia identifies RNG and clean hydrogen (hydrogen produced through a method that does not release carbon dioxide into the atmosphere) as alternative fuels that can be integrated into the existing gas systems to contribute to the State's climate goals,[39] Columbia also identifies policies, such as the establishment of RNG procurement goals or targets, which could support development of RNG in the State.[40]
- Chesapeake identified RNG as an alternative fuel source, particularly for vehicles. It also cites hydrogen as an alternative fuel and notes that the company has supported projects, such as the efforts to bring a hydrogen hub to the region and a proposal to develop a safety training facility.[41] Notably, Chesapeake stated that in the past the company purchased a small supply of CtNG, branded as NextGen Gas" and sought cost recovery. However, it discontinued the initiative.[42] Finally, Chesapeake proposed policies such as authorizing cost recovery for RNG and hydrogen blending and promoting fuel-switching.[43]
- UGI received approval in Pennsylvania for a pilot program to integrate RNG into its system.[44] UGI identifies RNG as an alternative fuel and adds that the Commission can support the development of the RNG market by evaluating

[39] Direct Testimony of Columbia Witness Erich Evans at 3:5.
[40] Direct Testimony of Columbia Witness Payl Heyborne at 8:11.
[41] Direct Testimony of Chesapeake Witness Shane Breakie at 5:17.
[42] Chesapeake Witness Breakie Direct at 8:19.
[43] Chesapeake Witness Breakie Direct at 10:7.
[44] Direct Testimony of UGI Witness Jessica R. Rogers at 37:4.

policies that support the interconnection of RNG facilities into the utility system.[45] UGI does not consider CtNG as an alternative fuel because it is identical to conventional natural gas, but it suggests that the Commission encourage utilities to purchase certified gas where available and if price is within a reasonable range.[46]

Taken together, the alternative fuel or CtNG proposals introduced in this proceeding by the gas companies provided little detail on how the use of alternative fuels will help support the State in meeting its climate goals, or on how much deploying alternative fuels will cost the gas companies, the State, and the ratepayers in terms of the cost of the commodity and the cost of infrastructure to deliver the fuel. The gas companies also provide no quantitative analysis about the expected GHG emission reductions impact of alternative fuels. Without additional information, the alternative fuel or CtNG proposals advanced in this proceeding remain aspirational narratives that, absent concrete procurement commitments, defined timelines, and measurable performance benchmarks, are unlikely to translate into affordable emission reduction strategies that Maryland's climate goals demand.

[45] UGI Witness Rogers Direct at 40:4.
[46] UGI Witness Rogers Direct at 35:9.

Q. Can you summarize your concerns about whether the gas companies' proposals to use RNG and hydrogen can realistically and affordably help reduce GHG emissions?

A. I am concerned that RNG and hydrogen's supply constraints, price pressures, technical constraints, and actual carbon intensity severely limit their potential to help the gas companies reduce GHG emissions. First, there is significant doubt about the availability of these fuels, both within Maryland and from out-of-state sources. Second, RNG and hydrogen are significantly more expensive than conventional natural gas, and the price risk could worsen as increased competition and limited supply put upward pressure on prices, including the cost of supply and the distribution infrastructure. Third, given limited supply, to the extent alternative fuels are used at all, there is merit in prioritizing access to them for hard-to-decarbonize industries, rather than directing them towards uses where other, more feasible and cost-effective decarbonization pathways—such as building decarbonization—exist. Fourth, there are meaningful limits to how much hydrogen can be blended into the pipeline system, including safety concerns associated with blending hydrogen at large volumes.

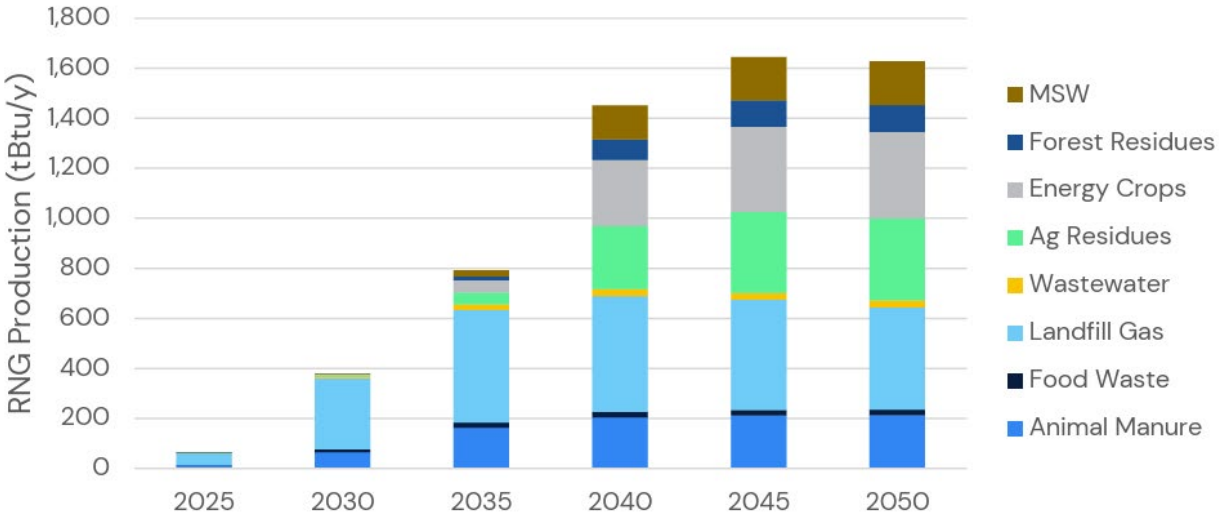
A. RNG cost and availability

Q. Will there be sufficient volume of RNG available for gas companies?

A. There are significant issues the industry must address before RNG can be considered a realistic decarbonization strategy. There are cost and supply issues that present hurdles to the significant use of RNG.

It is very unlikely that there will be sufficient volume of RNG available in the near (5 years) and medium terms (10-15 years) for gas companies to blend into their gas systems in order to support meeting the State's climate objectives. The utilities' reliance on RNG to replace enough pipeline natural gas is unrealistic for at least two reasons. First, there is a limited amount of RNG currently available, and future availability is reliant on feedstock that is not yet commercially available. RNG is derived from a variety of feedstock which currently includes animal manure, food waste, and landfill gas. As can be seen in Figure 1, future increases in RNG supply are expected to come from a substantial increase in production from landfill gas and significant contributions from new and technically unproven feedstocks such as municipal solid waste, forest residues, energy crops, and agricultural residues. Second, RNG is in high demand from other demand sources for the purpose of reducing GHG emissions, such as the transportation sector, the industrial sector, and other utilities. This high demand further reduces its potential to be available in sufficient supplies to be a realistic replacement for natural gas for the gas companies.

Figure 1: Low Scenario Annual RNG Production 2025-2050 (tBtu/yr)



Source: ICF, Renewable Natural Gas Assessment: Final Report (ICF 2025), July 2025. Page 32.

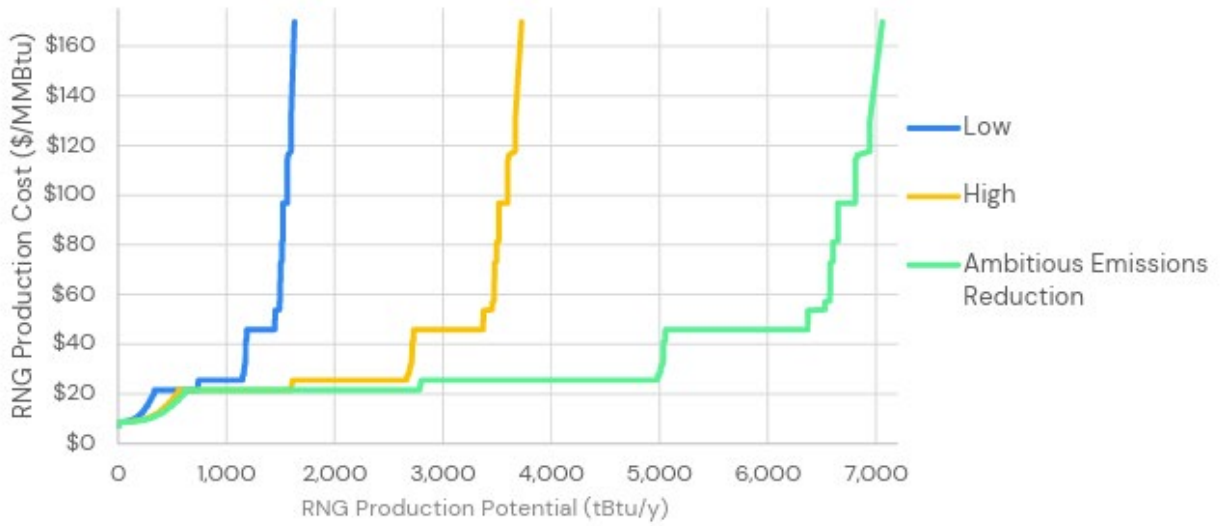
Q. What are the current and potential costs of RNG?

A. The cost of RNG is split into two elements: The cost of the commodity and the cost of the environmental benefits of using RNG (called "environmental attributes"). In terms of commodity costs, most recently, the American Gas Foundation estimates that 75 percent of RNG production can be produced at an average cost of $20–23/MMBtu.[47] However, if higher volumes of RNG are sought, the cost to produce RNG rises dramatically, as seen in Figure 2 below. When RNG is produced, it can be assigned environmental credits, such as Renewable Identification Numbers ("RINs"), that can be traded and have independent market value. Producers can separate and sell these environmental

[47] ICF 2025, page 81.

credits in the environmental attribute markets. To the extent the gas companies purchase RNG to support meeting the State's climate goals, they would have to purchase both the physical gas and the environmental attributes. As the demand for RNG and the associated environmental credits were to grow, the competition for the limited supply of RNG would put further upward pressure on the all-in cost of RNG procurement.

Figure 2: RNG Supply Curves



Source: ICF 2025, page 81.

Q. Do some of the gas companies express any concerns about the price or volume of RNG?

A. Yes. UGI identifies RNG's cost premium over conventional natural gas as a "significant customer impact."[48] Further estimating that if the utility served customers with only RNG and assuming a $20/dth cost of RNG, "the average

[48] UGI Witness Rogers Direct at 39:10.

residential UGI customer in Maryland would see their monthly utility bill **increase by roughly $144, or more than 130%**"[49] [emphasis added]. Columbia claims that "a substantial amount of RNG can be produced at a price lower than $30/MMBtu."[50] However, Columbia does not comment on whether RNG would be available at that price 10 to 20 years into the future. Furthermore, UGI admits that even the world's largest RNG facility would cover less than 1 percent of UGI's peak daily supply requirements, further stating that it is "not possible to fully replace traditional natural gas supply with RNG given the feedstock facilities limitation."[51]

Q. Do you have concerns about the cost impact of blending RNG into the system?

A. Yes. Constrained supply, competition for available RNG, and the cost to produce RNG from various feedstocks put upward pressure on the price of RNG. Integrating higher-cost RNG into the existing gas infrastructure threatens consumer affordability by increasing delivery cost and could accelerate a shift toward electrification. This shift would not only undermine RNG-centric policy goals but also heighten the risk of stranded asset exposure.

B. Hydrogen cost and availability

Q. Can you summarize your concerns on the use of hydrogen in the system?

A. There are significant issues the industry must address before hydrogen can be considered a realistic decarbonization strategy. There are cost, availability, and

[49] UGI Witness Rogers Direct at 39:11.
[50] Columbia Witness Evans Direct at 4:21.
[51] UGI Witness Rogers Direct at 38:4.

technical issues that present hurdles to the significant use of hydrogen. Blending high-cost hydrogen into the gas pipeline system would increase the delivered cost of gas and impact affordability and could prompt more rapid electrification, which would defeat the purpose of any policy effort to promote hydrogen and increase the risks of stranded assets. I also have concerns about the impact blended hydrogen can have on legacy cast iron and bare steel pipelines.

Q. What are your concerns about the technical issues with using hydrogen as a low-carbon fuel?

A. There are technical reasons that limit the amount of hydrogen that can be used to meet the State's climate goals. A study commissioned by the California Public Utilities Commission indicates that there is an upper bound to the level of hydrogen that can be safely injected into the gas distribution system.[52] The study also indicates that the presence of hydrogen may have a detrimental impact on the integrity of pipes of certain material. The study assesses the safety and operational concerns from injecting hydrogen into the existing natural gas pipeline system. It found that blending up to 5 percent of hydrogen into the natural gas stream is generally safe but that increasing the percentage of hydrogen in the blend ratio increases the risk of pipeline leaks and embrittlement of steel pipelines. In addition, gas blends containing greater than 5 percent hydrogen could require

[52] Miroslav Penchev, Taehoon Lim, Michael Todd, Oren Lever, Ernest Lever, Suveen Mathaudhu, Alfredo Martinez-Morales, and Arun S.K. Raju*. 2022. Hydrogen Blending Impacts Study Final Report. Agreement Number: 19NS1662.(CA Hydrogen Study) Available at: https://gasfoundation.org/wp-content/uploads/2025/07/AGF-RNG-Study_FINAL-09022025.pdf, page 4.

modification to appliances such as stoves and water heaters. At high concentrations, hydrogen's fundamentally different physical and combustion properties increase risk of overheating of appliance components and flashback risk.[53] More concerningly, blends greater than 20 percent hydrogen increase risk of permeating plastic pipes.[54]

C. CtNG's affordability and suitability as a decarbonization strategy

Q. Will the gas companies' purchase of certified natural gas support meeting the State's climate goals?

A. No. Assuming that CtNG is associated with lower emissions at the point of production, it will not meaningfully contribute to the reduction of the State's carbon emission inventory. Any measurable verified emissions reductions are indirect and mostly occur at out-of-state supply sources rather than within the State. Furthermore, once CtNG arrives in Maryland, it will be chemically identical to natural gas. Thus, CtNG will have the same leak risk as it flows through the gas utilities' distribution systems and release the same level of carbon emissions upon combustion.

Q. Do you have concerns about the cost of CtNG relative to conventional natural gas?

A. Yes. I am concerned that CtNG is, and will continue to be, more expensive than conventional natural gas. Certification programs require producers to monitor, verify, and reduce methane emissions across their operations, and the costs

[53] CA Hydrogen Study, page 8.
[54] CA Hydrogen Study, page 4.

associated with these are likely to be reflected in a price premium over conventional natural gas that is ultimately borne by ratepayers.

Evidence of this price premium is already present in the record. Chesapeake reported incurring a $10,000 expense (annualized to $65,583) to cover the premium associated with procuring "NextGen Gas," a branded natural gas product with third-party verification. This reflects a premium of $0.055 per dekatherm.[55] While this may seem modest in isolation, it is not inconsequential, and represents an unnecessary cost to ratepayers especially when the emissions reductions claimed are not counted towards the State's climate targets and therefore provide no demonstrable policy benefit for Maryland.

Q. Do any of the gas companies express any concerns about the price of CtNG?

A. Yes. Columbia acknowledges that certified or responsibly sourced gas is more expensive than other natural gas, which prevents the company from purchasing it.[56]

D. Use of alternative fuels and CtNG to meet State climate targets

Q. Have the gas companies provided any evidence there will be enough supply of RNG, hydrogen, and CtNG to support climate targets?

A. No. As noted above, the gas companies identify RNG, hydrogen, and CtNG as realistic options to decarbonize the system. However, their arguments rely on

[55] See Case No. 9722 Direct Testimony of Chesapeake witness Shane Breakie at 13:1.
[56] Columbia Response to OPC DR 3-24.

high-level assumptions that present generalizations about the cost, supply, and GHG emission reduction potential of these alternative fuels. The gas companies did not present data or information that provide assurance that RNG and hydrogen will be available at the quantity, price, and carbon intensity that would allow it to be deployed in a way that cost-effectively supports meeting the State's climate goals. In fact, current data and projections show that RNG and hydrogen will not be available in the quantities required to meet demand and that these alternative fuels will not be available at a price comparable to conventional natural gas.

Q. Are there concerns about the emission reduction potential of alternative fuels?

A. A primary rationale for the use of RNG is the reduction of the carbon intensity of delivered natural gas. However, depending on the feedstock used to create RNG, the carbon intensity reduction may not be as significant as expected. For example, for landfill gas and certain biomass-derived types of RNG, the emissions reductions are negligible. Even the types of RNG with relatively lower emissions generate substantial lifecycle emissions.[57] Thus, RNG is not a scalable solution for residential customers who have alternatives.

[57] Lifecyle emissions are the total greenhouse gas emissions associated with a fuel, across all stages of its production, processing, transportation, and end use. In contrast, combustion emissions refer only to the GHGs released at the point where the fuel is burned.

Q. Can RNG and hydrogen be used to reduce carbon intensity without some level of electrification?

A. Efforts to utilize RNG and hydrogen to reduce the carbon intensity of delivered gas imply that hybrid electrification is occurring concurrently, as there is limited supply of RNG. However, notably, even BGE's 2022 decarbonization analysis found that the use of alternative fuels in a hybrid pathway was less cost-effective than a strategy that relied on methane.[58]

Q. What can you conclude about how alternative fuels can support the State's climate objectives?

A. RNG and hydrogen are not cost-effective, low-carbon solutions. Rather, they have issues of high cost, supply constraints, and technical problems related to their production and deployment at commercial scale. The gas utilities have not presented specific proposals about the use of RNG and hydrogen, nor have they demonstrated that there are specific pathways towards achieving affordable and realistic GHG emission reductions.

Q. What is your recommendation?

A. Based on available data and projections, I conclude that RNG and hydrogen are not viable alternatives for use in the existing natural gas systems to assist in achieving the State's climate goals at a reasonable cost to ratepayers. In addition, I conclude that CtNG is not an alternative fuel and also not a viable or affordable solution.

[58] Energy and Environmental Economics. BGE Integrated Decarbonization Study. October 2022, page 35. I note that Mr. Takahashi's testimony identifies numerous flaws in BGE's decarbonization analysis.

Q. Does this conclude your testimony?

A. Yes.

Synapse Energy Economics, Inc.

Dr. Maria Soledad (Sol) deLeon, D.L.S., Principal Associate

Synapse Energy Economics I 485 Massachusetts Avenue, Suite 3 I Cambridge, MA 02139 I 617-453-7023
sdeleon@synapse-energy.com

PROFESSIONAL EXPERIENCE

Synapse Energy Economics, Inc., Cambridge, MA. *Principal Associate,* January 2023 – Present

- Analyzes gas utility applications, as well as studies, reports and other evidence regarding gas utility investments, business models, ratemaking, depreciation, revenue requirements, and business risk.
- Sponsors testimony and performs analysis related to impact of climate regulation on utilities.
- Researches policies and practices regarding rulemaking related to renewable portfolio standards.
- Provides expert analysis, ongoing stakeholder support, and consulting services in regulatory proceedings regarding the future of natural gas local distribution utilities, including issues such as long-term planning for infrastructure investment, risk evaluation, and decarbonization strategies.

WGL Holdings (Washington Gas) Washington D.C. *Manager, Strategy & Innovation,* December 2019 – December 2022, *Manager, Strategy & Business Development,* March 2017 – December 2019

- Defined and successfully proposed GHG emission reduction targets. Project managed development and completion of regulator-required climate strategy reports, involving external consultants and internal subject matter experts.
- Established and implemented a governance process for strategic initiatives. Created templates for business plans, project charters, and status updates for proposed strategic projects.
- Established information capture process for regulatory and executive reporting of emission reduction initiatives, including status of budget, scope, schedule, and projected benefits.

AES Corporation, Arlington, VA. *Risk Manager*, January 2009 – January 2016, *Project Manager*, *Wind Development,* April 2008 – December 2008, *Risk Analyst*, March 2006 – March 2008

- Managed global Hydrology Risk Committee quantifying risks and reporting to executive leaders on hydrology and climate mitigation strategy to reduce impact on initiatives and earnings projections.
- Streamlined process for derivatives valuation and audit support, reducing quarterly reporting preparation by 400% and saving 10,000+ labor hours. Managed derivative approval process for projects in Latin America, and Asia.
- Supported business development and negotiations for greenfield wind farms and project pipelines by building and maintaining financial models.
- Mapped South American and Asian subsidiaries' structures and cash flows to identify material risks and develop interest rate and foreign exchange hedging strategies protecting enterprise value.

- Developed valuation models for futures, forwards and options for power, commodity, FX, and interest rate; identified and evaluated transaction risks, and performed ad hoc market risk analysis.

Energy and Environment Analysis, Inc., Arlington, VA. *Energy Analysis,* August 2002– March 2006

- Built first-ever demand forecasting model of U.S. propane industry, fundamentally changing strategic decision-making across the propane industry.

PG&E National Energy Group, Bethesda, MD. *Intern, Asset Management*, June 2001– December 2001

- Fixed financial models for power plant valuations and financial models for 5,000-megawatt contract portfolio; corrected errors in 5 critical models which were reinstituted for internal forecasting and reporting.

Trans Asia Power, Manila, Philippines, *Senior Project Analyst, Business Development*, March 1997 – August 2000

- Employee #4 of energy start-up. Identified projects for development. Company representative in nationwide launch of electricity spot market, implemented in company and trained other users.

EDUCATION

Georgetown University, Washington, D.C.

Doctorate in Liberal Studies, Energy Transition and Energy Justice

Master of Business Administration, McDonough School of Business

Ateneo de Manila University, Quezon City, Philippines

Bachelor of Science, Management Engineering, AB Economics

TESTIMONY

Michigan Public Service Commission (Case No. U-21981): Direct Testimony of Sol Deleon in the matter of the Application of Consumers Energy Company for authority to increase its rates for the distribution of natural gas and for other relief. Synapse Energy Economics for Michigan Environmental Council. April 15, 2026.

Pennsylvania Public Utility Commission (Docket No. R-2025-3053112): Direct Testimony of Sol Deleon in the matter of the Application of Philadelphia Gas Work to increase its rates for the distribution of natural gas. Synapse Energy Economics for The Energy Justice Advocates. May 21, 2025.

Michigan Public Service Commission (Case No. U-21806): Direct Testimony of Sol Deleon in the matter of the Application of Consumers Energy Company for authority to increase its rates for the distribution of natural gas and for other relief. Synapse Energy Economics for Michigan Environmental Council and Sierra Club. April 23, 2025.

Connecticut Public Utilities Regulatory Authority (Docket No. 24-12-01): Direct Testimony of Asa Hopkins and Sol Deleon in the matter of the Application of Yankee Gas Services Company D/B/A

Eversource Energy to amend its rate schedules. Synapse Energy Economics for the Connecticut Office of Consumer Counsel. March 13, 2025.

New Mexico Public Regulation Commission (Case No. 22-00309-UT): Direct testimony of Sol Deleon in the Matter of New Mexico Gas Company, Inc.'s Application for the Issuance of a Certificate of Public Convenience and Necessity to Construct a Liquefied Natural Gas Facility. On behalf of the Office of the Attorney General. October 27, 2023.

Illinois Commerce Commission (Docket No. 23-069): Direct testimony and rebuttal testimony of Sol Deleon in The People's Gas Light and Coke Company's Proposed General Increase in Rates for Gas Delivery Service. On behalf of the City of Chicago. May 9, 2023.

TESTIMONY ASSISTANCE

Maryland Public Service Commission (Case No. 9692): Direct testimony of Asa Hopkins regarding the application of Baltimore Gas and Electric Company for an Electric and Gas Multi-Year Plan. On behalf of the Maryland Office of People's counsel, August 25, 2023.

Maryland Public Service Commission (Case No. 9692): Direct testimony of Courtney Lane regarding the application of Baltimore Gas and Electric Company for an Electric and Gas Multi-Year Plan. On behalf of the Maryland Office of People's counsel, August 25, 2023.

Nova Scotia Utility and Review Board (Matter No. N10960): Direct testimony of Eric Borden regarding Eastward Energy Incorporated's schedule of rates, tolls, and charges pursuant to Section 21 of the Gas Distribution Act. On behalf of the Counsel to the Nova Scotia Utility and Review Board. April 12, 2023.

New York Public Service Commission (Case 22-G-0610): Initial comments of the Natural Resources Defense Council regarding the Long-Term Gas System Plan of National Fuel Gas Distribution Corporation. March 13, 2023.

PUBLICATIONS

DeLeon, S., A. S. Hopkins, A. Napoleon, S. Schadler, D. Karabakal. 2025. Regulatory Approaches to Gas Utility Futures*: Survey of Proceedings, Policies, and Analyses Across Jurisdictions*. Synapse Energy Economics.

DeLeon, S., K. Takahashi, E. Carlson, A. S. Hopkins, S. Kwok, J. Litynski, C. Mattioda, L. Metz. 2024. *Minnesota Building Decarbonization Analysis: Equitable and cost-effective pathways toward net-zero emissions for homes and businesses.* Synapse Energy Economics for Clean Heat Minnesota.

Case No. 9707, Phase II
Baltimore Gas and Electric Co.
Response to OPC Data Request 2
Request Received: February 20, 2026
Response Date: March 06, 2026
Sponsor(s): Brian M. Scheerer

Item No.: OPCDR02-06

The following questions pertain to Issue 1 identified in Order No. 91791 which states "each natural gas company, and combination gas and electric company, subject to the Commission's jurisdiction shall provide a full description of its current natural gas capacity, supply, and capital investment planning practices. This description shall include, but is not limited to, a discussion of how current gas company planning practices address State climate goals."

Please describe, in detail, the company's processes for executing baseload gas supply contracts, including all steps from initiation through contract execution, and governance.

RESPONSE:

For the purposes of OPCDR02-06 through OPCDR02-17, BGE is interpreting "baseload gas supply" as pertaining to seasonal, annual, or longer supply contracts.

As stated on page 16 of the Direct Testimony of Company Witness Scheerer, the Company does not purchase gas for system supply needs for any duration longer than one month. Prior to the start of each month, the BGE Gas Supply team will consider many factors, including weather forecasts, storage inventories, and market factors when determining how much monthly supply to purchase. As stated on page 4 of the Direct Testimony of Company Witness Scheerer, BGE is responsible for balancing daily load on its system. That means the Company must be able to meet the lowest and highest potential sendouts in a given month. The Company cannot simply purchase as much monthly supply as possible as it would put BGE in a position of having too much gas on a low sendout day with nowhere to send the gas. This could result in penalties and balancing charges from the pipelines as well as potential loss of the gas purchased. On higher sendout days, the Company will meet customer demand with a combination of storage withdraws, spot market purchases and peak shaving. Monthly supply purchases do not require specific contracts or contract governance as they adhere to the North American Energy Standards Board conditions for physical gas commodity purchases.

BGE previously did have the Fixed Price Program, which required the Company to purchase between 10 and 20 percent of its expected winter flowing gas volumes at a fixed price. That program was eliminated, with the concurrence of OPC, in Commission Order No. 91172.

MARYLAND PUBLIC SERVICE COMMISSION

WASHINGTON GAS LIGHT COMPANY

CASE NO. 9707 PHASE II

WASHINGTON GAS COMPANY RESPONSE
AND/OR NOTICE OF OBJECTION/UNAVAILABILITY
DIRECTED TO THE OFFICE OF PEOPLE'S COUNSEL

OPC DATA REQUEST NO. 2

QUESTION NO. 2-18

Q. For transportation and storage contracts that expire within the next 10 years, please describe the company's current plans regarding renewal, non-renewal, or modification of contract terms.

(a) Please describe the policies, processes and governance for the renewal, non-renewal or modification of contract terms. Please also identify and describe the factors considered in deciding whether to renew or allow the expiration of a contract.

(b) Describe the company's process for determining whether a contracted pipeline capacity or storage capacity is no longer needed.

(c) Does the company have a program to release excess capacity to third parties? Describe the program. Describe the policies and procedures for determining when to release excess contracted capacity to third parties.

WASHINGTON GAS'S OBJECTION

In addition to the general objections identified above, Washington Gas objects to this question in its entirety, as it calls for undue speculation as to how Washington Gas will act in the future regarding its decisions to renew or modify its current transportation and storage contracts. Additionally, Washington Gas objects to the extent this information addresses the gas company procurement practices which the Commission ruled in Order No. 91683 can be adequately addressed in the annual purchased gas charge dockets. Washington Gas further objects to the extent that the request seeks documents and data that extend beyond the retention periods required under Maryland law and therefore may no longer exist or be reasonably accessible. Washington Gas also objects to this question in its entirety as overly broad, unduly burdensome, and lacking specificity, and to the extent the Witness Kevin Murphy's or Witness Melissa Bartos' testimony already addresses this question to the extent it is relevant.

WASHINGTON GAS'S RESPONSE **March 05, 2026**

A. Pursuant to the agreement reached between the parties, Washington Gas hereby provides the following response:

(a) As part of its annual planning process, WGL evaluates how effectively its capacity portfolio aligns with projected winter seasonal firm demand. In addition to this near-term assessment, Energy Acquisition develops a longer-term strategy for meeting Design Day requirements. To support this forward-looking planning, Energy Acquisition prepares a ten-year resource analysis that compares the capacity expected to be available each year with forecasted firm demand. Given the limited availability of new near-term firm storage or transportation options, WGL may need to rely on Requests for Proposals (RFPs) for peaking resources or on extensions of shorter-term firm transportation contracts to address any projected capacity shortfalls.

(b) The Company's capacity resource portfolio is designed by considering the cost of legacy capacity compared to newer alternatives, the diversity of gas supply sources, and the physical realities of the interstate pipeline network and the utility's distribution system. Gate station capacity, pressure limitations, and other operational requirements must be incorporated to ensure that the portfolio is feasible from a system operations standpoint. To that end, WGL's System Planning group routinely evaluates the current portfolio to identify potential operational constraints using its transmission and distribution system models. The group also shares information with the Energy Acquisition group regarding planned system improvements so that these enhancements can be reflected in future capacity requirements. In addition, the two groups collaborate on identifying and evaluating options to meet demand-day obligations later in the ten-year planning horizon, which may involve a combination of capacity resources and system modifications. If the contract capacity serving a particular gate station is no longer sufficient to meet projected load or to support safe and reliable system operation, the Company will evaluate alternatives such as contracting additional capacity, reallocating existing resources, or pursuing targeted infrastructure upgrades

(c) The Company does not maintain excess contracted capacity. All capacity is procured to meet forecasted Design Day demand. When actual demand is lower than forecasted, the Company's Asset Optimization group markets the unused capacity daily. The revenues generated from these optimization activities are credited back to customers, thereby helping to reduce overall utility bills.

Washington Gas provides permission for OPC to use this response for discovery in this case, but reserves the right to object if OPC attempts to enter into the evidentiary record in this case.

SPONSOR: Lisa Gillison
Director, Energy Acquisition

EXHIBIT SD-2

MARYLAND PUBLIC SERVICE COMMISSION

WASHINGTON GAS LIGHT COMPANY

CASE NO. 9707 PHASE II

WASHINGTON GAS COMPANY RESPONSE
AND/OR NOTICE OF OBJECTION/UNAVAILABILITY
DIRECTED TO THE OFFICE OF PEOPLE'S COUNSEL

OPC DATA REQUEST NO. 3

QUESTION NO. 3-24

Q. *Questions 3-9 through 3-24 pertain to Issue 4 in Order No. 91791, which reads "What policies, guidelines, or regulations, if any, should be adopted with respect to natural gas company planning practices related to a reduced greenhouse gas (GHG) emissions future?"*

Does the company have a policy regarding procurement of "certified" or "responsibly sourced" natural gas? If yes, what certifications are accepted?

WASHINGTON GAS' OBJECTION

Washington Gas objects to this question as being outside the scope of this case and therefore irrelevant as Issue 4 asks "*What policies, guidelines, or regulations, if any, should be adopted with respect to natural gas company planning practices related to a reduced greenhouse gas (GHG) emissions future"* and therefore whether Washington Gas has a policy regarding procurement of "certified" or "responsibly sourced" natural gas, is unnecessary to Issue 4 before the Special Master.

WASHINGTON GAS' RESPONSE **March 13, 2026**

A. Pursuant to the agreement between the parties, Washington Gas provides the following response: The Company's broader procurement strategy includes the purchase of certified natural gas (CtNG) as part of its overall commodity procurement approach previously submitted to the Commission. When the Company purchases CtNG, it does so at prices that remain within the typical market range for traditionally sourced natural gas. While the Company does not favor any particular certification, we have historically accepted certifications from Project Canary/TrustWell and the MiQ Methane Emissions Standard.

SPONSOR: Lisa Gillison, Director of Energy Acquisition

Chesapeake Utilities of Maryland, Inc.
Data Responses To
Office of People's Counsel Data Request No. 2
Case No. 9707, Phase II
Due March 6, 2026

Question OPC 2-6

Please describe, in detail, the company's processes for executing baseload gas supply contracts, including all steps from initiation through contract execution, and governance.

Response:

The Company acquires monthly baseload gas from its asset manager, Sequent Energy, pursuant to its Asset Management Agreement ("AMA"). The Company forecasts load for the given month and sends the asset manager the appropriate baseload volumes for purchase monthly.

Respondent: Daniel Noia

Chesapeake Utilities of Maryland, Inc.
Data Responses To
Office of People's Counsel Data Request No. 2
Case No. 9707, Phase II
Due March 6, 2026

Questions OPC 2-10 to 2-15

2-10 Please identify all baseload contracts. For each, please indicate counterparty, effective dates, total quantity, seasonality/temporal coverage, and product type (e.g. fossil gas, certified gas, RNG, hydrogen, etc.).

2-11 Please provide complete copies of all current baseload contracts to which the company is a party.

2-12 For the company's current portfolio of baseload gas supply contracts, please provide the expiration/contract termination date for each contract. Please provide a contract maturity profile showing the distribution of contract expiration over time.

2-13 Do any of the company's baseload contracts contain early termination provisions, renewal options, or flexibility of delivered quantity provisions? If so, please identify each such provision and provide the complete terms and conditions.

2-14 How is the basis differential determined in the company's baseload contracts? Please explain whether basis is negotiated, fixed, indexed to specific pricing points, or determined by other means.

2-15 Do any of the company's contracts include provisions or protections in case of basis differential volatility or in case of "basis blowouts"? If so, please provide the terms and conditions.

Responses:

The Company does not have any current baseload contracts. The Company procures baseload supply each month from its asset manager pursuant to its Asset Management Agreement ("AMA"), which is reviewed annually by the Commission in the Company's Actual Cost Adjustment ("ACA") proceedings.

The ACA proceedings were conducted under Case No. 9513 for CUC-Maryland Division, Case No. 9514 for Sandpiper Energy, Inc., and Case No. 9515 for Elkton Gas Company. Going forward, the consolidated ACA for the Company will be conducted under Case No. 9515.

Respondent: Daniel Noia

Columbia Gas of Maryland, Inc.

Docket No. 9707, Phase II
Data Requests

Office of People's Counsel

Set 2

The following questions pertain to Issue 1 identified in Order No. 91791 which states "each natural gas company, and combination gas and electric company, subject to the Commission's jurisdiction shall provide a full description of its current natural gas capacity, supply, and capital investment planning practices. This description shall include, but is not limited to, a discussion of how current gas company planning practices address State climate goals."

Question No. OPC 2-019

Please clarify if the company submits gas supply/portfolio plans to the Maryland Public Service Commission on an annual basis. If so, provide the mail log number for the five most recent supply/portfolio plans submitted to the Commission. If any or all of these documents have confidential versions, then please provide the unredacted versions as an attachment to this response. If the company does not submit supply/portfolio plans to the Commission on an annual basis then provide any and all equivalent studies or plans developed within the last five years that were used to guide the company's supply plan and commodity procurement strategy.

Response:

Please see the mail logs below for the Company's last five Strategic Gas Supply Plans that it files annually:

2021 – Mail log No. 237418
2022 – Mail log No. 242655
2023 – Mail log No. 305483
2024 – Mail log No. 312903
2025 – Mail log No. 323272

Columbia Gas of Maryland, Inc.

Docket No. 9707, Phase II
Data Requests

Office of People's Counsel
Set 3

Questions 3-9 through 3-24 pertain to Issue 4 in Order No. 91791, which reads, "What policies, guidelines, or regulations, if any, should be adopted with respect to natural gas company planning practices related to a reduced greenhouse gas (GHG) emissions future?"

Question No. OPC 3-024:

Does the company have a policy regarding procurement of "certified" or "responsibly sourced" natural gas? If yes, what certifications are accepted?

Response:

No, current Maryland utility regulations require gas utilities to purchase least cost gas. "Certified" or "responsibly sourced" gas is more expensive that other natural gas and therefore, the Company is not able to purchase any.

UGI Utilities, Inc. - Gas Division
Docket No. Case No. 9707
Long-Term Planning for Maryland's Gas Companies, Phase II
Responses to OPC Set II (1-19)
Delivered on March 6, 2026

OPC-II-19

Request:

Please clarify if the company submits gas supply/portfolio plans to the Maryland Public Service Commission on an annual basis. If so, provide the mail log number for the five most recent supply/portfolio plans submitted to the Commission. If any or all of these documents have confidential versions, then please provide the unredacted versions as an attachment to this response. If the company does not submit supply/portfolio plans to the Commission on an annual basis then provide any and all equivalent studies or plans developed within the last five years that were used to guide the company's supply plan and commodity procurement strategy.

Response:

UGI Gas does not submit annual gas supply/portfolio plans to the Maryland Public Service Commission. The requirement for Maryland natural gas utilities to file annual supply plans was established in 1986 via Commission Order No. 67583. UGI Gas was not named in this Commission Order as one of the LDCs required to submit annual supply plans. Further, the Order states that "the smaller LDCs in Maryland will not be subject to the guidelines, principles and policies set forth in this Opinion and Order." Therefore, UGI Gas is exempt from this requirement.

However, UGI Gas does submit supply plans to the Pennsylvania Public Utility Commission in its annual Purchased Gas Cost ("PGC") filing. UGI Gas also submits annual Purchased Gas Adjustment ("PGA") filings to the Maryland Public Service Commission. The table below lists the docket numbers of the Company's PGA and PGC filings at the respective state Commissions over the past five years.

	Maryland PGA Filing	Pennsylvania PGC Filing
2021	ML 238377	R-2021-3025652
2022	ML 300365	R-2022-3032242
2023	ML 306186	R-2023-3040290
2024	ML 313180	R-2024-3048828
2025	ML 323735	R-2025-3054938

Prepared by or under the supervision of: Timothy J. Angstadt