

**ORDER NO. 91791**

Petition of the Office of People’s Counsel  
for Near-Term, Priority Actions and  
Comprehensive, Long-Term Planning for  
Maryland’s Gas Companies

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BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF MARYLAND

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Case No. 9707  
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**Issue Date: August 20, 2025**

**ORDER INSTITUTING LONG-TERM GAS PLANNING PROCEEDINGS**

As stated in Order No. 91683, the Commission was “persuaded that a larger discussion about the future of natural gas is appropriate, given Maryland’s commitments to greenhouse gas reductions and electrification.”<sup>1</sup> In this Order, the Commission institutes formal proceedings to investigate issues pertaining to long-term natural gas company planning practices. These proceedings are designed to undertake a comprehensive review of current long-term capacity, supply, and capital investment planning practices of natural gas companies subject to the Commission’s jurisdiction. At the conclusion of these proceedings, the Commission will determine whether any changes are necessary with respect to natural gas company planning practices.

One major purpose of these proceedings is to ensure that gas company planning is consistent with Maryland’s climate goals. The overall goals are set forth in the Climate Solutions Now Act, which establishes Maryland’s target for reducing greenhouse gas emissions to 60 percent below 2006 levels by 2031, and further directs the State to achieve a net-zero status by 2045.<sup>2</sup> Additionally, the Maryland Department of the Environment, in

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<sup>1</sup> Order No. 91683 at 4.

<sup>2</sup> Net-zero status is defined in a number of ways, but generally refers to achieving an overall balance between greenhouse gas emissions produced and greenhouse gas emissions taken out of the atmosphere.

its climate pollution reduction plan, indicated support of the Commission “oversee[ing] the development and implementation of gas system planning to achieve a structured transition to a net-zero emissions economy in Maryland.”<sup>3</sup>

In furtherance of these goals, the State has, among other things, focused on reducing dependence on fossil fuels and encouraging renewable energy. Also, the Commission is required by statute to consider the achievement of the State’s climate commitments for reducing statewide greenhouse gas emissions.<sup>4</sup> Through these proceedings, the Commission intends to determine if the planning practices of natural gas companies are consistent with the achievement of these goals at a reasonable cost to ratepayers.

Maryland continues to actively address climate change issues. During the 2025 legislative session, several bills were passed further addressing these policies and goals.

The “Next Generation Energy Act” (HB1035/SB0937) is a comprehensive statutory package that may have implications for this proceeding. The legislation addresses such topics as generation and storage development, rate regulation, cost recovery, infrastructure, modification to the renewable energy portfolio standards, and energy assistance programs.

Among other things, with respect to public utility companies subject to the Commission’s jurisdiction, the Next Generation Energy Act:

- (a) requires that proposed infrastructure replacement project plans filed with the Commission must meet specific requirements to be eligible for cost recovery;

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<sup>3</sup>Maryland’s Climate Pollution Reduction Plan at 41, Policies to Reduce Statewide Greenhouse Gas Emissions 60% by 2031 and Create a Path to Net-Zero by 2045, Maryland Department of the Environment, Dec. 28, 2023.

<sup>4</sup> PUA § 2-113.

- (b) authorizes an investor-owned gas company to recover costs associated with a gas infrastructure investment if the company adequately justifies the recovery at a rate setting proceeding;
- (c) requires the Commission to develop a nuclear procurement process;
- (d) creates an expedited certificate of public convenience and necessity track for 10 dispatchable energy generation and large capacity energy resources in the State; moreover, to minimize impacts to the State's climate goals from this program, natural gas generators must be willing to later convert to hydrogen or zero-emissions biofuel sources; and
- (e) requires investor-owned electric companies to procure distribution-connected energy storage devices, and requires the Commission to establish a solicitation for transmission-connected energy storage devices.

As summarized, the Next Generation Act made modifications to the Maryland Strategic Infrastructure Development and Enhancement ("STRIDE") statute and established parameters for base rate recovery of certain gas system investments.

The "Renewable Energy Certainty Act" (SB0931/HB1036) standardizes the requirements for renewable energy development in the State. The Renewable Energy Certainty Act requires State agencies to develop standardized land use requirements for siting solar energy generating stations over 1 MW and for energy storage devices; preempts local zoning requirements prohibiting the construction or operation of solar energy generating stations and energy storage devices; establishes certain requirements for the sale, lease, and installation of residential rooftop solar energy generating systems; and grants the Commission oversight authority over front-of-the-meter energy storage construction.

These and other legislative mandates underscore the State's continuing commitment to addressing climate change issues. In accordance with these directives and on its own initiative, the Commission is undertaking steps to address how natural gas

company planning practices should be structured on an ongoing basis to ensure that these goals are met at the lowest cost possible for consumers. The Commission recently addressed the interplay between the State's climate goals and existing natural gas line extension policy. In Order No. 91683,<sup>5</sup> addressing stakeholder proposals for revisions of gas policy, among other things, the Commission observed that Maryland's climate policies, which, as discussed above, call for continuing reductions in greenhouse gas emissions, were no longer compatible with the then-existing status-quo for how gas line extensions were funded. The Commission, therefore, directed Staff to draft proposed regulations that would revise the State's gas line extension policy.<sup>6</sup>

Additionally, during the Commission's recent consideration of rules relating to Distribution System Planning ("RM 89"), parties raised the importance of joint electric and gas distribution system planning for effective and efficient distribution systems.<sup>7</sup> While the Commission did not approve rules relating to such planning in the RM 89 proceeding, it did instruct the stakeholders to continue to discuss such planning processes.

This docket was initially opened in response to a "Petition for Near-Term, Priority Actions and Comprehensive, Long-Term Planning for Maryland's Gas Companies," filed by the Maryland Office of People's Counsel ("OPC"). The Commission addressed several issues raised in OPC's Petition, and the comments of parties in response thereto, in Order No. 91683, including gas line extension policy as discussed previously.

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<sup>5</sup> Petition of the Office of People's Counsel for Near-Term, Priority Actions and Comprehensive, Long-Term Planning for Maryland's Gas Companies,

<sup>6</sup> See Order No. 91683 at 9-10.

<sup>7</sup> RM 89, *Distribution System Planning Policies for Maryland Electric Utilities*.

On May 6, 2025, prior to the issuance of Order No. 91683, OPC filed additional comments in this docket.<sup>8</sup> On June 20, 2025, the Commission issued an order permitting responses to these comments to be filed on or before July 23, 2025.<sup>9</sup> OPC's additional comments, and the various responses thereto, have been taken into account in this Order.

This Order takes the next step in the process by instituting a comprehensive review of natural gas company planning. As discussed, the goal of this proceeding is to achieve a full understanding of current natural gas company planning practices, and to address possible changes or modifications to that process to assist in the achievement of a lower carbon future at a reasonable cost to ratepayers.

## **I. Procedural Matters**

These proceedings are to be conducted by a Special Master appointed by the Commission. The Special Master will serve as the presiding officer<sup>10</sup> in this matter and shall have the following responsibilities, among others:

- (1) the Special Master shall conduct the proceedings, including, but not limited to, prehearing conferences, discovery and other prehearing disputes, and evidentiary hearings;
- (2) each natural gas company, and combination natural gas and electric company, subject to the Commission's jurisdiction shall, and each other party to the proceedings may, present the written testimony of one or more witnesses, addressing the issues set forth below;
- (3) all parties will be permitted to file information requests, but only as authorized by the presiding officer;

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<sup>8</sup> "Comments of the Office of People's Counsel," (ML 318634) (May 6, 2025)

<sup>9</sup> "Notice of Comment Deadline Extension," (ML 319773) (June 20, 2025).

<sup>10</sup> In designating a Special Master as the presiding officer in this matter, the Commission is not delegating its adjudicatory authority. However, the Special Master is authorized to mediate discovery disputes and issue rulings subject to Commission oversight.

- (4) each witness that prefiles testimony shall appear at a hearing on the record, and will be permitted to summarize and update their positions and recommendations;
- (5) at the hearing, the Special Master shall question the witnesses concerning their filed positions and recommendations. Questioning of parties by other parties may be permitted by the Special Master, subject to any limitations and conditions found to be appropriate;
- (6) all parties shall be permitted to file final statements of position, arguments in support thereof, and recommendations;
- (7) at the conclusion of the proceedings, the Special Master shall prepare a report summarizing each party's position on each issue, and shall provide the Commission with findings of fact and recommendations on each issue, subject to further consideration and action by the Commission; and
- (8) with input from the Special Master, the Commission will ultimately decide how each issue should be addressed through further orders and proceedings as deemed necessary.

By this Order, the Commission designates Thomas C. Gorak, Esquire of the Law Offices of Thomas C. Gorak, to act as Special Master and presiding officer in these proceedings. Mr. Gorak has practiced law in both the federal and state public utility sectors for over 44 years. He has served in a variety of roles, including Chief Counsel, and, later, interim Commissioner, of the Public Utilities Commission of the State of Hawaii, Assistant Maryland People's Counsel, private attorney, expert witness, lecturer, and consultant. His career has primarily focused on representing and advising residential and small commercial customers, municipalities, cooperatives, and small local distribution companies, as well as commissions, both nationally and internationally.

The Commission directs the Special Master to call an initial prehearing conference to take appearances and discuss procedural matters within thirty (30) days of the issuance of this Order.

## II. Issues

The Commission directs that the following list of issues are to be addressed in this proceeding:

- (1) 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; and
- (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?
- (4) 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?
- (5) What, if any, rate design changes are necessary to address issues raised by changes to natural gas company operations, including, but not limited to, increases or decreases in gas demand, current and future climate policies, and other future changes in legislation?
- (6) How should the potential for any stranded costs from future natural gas company capital investments be accounted for in long-term gas company planning?
  - a. What, if any, specific policies, guidelines, or regulations should be developed now with respect to the future expansion of natural gas facilities through capital investment?
  - b. Should the Commission require a formal demonstration of the potential impact on stranded costs, and the potential impact on rates, when a natural gas company files a request to engage in new or additional capital investment? If so, how should such an analysis be structured?
- (7) Are there alternative fuels that could realistically and affordably assist in achieving the State's climate goals by utilizing the existing gas system?

- (8) How should non-pipeline alternatives (NPAs) be evaluated and incorporated into gas company planning, if at all?
  - a. How do NPAs affect investment in capital project planning?
  - b. How do NPAs interact with the cost recovery provisions of the Next Generation Act?
- (9) What is the impact of the recent modifications to the STRIDE statute on current natural gas company long-term planning practices?<sup>11</sup>
- (10) Understanding that there are significant legal issues that would have to be addressed, could the State's achievement of its climate goals and net-zero GHG emissions be achieved or mitigated by maintaining natural gas use at current levels?
  - a. What policies or programs currently authorized, or that could be authorized, by the Commission that could assist in mitigating GHG emissions from the existing natural gas system in an economical fashion?
- (11) What policies, guidelines, or regulations, if any, should be adopted to address whether it is more appropriate to repair natural gas company facilities rather than replace them?
- (12) How should future technological innovations, demand response programs, more efficient appliances, and other mechanism, be addressed in gas company planning?

### **COMMISSION DECISION**

**IT IS THEREFORE**, this 20<sup>th</sup> day of August, in the year of Two Thousand Twenty-Five, by the Public Service Commission of Maryland, **ORDERED**:

(1) that proceedings to investigate the future planning practices of natural gas companies, and combination electric and gas companies, subject to the Commission's jurisdiction are hereby instituted and are to be conducted as set forth in this Order;

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<sup>11</sup> PUA §4-210 modified by Next Generation Act at 8–14.



(2) that all natural gas companies, and combination electric and gas companies, subject to the Commission's jurisdiction are hereby made parties to this proceeding, and shall file written testimony addressing each of the issues as discussed in this Order; and

(3) that the Commission hereby appoints Thomas C. Gorak, Esquire as Special Master and presiding officer to conduct the proceedings, and to report findings and recommendations to the Commission at the conclusion thereof.

/s/ Frederick H. Hoover, Jr.

/s/ Kumar P. Barve

/s/ Bonnie A. Suchman

Commissioners<sup>12</sup>

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<sup>12</sup> Commissioners Linton and McLean did not participate in this Commission's decision in this matter.