

The O'Malley/Brown Plan for Affordable Energy

Goals and Values for More Affordable Energy

Maryland's hard-working families, seniors on fixed incomes, and small business owners are being squeezed by skyrocketing energy and fuel costs, making it more difficult to make ends meet. The pressure placed on our family budgets will be even greater this summer when electric rates soar by a shocking 72%. At the same time, the price of gasoline continues to climb.

Yet, our current Governor declared himself "neutral" in the fight to keep energy affordable. He even vetoed measures to restore the independence of the Public Service Commission (PSC) and give Marylanders more leverage to negotiate lower energy costs and ensure adequate supply.

Like his friend, George W. Bush, Bob Ehrlich has failed to demonstrate a long-term vision to keep energy affordable, and both have sided with corporate energy interests instead of hard-working families and small businesses. Now, every time we open our electric bills and fill up our gas tanks we feel the effects of Bob Ehrlich and George Bush's failed leadership.

Martin O'Malley and Anthony Brown will work to provide immediate relief from the impending rate hikes for our families, small businesses and the most vulnerable in our communities. O'Malley and Brown believe that any system should ensure an adequate supply of energy, a fair rate of return for producers and affordable rates for customers. Absent adequate competition that can meet these goals, we must work to implement a system that ensures an adequate supply of energy at affordable rates.

O'Malley and Brown also believe that Maryland needs a comprehensive, long-term vision to make energy more affordable. Our Governor must be an advocate for the people – not corporate energy profits – by ensuring that consumers get a fair shake when dealing with energy monopolies and in guaranteeing transparency and accountability in the regulatory system. The state must also lead the way in promoting and investing in long-term solutions that make energy more affordable, that are better for the environment and that create jobs.

Provide Immediate Relief for Our Families

Create a "Shock Absorber" for Our Families to Keep Energy Affordable. Any system should ensure an adequate supply of power, affordable rates for consumers and a fair rate of return for producers. To accomplish these goals, O'Malley will work with the General Assembly and other parties to limit energy rates to just and reasonable levels this July. The rates will then be capped at this level until competent, independent regulators can examine them and ensure Marylanders only pay rates that reflect the true costs of electricity, not rates artificially created in a monopoly market. O'Malley will also work to ensure that all residents are automatically enrolled in the "shock absorber" plan, and not be subject to an "opt-in" provision that disproportionately harms seniors and low-income Marylanders.

Replace PSC Members: Install Advocate for Consumers in Negotiations. O'Malley will support measures that will immediately get new, independent, competent regulators on the job – replacing the existing industry-dominated PSC. Over the course of his administration Bob Ehrlich has packed the PSC with advocates for big corporate interests who are not true partners in the current fight to negotiate lower energy costs and ensure supply. As a result we do not have independent voices that can assess the fairness of rates and ensure adequate supply.

Impose a Moratorium on the Merger: Increase Ability to Negotiate Lower Prices. O'Malley supports a moratorium on the proposed merger between Constellation Energy and Florida Power and Light. In so doing, Marylanders will have greater bargaining power in negotiating the costs of their utility bills and regulators will have more time to examine what is happening to assets financed by ratepayers.

Paths to Progress

As Maryland's next Governor, Martin O'Malley will:

RESTORE THE INDEPENDENCE OF THE PUBLIC SERVICE COMMISSION

- **End the Revolving Door Between the PSC, the Energy Industry and Lobbyists.** One of the greatest problems facing the PSC – made exceedingly obvious in the Ehrlich Administration – is the revolving door between high-level energy industry executives, special interest lobbyists, and Commission members. As a result, the Commission designed to be a *watchdog* over the special interests, is now a *lapdog* for them. O'Malley will close the revolving door by requiring at least a two-year waiting period between the time any official from an industry which has business before the Commission can become eligible for appointment to the PSC. O'Malley will also require a two-year waiting period for all departing Commission members and high level staff members before they are permitted to lobby or represent a client before the PSC.
- **Stop Ehrlich's Political Cronyism and Return Professionals to the PSC.** O'Malley will end the pervasive Ehrlich-era practice of firing qualified technical professionals from the PSC only to replace them with political cronies, campaign staff, and political loyalists. O'Malley will work to ensure that only qualified, independent, and non-political experts in energy and regulatory issues are hired to advise the PSC.
- **Increase Openness and Transparency in All PSC Meetings and Dealings.** The current culture of secret meetings and private emails between the Ehrlich Administration, PSC commissioners and lobbyists only weakens the public's trust in the PSC. O'Malley will require PSC members and high level staff to file detailed quarterly reports disclosing all contacts and interactions with industry representatives.
- **Appoint a People's Counsel Who Will Put Maryland Families First.** In Maryland, the People's Counsel is meant to be the leading advocate for the public in all issues before the PSC. However, as the recent 72% rate hike clearly shows, there is no longer a strong advocate for the people in the Bob Ehrlich administration. O'Malley will appoint a strong advocate for the people that will not buckle to big business pressure. O'Malley will push to give the Office of the Peoples Counsel the tools they need to be an effective advocate.

STRENGTHEN OVERSIGHT OF MARYLAND'S PUBLIC UTILITIES AND FACILITATE FAIR PRICING

- **Re-Establish Oversight Over Utility Monopolies.** Despite the hopes for greater competition, utility companies have a monopoly over the local energy market to the detriment of Maryland families, seniors and small businesses. If the market cannot support true competition, the state must actively oversee these monopolies – especially when they supply basic needs. In order to better ensure more affordable energy prices, O'Malley will bring electricity rates back under tight regulatory oversight.
- **Compel a Legitimate Review of the Pending Merger.** In the short term, O'Malley will support a moratorium on the pending merger to provide greater leverage for Marylanders in negotiating lower energy costs. He also supports the right of the state to approve the proposed merger. Approval should only be given if there is a clear public interest with demonstrable ratepayer benefits. In so doing he will help give the people of Maryland greater bargaining power in their negotiations with BGE to offset the imminent rate hikes.
- **Require Reliable and Safe Service.** O'Malley will prohibit utilities from transferring their profits to parent holding companies or affiliates unless these companies 1) maintain high standards of reliable service; 2) meet high standards of restoration of service during disaster and weather related outages and 3) ensure the financial integrity of the utility.
- **Force the Promotion of Stable and Affordable Rates for Consumers.** Currently, most of our energy supply is tied up in short-term contracts that are subject to the wild swings of the energy market. O'Malley will change the power procurement laws to allow utilities to engage in longer-term planning and purchasing to better insulate ratepayers from market fluctuations and stabilize utility bills. Long-term plans will include the ability of utilities to enter into long-term supply contracts and invest in energy usage reduction programs.
- **Promote More Municipal Aggregate Buying to Save Money for Ratepayers.** O'Malley will make it easier for Maryland's cities and towns to form cooperative buying arrangements for their citizens. Business groups and governments aggregate their purchases of energy in order to save money; residential customers through their local governments should have the same ability; this will bring more competition to the electricity market.

BE AN ADVOCATE FOR CONSUMERS AT THE GAS PUMP

- **Crack Down on Gasoline Price Gouging in Maryland & Increase Penalties.** O'Malley will introduce legislation to crack down on the despicable practice of gasoline price gouging. As we saw during the tragedies of Katrina and Rita, some irresponsible businesses made the decision to capitalize on the gas shortage by charging customers outrageous and inflated prices. O'Malley will create a toll-free hotline that Marylanders can call to get a sense of what they should be paying at the pump and to report possible price gouging, work with the Attorney General's office to enhance monitoring, and increase the penalties for price gouging.
- **Decrease Dependence on Gasoline By Promoting Alternative-Fuel Vehicles.** As Mayor of Baltimore, O'Malley implemented an innovative program to promote alternative-fuel vehicles with free parking at many downtown locations. As Governor, O'Malley will work with localities to help implement similar programs that reward Marylanders with alternative fuel vehicles.

PROVIDE ASSISTANCE TO OLDER AND LOW INCOME MARYLANDERS

- **Assist Seniors and Low and Fixed Income Marylanders.** O'Malley will ensure seniors and Marylanders on low or fixed incomes do not fall victim to increasing energy rates—rates that can force consumers to make impossible choices between necessities such as prescription drugs, food and rent. O'Malley will work to expand and promote the Maryland Energy Assistance Program while streamlining the application process to protect seniors and low income customers from the dangers of extreme heat and cold. By cutting red tape and installing a “no wrong door” approach, O'Malley will help ensure Maryland seniors and low and fixed income individuals receive the help they need. Finally, Martin O'Malley will also strengthen regulations on winter terminations to ensure families are not endangered by being unable to pay for heat.

PROMOTE ENERGY EFFICIENCY IN MARYLAND

- **Create New Tax Credits & Sales Tax Holidays to Encourage the Use of Energy Efficient Appliances & Construction of Green Homes and Buildings.** O'Malley will consider a wide variety of tax credits and incentives to encourage the use of energy efficient appliances and the construction of “green” homes and buildings. To encourage the purchases of energy efficient appliances, O'Malley will establish a “sales tax holiday” for energy efficient household and commercial appliances. Such holidays will not only help consumers but have proven to be a boon to retailers as well. Martin O'Malley will look to establish tax credits for the construction of “green” buildings and homes that have less impact on the environment and use less energy.
- **Promote Proper Weatherization of Homes and Businesses.** Martin O'Malley will work to ensure more Marylanders have energy efficient homes that are properly weatherized to prevent excessive heating and cooling costs. O'Malley will 1) create and enforce rental housing standards to achieve higher levels of energy efficiency and provide incentives for landlords to invest in weatherizing their properties; 2) craft incentives for homeowners to invest in weatherizing their homes and 3) increase weatherization funds for insulation and windows for low-income Marylanders to help clear the current backlog of people waiting to make improvements.

LEAD THE WAY IN PROMOTING ENERGY EFFICIENCY

- **Convert a Significant Percentage of the State of Maryland's Vehicle Fleet to Hybrid and Other Energy Efficient Vehicles.** O'Malley will issue an executive order requiring that an additional 10% of the State of Maryland's official vehicle fleet be hybrid or run on alternative fuels by 2010. He will also work to increase the number of “green” buildings and facilities run by the state of Maryland.
- **Double Assistance to Local Communities to Purchase Renewable Energy.** Many local communities can experience significant savings and pass those savings on to taxpayers through the purchase of renewable energy. For example, communities that purchased wind power were able to save significantly as the cost of natural gas skyrocketed in the wake of Hurricane Katrina last year. As Governor, O'Malley will double funding to the Community Energy Loan Program (CELP). CELP currently provides financing for local governments to implement energy conservation programs. Under O'Malley's plan, CELP will also help local governments implement cost-effective plans to purchase renewable fuels. The O'Malley administration will instruct the Director of the Maryland Energy Administration to provide technical assistance and advice in securing alternative energy for local communities.

INVEST IN 21ST CENTURY ENERGY SOLUTIONS

- **Create Incentives that Promote the Production and Use of Renewable Fuels.** Renewable fuels, such as traditional and cellulosic ethanol, bio-diesel and biomass are environmentally friendly alternatives to fossil fuels. However, the state is not currently doing enough to encourage use and production of these fuels to make them cost-competitive. As Governor, O'Malley will work to increase the tax credit for companies that manufacture renewable fuels in the state. He will also partner with Maryland's congressional delegation to extend a similar tax credit at the federal level. O'Malley will promote tax credits for landowners who place wind turbines on their land. Not only will these measures increase the production of renewable fuels in the state, but they will also attract investment and create new jobs for Marylanders in a growth industry.
- **Empower Consumers.** O'Malley will empower families and small business owners to be more knowledgeable consumers through programmable thermostats and "smart" meters that relay real-time cost information. By leveraging this technology, Marylanders can make informed choices on future energy usage.