March 10, 2020

Maryland General Assembly
Finance Committee
Senator Delores G. Kelley, Chair
Senator Brian J. Feldman, Vice Chair

Testimony of Lucy Laflamme, Natural Resources Defense Council, in support of Senate Bill 740,

Dear Senator Kelley, Senator Feldman and members of the Senate Finance Committee,

I write today in strong support of House Bill 982. Energy efficiency is a proven, cost-effective way to both lower the cost of energy and reduce carbon emissions. Since 2008, when the EmPOWER program was first enacted with a goal of reducing electricity usage by 15 percent by 2015, Maryland has benefited from a performance-target-driven energy efficiency portfolio.[i] In 2017, the legislature improved the program by passing legislation to amend EmPOWER with a two-percent-per-year target, codifying what the PSC ordered in 2015 through 2023.[ii] That'll be 15 years of sustained energy efficiency portfolio performance, recognized by ACEEE as among the best in the country.[iii]

One thing we have learned though, is energy efficiency is easiest to address in newer homes and buildings. This means a large portion of residential building in Maryland are being left behind. Low-income homes face more barriers to address energy efficiency including mold, lead and other health and safety issues because they tend to live in older buildings. These and other barriers (e.g., lack of access to capital and split incentives) make it more difficult for low-income families to benefit from the EmPOWER program, as compared to high-income households and businesses. The legislature now has an opportunity to fix this, by codifying a complementary performance driven goal for low-income housing. This new, commonsense 1% energy savings goal will allow Maryland to retrofit the 450,000 eligible low-income residents in just 13 years as opposed to 130 years projected under the current program.

The Department of Housing and Community Development (DHCD) implements low-income programs within the EmPOWER energy efficiency portfolio (these programs are currently known as the Low-Income Energy Efficiency Program or LIEEP and the Maryland Energy Efficiency and Housing Affordability program or MEEHA). DHCD has been recognized for its effective work to improve low-income homes by our ally the Stewards for Affordable Housing for the Future (SAHF).[iv] This is encouraging. However, DHCD's overall delivery of retrofits to homes has lagged the rest of the EmPOWER portfolio, with a recent analysis finding that "Excluding multifamily housing, DHCD served 9% of income-eligible households from 2010 to 2017 and served 6% of income-eligible households when including multifamily housing." [v]

This is not surprising. Lessons from the rest of the portfolio, and from energy efficiency resource standards such EmPOWER Maryland generally, show that they benefit from specific performance targets. Electric utilities under Maryland's portfolio are performance-driven, thanks to the initial 15 percent by 2015 target and the current two-percent-per-year one. DHCD has no such performance goal. Now is the time to rectify that.
Energy efficiency has already saved Maryland consumers billions of dollars, reduced air pollution and created new economic activity including good jobs.[vi] This mirrors what is happening across the United States. In fact, in 2018 the energy efficiency sector grew by more than 3.4 percent nationwide, creating more than 2 million jobs.[vii] In 2019, the sector is expecting even more growth, with estimates as high as 7.8 percent growth in projected new jobs related to energy efficiency.[1] A forthcoming March report from Energy Efficiency for All examines the job potential specifically

[1] Ibid

from retrofitting multifamily housing (which is served by the underfunded MEEHA program). In Maryland, it projects that retrofitting subsidized and market rate multifamily housing alone would create more than 29,000 jobs. A performance goal for low-income programs is overdue. For the last 5 years the Maryland Energy Efficiency Advocates (which includes NRDC) and our allies worked with the Public Service Commission to create a saving goal for low-income residents, participating in two separate low-income working groups, repeatedly filing comments about the EmPOWER portfolio's limited, inequitable reach into and servicing of low-income buildings and residents. These proceedings have yielded no progress as stakeholders have been unable to reach consensus.   As the saying goes, "Justice delayed is justice denied." Low-income Marylanders deserve equitable access to the benefits from energy efficiency that are increasingly available and normal for the rest of the state.

We need you, the legislature, to act. It's time to codify a one-percent-per-year energy savings goal for low-income residents so the EmPOWER program to benefits all Marylanders.

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[i] https://www.psc.state.md.us/electricity/empower-maryland/

[ii] https://www.aceee.org/blog/2015/07/three-cheers-maryland, https://www.nrdc.org/experts/deron-lovaas/renewing-marylands-commitment-energy-efficiency

[iii] https://www.utilitydive.com/news/maryland-sees-biggest-energy-efficiency-improvements-kentucky-largest-decl/564111/

[iv] https://www.sahfnet.org/media-center/news/maryland-efficiency-program-brings-sustainability-home-annapolis

[v] Apprise Report. http://mlrt.opc.maryland.gov/pdf/APPRISE%20Maryland%20Low-Income%20Market%20Characterization%20Report%20-%20September%202018.pdf

[vi] https://www.aceee.org/white-paper/empowering-maryland-0317

[vii] https://www.usenergyjobs.org/