

STATE OF MARYLAND



OFFICE OF THE CHAIRMAN

JASON M. STANEK

PUBLIC SERVICE COMMISSION

March 2, 2023

Chair C.T. Wilson
Economic Matters Committee
House Office Building, Room 231
Annapolis, Maryland 21401

RE: HB 169 - INFORMATION – Public Utilities – Energy Efficiency and Conservation Programs – Energy Performance Targets and Low-Income Housing

Dear Chair Wilson and Committee Members:

House Bill 169 requires the Department of Housing and Community Development (DHCD) to procure or provide energy efficiency and conservation programs and services designed to achieve annual incremental gross energy savings of at least one percent per year, starting in 2024. The efficient use of electricity benefits all ratepayers by providing system-wide and societal benefits such as avoided infrastructure investments, increased reliability, and reduced air pollution and greenhouse gas emissions, in addition to the direct benefits of reduced energy costs and improved health for program participants. Existing limited-income programs are a critical component of EmPOWER Maryland offered at no additional cost¹ to qualifying ratepayers, ensuring that all ratepayers (regardless of income) can benefit from energy efficiency programs.

The Public Utilities Article requires the Commission to consider ratepayer impacts (§7-211(i)). DHCD is currently budgeted to spend approximately \$80 million between 2021 - 2023 to achieve 33,000 MWh of energy savings. In 2021, the cost of implementing DHCD's programs represented approximately six percent of total EmPOWER program costs, spending \$10.6 million to achieve 3,200 MWh.² One party petitioning the Commission for a limited-income goal structure similar to the one proposed in HB 169 estimates that DHCD would need to achieve 160,000 MWh savings across DHCD programs and estimated that 120,000 MWh

¹ All Ratepayers, including limited-income customers, pay for the EmPOWER Maryland programs through a monthly surcharge on their utility bills.

² Comments of the Public Service Commission Staff, 2021 Semi-Annual EmPOWER Maryland Programmatic Reports for the Third and Fourth Quarter, Apr. 25, 2022. p. 50

would need to originate from the EmPOWER program.³ It is reasonable to project that the costs of achieving a one percent goal as required by this legislation would be significantly higher than DHCD's currently approved budget and program structure, and would be costly for all ratepayers if federal grant funds cease to be available.

DHCD was approved by the Commission in Order No. 84569 to be the single implementing entity of EmPOWER's limited-income programs beginning in 2012. However, limited-income ratepayers have access to utility programs as well.⁴ The utilities report the savings they can attribute to limited income ratepayers in their semi-annual reports to the Commission.

The Commission filed a report on its recommendations for the future of EmPOWER on July 1, 2022, with the General Assembly. In its report, the Commission recommended that DHCD be responsible for a greenhouse gas abatement goal, in addition to a low-income goal (with a target to be determined). The Commission drafted a bill for the 2023 session to effectuate the recommendations in its July 1, 2022 report to modify EmPOWER targets to be greenhouse gas abatement goals. While the Commission in its proposed legislation did not propose a *specific* low-income goal, the Commission has since issued an order requesting interested parties to recommend a low-income goal for Commission consideration in the first quarter of 2023. If the Committee votes favorably on HB 169 and the greenhouse gas abatement goal legislation, then the Commission recommends reconciling the two bills so that the entire EmPOWER program can be modified to support achieving the state's greenhouse gas targets.

For clarity, the Commission proposes striking §7- 211.1(B)(3)(III) and replacing it with language that would translate the proposed low-income goal from an energy savings goal structure to a greenhouse gas reduction goal structure. Such an amendment would preserve or improve the savings target structure achieved from low-income customers as proposed by this legislation even if EmPOWER goals are no longer correlated to incremental gross energy savings. The Commission is available to discuss amendment language to ensure the legislative intent is clear and any low-income goals approved by the General Assembly are not lost in translation if the EmPOWER program structure is changed

I appreciate the opportunity to provide information on HB 169. Please contact Lisa Smith, Director of Legislative Affairs, at (410) 336-6288 if you have any questions.

Sincerely,



Jason M. Stanek
Chairman

³ Office of People's Counsel Comments on EmPOWER Goals for the 2024 – 2025 Program Cycle. Case No. 9648, Jan. 27, 2023. pp. 11 – 12.

⁴ Some programs that are available at no additional cost to the funds paid into the EmPOWER surcharge include Quick Home Energy Checkups, energy efficiency kits, behavioral home energy reports, and appliance recycling program. The utilities have also partnered with local food banks to distribute LED bulbs at no additional cost.