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February 27, 2026

Delegate Marc Korman  
Environment and Transportation Committee  
250 Taylor House Office Building,  
Annapolis, Maryland 21401

**Re: FAVORABLE with Amendments– HB1532 – Continuing the Next Generation Energy Act**

Dear Chair Korman and members of the committee:

On behalf of the Green & Healthy Homes Initiative (GHHI), I submit for the record our comments on House Bill 1532, GHHI is a 501(c)(3) national nonprofit organization headquartered in Baltimore, Maryland. Our mission is to address the social determinants of health, opportunity, and racial and health equity through the creation of healthy, safe and climate-resilient homes.

GHHI is the nation's lead authority on the benefits of a whole-house approach that aligns, braids and coordinates energy efficiency, health and safety to create an integrated home repair and retrofit delivery model to improve health, economic and social outcomes in line with the state's climate goals. GHHI's work has been recognized through national best practice awards from the US Environmental Protection Agency (EPA) and HUD and the GHHI model has been supported by the US Department of Energy (DOE) and the US Department of Housing and Urban Development (HUD) as well as numerous states, cities and counties throughout the US. By delivering a standard of excellence, GHHI's work aims to eradicate the negative impact of historic disinvestment, the legacy of ill-conceived and unjust housing by creating holistically healthy housing for children, seniors and families in Maryland's low wealth communities.

GHHI is a state weatherization contractor for the state Department of Housing and Community Development (DHCD) low-income EmPOWER program and local weatherization agency for the DHCD Weatherization Assistance Program (WAP) program. GHHI has also been a regular recipient of Maryland Energy Administration Residential Energy Efficiency grant programs. GHHI participants alongside other advocates in the EmPOWER Maryland proceedings and workgroup meetings, regularly delivering comments to the Public Service Commission on the program.

GHHI is supportive with amendments on HB 1532. GHHI strongly supports the intent of the bill and its provisions to address energy affordability issues in Maryland but has concerns that as

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written the bill will have negative impacts on the state EmPOWER program leading to decreased opportunities for state energy saving measures and potentially increasing program costs.

### **Support for Efforts to Reduce Energy Costs**

GHHI supports the legislature’s actions to reduce energy costs through the multiple measures in this bill. Energy costs hurt lower income communities and communities of color the hardest due to older housing stock and less efficient appliances that drive up energy needs. At the same time, a lack of budgeting flexibility decreases the ability of many of these households to manage rising costs, forcing them to cut back on other essentials, risk unhealthy living conditions, or fall behind of bills.

GHHI appreciates the language in the bill restricting utilities’ ability to recover cost overruns in multi-year rate plans. This will help manage the affordability issues for Maryland residents with the highest burdens already.

GHHI also supports the intent to ensure that EmPOWER is a high performing program and that program costs are managed. We know that EmPOWER offers multiple benefits, including reducing energy costs, and that EmPOWER meets its cost-effectiveness requirement by delivering over two dollars in benefits for every dollar spent.<sup>1</sup>

GHHI is supportive of the bill’s direction for the Public Service Commission (PSC) to look closely at third-party administration of the utility programs. GHHI expects there to be value in having state-wide consistency in programs which can help with customer awareness, administrative streamlining, and alignment with other statewide initiatives through MEA or DHCD. We support the PSC looking closely at the costs and benefits of moving to this system of administration.

### **Concerns about how EmPOWER cost-effectiveness language will be implemented**

GHHI has a concern with the language about requiring each of the EmPOWER residential sub-programs to meet the cost-effectiveness test. We believe this will harm the overall program effectiveness and be administratively burdensome. The reasons are as follows:

- **Program diversity is valuable as energy needs change.** As we know in Maryland, energy system needs can change quickly. The value of programs that reduce peak demand or delay transmission upgrades may be very high in years with capacity constraints. It would be a mistake and disruptive to see those programs eliminated if they fall below the cost-effectiveness test in years with more energy abundance. Maintaining a diversity of programs helps keep the program robust when state energy needs shift.
- **Program accessibility is important to overall success.** When GHHI is in communities talking to people about energy affordability issues, residents want to know what they can do to save energy in their home. The programs that have the best overlap of accessibility

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<sup>1</sup> <https://www.pscmaryland.com/wp-content/uploads/2025/11/2025-EmPOWER-Maryland-Energy-Efficiency-Act-Standard-Report-Final.pdf>

and impact are the HVAC programs and home performance programs. Any homeowner can benefit from an energy audit, and every home needs a heating system. Sometimes these programs with greater accessibility may lag in cost effectiveness scores in territories where work is more expensive or if the benefits accrue in the future. However, ensuring that as many customers as possible have an opportunity to utilize EmPOWER programs builds support for the program, which overall does meet the cost effectiveness requirement by a significant margin.

- **Better sub-program “cost-effectiveness” by the Maryland Jurisdiction Cost Test does not necessarily mean a cheaper program.** Longer-lived measures contribute significantly to the EmPOWER goals but are discounted by the Maryland Jurisdictional Cost Test (MJCT) cost-test. The MJCT measures the net present value of the cumulative benefits. This is an important metric, but it discounts future savings and is not perfectly aligned to the EmPOWER program metric, which is lifecycle greenhouse gas reductions. Longer-lived interventions such as weatherization, appliance replacements, and fuel switching contribute massively to lifecycle greenhouse gas savings. Because of this difference, measures that perform relatively worse on the cost effectiveness test may actually achieve greater greenhouse gas savings per dollar than a more “cost effective” intervention.

GHHI fully supports goal for a higher performing program and supports the existing sector level cost-effectiveness testing by utility that the Commission conducts, but GHHI has significant concerns that the language proposed in this bill will inadvertently hurt the program by limiting program options including some of those that help most with the goals.

Requiring sub-program cost-effectiveness may lead to a program that is both less effective over time, less popular with the public, and more expensive to operate. Having the cost test at the portfolio level remains a better way to evaluate the program because it supports program diversity.

### **Value for Heat Pumps in EmPOWER**

GHHI also worries that this sub-program requirement could eliminate rebates for heat pumps which are highly valuable for achieving the lifecycle greenhouse gas emissions target and for maximizing long term energy efficiency for customers. Without rebates, there would not be incentives to choose high efficiency models of this heating equipment.

Heat pumps are a highly efficient and non-emitting heating technology that performs well in the Maryland climate. They provide heating and cooling by moving heat through refrigerants and compression like a two-way air-conditioning unit. They reduce greenhouse gas emissions, save energy, and improve air quality.<sup>2</sup>

Heat pumps can also be a key to achieving the EmPOWER savings targets at low cost. Replacing electric resistant heating with a heat pump yields immediate and significant energy and cost

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<sup>2</sup> <https://www.greenandhealthyhomes.org/publication/cutting-through-the-smog-2/>

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savings for the client and reductions in peak demand on the winter electrical grid. Replacing fossil fuels systems with heat pumps can also lead to immediate savings in Maryland, especially in well-insulated homes in BGE territory where gas rates have risen significantly.<sup>34</sup> These “fuel-switching” scenarios will also have enormous lifecycle greenhouse gas reductions helping utilities achieve their savings targets.

Given Maryland’s commitments to reducing greenhouse gas emissions and the governor’s support for Zero-Emission Heating Equipment Standards, ensuring heat pump rebates remain available in EmPOWER keeps the program aligned with broader Maryland energy policy. As Maryland residents choose to install heat pumps, EmPOWER incentives can ensure that they choose high-efficiency models that will save energy, reduce grid impacts, and save greenhouse gas emissions.

### **Suggestions to address EmPOWER program cost concerns.**

In looking to how to better manage EmPOWER program costs, GHHI believes the PSC currently has authority to provide more scrutiny to how programs are managed. If the legislature would like to drive additional action, GHHI supports language proposed by other advocates that any residential sector subprogram with a benefit-to-cost ratio of less than 1.0 be assessed by the commission to see if its score can be improved by consolidating and/or streamlining delivery.

GHHI also supports requiring the EmPOWER program costs to have an independent audit with comparison to programs in other state jurisdictions. There may be programs meeting the cost effectiveness test that are still underperforming their potential.

Over recent years, GHHI has joined other advocates participating in the EmPOWER proceedings at the PSC in drawing attention to how the Maryland utility program costs per unit of saving achieved exceed those in other states. Advocates expect that having standardized best practices across utility territories would be a better step towards improving the overall program rather than limiting program options. An independent audit of program costs would help policymakers and stakeholders understand what opportunities do exist for this improvement.

The following is an excerpt from comments on EmPOWER 2024-2026 plan proposals, filed with the PSC October 16, 2023, by the Maryland Energy Efficiency Advocates (which included Green & Healthy Homes Initiative and other advocate organizations). The full comments can be found in the PSC docket for EmPOWER’s 2024-2026 plan, Case No. 9705 at Mail Log 305648<sup>5</sup>. As a note, these comments were filed when the program had an electricity savings goal, so the metric in these comments is lifecycle kWh savings.

*... [T]he cost per lifecycle kWh saved proposed by the EmPOWER utilities are all higher than the costs proposed in recent utility plans in other jurisdictions. Figure 13 includes*

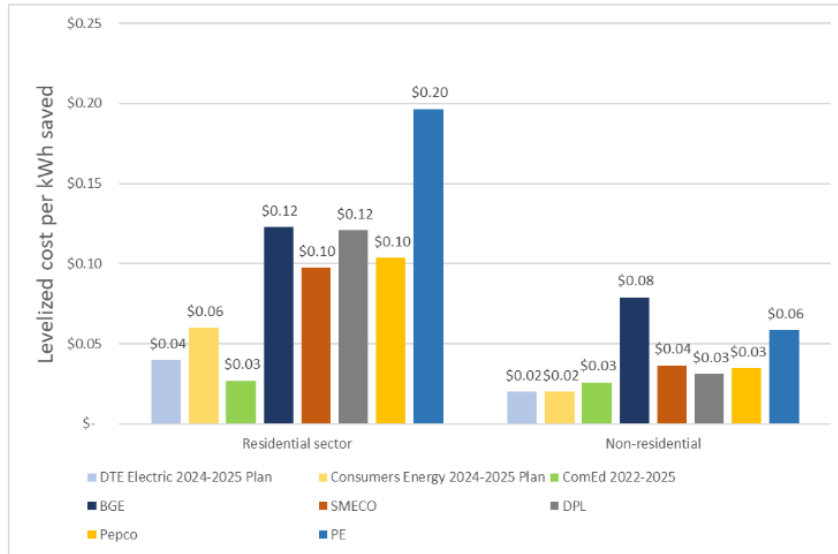
<sup>3</sup> <https://progressivereform.org/cpr-blog/new-report-recommends-equitable-approach-to-heating-equipment-standards-maryland/>

<sup>4</sup> <https://rmi.org/heat-pumps-can-lower-energy-bills-in-maryland-today/>

<sup>5</sup> <https://webpscxb.pscmaryland.com/DMS/case/9705>

*the EmPOWER utility cost comparison ... and adds expected lifecycle costs for Consumers Energy’s 2024-2025 Energy Waste Reduction Plan, DTE Electric Company and DTE Gas Company’s 2024-2025 Energy Waste Reduction Plan, and Commonwealth Edison Company’s Revised Energy Efficiency and Demand Response Plan, 2022–2025.*

*Figure 13: Net Lifecycle Cost Comparison for EmPOWER 2023 Scenario Savings and DTE, Consumers, and ComEd*



...

*In many jurisdictions, detailed scrutiny of proposed program costs is conducted to ensure that customers are not asked to pay more for energy efficiency than necessary. ... To this end MEEA respectfully recommends the Commission take two specific actions: first, MEEA recommends the Commission direct an independent evaluation for cost benchmarking and best-practices review of the EmPOWER utilities, as compared with one another and with leading utilities nationally, to determine whether the cost proposals provided in the Plans are reasonable and reflective of best practices. MEEA further recommends the Commission require utilities to eliminate redundant program administrative structures and pursue joint program implementation wherever practicable. The onus should be placed on the utilities to justify any proposal that does not conform to streamlined administration and implementation and uniform adoption of best program practices.*

GHHI continues to believe that EmPOWER performance can be improved through administrative improvements. Third-party administration is an important consideration which we fully support exploring. Until that potential change, the PSC should also look at why Maryland utilities lag behind other jurisdictions which have programs meeting their own cost-effectiveness

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tests while including appliance rebate programs. Improved performance could come from adopting best practices from others.

**Summary**

GHHI appreciates the attention and actions the legislature is taking to lower energy costs for Maryland residents. It is key to helping families live both affordably and safely in their homes.

GHHI has significant concerns though that the language in the bill about sub-program cost effectiveness requirements in EmPOWER would actually undermine this effort and asks that the committee remove this language from the bill before advancing it.

Respectfully submitted,

Signed by:  
**Ruth Ann Norton**  
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Ruth Ann Norton  
President and CEO  
Green & Healthy Homes Initiative

CC: Justin Barry, Director of Energy Initiatives, GHHI

