

**STATE OF MARYLAND
OFFICE OF PEOPLE'S COUNSEL**

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BILL NO.: **House Bill 982**
Public Utilities – Low-Income and Middle-Income
Housing – Energy Performance Targets

COMMITTEE: **Economic Matters**

HEARING DATE: **February 27, 2020**

SPONSORS: **Delegate Charkoudian, et al.**

POSITION: **Support**

The Office of People's Counsel supports House Bill 982. The bill modifies the EmPOWER Maryland law¹ to provide an explicit 1% savings goal for low-income customers served by the Department of Housing and Community Development, and paid for by residential customers of the investor-owned electric companies and SMECO. The overall program has had savings goals since its passage in 2008, and an annual energy savings goal of 2.0% per year was adopted in 2017, based upon each electric company's 2016 sales. The bill would establish a targeted 1% energy savings goal for low-income households, which would align with the overall savings goal, take into account the unique challenges of low-income program delivery, and build towards more equitable delivery of the energy savings benefits of EmPOWER Maryland.

The bill would set a target annual incremental gross energy savings goal of 1% per year, or half the overall savings goal, for the class of low-income residential customers served by DHCD low-income customer programs. These programs include two EmPOWER programs: LIEEP (energy efficiency for individual units) and MEEHA (multi-family housing), as well as the federally funded Weatherization Assistance Program (WAP) program. For individual

¹ The 2008 EmPOWER Maryland Energy Efficiency Act.

customers, the income level is set at or below 200% of the federal poverty level (FPL). Approximately 450,000 households in Maryland, or about 20%, fall within this income category. Only about 9% of those income-eligible households have received weatherization services from DHCD during 2010-2017. For context, of that number, over 380,000 households have incomes at or below 175% of the FPL, and eligible for energy assistance through the Office of Home Energy Programs (OHEP). Only about one-quarter of those households actually receive energy assistance benefits.² These households need a combination of both direct assistance and efficiency measures to increase bill affordability and decrease the likelihood of service terminations.

The issue of equity has been raised in the Public Service Commission EmPOWER Maryland proceedings for several years. All residential customers, including low-income customers, of BGE, PEPCO, Delmarva Power, Potomac Edison, SMECO and Washington Gas pay an EmPOWER Maryland surcharge on their utility bill. The portfolio of *all* residential efficiency programs is highly cost-effective. However, OPC and other parties have recognized that while low-income households pay the surcharge, their relative participation in the DHCD EmPOWER programs is low.³ However, there is general agreement that these households do not participate or get the energy savings benefits in the same proportion as non-low-income households. For this reason, OPC has supported the adoption of a targeted 1% goal for low-income household savings.

The Commission has stated that “improving the energy efficiency of low-income households is a critical focus for Maryland.”⁴ The Commission has supported additional steps such as cross-marketing and collaboration between DHCD and utilities, as well as better and tracking of low-income participation in general EmPOWER programs. The Commission also

² Office of People's Counsel – 2018 Maryland Low-Income Characterization Report, PSC Case Nos. 9153-9157 and 9362, ML No. 22517. The Report also is on the OPC website at www.opc.maryland.gov.

³ We do not have adequate data to know the extent of their participation in the general utility lighting, QHEC and behavior programs outside of the DHCD programs, although the utilities are working on tracking and reporting that participation. However, those programs do not deliver the more significant energy savings provided by the DHCD EmPOWER programs.

⁴ PSC Order No. 88964 at p. 13, Case No. 9494, citing prior Order 87575.

has directed the Low-Income Work Group to continue efforts to reach a consensus on a low-income savings goal, but to date, no such consensus has been reached.⁵

OPC supports the overall structure of new Section 7-211.1 as part of the EmPOWER Programs. However, OPC believes that it is important for data to be provided and analyzed on the costs of the DHCD programs, which are funded by residential ratepayers as a whole, as part of the DHCD Plan for the 2021-2-23 cycle, and that the relative cost-effectiveness continue to be analyzed in the context of the Commission's ongoing review of the LIEEP and MEEHA programs' adequacy and relative costs in achieving the targets. It is well recognized that low-income programs on a stand-alone basis are not cost-effective, and that they cannot be scrutinized on that basis alone. However, OPC does want to ensure that stakeholders and the Commission have an opportunity to review the available data for these programs, with the goal of ensuring that they are run efficiently in terms of operations and cost.

⁵ *Id* at 16.