



TESTIMONY IN SUPPORT OF SB 740

Public Utilities – Low–Income and Middle–Income Housing – Energy Performance Targets

Reuven Walder
President, Pathways Consulting
Treasurer, Maryland Building Performance Association

Honorable Chair Kelly, Vice Chair Feldman, and esteemed members of the Committee, thank you for the opportunity to testify today on SB 740 “Public Utilities – Low–Income and Middle–Income Housing – Energy Performance Targets.” The Maryland Building Performance Association strongly supports this bill which calls on the Public Service Commission to require the Department of Housing and Community Development (DHCD) to provide or procure low income energy efficiency programs and services designed to achieve a target of 1% gross energy savings per year. As Maryland moves toward a cleaner electricity grid, with a commitment to 50% renewable energy by 2030, the state cannot meet its goals without reducing demand, especially through improving the energy efficiency of homes (which are responsible for nearly one third of Maryland’s energy use).¹ This bill is a good step toward ensuring that Maryland’s efforts to increase residential energy efficiency are more inclusive. However, passing this bill is necessary, but not sufficient. One of the biggest challenges to providing energy efficiency and weatherization services to low-income families is identifying households to serve. To that end, we also need to do more to focus on enrollment of low-income families into the programs so that we can identify the homes that need to be addressed and to ensure that we are reaching more Marylanders, which I will discuss in greater detail below.

I am testifying today on behalf of the Maryland Building Performance Association (MDBPA), where I serve as Treasurer. MDBPA is a non-profit trade association serving Maryland’s residential energy efficiency and weatherization industry. MDBPA has 70 member companies, representing approximately 1050 employees across the state who work every day to make Maryland’s homes and buildings more energy efficient, healthy, safe, and resilient. Our members include home performance and weatherization contractors as well as companies providing HVAC, insulation, lighting, and other building performance services.

I am also President of Pathways Consulting, a Maryland-based firm providing expert home energy efficiency guidance services to Maryland residents. In my current capacity I get to see homeowners struggle to find the balance between high energy bills and provide other critical services for their family. It is indeed a laudable effort for Maryland to pursue the efficient

¹ Residential buildings account for approximately 30% of total energy consumption in Maryland, according to the U.S. Energy Information Administration. <https://www.eia.gov/state/?sid=MD#tabs-2>

creation of energy, but if we are sending efficiently create energy down the line to inefficient homes then the overall savings can best be described as negligible. We must expand our efforts to help our neediest citizens address high energy bills, uncomfortable and unhealthy homes.

Maryland needs a low-income energy efficiency target to be passed this year to ensure that the state's clean energy efforts are reaching and benefitting low-income families who need it most.

SB 740 will help more low-income Marylanders receive important weatherization services to increase the energy efficiency, health, and safety of their home while saving money and improving their quality of life. We need to reach more homes and significantly expand the number of energy efficiency retrofits that are completed in order to achieve energy savings at the speed and scale necessary to meet the state's clean energy goals. There are families in Maryland who must choose between paying for food or paying their energy bill. While there is low income energy assistance, that does not help families solve the root cause of their problem. We work to assure the home is comfortable, safe and energy efficient, which in turn reduces costs to residents, while also generating energy savings that will bring Maryland closer to a clean energy future. I am here today as proof that these programs also create jobs. We are proud to serve residents of every county in the state, making their homes healthier and more affordable while reducing their wasteful energy consumption.

SB 740 aims to make residential energy efficiency programs more inclusive and helps to address the energy affordability concerns that low-income households face. And it doesn't come a moment too soon.

(1) Cost savings help address high energy burdens faced by low-income households. A 2018 "Maryland low-income Market Characterization Report" from the Applied Public Policy Research Institute for Study and Evaluation (APPRISE)² found that energy affordability is a critical issue in our state: the average annual energy burden for low income households is 13%, compared to 2% for non-low-income households.³ This highlights the need to address high energy costs by improving energy efficiency for more households in need. SB 740 is therefore an important and necessary step toward helping more low-income families and **ensuring equity in our state's energy efficiency efforts.**

(2) Improve health, comfort, and safety for low-income families. Energy efficiency and weatherization bring more than just energy savings and lower bills to households. Research has shown that weatherization and energy efficiency upgrades can improve indoor air quality, which reduces respiratory illness and sick days, and help improve overall physical and mental health.³ I have personally seen how our projects create greater comfort in the home and lead to better health outcomes for low-income families. It is not uncommon for us to identify and correct dangerous chimney flue problems and

2

<http://mlrt.opc.maryland.gov/pdf/APPRISE%20Maryland%20lowincome%20Market%20Characterization%20Report%20-%20September%202018.pdf> ³ The threshold for energy bills being considered unaffordable is a 6% energy burden.

³ <https://e4thefuture.org/wp-content/uploads/2016/11/Occupant-Health-Benefits-Residential-EE.pdf>;
https://weatherization.ornl.gov/wp-content/uploads/pdf/WAPRetroEvalFinalReports/ORNL_TM-2014_345.pdf

carbon monoxide levels, or moisture or other issues in homes, helping to ensure the health and safety of residents.

(3) More energy efficiency projects mean more local jobs and support for businesses and communities. Energy efficiency helps families and communities beyond just the households that are receiving direct support. Local contractors are needed to do the work of in-home audits and implementation of efficiency measures—these are jobs that cannot be exported. Setting a target to serve more low-income households means more energy efficiency projects, which means more Maryland jobs created. The result is small businesses like mine will benefit, and so will the subcontractors we employ, and their families.⁵

A significant number of low-income Marylanders are currently in need of energy efficiency and weatherization services, and as a state we are not making adequate progress to address the issue. According to the APPRISE report, more than one-fifth of our population, approximately 450,000 households, qualified as low-income in Maryland. Excluding multifamily housing, DHCD served just 9% of those income-eligible households from 2010 to 2017 (and only 6% of income eligible households when including multifamily housing). **At the current pace of roughly 3,000-4,000 low-income projects per year, it would take well over 100 years to reach all of Maryland's low-income households.** The APPRISE report also found that households between 150% and 200% of the Federal Poverty Line (FPL) have the lowest participation in weatherization. Because a portion of this market segment has income above 175% of the FPL, they cannot be qualified for weatherization through an Office of Home Energy Programs (OHEP) application and will be unlikely to receive weatherization services.

Despite the dire need and significant number of residents who *should* qualify, the program struggles to find “approved” customers. Recently we learned that customers enrolled in the Washington Gas Fuel Fund program, are not automatically qualified for the EmPOWER Low Income Energy Efficiency Program (LIEEP). We need program guidance focused on expanding participation to involve those most in need who may not currently be enrolled in OHEP. **We need to bridge these gaps and focus more on supporting enrollment to ensure that more low-income households benefit from weatherization services.**

We urge you to also ensure that establishment of a low-income energy savings target does not result in *fewer* homes receiving weatherization services. While this is counter to the intent of the bill, we are concerned about unintended consequences. DHCD could decide to pursue higher energy savings on each project to reach the 1% gross energy savings target at the program level. This could reduce the total number of people reached by excluding projects that have a smaller energy savings return. Given that we have only served a fraction of the homes in need, **reaching more people must remain a top priority.** With home performance work, there is a lot that you can do to improve health and safety (e.g. better indoor air quality, mold control) that may not achieve as much additional energy savings but do achieve equal or more additional quality of life benefit. Reducing a household's energy usage by 20% can be just as impactful to their lives as reducing another household's by 40%. Therefore, **we urge that you ensure that the new energy**

savings target does not prioritize deeper retrofits to the exclusion of smaller projects, and that reaching more households remains top consideration.

In conclusion, this bill is an important step toward ensuring equity in our state's energy efficiency programs, helping low-income families, and creating Maryland jobs. For these reasons, MDBPA asks for a FAVORABLE REPORT on SB 740.

⁵ 68% of Maryland's energy efficiency businesses have fewer than 20 employees, according to the 2019 Energy Efficiency Jobs in America report.

https://e4thefuture.org/wpcontent/uploads/2018/09/MARYLAND_2019_Final.pdf

