

Committee: Appropriations

Testimony on: HB1310 Clean Energy and Energy Efficiency - Investment in Low-Income Communities

Organization: Climate Law & Policy Project

Submitted by: Donald M. Goldberg, Executive Director

Position: Favorable

Hearing Date: March 11, 2021

Dear Chairwoman and Members of the Committee,

The undersigned organizations strongly support HB1310 and urge a favorable report.

Maryland's ambitious greenhouse gas reduction and clean energy goals and policies have made it a recognized leader among US states. But the benefits of these policies have not been evenly or equitably distributed among all Maryland's citizens. Low-income communities have received far fewer benefits from the State's clean energy and energy efficiency programs than have middle- and higher- income households and businesses. The EmPOWER Maryland program is illustrative.

Maryland is one of 26 states to require a certain percentage of energy to be saved through smarter energy use in buildings. The EmPOWER Maryland energy efficiency program regularly earns a high ranking. A 2017 American Council for an Energy-Efficiency Economy analysis of EmPOWER found: lifetime energy savings of more than 51 million megawatt hours (equal to the electricity used by more than 850,000 people over 5 years); \$4 billion in savings in total customer bills over the life of the improvements; and a reduction of almost 19 million metric tons of CO₂ as of 2015 — all while making many of Maryland's households healthier and safer.

Recognizing these benefits, the General Assembly strengthened and renewed EmPOWER in 2017, extending it to 2023 and accelerating the pace of Maryland's energy efficiency by ramping up the annual electricity savings target to 2%. This session the General Assembly is considering raising this goal even further, to 2.75% per year.

However, these benefits are not being distributed evenly or equitably across the Maryland economy. While EmPOWER has been a proven boon to businesses and upper- and middle-class Marylanders, it is not providing similar benefits to low-income communities.

Unlike the programs that are accessed by businesses and middle- and upper-income households, which are implemented by the Maryland Energy Agency (MEA), low-income households receive energy efficiency assistance from Maryland's Department of Housing and Community Development (DHCD). For a variety of reasons, the annual electricity savings from the low-income energy efficiency programs managed by the DHCD averages considerably less than a tenth of what the rest of the state receives. While MEA, through EmPOWER, achieves annual Statewide efficiency savings of 2%, low-income communities can expect to see energy improvements of only 0.15% to 0.01%.

This is especially troubling because low-income Marylanders typically have the least energy-efficient homes with the worst indoor air quality, and they pay the highest percentage of their income — sometimes exceeding 30-40% — for energy costs. They are also at the highest risk for covid and are most likely to experience additional covid-related economic hardship.

Energy costs and poor indoor air quality burden low-income Marylanders in both urban and rural areas of our state. Maryland's Office of People's Counsel commissioned a study in 2018 that found that more than one-fifth of Maryland's population, or 450,000 households, qualify as low-income. While the majority live in the Baltimore and Washington metropolitan areas, at least one-fourth of households in the more rural Eastern Shore and Western counties are low-income.

Several bills have been introduced this session to remedy the State's inequitable distribution of clean energy and energy efficiency benefits.¹ HB1310 is among the broadest and most specific. It would increase clean energy and energy efficiency benefits to low-income communities by shifting funding in existing programs within the Maryland Energy Administration and the Departments of the Environment, Labor, Human Services, Housing and Community Development, Transportation, Commerce and other agencies.

As Maryland races to achieve its ambitious greenhouse gas reduction, clean energy and energy efficiency goals, it cannot and must not leave its low-income communities behind.

We urge a favorable report on HB1310.

Respectfully,

Climate Law & Policy Project
League of Conservation Voters
Unitarian Universalist Legislative Ministry of Maryland
Maryland Legislative Coalition

¹ For example, a bill introduced by Del. Charkoudian and Sen. Feldman (HB0379/SB0462) would require the state to provide funding to place Maryland on a path to achieve 1% energy consumption savings by 2026 for low-income households. Another bill introduced by Del. Fraser Hidalgo and Sen. Kramer (HB0033/SB0076) would direct revenue from a carbon fee to clean energy and transportation in low-income communities.