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PUBLIC SERVICE COMMISSION

March 31, 2021

Chair Kumar P. Barve
Environment and Transportation Committee
Room 251, House Office Building
Annapolis, Maryland 21401

RE: INFORMATION – SB 414 – Climate Solutions Now Act of 2021

Dear Chair Barve and Committee Members:

Among other things, SB 414 extends EmPOWER Maryland for another three-year program cycle (i.e., 2024-2026) and establishes energy savings goals for 2024 and beyond. In 2017, Sections 2 and 3, Chapters 14 and 780 directed the Maryland Public Service Commission to file recommendations with the General Assembly by July 1, 2022 regarding the “methodology and magnitude of the savings trajectory” for subsequent program cycles beginning with the 2024-2026 program cycle.¹ The Commission created a Future Programming Working Group for this purpose and directed the Workgroup to file a plan with the Commission by April 15, 2022.

The Workgroup plans to develop a proposed goal structure and make recommendations regarding the expansion of EmPOWER and legislation. The Workgroup will also examine a wide range of issues including coordination with the State Climate Action Plan and Greenhouse Gas Reduction Act, low income protocols and energy equity, distributed energy resources, fuel switching, third-party opportunities, funding, cost recovery, and bill impacts.² While the Workgroup will explore alternative ways of using energy efficiency to meet state policies including emissions reduction and decarbonization, the continued use of a goal that is based on energy sales alone, as proposed in SB 414, may not drive the emissions reductions the General Assembly hopes to achieve as effectively as a different goal structure.

The Commission is also concerned that increasing the energy savings goals under the current EmPOWER structure may be premature at this time, without studying future program costs. General lighting efficiency comprises a majority of the energy savings reported in the current EmPOWER program. It is likely that additional savings in this category will no longer be achievable because of the success of energy efficiency programs in increasing the market share of LED bulbs and fixtures. Lighting is also the least expensive way to achieve energy

¹ Chapter 14 - Energy Efficiency Programs - Calculation of Program Savings and Consideration of Cost-Effectiveness. http://mgaleg.maryland.gov/2017RS/Chapters_noln/CH_14_sb0184t.pdf.

² Mail Log No. 234004. Notice of Proposed Plan and Timeline.

savings. Ratepayer impacts and cost effectiveness are factors that the Commission is required to consider under PUA §7-211(i) and without additional lighting efficiencies, it will be more difficult to keep costs down, produce cost-effective programs, and still meet increasing goals under the current structure.

The Committee may wish to consider an amendment to clarify the intent of the legislature that the Workgroup and Commission should continue to develop recommendations for the 2024-2026 program cycle. This could be accomplished by adding uncodified language mirroring the 2017 legislation -- “Notwithstanding amendments to this subsection, on, or before July 1, 2022, the Public Service Commission shall determine the advisability of maintaining the methodology and magnitude of the savings trajectory, established in § 7-211(g)(2) of the Public Utilities Article and amended by this Act, as the basis for designing cost-effective energy efficiency and conservation programs and services in subsequent EmPOWER Maryland program cycles that the Commission shall authorize beginning with the 2024-2026 cycle.”

The Commission appreciates the opportunity to provide additional information on SB 414. Please contact my Director of Legislative Affairs at 410-767-8035 if you have any questions. Thank you for your consideration.

Sincerely,



Jason M. Stanek
Chairman