

Kelly_SB0462_020821.pdf

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Position: FAV



CITY OF COLLEGE PARK

OFFICE OF THE MAYOR & CITY COUNCIL

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February 8, 2021

Senator Delores G. Kelley, Chair
Finance Committee
Miller Senate Office Building, 3 East
Annapolis, Maryland 21401

RE: SB 0462 Public Utilities – Low-Income Housing – Energy Performance Targets

Dear Chair Kelly:

The City Council voted unanimously on February 2, 2021 to support SB 0462, legislation to help reduce the energy bill burdens and housing quality challenges faced by low-income Marylanders. According to the *Maryland Low-Income Market Characterization Report* released in 2018, low-income households in Maryland current pay a very high percentage of income on energy costs. Current Department of Housing and Community Development programs reach only a small percentage of eligible households.

SB 0462 would guarantee energy efficiency benefits to hundreds of thousands of low-income people, reducing energy costs for those needing it the most.

On behalf of the City Council, I respectfully urge you to pass Senate Bill 0462.

Sincerely,

Patrick L. Wojahn
Mayor

cc: Maryland 21st District Delegation

SB462_IndivisibleHowardCounty_Auerbach_Fav.pdf

Uploaded by: Auerbach, Ruth

Position: FAV



SB0462 - Public Utilities – Low–Income Housing – Energy Performance Targets

Testimony before Senate Finance Committee

February 16, 2021

Position: Favorable

Madam Chair, Mr. Vice Chair and members of the committee,

My name is Ruth Auerbach, and I represent the 700+ members of Indivisible Howard County. We are providing written testimony today in ***support of SB0462*** to weatherize low-income housing. Indivisible Howard County is an active member of the Maryland Legislative Coalition (with 30,000+ members).

This bill increases the financial assistance to weatherize low-income housing through the Empower Maryland Program. Not only will improved energy efficiency make utilities more affordable for low-income residents, it will also provide funds to improve the health of the residents through improved indoor air quality. For instance, Empower Maryland funds mold remediation which reduces incidences of asthma. Currently, Empower Maryland funds are disproportionately used by wealthier households. This bill will make these funds more accessible to low-income households, improving the housing stock in the state and lowering the energy demands on the state's utilities. Hence, this bill addresses the climate crisis too.

Thank you for your consideration of this important legislation.

We respectfully urge a favorable report.

Ruth Auerbach
Columbia, MD 21046

SB0462-FAV-DTMG-2-16-21.pdf

Uploaded by: Bartlett, Olivia

Position: FAV



Olivia Bartlett, Co-Lead, DoTheMostGood Maryland Team

COMMITTEE: Finance

TESTIMONY ON: SB0462 - Public Utilities – Low–Income Housing – Energy Performance Targets

POSITION: FAVORABLE

HEARING DATE: February 16, 2021

BILL CONTACT: Senator Brian Feldman

DoTheMostGood (DTMG) is a progressive grass-roots organization with more than 2500 members who live in a wide range of communities in Montgomery and Frederick Counties, from Bethesda near the DC line north to Frederick and from Poolesville east to Silver Spring and Olney. DTMG supports legislation and activities that keep all the members of our communities healthy and safe in a clean environment, uplift all members of our communities, and promote equity across all our communities. DTMG strongly supports SB0462 because it will help improve homes and decrease energy costs for many low-income families.

Heating and cooling of residential buildings is a significant source of greenhouse gas (GHG) emissions in Maryland. In order to meet Maryland’s GHG reduction goals, we must do everything we can to reduce energy use by residential buildings. One way to do that is to make sure all our homes and apartments are as energy efficient as possible. Many low-income families cannot afford to upgrade their heating or cooling systems, weatherize their homes, install insulation, etc. Many families also live in rental units and rely on their landlords to do energy efficiency upgrades to the property.

Maryland has several programs to assist low-income homeowners and owners of rental units improve energy efficiency. SB0462 will increase Maryland’s targets for weatherization of low-income housing, add greater equity to the State’s energy efficiency investments, and coordinate investments of health and safety funding sources. These changes will improve indoor air quality and decrease the energy burden for low-income families while contributing to an overall reduction in energy use and GHG emissions in the state. Promoting weatherization and energy efficiency upgrades of our residential buildings also create jobs for Marylanders that can only be done in Maryland.

SB0462 is good for families, good for the environment, and good for the economy. Therefore, DoTheMostGood strongly recommends a **FAVORABLE** report on SB0462.

Respectfully submitted,

Olivia Bartlett
Co-lead, DoTheMostGood Maryland Team
oliviabartlett@verizon.net
240-751-5599

CLPP testimony SB462.pdf

Uploaded by: Goldberg, Donald M.

Position: FAV

Committee: Finance

Testimony on: SB0462 “Low-Income Housing – Energy Performance Targets”

Submitted by: Donald M. Goldberg, Executive Director

Position: Favorable

Hearing Date: February 16, 2021

Dear Chairman and Members of the Committee:

Climate Law & Policy Project urges a favorable report on SB462. This bill would help Maryland achieve its Greenhouse Gas Reduction Act targets, would improve the health of Maryland’s low income residents by reducing household mold and other health hazards—a necessary step to improving household energy efficiency—and would save money for low income households in Maryland by reducing their energy costs.

For too long, low-income households have been unable to receive their share of benefits provided by Maryland’s clean energy and energy efficiency programs. The EmPower Maryland Program is required to improve statewide energy efficiency by 2% per year, but low-income households in Maryland receive a very small fraction of that improvement as a percentage of their energy consumption. This disparity is exacerbated by the fact that low-income homeowners pay, on average, a much higher percentage of their disposable income for heating, cooling and other energy needs than higher income homeowners.

We understand the difficulties that are frequently encountered when trying to improve the efficiency of homes that some homeowners, due to economic hardship, have been unable to maintain in good condition. The inability of some homeowners to keep their homes in good working order is all the more reason for the State to assist them to lower their energy bills and with other repairs to make these homes safe and efficient.

In short, it is not conscionable to withhold assistance to low-income households from Maryland’s energy programs that is readily available to Maryland’s wealthier citizens.

We urge a favorable report on SB462.

ACEEE Letter on Senate Bill 0462.pdf

Uploaded by: Howard, Bryan

Position: FAV



February 12, 2021

**Testimony of Bryan Howard
Director, State Policy, American Council for an Energy-Efficient Economy
Regarding Senate Bill 0462**

On behalf of the American Council for an Energy-Efficient Economy (ACEEE), I write in support of Senate Bill 0462 (SB 462). ACEEE is a nonprofit research organization based in Washington, D.C. that conducts research and analysis on energy efficiency policy and programs. We have been active on energy efficiency issues at the national, state, and local level for more than forty years, collecting extensive best-practice information on topics including energy efficiency programs.

In 2020 ACEEE released an updated analysis on household energy burdens and found that high energy burdens remain a persistent national challenge. Of all U.S. households, 25% (30.6 million) face a high energy burden (i.e., pay more than 6% of income on energy bills) and 13% (15.9 million) of U.S. households face a severe energy burden (i.e., pay more than 10% of income on energy)¹. This is particularly acute for communities of color, older adult households, as well as families residing in low-income multifamily housing, manufactured housing, and older buildings.

This research also examined energy burdens in Baltimore, and the results are troubling. We found that in the Baltimore metro area (pre-pandemic), the median energy burden of low-income households is four times higher than non-low-income households, and Black households pay 34% more of their income on energy bills than non-Hispanic white households. In addition, at least one-quarter of low-income households have energy burdens above 18%, which is nine times higher than the average U.S. household². High energy bills like those in Baltimore continue cycles of poverty with dire consequences to families and communities³.

The state of Maryland needs to invest in efforts to support low-income energy efficiency efforts, and SB 462 sponsored by Senator Feldman—is an important step in this effort. The bill will provide important support to low-income Marylanders by requiring that designated state programs achieve 1% energy consumption savings by 2026 for low-income households.

Not only would this bill have a positive result in reducing energy burdens for Marylanders but expanding energy efficiency investments would also have additional benefits. Often energy efficiency upgrades can make for more comfortable and healthier homes. These benefits are even more important as individuals are spending more time in their homes due to COVID-19.

Establishing energy efficiency targets for low-income customers can also support economic recovery in light of the current health and jobs crises. Energy efficiency programs stimulate jobs with local contractors, jobs that cannot be outsourced to other states or countries. Recent analysis documents that over 8,000 jobs in the clean

¹Drehobl, A., L. Ross, and R. Ayala. 2020. *How High Are Household Energy Burdens?* Washington, DC: ACEEE.

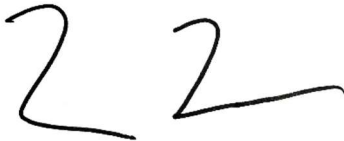
² More information on Baltimore area energy burdens is available on the ACEEE website: https://www.aceee.org/sites/default/files/pdfs/aceee-01_energy_burden_-_baltimore.pdf

³ Why the Poor in Baltimore Face Such Crushing 'Energy Burdens': <https://insideclimatenews.org/news/12022021/energy-burdens-low-income-baltimore/>

efficiency have been lost in Maryland since the public health emergency.⁴ While a broader response will be needed to address the economic downturn, this bill can help to provide immediate opportunities for many individuals who have suffered recent job losses.

We urge support of SB 462, which would provide important relief to families across Maryland. I appreciate your time and consideration today and please contact me with any questions you may have.

Sincerely,

A handwritten signature in black ink, consisting of two stylized, connected '2' characters.

Bryan Howard
Director, State Policy
American Council for an Energy-Efficient Economy

⁴ Jordan, P. 2021. Clean Energy Employment Initial Impacts from the COVID-19 Economic Crisis.
https://bwresearch.com/covid/docs/BWResearch_CleanEnergyJobsCOVID-19Memo_Dec2020.pdf

Support SB0462_NRDC.pdf

Uploaded by: Laflamme, Lucy

Position: FAV



February 12, 2021

Maryland Senate
Finance Committee
Senator Delores G. Kelley, Chairwoman
Senator Brian J. Feldman, Vice Chair

Testimony of Lucy Laflamme, Natural Resources Defense Council, in support of Senate Bill 462

Dear Senator Kelley, Senator Feldman, and members of the Finance Committee,

I write today in strong support of Senate Bill 462. Energy efficiency is a proven, cost-effective way to both lower the cost of energy and reduce carbon emissions. Since 2008, when the EmPOWER program was first enacted with a goal of reducing electricity usage by 15 percent by 2015, Maryland has benefited from a performance-target-driven energy efficiency portfolio.ⁱ In 2017, the legislature improved the program by passing legislation to amend EmPOWER with a two-percent-per-year target, codifying what the PSC ordered in 2015 through 2023.ⁱⁱ That'll be 15 years of sustained energy efficiency portfolio performance, recognized by ACEEE as among the best in the country.ⁱⁱⁱ

One thing we have learned though, is energy efficiency is easiest to address in newer homes and buildings. This means a large portion of residential building in Maryland are being left behind. Low-income homes face more barriers to address energy efficiency including mold, lead and other health and safety issues because they tend to live in older buildings. These and other barriers (e.g., lack of access to capital and split incentives) make it more difficult for low-income families to benefit from the EmPOWER program, as compared to high-income households and businesses. The legislature now has an opportunity to fix this, by codifying a complementary

performance driven goal for low-income housing. This new, commonsense 1% energy savings goal will allow Maryland to retrofit the 450,000 eligible low-income residents in just 13 years as opposed to 130 years projected under the current program. In order, to give DHCD time to ramp up their programs the amendment to achieve .4% savings by 2023 with the intent to reach 1% energy savings by 2026 is practical approach that will yield lasting benefits.

The Department of Housing and Community Development (DHCD) implements low-income programs within the EmPOWER energy efficiency portfolio (these programs are currently known as the Low-Income Energy Efficiency Program or LIEEP and the Maryland Energy Efficiency and Housing Affordability program or MEEHA). DHCD has been recognized for its effective work to improve low-income homes by our ally the Stewards for Affordable Housing for the Future (SAHF).^{iv} This is encouraging. However, DHCD's overall delivery of retrofits to homes has lagged the rest of the EmPOWER portfolio, with a recent analysis finding that "Excluding multifamily housing, DHCD served 9% of income-eligible households from 2010 to 2017 and served 6% of income-eligible households when including multifamily housing."^v

This is not surprising. Lessons from the rest of the portfolio, and from energy efficiency resource standards such EmPOWER Maryland generally, show that they benefit from specific performance targets. Electric utilities under Maryland's portfolio are performance-driven, thanks to the initial 15 percent by 2015 target and the current two-percent-per-year one. DHCD has no such performance goal. Now is the time to rectify that. Energy efficiency has already saved Maryland consumers billions of dollars, reduced air pollution and created new economic activity including good jobs.^{vi} This mirrors what is happening across the United States. In fact, in 2018 the energy efficiency sector grew by more than 3.4 percent nationwide, creating more than 2 million jobs.^{vii}

For the last 6 years the Maryland Energy Efficiency Advocates (which includes NRDC) and our allies worked with the Public Service Commission to create a saving goal for low-income residents, participating in two separate low-income working groups, repeatedly filing comments about the EmPOWER portfolio's limited, inequitable reach into and servicing of low-income buildings and residents. These proceedings have yielded no progress as stakeholders have been unable to reach consensus. As the saying goes, "Justice delayed is justice denied." Low-income Marylanders deserve equitable access to the benefits from energy efficiency that are increasingly available and normal for the rest of the state.

In this period of COVID, we need to do everything we can to help those most impacted by the pandemic. This bill will improve indoor air quality, lower energy bills and provide jobs in communities that need it the most. We need you, the legislature, to act. It's time to codify an energy savings goal for low-income residents so the EmPOWER program benefits all Marylanders.

ⁱ <https://www.psc.state.md.us/electricity/empower-maryland/>

ⁱⁱ <https://www.aceee.org/blog/2015/07/three-cheers-maryland>,

<https://www.nrdc.org/experts/deron-lovaas/renewing-marylands-commitment-energy-efficiency>

ⁱⁱⁱ <https://www.utilitydive.com/news/maryland-sees-biggest-energy-efficiency-improvements-kentucky-largest-decl/564111/>

^{iv} <https://www.sahfnet.org/media-center/news/maryland-efficiency-program-brings-sustainability-home-annapolis>

^v Apprise Report. <http://mlrt.opc.maryland.gov/pdf/APPRISE%20Maryland%20Low-Income%20Market%20Characterization%20Report%20-%20September%202018.pdf>

^{vi} <https://www.aceee.org/white-paper/empowering-maryland-0317>

^{vii} <https://www.usenergyjobs.org/>

Takoma Park - SB 462 FAV - Utilities-Low Income Ho

Uploaded by: Ludlow, Suzanne

Position: FAV



CITY OF TAKOMA PARK, MARYLAND

**SB 462
Support**

February 16, 2021

Senate - Finance

SB 462: Public Utilities – Low–Income Housing – Energy Performance Targets

City Contact: Cindy Dyballa, Ward 2 City Council Member

cindydy@takomaparkmd.gov, 240-476-7906

The City of Takoma Park supports, and urges favorable consideration of, this bill, which sets a modest target for reducing energy use in lower-income residential buildings. This bill's programs would contribute to the state's goal of reducing climate-changing greenhouse gas emissions, and address inequities in the impact of energy costs.

Lower-income Marylanders who rent, including those in Takoma Park, must use a much greater portion of their limited income for energy services. In the Washington DC area, for example, low-income multifamily households pay an average of 5.2% (of household income), more than 2 ½ times the area median. And ¼ of low-income households have an energy burden more than 7 times the area median.

Current energy efficiency programs largely benefit homeowners and those with greater incomes and ability to take advantage of incentives. This bill would address these glaring inequities. Building residents would directly benefit, through improved home comfort and safety and reduced energy costs.

This bill would apply to a significant number of residents in the City of Takoma Park, a densely developed, largely residential municipality of almost 18,000 in Montgomery County, Maryland. Nearly 40% of Takoma Park residents are housing cost burdened, and utilities are part of this housing cost burden. The City's residential housing stock is about half multi-family rental buildings, and 70% of residential buildings are older structures built before 1940 with a strong need for energy efficiency improvements.

This bill supports our city's climate change, housing and equity priorities. The City has committed to aggressive measures to achieve net zero greenhouse gas emissions by 2035, and to an aggressive housing and economic development plan that prioritizes protecting affordable housing in our community. Achieving these goals requires attention to multifamily residents and their housing, and few tools are available to do this. This bill would provide an effective mechanism to deliver energy efficiency services to this difficult to reach group. We urge a favorable report.

SB0462-FIN-FAV.pdf

Uploaded by: Mehu, Natasha

Position: FAV



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

SB 462

February 16, 2021

TO: Members of the Finance Committee

FROM: Natasha Mehu, Director of Government Relations

RE: SENATE BILL 462 – Public Utilities – Low–Income Housing – Energy Performance Targets

POSITION: SUPPORT

Chair Kelley, Vice Chair Feldman, and Members of the Finance Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 462.

Baltimore City’s Department of Housing and Community Development (DHCD) administers several programs (LIGHT Intake and Assessment, Weatherization Assistance, Lead Hazard Reduction) which assists Baltimore City residents by providing no- and low-cost services to improve housing conditions and energy efficiency. These services include energy efficiency and weatherization, home rehabilitation, lead hazard reduction and asthma trigger reduction. Providing case management, and coordinating the delivery of these housing upgrades enables low- and middle-income households to maximize the safety, health and energy efficiency of their homes.

Baltimore City has an aging housing stock with infrastructure that could benefit from energy efficiency services. The most limited income residents of Baltimore City often occupy homes with significant structural deficiencies that prevent weatherization and energy efficiency services from being delivered, thereby preventing these households from accessing energy savings, improved air quality and thermal comfort, as well as other benefits.

By enacting SB 462, limited income residents in Baltimore City will benefit from greater access to resources through the Empower Maryland Low Income Efficiency Program. SB 462 encourages and promotes the coordination of home improvement programs for limited income Marylanders, in much the same way as our programs here in Baltimore. Increased coordination will lead to greater benefits for Marylanders and help to maximize the efficiency of these programs.

We respectfully request a **favorable** report on Senate Bill 462.

SB462 OPC Support.pdf

Uploaded by: Montgomery, Endia

Position: FAV

STATE OF MARYLAND
OFFICE OF PEOPLE’S COUNSEL
David S. Lapp, Acting People’s Counsel
6 St. Paul Street, Suite 2102
Baltimore, Maryland 21202
410-767-8150; 800-207-4055
www.opc.maryland.gov

BILL NO.: Senate Bill 462
**Public Utilities – Low-Income Housing – Energy
Performance Targets**

COMMITTEE: Senate Finance

HEARING DATE: February 16, 2021

SPONSORS: Senator Feldman

POSITION: Support

The Office of People’s Counsel supports Senate Bill 462 with the sponsor’s planned amendments. SB462 modifies the EmPOWER Maryland law¹ to establish a 1.0% savings goal for low-income customers served by the Department of Housing and Community Development. The Empower program, enacted in 2008 and modified in 2017, currently seeks an annual energy savings goal of 2.0% per year based on each electric company’s 2016 sales. SB462 establishes the legislature’s intent to include a targeted 1% annual energy savings goal by the end of 2026 for low-income households as part of Empower Maryland’s energy savings objectives. The bill accounts for the unique challenges of low-income program delivery, facilitating EmPOWER Maryland’s delivery of energy savings benefits to low-income populations.

OPC has spoken with the sponsor and understands that SB462 will be amended to address, among other matters, the dates and targeted savings goals. OPC supports those amendments. With those amendments, SB462 will set an annual incremental gross energy savings goal of 0.4% for low-income residential customers served by DHCD low-income customer programs by the end of 2023; with EmPOWER Maryland reauthorization, it provides the legislature’s intent to increase the goal to 1.0% by the end of 2026.

¹ The 2008 EmPOWER Maryland Energy Efficiency Act.

Low-income households need a combination of both direct assistance and efficiency measures to increase bill affordability and decrease the likelihood of service terminations. Despite this need, low-income households participate in energy efficiency programs at low rates. The programs included in the bill include two EmPOWER programs – Low Income Energy Efficiency Program (LIEEP) (energy efficiency for individual units) and Multifamily Energy Efficiency and Housing Authority (MEEHA) (multi-family housing) – and the federally funded Weatherization Assistance Program (WAP) program. For individual 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. Of the income-eligible households, over 380,000 households have incomes at or below 175% of the FPL and are therefore income-eligible for energy assistance through the Office of Home Energy Programs. Only about one-quarter of income-eligible households receive energy assistance benefits;² just 9% received weatherization services from DHCD during 2010-2017.

Stakeholders participating in the Public Service Commission's EmPOWER Maryland proceedings have debated the challenges of low-income energy efficiency programs for several years. All residential customers, including low-income customers, of Baltimore Gas and Electric, Potomac Electric Power Company, Delmarva Power and Light Company, Potomac Edison Company, Southern Maryland Electric Cooperative, and Washington Gas Light pay an EmPOWER Maryland surcharge on their utility bills. While low-income households pay the surcharge, their relative participation in the DHCD EmPOWER programs is low.³ Low-income 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 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, collaboration between DHCD and utilities, and better tracking of low-income participation in general EmPOWER programs. The Commission previously directed the Low-Income Work Group to continue efforts to reach a consensus on a low-income savings goal, but no such consensus has ever been reached.⁵

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 low-income customer 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.

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

⁵ *Id* at 16.

OPC supports SB462's section 711.2, creating the Green and Healthy Task Force. As noted, the integration of low-income energy efficiency programs within EmPOWER Maryland has been discussed for several years. The creation of the Green and Healthy Task Force will further that discussion and provide opportunities for coordinating programming across sectors. OPC understands that the Sponsor's amendments will add OPC as a representative on the Green and Healthy Task Force.

SB0462_NHT_Nevo_FAV.pdf

Uploaded by: Nevo, Raymond

Position: FAV



February 2, 2021

Maryland House of Delegates
Economic Matters Committee
Delegate Dereck E. Davis, Chair
Delegate Kathleen M. Dumais, Vice Chair

Testimony of Raymond Nevo, National Housing Trust, in support of House Bill 379

My name is Raymond Nevo, I am the State Policy and Equity Advocate at the National Housing Trust, a Maryland resident, and someone that grew up in low-income affordable housing that was not energy efficient. Today I write in support of HB 379 because had this legislation been in place while I was growing, our family's long term and short term hardships may have been significantly reduced.


During elementary school, my grandmother and I had to move twice within the same apartment complex because rain seeped through our roof and caused several leaks in our ceiling. The asbestos in our apartments made them uninhabitable. Our windows leaked year round, and our apartments were poorly insulated, but because we were on an extremely fixed income our methods to make our space bearable were: layer up in the winter, or run a fan in the summer, and even then our utility bills were often unexplainably high.

At the age of eight I was rushed to the hospital after suffering what I would later learn to be an asthma attack. For the next 12 years I would need to manage my asthma almost daily. I missed days from school, spent additional money on transportation to the doctor and was never able to play soccer as much as I wanted to. A few years after my diagnosis, my grandmother, a cerebral hemorrhage survivor - was also diagnosed with asthma.

A more energy efficient home would have helped my family to afford our living expenses. The Maryland Dept. of Housing and Community Development has reported that households receiving energy efficiency upgrades through their programs saved more than \$400 per year on average through lower energy bills.¹ As families rebound from the economic toll of the COVID 19 pandemic, and the federal government drags its heels on a response, every dollar saved is critical.

Almost 15 years since I moved out, my grandmother still lives in low-income housing that is not energy efficient, and continues to deal with her health complications, which have only become worse. My mother, also a 15 year tenant in low-income housing with visible mold, was diagnosed with COPD and requires oxygen.

¹ "2017.09.01DHCD_LimitedIncome_MD2018-2020_PlanFINAL_HighRes.Pdf," n.d.



These stories are tragic, but the data shows these stories are not uncommon. Last year the Maryland legislature failed to take action. In the wake of a pandemic that has exacerbated the health disparities of those in low-income housing, coupled with a reignited fight for racial justice, it would be wrong to once again bypass an obligation to provide relief for communities that have historically suffered the most in times of crisis. I look forward to seeing Maryland follow suit with so many other states, and make this commitment to its residents and to the environment.

GHHI Written Testimony - SB462.pdf

Uploaded by: Norton, Ruth Ann

Position: FAV



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www.ghhi.org

February 12, 2021

Senator Dolores G. Kelley, Chair
Senate Finance Committee
Miller Senate Office Building
3 East, Annapolis, Maryland 21401

Re: **SUPPORT** – SB462 – PUBLIC UTILITIES – LOW-INCOME HOUSING – ENERGY PERFORMANCE TARGET

Dear Chairman Kelley and Members of the Committee:

My name is Ruth Ann Norton, and I am the President & CEO of the Green & Healthy Homes Initiative (GHHI), the nation's largest healthy homes organization. GHHI is dedicated to addressing the social determinants of health and advancing racial and health equity through the creation of healthy, safe, and energy efficient homes. By delivering a standard of excellence, GHHI aims to eradicate the negative health impacts of unhealthy housing and unjust policies for children, seniors, and families to ensure better health, economic, and social outcomes with an emphasis on black and brown and low-income communities. The Green & Healthy Homes Initiative has been at the frontline of holistic healthy housing for over three decades.

Under my leadership, GHHI developed the holistic energy efficiency, health and housing service delivery model that is implemented in our nationally recognized, Maryland-based direct service program as well in over 25 partner jurisdictions nationwide and whose model was adopted by the U.S. Department of Housing and Urban Development. In addition, GHHI helped to elevate Maryland as a national leader in healthy housing by helping reduce childhood lead poisoning by 99% in the state and designing over 40 pieces of healthy housing legislation that became law in the State of Maryland and local jurisdictions. GHHI is a member of Energy Efficient Maryland and serves on the New York State Climate Action Council Housing and Energy Efficiency Advisory Panel. I am a member of the EPA Children's Health Protection Advisory Committee and the Maryland Lead Poisoning Prevention Commission.

Through our own research and evidence-based practice, GHHI has found that a healthy and energy efficient home yields a multitude of energy and non-energy benefits for residents, particularly low-income residents who can benefit the most from such energy efficiency improvements in terms of economic mobility, housing stability and wealth attainment over the long-term. We are deeply committed to advancing racial and health equity, economic mobility and climate resiliency through efficiency standards for low-income housing, and thus write in SUPPORT of SB462 which is a crucial lynchpin in the effort to advance energy equity and address home health and energy efficiency gaps for Maryland's low-income families and households.

What will SB462 Do?

1. Establishes an electricity consumption savings goal for low income housing of 1.0% starting in 2022 during the next program cycle of EmPOWER. *Note: If it is deemed that a longer period of time is needed for the stakeholders to ramp up to a 1.0% low income energy savings goal for the state, GHHI would support an initial savings goal of 0.4% with the intent to set a goal of 1% by the end of 2026, pending the EmPOWER reauthorization past 2023.*
2. Enables DHCD to leverage other federal and state resources to achieve savings target.
3. Creates a Green & Healthy Task Force to develop recommendations on how to make all low-income housing in the state safe, healthy, energy efficient and affordable.
4. Transfers funding from the Washington Gas merger to DHCD for the purposes of providing low-income weatherization interventions.

Why is SB462 Needed?

Maryland has a nation-leading 2-percent-per-year electricity consumption savings target enacted by the legislature in 2017. However, these savings, which translate to lower energy bills and healthy homes, are not distributed equitably across all Marylanders. By law, Maryland's utilities are responsible for achieving the 2% target but do not serve all Marylanders. In Maryland, the Department of Housing and Community Development (DHCD) administers EmPOWER programming for all low-income households across the state while Maryland's Utilities primarily cover the non-low-income populations in their respective service territories. As a result, almost all the benefits of the 2% savings target accrue to non-low-income households. By comparison, DHCD is driving electricity consumption savings of about 0.15% in low-income households.

In addition to the electricity consumption savings, there is also a disparity in funding allocated to DHCD compared to the Utilities. For FY 19, which is the most recent data that we have, the Utilities requested over \$131 million dollars from EmPOWER, while DHCD requested just over \$20 million – all of which was projected to be spent in the BGE and Potomac Edison service territories. Both requests were approved from the Public Service Commission. In terms of spending, the Utilities spent just over \$110 million (about \$20 million less than they requested), and DHCD spent over \$25 million (about \$5 million more than they requested). Despite spending less than they requested, the Utilities exceeded their 2% electricity savings target. These numbers show that there is more demand for low-income programming through EmPOWER than funding can currently support. In fact, at Maryland's current funding levels, it will take 130 years for state programs to provide energy efficient upgrades in all 450,000 low-income households. Since the Utilities have a savings target and DHCD does not, the Public Service Commission has been content with allocating a disproportionate amount of funding to the Utilities. SB462 would establish a savings target for DHCD which we believe will enable DHCD to request more resources from the EmPOWER funding pot.

Given that all ratepayers – individuals that pay utility bills – in Maryland pay an EmPOWER surcharge on their utility bills every month, it is important for low-income households in

Maryland get a fair share of the benefits of EmPOWER. Throughout Maryland, low-income residents face disproportionately higher utility bills. As a proportion of total income, low-income residents in the state of Maryland pay 550% more as a portion of income for energy than non-low-income residents in the state. Some low-income Marylanders devote such an extremely high share of their income to energy services that up to 42 cents out of every dollar is spent on energy bills (APRISE: Applied Public Policy Research Institute for Study and Evaluation, 2018). Every dollar that low-income residents allocate to costly utility bills is a dollar that cannot be used on other household essentials ranging from affording medical bills and school supplies to food (APRISE: Applied Public Policy Research Institute for Study and Evaluation, 2018).

Approximately 55% of Maryland's low-income households include Asian, Hispanic or Black residents. These residents have less access to affordable, energy efficient and healthy homes (Lucy Laflamme, N.D.). These disparities persist across the state, characterized by energy inefficient homes and health hazards like lead-based paint, leaky roofs, and mold. These conditions often cause DHCD to defer energy efficiency service delivery until all health and safety hazards are addressed. Deferral technically means that the services will be delivered eventually but most deferred cases never get the upgrades because there are no resources to help low-income households address the hazards themselves. EmPOWER has a \$1,000 health and safety budget per unit that can be used to perform pre-energy efficiency hazard remediation, but in many cases, this budget is not large enough to address all health and safety issues.

In situations, where a household is unable to receive building shell measures like insulation, air sealing, window replacements because of health and safety hazards, DHCD may perform cosmetic energy efficiency upgrades. Cosmetic energy efficiency upgrades refer to light bulb replacement and low flow faucet and shower heads and typically don't have as significant an impact on energy consumption and occupant well-being. Achieving a 0.4% savings goal will require DHCD to perform deep energy upgrades in low-income households, which also means that there needs to be a mechanism to address health and safety hazards to allow for deep energy upgrades. SB462 addresses this problem in several ways:

- SB462 encourages DHCD to leverage additional sources of available funding for energy efficiency and healthy housing. These sources include U.S. Department of Energy's Weatherization Assistance Program, HHS Low-income Heating and Energy Assistance Program, U.S. Department of Housing and Urban Development's Community Development Block Grant and Lead Hazard Reduction and Healthy Homes Programs, Maryland's Strategic Energy Investment Fund, and others. These funding sources can be leveraged to 1) address health hazards in substandard housing and 2) fund deeper energy efficiency retrofits such as building shell measures.
- SB462 also establishes a Green & Healthy Task Force, comprised of state agencies and other stakeholders, to develop a plan for how the state will improve the conditions and energy efficiency of all low-income housing in the state, and prohibits the use of toxic substances and materials from insulation measures.

- In order to measure impact accurately, the Bill takes the action of requiring DHCD to develop, in partnership with stakeholders, an average lifetime measure threshold, which is a numerical value that characterizes the average lifetime savings accrued by measures that DHCD installs through their programs. The EmPOWER program currently uses an annual savings model to determine success of the program. The annual savings measure introduces an incentive for DHCD and the Utilities to invest in measures that have a high annual savings projection, which are typically cosmetic upgrades such as light bulb replacement, and not building shell measures such as insulation and air sealing. Building shell measures typically have a significant lifetime savings projection but do not typically have a high annual savings projection. To incentivize building shell measures, SB462 requires DHCD to develop an average lifetime savings threshold that is high enough to encourage building shell measures.
- Lastly, SB462 increases DHCD's EmPOWER budget by transferring almost \$25 million in flexible funding from the Washington Gas merger to perform low-income weatherization and healthy housing measures. There is precedent for this idea. In 2013, the Maryland Public Service Commission created the \$113 million Customer Investment Fund (CIF) out of the Exelon/Constellation merger. The fund was created to provide energy efficiency and low-income rate assistance to customers of the BG&E territory. The funds from CIF were awarded directly to 5 entities: Baltimore City, Baltimore County, The Fuel Fund of Maryland, Comprehensive Housing and the Maryland Energy Administration. With this new investment, the previously deferred homes were targeted for energy efficiency improvements first. Initially, the total budget for energy efficiency projects funded by CIF was \$21,700, with \$15,000 allotted for health and safety and \$6,700 for energy efficiency measures. However, this amount for health and safety was doubled after realizing that the original amount was insufficient in addressing health and safety hazards needed to perform energy efficiency upgrades in more at risk housing.

Benefits of providing low-income households with energy efficiency upgrades

Achieving a 0.4% energy savings goal will cost money. Still, benefits that accrue to low-income households and communities as well as the state of Maryland far outweigh the costs. A recent Gabel Associates report found that a 5-year ramp up to a 1% energy savings goal will provide over \$509.9 million in benefits to the state compared to \$377.5 million in total costs (net present value over the 5-year period). Energy efficiency and weatherization interventions provide not only energy benefits, related to reductions in energy usage and costs, but also non-energy benefits as well. Non-energy benefits are “the wider socio-economic outcomes that arise from energy efficiency improvement, aside from energy savings”. Studies have shown that energy efficiency and weatherization can improve housing conditions relating to thermal comfort, indoor air quality, pest management, and fire safety. In the Gabel Associates report, non-energy benefits accounted for over half of the total benefits.

Furthermore, household energy efficiency upgrades can spur community benefits such as economic growth, neighborhood revitalization, and resilience. These investments can help to support and stimulate the local economy by providing families and individuals with greater disposable income, which can help alleviate poverty and increase purchasing power while generating more local jobs (Bell 2014; IEA 2014). One study found that between 9 and 13 gross jobs are generated per every \$1 million investment. By targeting energy efficiency upgrades at low-income households with SB462, all Marylanders will benefit.

Energy Equity

As demonstrated by assorted research efforts, in the United States African Americans have the greatest likelihood of residing in older homes with compromised energy systems, aging or ineffective appliances and other assorted structural deficiencies, all of which contribute to making the home energy inefficient (Diana Hernández Yumiko Aratani Yang Jiang, 2014; Diana Hernández, Yang Jiang, Daniel Carrión, Douglas Phillips, and Yumiko Aratani, 2016). The often, substandard state of such deprived households, specifically considering those in historically residentially segregated areas, typically contain assorted compromised components directly related to a home's energy inefficiency status. These include but are not limited to, inadequately sustained and inefficient ventilation (HVAC), cooling and heating systems, drafts or air leaks, and poor insulation (Ariel Drehobl and Lauren Ross, 2016; Diana Hernández and Douglas Phillips, 2015; Tony Gerard Reames, 2016; United States Census Bureau, 2015). These structural conditions, coupled with a household's inability to obtain energy – independent systems within higher quality homes, all contribute to increased costs for fundamental home utilities such as cooling and heating systems and lighting, through inefficient household energy usage (Jamal Lewis, Diana Hernández & Arline T. Geronimus, 2019).

Data demonstrates that African Americans are disproportionately subjected to trade-offs, for instance choosing between paying energy expenses or food and medicine, with 28% of African Americans households reporting having waived food and medicine monthly in order to pay for energy, (James Berry, Independent Statistics & Analysis: U. S. Energy Information Administration, 2018). Investigations have revealed how challenges central to energy insecurity, including difficulties paying energy bills or experiencing reduced thermal comfort, were connected to raised stress levels, known to be damaging to long term health when chronically sustained (Arline T. Geronimus, 2000; Diana Hernández, 2016).

Energy efficiency upgrades further alleviate the ongoing long-term exposures to housing and household energy usage related stressors, known to damage health and well-being that disproportionality impact African American households. Information about accessing and utilizing energy efficiency efforts thus needs to be appropriately directed toward African American households, especially low-income households, to counteract the perpetuated cycle of housing and energy efficiency outcomes seen along racial energy savings lines (Hernández, 2016). As one in every five low-income households in Maryland are non-urban areas, both rural and urban state residents would benefit from a 0.4% low-income energy savings goal.


(APRISE: Applied Public Policy Research Institute for Study and Evaluation, 2018). This savings effort would help realize enhanced energy equity for all low-income Maryland residents.

How Does Maryland Compare with Other States?

Presently, no other states to our knowledge, have implemented an energy efficiency savings goal for low-income households. Maryland would become the leader on this front. However, other states already are recognizing the importance of serving low-income households with energy efficiency. As a part of Governor Cuomo’s New Efficiency: New York initiative, the New York Public Service Commission issued an order for all utilities to dedicate at least 20 percent of incremental funding to low- and moderate-income households (LMI). This LMI carve out represents about \$253 million for the period of 2021-2025. Another example is the 2017 *Future Energy Jobs Act* passed in Illinois, which mandated that investor-owned electric utilities realize yearly energy savings goals, while meeting a minimum spending level specifically for low-income programming (Environmental Defense Fund, 2018). For instance, Commonwealth Edison (ComEd), the largest electric utility in Illinois and the sole provider in Chicago, is required to spend a minimum of \$25 million per year to improve the energy efficiency of low-income ComEd households while reducing utility bills for these low-income customers (Environmental Defense Fund, 2018). Lastly, California’s long-term energy efficiency strategic plan establishes a goal that by 2020, 100% of all eligible and willing customers will have experienced all cost-effective energy efficiency measures for low-income customers (California Public Utilities Commission, 2008).

When compared to other states programming, Maryland falls behind in terms of low-income residents’ experience with energy costs and total energy savings. Across the US, low-income homes allocate 8% of annual incomes to household energy costs; in contrast Maryland’s low-income homes dedicate 13% of yearly household incomes to cover these utilities (APRISE: Applied Public Policy Research Institute for Study and Evaluation, 2018). At present funding levels in the state, it would take 130 years to finish energy efficiency improvements in all eligible 450,000 low-income households in the state (Lucy Laflamme N.D.). However, with a 0.4 % low-income savings goal in place, and with the intent of getting to a 1% goal in 2026, the State of Maryland will be able to reach all eligible households in 13 years. This proposed legislation focuses our efforts and resources most effectively on the residents who will garner the greatest benefit from residential energy efficiency improvements. SB462 presents an opportunity to place Maryland in a position of national leadership in advancing racial, health and energy equity and supporting economic mobility by meeting the critical housing and energy needs of Maryland’s most vulnerable residents. We respect a favorable report on SB462.

Respectfully Submitted,



Ruth Ann Norton
President and CEO

SB0462_Energy_Performance_Targets_MLC_FAV.pdf

Uploaded by: Plante, Cecilia

Position: FAV



TESTIMONY FOR SB0462
PUBLIC UTILITIES – LOW INCOME HOUSING – ENERGY PERFORMANCE TARGETS

Bill Sponsor: Senator Feldman

Committee: Finance

Organization Submitting: Maryland Legislative Coalition

Person Submitting: Cecilia Plante, co-chair

Position: FAVORABLE

I am submitting this testimony in favor of SB0462 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists and our Coalition supports well over 30,000 members.

Our members support those who are struggling. Many Marylanders don't have the funds to weatherize their homes. This bill increases the financial assistance to weatherize low-income housing through the Empower Maryland Program. Being able to weatherize will greatly improve energy efficiency and make utilities more affordable for low-income residents.

It will also improve the health of low-income residents since Empower will fund mold remediation. Currently, Empower Maryland funds are disproportionately used by wealthier households. This bill will make these funds more accessible to low-income households, improving housing for those who most need it and lowering the energy demands on the state's utilities.

We support this bill and recommend a **FAVORABLE** report in committee.

Amendment_SB0462-773928-01.pdf

Uploaded by: Struse, Frederica

Position: FAV



SB0462/773928/1

AMENDMENTS
PREPARED
BY THE
DEPT. OF LEGISLATIVE
SERVICES

01 FEB 21
15:18:07

BY: Senator Feldman
(To be offered in the Finance Committee)

AMENDMENTS TO SENATE BILL 462
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 6, after the semicolon insert “authorizing the Department to use savings achieved through all appropriated funding sources toward calculating a certain target, provided the funding sources meet certain standards;”.

AMENDMENT NO. 2

On page 2, in line 27, after “EFFICIENCY” insert “AND CONSERVATION”; in the same line, after “TO” insert “REDUCE UTILITY EXPENSES FOR”; strike beginning with “HAVE” in line 28 down through the second “INCOME” in line 31 and substitute “QUALIFY FOR THE DEPARTMENT’S LOW-INCOME ASSISTANCE PROGRAMS”; and in line 32, strike “THE FOLLOWING PROGRAMS OF THE DEPARTMENT”.

On page 3, in line 3, after “A” insert “COMMUNITY, BUILDING, OR”; in line 4, strike “HAVE AN INCOME BELOW 200% OF THE FEDERAL POVERTY LEVEL” and substitute “QUALIFY FOR THE DEPARTMENT’S LOW-INCOME ASSISTANCE PROGRAMS”; in line 12, after “(2)” insert “(1)”; and after line 15, insert:

“(II) THE DEPARTMENT MAY USE THE SAVINGS ACHIEVED THROUGH ALL APPROPRIATED FUNDING SOURCES TOWARD CALCULATING THE TARGET ANNUAL INCREMENTAL GROSS ENERGY SAVINGS, PROVIDED THE FUNDING SOURCES MEET THE STANDARDS OF PROGRAMS FUNDED THROUGH:

1. THE EMPOWER SURCHARGE; OR
2. THE U.S. DEPARTMENT OF ENERGY.”.

(Over)

On page 4, in line 24, strike “AND”; and in line 25, after “(V)” insert “A PROPOSED AVERAGE LIFETIME MEASURE THRESHOLD THAT ENCOURAGES THE DELIVERY OF INSULATION AND WEATHERIZATION MEASURES, DEVELOPED THROUGH A STAKEHOLDER ENGAGEMENT PROCESS; AND

(VI)”.

SB0462-263926-01.pdf

Uploaded by: Struse, Frederica

Position: FAV



SB0462/263926/1

AMENDMENTS
PREPARED
BY THE
DEPT. OF LEGISLATIVE
SERVICES

11 FEB 21
10:56:38

BY: Senator Feldman
(To be offered in the Finance Committee)

AMENDMENTS TO SENATE BILL 462
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 24, after the semicolon insert “declaring the intent of the General Assembly”.

AMENDMENT NO. 2

On page 3, in line 14, strike “1%” and substitute “0.4%”.

On page 6, after line 23, insert:

“(H) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT IF THE EMPOWER MARYLAND LOW-INCOME ENERGY EFFICIENCY PROGRAM IS EXTENDED IN 2023, THE TARGET ANNUAL INCREMENTAL GROSS ENERGY SAVINGS UNDER SUBSECTION (B) OF THIS SECTION SHALL INCREASE TO 1% BY 2026.”

SB0462-413120-01.pdf

Uploaded by: Struse, Frederica

Position: FAV



SB0462/413120/1

AMENDMENTS
PREPARED
BY THE
DEPT. OF LEGISLATIVE
SERVICES

11 FEB 21
11:46:22

BY: Senator Feldman
(To be offered in the Finance Committee)

AMENDMENT TO SENATE BILL 462

(First Reading File Bill)

On page 7, in line 21, after “(VI)” insert “ONE MEMBER WHO OWNS OR DEVELOPS AFFORDABLE HOUSING;

(VII)”;

and in line 23, strike “(VII)” and substitute “(VIII)”.

SB0462-613424-01.pdf

Uploaded by: Struse, Frederica

Position: FAV



SB0462/613424/1

AMENDMENTS
PREPARED
BY THE
DEPT. OF LEGISLATIVE
SERVICES

11 FEB 21
11:59:03

BY: Senator Feldman
(To be offered in the Finance Committee)

AMENDMENTS TO SENATE BILL 462
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 3, strike “the Public Service Commission to require”; and in line 10, after “the” insert “Public Service”.

AMENDMENT NO. 2

On page 3, strike beginning with “**BY**” in line 7 down through “**REQUIRE**” in line 9; and in line 10, strike “**TO**” and substitute “**SHALL**”.

On page 7, strike beginning with “**THE**” in line 6 down through “**(5)**” in line 7; and in lines 9 and 11, strike “**(6)**” and “**(7)**”, respectively, and substitute “**(5)**” and “**(6)**”, respectively.

SB0462-743929-01.pdf

Uploaded by: Struse, Frederica

Position: FAV



SB0462/743929/1

AMENDMENTS
PREPARED
BY THE
DEPT. OF LEGISLATIVE
SERVICES

11 FEB 21
11:44:11

BY: Senator Feldman
(To be offered in the Finance Committee)

AMENDMENT TO SENATE BILL 462
(First Reading File Bill)

On page 7, in lines 6, 7, and 9, in each instance, strike “**THE**” and substitute “**THE**”; in line 10, strike “**AND**”; after line 10, insert:

“(7) ONE REPRESENTATIVE OF THE OFFICE OF PEOPLE’S COUNSEL; AND”;

and in line 11, strike “**(7)**” and substitute “**(8)**”.

SB0462-763328-01.pdf

Uploaded by: Struse, Frederica

Position: FAV



SB0462/763328/1

AMENDMENTS
PREPARED
BY THE
DEPT. OF LEGISLATIVE
SERVICES

11 FEB 21
11:59:38

BY: Senator Feldman
(To be offered in the Finance Committee)

AMENDMENT TO SENATE BILL 462

(First Reading File Bill)

On page 4, in line 16, strike “**3**” and substitute “**2**”.

SB462 - Low Income Housing-Energy Targets - FIN -

Uploaded by: Tulkin, Josh

Position: FAV



7338 Baltimore Ave
Suite 102
College Park, MD 20740

Committee: Finance

Testimony on: SB462 – “Low-Income Housing -- Energy Performance Targets”

Position: Support

Hearing Date: February 16, 2021

The Maryland Sierra Club strongly supports this legislation, and urges a favorable report by this Committee.

This bill would create new mechanisms to substantially improve energy efficiency for the residences of low-income Marylanders, thereby providing important cost savings and, as well, advancing the state’s efforts to increase energy efficiency throughout the state, a key component of Maryland’s efforts to reduce greenhouse gas emissions and mitigate climate change. The Green and Healthy Task Force initiated by the bill is a critical step in Maryland’s efforts to align funding streams for whole-home retrofits. We also believe the Task Force can be strengthened with two limited amendments to better align its activities with recommendations recently made by the Maryland Commission on Climate Change, and we set out these suggestions below.

High energy costs burden the lives of Maryland’s low-income residents. As a percentage of income, they pay over five times more for energy than other Marylanders. Excess money spent on utility bills limits their ability to obtain other necessities, including food and medical care. A disproportionate percentage of these negatively impacted households are Black, Hispanic, and Asian.

Their high energy costs, in significant part, result from the fact that many low-income Marylanders live in housing that is energy inefficient. They often live in poorly insulated homes and apartments, with broken HVAC systems, drafty windows, and unreliable electrical systems. They also must deal with the relatively high energy costs that affect all Maryland residents.

This legislation would establish energy consumption savings targets and a task force of state agencies and key stakeholders to develop a plan to improve low-income housing conditions and energy efficiency. The aim is to provide government-funded home energy performance audits in qualified low-income homes, and fund needed energy efficiency improvements such as new insulation, better windows, EnergyStar® appliances, and LED lightbulbs.

Energy efficiency, overall, saves homeowners, renters, and business owners money, creates jobs, and reduces our state’s dependency on polluting power plants. In particular, energy efficiency mitigates the amount of electricity needed on peak power days, lessening the climate, air, and water pollution generated by fossil fuel plants that come online during very cold and very hot days.

The state’s energy efficiency program, EmPOWER Maryland, has long been one of our state’s most important and successful climate action programs. At the same time, however, much more

Founded in 1892, the Sierra Club is America’s oldest and largest grassroots environmental organization. The Maryland Chapter has over 75,000 members and supporters, and the Sierra Club nationwide has over 800,000 members and nearly four million supporters.

needs to be done. One way in which it has fallen short, and which this legislation would help address, is the failure to adequately remedy energy inefficiencies in low-income housing.

Other measures also are needed to improve the EmPOWER program. This session's proposed "Climate Solutions Now Act" would increase EmPOWER's annual savings target and establish a new program to ensure energy efficiency and conservation performance standards.

In addition, as recommended by the Maryland Commission on Climate Change in its 2020 Annual Report, EmPOWER needs to be updated so its incentives address the fact that the direct combustion of fossil fuels in Maryland buildings (for heating and for other appliances) accounts for more climate pollution than our coal-fired power plants. Electrifying Maryland's homes and businesses with air- and ground-source heat pumps and induction stoves will reduce climate pollution, decrease harmful indoor air pollution, and put thousands of people to work to retrofit our buildings.

To align the bill more closely with the Commission's recommendations on building electrification, we suggest two additions to the bill's description of what the Green and Healthy Task Force will be required to do (on page 8, lines 10-12 and lines 15-17) (new language is in bold):

- "(2) ADVANCE THE ALIGNMENT, BRANDING, AND COORDINATION OF RESOURCES TO MORE EFFECTIVELY DELIVER GREEN, **ENERGY EFFICIENT, ALL-ELECTRIC**, AND HEALTHY HOUSING FOR LOW-INCOME HOUSEHOLDS IN THE STATE"; and
- "(4) DEVELOP POLICY AND STATUTORY RECOMMENDATIONS TO ELIMINATE BARRIERS FROM LOW-INCOME HOUSEHOLDS ACHIEVING HEALTHY, ENERGY-EFFICIENT, **ALL-ELECTRIC**, AND AFFORDABLE HOUSING".

The Maryland Sierra Club recommends a favorable report on this legislation.

David Smedick
Senior Campaign Representative
David.Smedick@SierraClub.org

Josh Tulkin
Chapter Director
Josh.Tulkin@MDSierra.org

SB462-FAV-CJW-Low Income Energy Efficiency (1).pdf

Uploaded by: Younts, Diana

Position: FAV



Committee: Finance
Testimony on: SB462 - “Public Utilities – Low–Income Housing – Energy Performance Targets”
Organization: MLC Climate Justice Wing
Person
Submitting: Diana Younts, co-chair
Position: Favorable
Hearing Date: February 16, 2021

Dear M. Chair and Committee Members,

Thank you for allowing our testimony today in support of SB462. MLC’s Climate Justice Wing is a statewide coalition of over 50 grassroots and grasstops organizations focused on climate justice.

Energy efficiency is a proven, cost-effective way to both lower the cost of energy and reduce carbon emissions. Since 2008, when the EmPOWER program was first enacted with a goal of reducing electricity usage by 15 percent by 2015, Maryland has benefited from a performance-target-driven energy efficiency portfolio.

One thing we have learned though, is energy efficiency is easiest to address in newer homes and buildings. This means a large portion of residential building in Maryland are being left behind.

Low-income households in particular face more barriers to address energy efficiency because they must first address health and safety issues, including mold, lead and others, because they tend to live in older buildings. As a result, because energy is a regressive cost, low-income households in Maryland dedicate 13% of their annual incomes to energy costs and pay 550% more as a percent of income than non low-income households. The majority of these (55%) are Black, Hispanic, or Asian households. Because of these and other barriers it is more difficult for low-income households to benefit from the EmPOWER program, as compared to high-income households.

The legislature now has an opportunity to fix this, by codifying a complementary performance driven goal for low-income housing. This new, commonsense 1% energy savings goal will allow Maryland to retrofit the 450,000 eligible low-income residents in just

13 years as opposed to 130 years projected under the current program. Lessons learned from the rest of the portfolio, and from energy efficiency resource standards such as EmPOWER Maryland generally, show that they benefit from specific performance targets. Electric utilities under Maryland's portfolio are performance-driven, thanks to the initial 15 percent by 2015 target and the current 2% target. There are no such performance goals for low-income households under programs administered by the Department of Housing and Community Development has no such performance goal. Now is the time to rectify that.

Energy efficiency has already saved Maryland consumers billions of dollars, reduced air pollution and created new economic activity including good jobs. A performance goal for low-income programs is overdue.

For these reasons we urge you to vote favorably for SB462.

MLC Climate Justice Wing:

Maryland Legislative Coalition
MD Campaign for Environmental Human Rights
Chesapeake Climate Action Network
WISE
Frack Free Frostburg
Mountain Maryland Movement
Clean Water Action
Maryland Sierra Club
Howard County Indivisible
Howard County Sierra Club
Columbia Association Climate change and sustainability advisory committee
HoCo Climate Action
CHEER
Climate XChange - Maryland
Mid-Atlantic Field Representative/
National Parks Conservation Association
350 Montgomery County
Glen Echo Heights Mobilization
The Climate Mobilization Montgomery County
Montgomery County Faith Alliance for Climate Solutions
Montgomery Countryside Alliance
Takoma Park Mobilization Environment Committee
Audubon Naturalist Society

Cedar Lane Unitarian Universalist Church
Environmental Justice Ministry
Coalition For Smarter Growth
DoTheMostGood Montgomery County
MCPS Clean Energy Campaign
MoCo DCC
Potomac Conservancy
Casa de Maryland
Nuclear Information & Resource Service
Clean Air Prince Georges

Laurel Resist
Greenbelt Climate Action Network
Maryland League of Conservation Voters
Unitarian Universalist Legislative Ministry of Maryland
Concerned Citizens Against Industrial Cafos
Wicomico NAACP
Chesapeake Physicians for Social Responsibility
Chispa MD
Climate Law & Policy Project
Poor Peoples Campaign
Labor for Sustainability
The Nature Conservancy
Clean Air Prince Georges
350 Baltimore

SB462-FAV-TPMEC-Low Income Energy Efficiency (1).p

Uploaded by: Younts, Diana

Position: FAV



Committee: Finance Committee

Testimony on: SB0462 - “Public Utilities – Low–Income Housing – Energy Performance Targets”

Organization: Takoma Park Mobilization Environment Committee
Person

Submitting: Diana Younts, co-chair

Position: Favorable

Hearing Date: February 16, 2021

Dear M. Chair and Committee Members,

Thank you for allowing our testimony today in support of SB0462. Energy efficiency is a proven, cost-effective way to both lower the cost of energy and reduce carbon emissions. Since 2008, when the EmPOWER program was first enacted with a goal of reducing electricity usage by 15 percent by 2015, Maryland has benefited from a performance, target-driven energy efficiency portfolio.

However, low-income families are being left behind. Low-income families in particular face more barriers to address energy efficiency because they first have to address health and safety issues, including mold, lead and others, because they tend to live in older buildings. As a result, because energy is a regressive cost, low-income households in Maryland dedicate 13% of their annual incomes to energy costs and pay 550% more as a percent of income than non low-income households. The majority of these (55%) are Black, Hispanic, or Asian households. Because of these and other barriers it is more difficult for low-income households to benefit from the EmPOWER program, as compared to high-income households.

Energy is also a substantial cost for building owners and managers, so energy efficiency is a key means of preserving affordable housing. At the current pace of energy efficiency actions taken by the Maryland Department of Housing & Community Development’s Multifamily Energy Efficiency & Housing Affordability (MEEHA) program, the Low-Income Energy Efficiency Program (LIEEP) and electric and gas utility programs, it would take 130 years to reach all 450,000 income eligible households. So far a mere 9% of eligible low-income Maryland households have received the weatherization assistance they sorely need.

Enacting SB0462 would be an important step in hastening the pace of providing energy cost assistance to low-income households because it would codify a complementary performance driven goal for low-income housing. This new, commonsense 1% energy savings goal will

allow Maryland to retrofit the 450,000 eligible low-income residents in just 13 years as opposed to 130 years projected under the current program.

Energy efficiency has already saved Maryland consumers billions of dollars, reduced air pollution and created new economic activity including good jobs. A performance goal for low-income programs is overdue.

For these reasons we urge you to vote favorably for SB0462.

MMHA - SB462 - Public Utilities - Low-Income Housi

Uploaded by: Keller, Jessie

Position: FWA



Senate Bill 462, Public Utilities – Low-Income Housing – Energy Performance Targets

Committee: Finance
Date: February 16, 2021
Position: Favorable with Amendment

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996, whose members consist of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities. Our members house over 556,000 residents of the State of Maryland. MMHA also represents over 250 associate member companies who supply goods and services to the multi-housing industry.

Under Senate Bill 462, the Public Service Commission must require the Department of Housing and Community Development (DHCD) to procure or provide electricity for certain customers by developing a plan to coordinate funding sources and leverage the greatest funding possible to support health and safety upgrades, weatherization, energy efficiency, and other general maintenance for low-income housing. Senate Bill 462 also creates a Green and Healthy Task Force to advance utilizing resources more effectively to deliver green and healthy housing for low-income communities, develop policy recommendations to eliminate barriers from low-income households achieving healthy, energy-efficient, and affordable housing. The bill also directs funding to be used by DHCD to provide low-income residential weatherization as part of the electric universal service program beginning in fiscal year 2022.

MMHA supports this bill's goal of achieving green and healthy housing for low-income households. As providers of both market-rate affordable and government-subsidized affordable housing, MMHA members witness firsthand the extraordinary burden that utility costs place on renters. At the same time, market-rate affordable housing commonly exists in older buildings, much of which requires expensive weatherization improvements that could increase housing costs. To ensure that the Task Force understands the complexities that providers of low-income housing experience, MMHA worked with the House sponsor of the bill's cross-file to request the following amendment:

On page 7, in line 22, after “(VI)” insert “**ONE MEMBER WHO OWNS OR DEVELOPS AFFORDABLE HOUSING;**

(VII)”;

and in line 24, strike “(VII)” and substitute “(VIII)”.

We appreciate the sponsor's introduction of Senate Bill 462 and we support the intent of the legislation. MMHA respectfully requests a favorable report from the committee with MMHA's amendment for Senate Bill 462.

Jessie Keller, MMHA Government and Community Outreach Manager, 410.413.1420

SB0462 (HB0379) - LOI.pdf

Uploaded by: Fahrig, Landon

Position: INFO



Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Mary Beth Tung, Director

TO: Members, Senate Finance Committee
FROM: Mary Beth Tung – Director, MEA
SUBJECT: SB0462 (HB0379) - Public Utilities – Low–Income Housing – Energy Performance Targets
DATE: February 16, 2021

MEA POSITION: Letter of Information

Though MEA appreciates the Sponsor’s intent, this bill will likely raise costs for ratepayers, exacerbate an existing debt that is already approaching one billion dollars, and cause significant damage to the credibility of the State.

The Department of Housing and Community Development’s (“DHCD”) EmPOWER cycle plan proposed to spend approximately \$28 million per year to achieve about ~11,333 MWh energy savings per year. In the Public Service Commission (PSC) EmPOWER Limited Income Work Group, it was estimated that 1% energy savings goal would equate to over 40,000 - 50,000 MWh per year.

DHCD already leverages funds from multiple sources as is highlighted in the bill. Those funds are estimated to contribute about 3,000 MWh/year of energy savings. The direct ratepayer impacts of the bill on EmPOWER program costs are dependent on how the ratepayer contribution would change. However, if the ratepayer contribution is increased proportionately, the EmPOWER costs would likely increase to more than \$80 million per year. Additionally, interest would accrue each year.

The proposed legislation will deplete the full balance of the funds MEA received as a result of the merger between Altgas Ltd. and WGL Holdings, Inc. by transferring ~\$26 million to DHCD. As noted above, this would only constitute a fraction of the funds needed to achieve the initiatives of this bill. More importantly, the merger funds were received through a very inclusive, deliberative, and lengthy process before the PSC. This process culminated in a settlement agreement that included the State, Montgomery County, Prince George's County, labor representatives, and ratepayer advocates. The PSC determined that the settlement

agreement offered specific benefits and no harm. The proposed legislation's conversion of these funds would ignore the settlement agreement, disregard the inclusive and deliberative process, and would therefore endanger the State's credibility as a leading party in that merger process. This may cause parties in the future to be less amicable to any such settlement agreements with the State.

Under the proposed legislation MEA will be required to eliminate the Maryland Energy Infrastructure Program ("Program"), which is funded solely by merger funds and used to promote investments in energy infrastructure for underserved areas of the State. The Program also provides grants to facilities that currently emit considerable amounts of pollution, providing an avenue for those facilities to convert to cleaner energy.

Under the Program, qualified applicants are eligible for hundreds of thousands of dollars in order to help pay for their transition from dirty, expensive fuels; virtually eliminating particulate matter emissions and drastically reducing carbon and methane emissions from the applicants' facilities. Because the proposed legislation would eliminate the program's funding, including FY22 funding, grantees such as UMES would only have access to a fraction of the available resources that they and MEA originally envisioned.

As to the validity of that merger and the settlement agreement, the PSC notes why its discretion and orders regarding corporate mergers within the scope of its regulatory authority should be followed in the recently released Office of Legislative Audits January 2021 Public Service Commission Audit Report. PSC noted that, "[a] great deal of discretion is necessarily vested in the Commission in order that it may properly discharge its important and complex duties;" and that the Maryland Court of Appeals has rejected the argument that "the Commission employ a particular formula or method" in instances which "the General Assembly entrusted to the Commission's discretion."¹

MEA urges the Committee to consider the forgoing when issuing its report.

¹ See *People's Counsel v. Pub. Serv. Comm'n*, 52 Md. App. 715, 722, (1982) and *Accokeek, Mattawoman, Piscataway Creeks Cmty. Council, Inc. v. Md. PSC*, 227 Md. App. 265, 288 (2014)

Ceres Letter - Maryland Low Income EE Legislation.

Uploaded by: Robba, Dave

Position: INFO



Ceres

Sustainability is the bottom line.

February 12, 2021

The Honorable Delores Goodwin Kelley
Chair, Senate Finance Committee
Maryland General Assembly
Miller Senate Office Building, 3 East Wing
11 Bladen St., Annapolis MD 21401

RE: House Bill 379 and Senate Bill 462 and Ceres Support for Low-Income Energy Efficiency Investment

Dear Chair Kelley and Members of the Senate Finance Committee:

I write on behalf of Ceres — a nonprofit sustainability advocacy organization working with companies and investors to build a more sustainable global economy, including many members and partners with significant operations, facilities, and business interests in Maryland.

Climate change poses a significant risk to the long-term economic success of our members and the larger business community. It threatens the health and livelihood of the communities in which businesses operate and disrupts the value chains on which they rely. Because of these risks, companies in Maryland and nationwide are making significant commitments to reduce their greenhouse gas (GHG) emissions.¹

However, businesses are often constrained in how much they can do to drive down their total GHG emissions footprint. For example, their direct ability to optimize the sources of energy that power the economy is limited. Therefore, they have a significant interest in finding ways to systematically improve the emissions performance of the energy system, including through the support of policies and programs that eliminate energy waste.

Energy efficiency investments benefit everyone—even those who do not participate directly in energy-saving programs. Indeed, energy efficiency is generally understood to be the cheapest way to meet our energy needs; and when we invest in energy efficiency, all businesses and consumers pay less than it would cost to generate or procure that same power from more expensive alternatives. In addition to more affordable electricity, efficiency investments also support more local jobs, cleaner air and water, and healthier families. In this manner, efficiency delivers significant short- and long-term value, better serving everyone—including investors, employees, communities, suppliers, and customers.

The profound connections between environmental and human health underscore that a just, sustainable future cannot exist without an end to inequality. And while energy efficiency investments benefit everyone, we have so much more we can do to expand these investments

¹ Nearly half of all Fortune 500 companies have set goals to reduce GHG emissions, procure renewable energy, and invest in energy efficiency, see: Ceres. “Power Forward 3.0: How the largest U.S. companies are capturing business value while addressing climate change” April 15, 2017. <https://www.ceres.org/resources/reports/power-forward-3>



Ceres

Sustainability is the bottom line.

to struggling Marylanders and those who are historically disadvantaged and disproportionately impacted by climate change. Lower-income residents also spend a disproportionate amount of their income on utility bills, and the savings generated from increased efficiency investments could significantly impact their disposable income and drive growth in other sectors of the state's economy.

Given the imperative to take immediate action to combat climate change and address the inequality crisis, bold state leadership is needed now more than ever. A commitment to strengthening the state's low-income energy efficiency offerings would ensure that all communities are better served and more Marylanders are lifted out of poverty.

Ceres appreciates the opportunity to provide these comments and share the perspectives of the private sector. We welcome the opportunity to continue discussions with you and provide additional information on the benefits that energy efficiency has and can provide for the state.

Sincerely,

Brianna Esteves
Manager, State Policy
Ceres.

SB 462_Information_Stanek.pdf

Uploaded by: Stanek, Jason

Position: INFO

STATE OF MARYLAND

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PUBLIC SERVICE COMMISSION

February 16, 2021

Chair Delores G. Kelley
Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, MD 21401

RE: SB 462 - INFORMATION –Public Utilities – Low-Income Housing – Energy Performance Targets

Dear Chair Kelley and Committee Members:

Senate Bill 462 requires the Department of Housing and Community Development (DHCD) to procure or provide energy efficiency and conservation programs and services that are designed to achieve annual incremental gross energy savings of at least one percent per year, starting in 2022. The efficient use of electricity benefits all ratepayers by providing system-wide and societal benefits such as avoided infrastructure investments, increased reliability, and reduced air pollution and greenhouse gas emissions, in addition to the direct benefits of reduced energy costs and improved health for program participants. Existing limited-income programs are an important component of EmPOWER Maryland and are offered at no cost¹ to qualifying ratepayers, ensuring that all ratepayers (regardless of income) can benefit from energy efficiency programs.

The *Public Utilities Article* requires the Commission to consider ratepayer impacts (§7-211(i)). In 2019, the cost of implementing DHCD's programs represented approximately 13 percent of total EmPOWER program costs.² It is reasonable to project that the costs of achieving a one percent goal would be significantly higher than DHCD's currently approved budget and program structure. However, the Commission does not have enough information to assess ratepayer impact at this time. The development of a baseline for the limited income goal would require a stakeholder process and calculations of energy sales specific to the limited income population, using various data sources.

DHCD was approved by the Commission in Order No. 84569 to be the single implementer of the EmPOWER limited income programs beginning in 2012. However, limited income ratepayers have access to the utility programs as well.³ The utilities report the savings

¹ Ratepayers pay for the EmPOWER Maryland programs through a monthly surcharge on their utility bills.

² This does not include the costs for the natural gas coordination DHCD operates for Washington Gas.

³ Some programs that are available at no additional cost to the funds paid into the EmPOWER surcharge include Quick Home Energy Checkups, energy efficiency kits, behavioral home energy reports, and appliance recycling program. The utilities have also partnered with local food banks to distribute LED bulbs at no additional cost.

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they are able to attribute to limited income ratepayers in their semi-annual reports to the Commission. The Committee may wish to ensure that any new efforts are not duplicated by DHCD and the utilities, and that energy savings are attributed to the appropriate customers and energy savings goals.

SB 462 also proposes to move proceeds from the Alta Gas-WGL merger, approved by the Commission in 2018,⁴ that remain unspent as of June 30, 2021, to DHCD for use towards low-income residential weatherization, as part of the Electric Universal Service Program. The Maryland Gas Expansion Fund is part of the Maryland Strategic Energy Investment Fund and was established to promote economic development and expand natural gas infrastructure to underserved parts of Maryland. It represents approximately 35 percent of the total benefits anticipated to go to ratepayers as part of the merger.

The Commission ordered several conditions to ensure that ratepayers affected by the merger would receive most of the benefits. These requirements include that a majority of the funds be spent in Washington Gas's service territory, that efforts be made to engage with affected counties and municipalities on the disbursement of the projects and funds, and that at least \$4.6 million of the funds be used in Calvert, Charles, Frederick, and St. Mary's counties. Notably, SB 462 does not include corresponding conditions to ensure that benefits be directed to ratepayers most affected by the merger. This unanticipated reallocation of funds may also present significant legal challenges as the legislation seeks to modify the terms of an existing settlement agreement that the Commission approved in connection with the Alta Gas-WGL merger transaction in 2018.

I appreciate the opportunity to provide information on SB 462. Please contact the Commission's Director of Legislative Affairs, Lisa Smith, if you have any questions. Thank you for your consideration.

Sincerely,



Jason M. Stanek
Chairman

⁴ Order No. 88631, Case No. 9449 (April 4, 2018).