

March 2, 2022

The Honorable C.T. Wilson
Chair
Economic Matters Committee
6 Bladen Street, Lowe House Office
Building
Annapolis, MD 21401

The Honorable Brian M. Crosby
Vice Chair
Economic Matters Committee
6 Bladen Street, Lowe House Office
Building
Annapolis, MD 21401

Dear Chair Wilson and Vice Chair Crosby,

On behalf of the Heating & Air Conditioning Contractors of Maryland (HACC), I am writing to express our support for advancing energy efficiency and to urge caution in the consideration of new building electrification requirements. HACC has serious concerns that provisions contained in the Comprehensive Climate Solutions Act (HB 708) will create unintended consequences that hurt vulnerable Marylanders and make it more difficult to meet the state's climate goals.

We are concerned that well-intended electrification requirements contained in HB 708 do not properly account for challenges with Maryland's existing building stock or reflect the current affordability or carbon intensity of electricity. We respectfully encourage careful consideration for equity, affordability, and feasibility in all efforts to address the critically important issue of climate change.

HACC is a trade association for independent heating, ventilation, and air conditioning (HVAC) contractors in Maryland. We represent 155 member companies who comprise a key sector of Maryland's clean energy industry. Our members work with high-efficiency heating and cooling equipment, and are trained to properly size, install and service these systems to maintain optimal efficient performance. Heating and cooling represent the largest single energy use in homes and buildings, and HVAC contractors are therefore key educators on efficiency, helping guide consumers on decisions that can result in significant energy and cost savings.

As experts in energy efficiency, HACC members are concerned that the electrification provisions in HB 708 will undermine our shared goals of efficiency and affordability for Marylanders. From our on-the-ground experience in Maryland buildings, we offer the following insights into these challenges and unintended consequences:

- 1. Existing building stock will need costly upgrades to electrify**

Maryland's existing building stock will require substantial investments to electrify. It is

important to recognize that switching from gas to electric will not be an easy or affordable option for many Marylanders. Many older homes need significant insulation and air sealing, otherwise heat pumps will be unable to maintain comfortable indoor temperatures on the coldest days in winter. In addition, homes that use natural gas for heating may require new electrical wiring and other substantial structural upgrades such as duct work to convert from a gas furnace to a heat pump. These upgrades can cost up to \$10,000 or more before the heat pump has even been purchased, significantly increasing the cost of an HVAC upgrade. Any new electrification requirements should therefore be paired with sufficient incentives to help consumers make these investments.

2. Increased burden for most vulnerable Marylanders

We also urge caution with any restrictions on natural gas heating to ensure that low-income families and vulnerable communities are not saddled with higher energy bills. Natural gas has tended to be the most affordable heating option in Maryland and eliminating it altogether could hurt households who simply cannot afford higher bills. Already, low-income households and people of color face some of the highest energy burdens with a significant portion of their income spent on energy bills. In fact, recent research found that the median energy burden of Black households in the Baltimore metro area is 36% higher than that of non-Hispanic white households.¹ Moving too quickly to all-electric could exacerbate these disparities and cause significant hardship for the most vulnerable in our state.

3. Supply chain issues

There are also significant supply chain issues making it very difficult to acquire heat pumps. HACC members are currently reporting up to 6-month wait-times on heat pump orders, and lead times for many products have been unreliable. Given that most HVAC upgrades happen at the time of breakage when there is an immediate need for replacement, we are very concerned that the proposed electrification requirements will result in missed opportunities for consumers to invest in higher efficiency gas furnaces and could lead to unintended negative climate impacts.

4. Transitioning too quickly to electricity undermines climate goals

While Maryland has set a goal of 50% renewable electricity by 2030, the current resource mix of electricity in Maryland is far from carbon-free and therefore transitioning too quickly to all-electric heating will undermine progress toward the state's climate goals. According to the U.S. Energy Information Administration, natural gas accounted for 38% of in-state electricity generation in 2020, while renewables accounted for only 11%.² In

¹ https://www.aceee.org/sites/default/files/pdfs/aceee-01_energy_burden_-_baltimore.pdf

² <https://www.eia.gov/state/analysis.php?sid=MD>

addition, natural gas is the most common home heating fuel in the state, and more than 4 out of 10 Maryland households use natural gas as their primary fuel for home heating.³ Given the predominance of gas-heated homes, we caution the legislature not to disregard opportunities for high-efficiency gas equipment to play a critical role in building decarbonization in the near term.

For all these reasons, HACC respectfully urges caution in the consideration of building electrification requirements. Thank you for your consideration. If you have any questions or concerns about our position, please do not hesitate to contact me or our government affairs representative, Sabine Rogers (sabine@anndyl.com; 802-338-0268).

Sincerely,



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³ <https://www.eia.gov/state/analysis.php?sid=MD>