



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

TO: Members, Senate Finance Committee
FROM: Mary Beth Tung – Director, MEA
SUBJECT: SB 524 (HB 108) - Public Utilities - Energy Efficiency and Conservation Programs -
Energy Performance Targets and Low-Income Housing
DATE: February 15, 2021

MEA POSITION: Letter of Information

Though the Maryland Energy Administration (MEA) appreciates the sponsor's intent, this bill will likely **exacerbate an existing debt** that is already approaching \$1 billion, and **raise costs for customers and ratepayers**.

The bill calls for the expansion of the Maryland Department of Housing and Community Development (DHCD) efforts within the EmPOWER program, and offers ratepayer contributions to EmPOWER as a funding source along with the Strategic Energy Investment Fund (SEIF), which is administered by MEA.

The cost recovery mechanism in EmPOWER Maryland has undergone little substantive changes over the years. In recent years, the amortization schedule has resulted in escalating cost, inclusive of the accrued interest, now in excess of \$820 million.

The direct ratepayer impacts of the bill's program costs are dependent on how the ratepayer contribution for EmPOWER would change. However, if the ratepayer contribution is increased proportionately to the program requirements prescribed by the bill, the EmPOWER costs for ratepayers could be significant. Additionally, current interest would accrue each year.

To the extent the SEIF is utilized to satisfy the requirements of this bill, other climate change and energy programs will be sacrificed to the same degree; many of which already benefit low-to-moderate income (LMI) Marylanders. In FY21, over \$29 million, or about 45% of all SEIF funding, went to LMI initiatives. Within MEA, these initiatives include the LMI Energy Efficiency program, Community Solar program, Resiliency Hubs program, and Grid Interactive Community Microgrid project. SEIF funds have also been used to enable energy bill assistance implemented by the Maryland Department of Human Services, and by DHCD for the Energy Efficient Construction Loan program.

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