

Written testimony FAVORABLE HB818

Electricity - Community Solar Energy Generation - Consolidated Billing

Hearing: March 30, 2022, Senate Finance

Laurel Peltier, Chair, Maryland Energy Advocates

It's a pleasure to send in written testimony in favor of HB818, a tactical piece of legislation that will improve Community Solar's adoption by low-income families. Thank you for considering this legislation in the Senate.

Low-income home energy issues are my primary focus. I Chair Energy Advocates, a coalition of groups that is working to reduce energy burdens for low-income utility bills. I volunteer weekly at GEDCO CARES, a community center that helps people apply for OHEP energy assistance and Fuel Fund. I work to reform Retail Choice. And I am a member of Maryland's low-income utility working group developed through last year's HB606 bill.

A strategic reason to ensure that Community Solar works for Maryland's 400,000 low-income families is that our clean energy transition will only be realized if the low-income segment participates. Community Solar make emission-free energy possible. And as important, makes home energy affordable with its deep potential rate discounts.

Maryland's Community Solar 2015 legislation was designed with low-income families and environmental justice in mind. **Community Solar is environmental justice in action.**

The product, when implemented correctly, will allow low-income families to access clean energy at lower rates than regulated utilities.

As many have written and will testify, there's an implementation fix needed to make Community Solar accessible and working for low-income families. The banking needs and the Office of Home Energy (OHEP) regulations and billing issues mean a scant number of low-income households have enrolled today.

Community Solar can also play a pivotal role in reducing sky-high energy burdens. Today's low-income segment energy burden, the percent of income spent on a utility bill, is 13%. It should be 6%.

Some Maryland low-income home energy stats:

- About 400,000 Maryland households qualify as low-income (at or below 175% federal poverty level). There are 2.3 million home energy utility accounts in total.
- Forty-one percent are seniors 60 years old.
- About 85,000 families (20% eligible families) access OHEP energy assistance. This number has been steadily declining since 2012.
- The average OHEP yearly household income is \$16,000, per OHEP reporting.
- Seventy percent of OHEP households are renters.
- The average low-income BGE, Pepco or other utility bill is about \$2,000 per year.
- The American Council for an Energy Efficient Economy (ACEEE) ranked Baltimore-area #1 for country's highest energy burdens for the bottom 50% of this low-income target group. That is not a ranking Maryland wants to win.

Why are Maryland energy burdens so high? A collision of policies is hitting utility bills while beneficial programs are not hitting utility bills

1. Many rental properties, many are older housing stock, are not energy efficient which leads to higher usage per square foot of living space. Empower Maryland funds are not reaching this segment.
2. A significant portion of low-income families are paying more for Retail Energy Choice. In 2020, families not on Constellation – this supplier doesn't target low-income- paid 48% more for retail electricity than regulated rates. A one-time data pull suggested about 30% of low-income families are on Retail Choice because that's where door-to-door sale agents target.

3. Natural gas supply prices are up 30% post-pandemic. A double-whammy, utility distribution rates have increased due to STRIDE natural gas infrastructure projects hitting the rate base.
4. Lastly, electricity rates increased by about 15% post-pandemic because natural gas supplies are lower, prices are up, and power plants use more natural gas to generate electricity.

Community Solar can, and should be, a widely used product for as many low-income families as possible. As our state looks to more comprehensive and wholistic ways to tackle these energy burdens, a major tool can be Community Solar.

Maryland should consider automatic enrollment of Community Solar low-income accounts. Lower utility bills lead to lower past-due arrearages, which leads to lower terminations and defaults, and reduces the chaos and stress faced by hundreds of thousands of families to pay an essential bill – electricity and gas.

Community Solar discounts can be up to 25% off the entire electricity bill (delivery and supply). Retail Choice potential discounts are only off the supply portion of the bill.

The 5-year pilot program has been a success. Any new product has areas that need to be tweaked and fixed to make the product work as intended. As Community Solar hopefully moves to the product phase, it is essential that Community Solar charges are included on the utility consolidated bills, just like Retail Choice.

That utility consolidated bill with Community Solar credits bill can be paid at local stores with cash. The Maryland energy assistance credits can legally be applied to a utility bill. It's by far a more consumer-friendly product – if you really want to drive yourself crazy, try selling Community Solar and explain how today's dual billing works.

Most importantly, it affords a simple way for lower-income communities, often of color, to participate in Maryland's clean energy transition.

As Maryland works to significantly reduce greenhouse gas emissions and build out clean energy infrastructure, it seems unrealistic that this clean energy transition will be realized if 20% of the state's households don't participate. Literally are left behind.

Community Solar is an important tool to increase accessibility for low-income households. And HB818 is vitally important to pass for more low-income households to participate.