



**The Maryland Department of the Environment  
Secretary Serena McIlwain**

***HB1035***

***Electric Companies, Gas Companies, and the Department of Housing and Community  
Development - Energy Efficiency and Conservation Plans***

**Position:** Favorable with amendments

**Committee:** Economic Matters Committee

**Date:** March 3, 2023

**From:** Gabrielle Leach

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The Maryland Department of the Environment (MDE or the Department) **SUPPORTS WITH AMENDMENTS** House Bill 1035. HB 1305 would amend the Public Utilities Article to require all electric companies and gas companies (“utility companies”) and the Department of Housing and Community Development (DHCD) to support State greenhouse gas (GHG) reduction goals and targets by developing and implementing programs and services to encourage and promote efficient use and conservation of energy by consumers, electric companies, and gas companies.

MDE supports the Public Service Commission’s (PSC) efforts to continue successful EmPOWER programs, reduce GHGs, support beneficial electrification, support customer choice not adversely impacting the targets set forth under the Public Utilities Article, and support low-to-moderate-customers. MDE supports HB 1035 but would like to offer amendments for the Committee’s consideration. Additionally, as staff to the Maryland Climate Change Commission (MCCC), the Department would also like to include the recommendations that relate to the referenced energy efficiency and conservation programs in this bill at the end of the letter.

Utility companies and DHCD would be required to consult with MDE regarding the design and adequacy of plans for achieving efficient use and conservation of energy in support of GHG reduction goals and targets specified in Environment Article §§ 2-1201 and 2- 1204.1, and to provide MDE with any plan information it requests. MDE would be required to determine the adequacy of the GHG analysis of plans.

In order to better align the bill with existing GHG reduction policy, as well as, reduce the operational burden on MDE, MDE would like to offer the following amendments:

- Public Utilities Article § 7-220 (J), under Page 4 Line 4 through Line 6, should have a definition that is better aligned with the existing statewide GHG definition. MDE suggests the following amendment: “greenhouse gas emissions reduction” means a reduction in **“statewide greenhouse gas emissions” as defined in Environment Article § 2-1201(i).**
- In order to clarify what GHG reduction goals MDE is to determine adequacy against in §

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7-224 (D), under Page 9 Line 16 through Line 20, MDE suggests that § 7-223(A) be amended to require a rulemaking process by PSC, in consultation with MDE, to establish that goal and determine how it aligns with the requirements of § 2-1204.1 of the Environment Article.

For the reasons detailed above, MDE urges a **FAVORABLE WITH AMENDMENTS** report for HB 1035.

## **MCCC Recommendations**

- The General Assembly should amend Public Utilities Article § 7–211 to require that EmPOWER work better for reducing greenhouse gas (GHG) emissions with provisions to:
  - Include specific GHG reduction targets, to be established by MDE;
  - Encourage fuel-switching from fossil fuels to efficient electric appliances with incentives for heat pump space heating and hot water heating, high-efficiency electric clothes dryers, and induction ranges/stovetops starting in 2024 (as recommended by the MCCC in 2020 and 2021);
  - End incentives for fossil fuel appliances starting in 2023 (as recommended by the MCCC in 2021); and
  - Provide audits that recommend steps for homes/buildings to become electric ready, along with rebates for these investments.
- Increase emphasis on equitable benefits – On a portfolio level, the EmPOWER Maryland program was not designed to equitably serve Maryland residents. Lower-income residential customers, in aggregate, have been estimated to pay considerably more into the program on an annual basis than they receive in program benefits. The PSC should study these issues and establish more equitable goals for the EmPOWER portfolio (e.g., utilizing Justice 40 principles) to guide program design and evaluation. The General Assembly should also establish specific goals for energy programs administered by the Department of Housing and Community Development (DHCD) and direct the PSC to provide a commensurate amount of the EmPOWER budget and hold DHCD accountable for achieving those goals.