

Committee:	Economic Matters
Testimony on:	HB904 –Public Utilities – Energy Efficiency and Greenhouse Gas Emissions Reductions- Alterations and Requirements (Energy Savings Act)
Organization:	Individual
Submitting:	Deborah Cohn
Position:	Favorable
Hearing Date:	March 2, 2023

Dear Chair and Committee Members:

Thank you for accepting my testimony today in support of HB904. I reside in Bethesda. My family has benefitted from EmPOWER funds when installing heat pumps for space and hot water heating. I urge you to issue a FAVORABLE report on HB904 so that Maryland can meet its decarbonization goals and EmPOWER can enable others to enjoy the financial savings and health benefits from switching to heat pumps.

Burning fossil fuels in buildings accounts for 13% of carbon emissions in Maryland. To achieve our state’s ambitious decarbonization goals, reduce air pollutants, and improve health, we need to move away from fossil fuels in buildings. We can do so by providing incentives to (a) switch from fossil-fuel burning equipment to energy-efficient electric heat pumps for space and water heating, (b) purchase more efficient electric appliances for cooking and laundry, and (c) improve air sealing and weatherization to conserve energy.

The current EmPOWER program needs two important changes. First, it now subsidizes purchase of gas-burning furnaces and appliances as well as all electric ones. The equipment purchased may be more efficient than older models but still consume or emit fossil fuels and other pollutants. To reduce these emissions, the EmPOWER program should stop subsidizing the purchase of equipment that uses fossil fuels. Second, few low-income families now benefit from the EmPOWER incentives. The state needs to make special efforts to ensure that the benefits can be spread more widely.

HB904, the Energy Savings Act of 2023, will help achieve these goals through four strategies. It will:

- Set a goal for each utility to cut greenhouse gas emissions by 1.8% per year and provide utilities incentives and penalties based on their ability to reach that goal. These new performance incentives and penalties are a common feature in other states
- Prevent the ratepayer-funded EmPOWER program from subsidizing purchase of fossil fuel HVAC equipment, which is inherently less efficient than heat pumps.

- Help residents and businesses (including multifamily property owners) reduce energy costs and carbon emissions and improve health by (a) continuing rebates for (i) efficient heat pumps for space heating and cooling and hot water and (ii) modern electric stoves, ovens and clothes dryers; (b) requiring that 85% of EmPOWER fund energy savings come from within customer premises; (c) requiring that EmPOWER energy audits assess what electrical changes would be needed to support an all-electric household; and (d) providing rebates for upgrading electrical wiring and the breaker box.
- Help low-income households take advantage of EmPOWER funds and new federal money by establishing a multilingual outreach program with navigators. Taken together with the Green and Healthy Homes Initiative, SB144, which sets specific targets for increased energy savings for low and moderate income households (and provides funds for remediation of mold, lead and asbestos and repair of roof leaks that utility customers need to qualify for EmPOWER funds), the navigator program can ensure that low income households, which contribute significant amounts to EmPOWER, can qualify for their fair share of EmPOWER funds. By encouraging these families to move to heat pumps, SB144 would protect them from having to bear the costs of the significant current investment in natural gas infrastructure as wealthier residents and businesses switch to all-electric appliances.

For these reasons, I urge a **FAVORABLE** report for HB904 in committee.