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March 14, 2023

FWA: SB 905 Electric Companies, Gas Companies, and the Department of Housing and Community Development - Energy Efficiency and Conservation Plans

Chair Feldman and Members of the Committee:

Maryland LCV is writing to express support for SB 905, with amendments.

2008's landmark EmPOWER law, and the revision passed in 2017, are fundamental pillars of Maryland's energy efficiency policy. Efficiency initiatives are the most cost-effective way to meet Maryland's energy needs and for 15 years, EmPOWER has consistently saved Marylanders money while reducing per-capita energy demand.¹ However, as climate change becomes an increasingly pressing issue, EmPOWER also represents an opportunity for renewed emphasis on greenhouse gas (GHG) abatement and a key program in helping Maryland meet its GHG emissions reductions targets passed in the Climate Solutions Now Act (CSNA).

As drafted, this bill acknowledges a coming shift in EmPOWER metrics from electricity savings to greenhouse gas reduction measurements, but it also removes the prior legislatively set goals and has the utilities creating their own plans for energy efficiency and GHG emissions reductions goals without specifying or including any annual goals. In fact, there are no numerical targets in the bill at all, including for GHG emissions reductions and behind-the-meter programs, which increases the likelihood of a delay in implementing these programs and gives no certainty of targets that meet consumers' needs or acceptable progress towards CSNA targets. Further, the bill does not require utilities to incorporate fuel switching in their plans even as the evidence grows that electrification is a critical way to reduce GHG emissions and improve indoor air quality.

The bill also walks back the PSC's inclusion of "non-energy programs" in its cost effectiveness analysis, which means critical non-energy benefits would not be included in the full accounting of EmPOWER.

Several strengthening amendments are need to ensure this bill makes progress on several improvements to the EmPOWER program:

- A clear goal for overall greenhouse gas reductions and direction to PSC on assigning specific goals to each utility.
- Consumer protection guardrails to ensure rate payer funds are used to maximize in-home energy efficiency through an 80 - 85% goal for in-home energy savings (i.e. behind-the-meter), and to clarify that neither vehicle electrification or gas appliance incentives will count towards the goal.

¹ <https://energy.maryland.gov/pages/facts/empower.aspx>

- Ratepayer protection to ensure the programs will be expensed through surcharges with the allowance for reasonable profits instead of added to ratebases or guaranteeing profits.
- A cost effectiveness test, which includes societal benefits, to guide PSC decision making.
- The establishment of a multilingual Community Outreach program under DHCD to help increase utilization of state and federal energy efficiency programs.
- Direction to electric utilities and DHCD to provide incentives for beneficial electrification.
- Inclusion of electrical readiness in home energy audits.
- Direction to utilities and DHCD to promote state and federal energy efficiency rebates.

We support SB 905 with amendments that address these topics. Thank you for your consideration.