



Montgomery County

Office of Intergovernmental Relations

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SB 144

DATE: January 31, 2023

SPONSOR: Senator Feldman

ASSIGNED TO: Education, Energy, and the Environment

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POSITION: FAVORABLE

Public Utilities - Energy Efficiency and Conservation Programs - Energy Performance Targets and Low-Income Housing

Senate Bill 144 requires the Department of Housing and Community Development (DHCD) to procure or provide energy efficiency and conservation programs and services designed to achieve target annual incremental gross energy savings of 0.53% in 2024, 0.72% in 2025, and 1% in 2026, compared to 2016 usage levels. For weatherization of leased or rented residence, DHCD is to ensure that the benefits of weatherization assistance accrue primarily to low-income tenants and the rent on the residence is not increased and the tenant is not evicted as a result of the weatherization. The bill also establishes (1) the Green and Healthy Task Force, staffed by DHCD and (2) several reporting and planning requirements for DHCD and the Public Service Commission, including that DHCD develop a plan to provide energy efficiency retrofits to all low-income households by 2031. The bill takes effect July 1, 2023.

Many low-income households in Maryland suffer from high energy burdens. DHCD commissioned the Applied Public Policy Research Institute for Study and Evaluation ("APPRISE") to develop the "Energy Affordability Study" in fall 2022. The Affordability Study references an "affordable energy burden" target of six percent of household income and found that "many households need a large increase in assistance to bring their energy burden down to an affordable level."¹ Multiple factors contribute to energy burden. Among them, low-income households are not being adequately served by programs designed to improve energy efficiency and lower customer bills. A recent study by Cadmus estimated that low-income households pay far more in aggregate into EmPOWER Maryland each year through surcharges on their energy bills than they receive from the program.² Senate Bill 144 will require DHCD to allocate more funds to energy efficiency and conservation programs for low-income residents in an effort to ease the energy burden of these households and more equitably allocate energy efficiency program dollars.

Montgomery County respectfully urges the committee to issue a favorable report on Senate Bill 144.

¹ The Affordability Study concluded that: electric heating LIHEAP recipients faced average annual energy bills of \$1,806 prior to LIHEAP benefits, which translated to an average energy burden of 24 percent. Gas heating LIHEAP recipients faced average annual energy bills of \$2,594 prior to LIHEAP benefits. The higher cost compared to electric heating customers may translate to an average energy burden close to 35 percent. The mean LIHEAP benefit of approximately \$575 and the mean Electric Universal Service Program (EUSP) benefit of approximately \$500 in Maryland would reduce mean energy burden to about 10 percent for electric heating customers and to about 20 percent for gas heating customers.

² Public Utility Law Judge Division, "Future Programming Work Group Report," Case No. 9648 (ML# 240203) (April 15, 2022). <https://webpsc.psc.state.md.us/DMS/case/9648>