



February 28, 2023

The Honorable Brian Feldman, Chair
Miller Senate Office Building, 2 West
Annapolis, Maryland 21401

Re: Senate Bill 689 - Public Utilities - Energy Efficiency and Greenhouse Gas Emissions Reductions - Alterations and Requirements

Dear Chair Feldman and Members of the Committee:

The Maryland Department of the Environment (MDE or the Department) has reviewed Senate Bill 689 and would like to provide the following information. For some background, certain provisions in the legislation correspond to recommendations of the Maryland Commission on Climate Change (MCCC), which MDE chairs and staffs. The 28 members of the MCCC voted nearly unanimously in November 2022 for recommendations directly related to SB 689. Relevant MCCC recommendations are included at the end of this letter.

Regarding the requirements set forth in § 7-211 (3) (i), MDE would need more time to evaluate the impact of this emissions reduction goal and determine how it aligns with the requirements of § 2-1204.1 of the Environment Article. Instead of defining the goal in legislation, it might be preferable to replace this goal with a requirement for the Public Service Commission (PSC) and MDE to work together to establish, in PSC's rulemaking, a greenhouse gas emissions reduction goal to support the requirements of § 2-1204.1 of the Environment Article.

Thank you for your consideration. We will continue to monitor SB 689 during the Committee's deliberations, and I am available to answer any questions you may have. Please feel free to contact me at 410-260-6301 or by e-mail at gabrielle.leach@maryland.gov.

Sincerely,

Gabrielle Leach
Deputy Director
Legislative and Intergovernmental Office

cc: The Honorable Karen Lewis Young
Christopher R. Hoagland, Air and Radiation Administration

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.
- The General Assembly should address the Public Service Commission’s (PSC) recommendations in “Recommendations on the Future of EmPOWER Maryland” to adjust the EmPOWER program to work toward achieving greater GHG reductions. The MCCC endorses the PSC’s recommendations including:
 - Amend or replace PUA § 7–211(g)(2) and adopt the PSC recommended GHG abatement goal for the Utilities;
 - Amend or replace PUA § 7–211(g) and adopt the PSC recommended limited income GHG abatement goal for DHCD; and
 - Amend or replace PUA § 7–211(i)(1) and (2) and adopt the Primary Maryland Jurisdiction-Specific Test.