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RE: Business Community Support for the Investing in and Updating the EmPOWER program

Dear Members of the Maryland General Assembly:

As a group of diverse businesses, including manufacturers, trade associations, and service providers with a significant Maryland presence and business interest, **we write to voice our support for legislation to further invest in energy efficiency and align the EmPOWER program with Maryland's climate goals.**

Climate change poses a significant risk to the long-term economic success of our businesses and the state. It threatens the health and livelihoods of the communities in which we operate and disrupts the value chains on which we rely. In response, Maryland companies like ours are making significant investments to reduce emissions across our operations.

As employers and energy consumers, we understand firsthand how energy policies affect the cost of doing business and the state's economic competitiveness. We support further investments in energy efficiency because all Maryland consumers and businesses benefit when we eliminate energy waste. EmPOWER Maryland programs are the lowest-cost energy resources available, generating ~\$1.29 in benefits for every \$1 invested.¹ By continuing to invest in energy efficiency through EmPOWER programs, Maryland can reduce total energy costs for all customers, mitigate the impact of fuel and electricity price increases, create local jobs that are not easily outsourced, and build a more affordable, reliable electricity system for the businesses and people in the state.

In addition to providing economic benefits, the legislation should fulfill the Climate Solutions Now Act's direction for the state to shift the EmPOWER program's metrics to emissions reductions. The program currently sets goals for and measures energy demand savings, which leaves some uncertainty about the net impact the program will have on reducing emissions.

¹ The EmPOWER Maryland Energy Efficiency Act Report of 2022. Public Service Commission of Maryland. <https://www.psc.state.md.us/wp-content/uploads/2022-EmPOWER-Maryland-Energy-Efficiency-Act-Standard-Report.pdf>

We're supporting updates to the EmPOWER program to align it with the state's climate goals by directing the PSC to set annual *emissions* reduction goals for electric and gas utilities to achieve a cumulative statewide reduction in emissions of at least 14% by 2031. This would more fully align the program with state law which requires a 60% emissions reduction by 2030 and provide policymakers with a clear understanding of the role efficiency investments will make in achieving that target. Finally, it should promote beneficial electrification through fuel switching in cases where it results in lower site energy use intensity.

We applaud Maryland for the state's leadership on climate action and commitment to reaching net zero greenhouse gas emissions by 2045. As the lowest-cost resource available for reducing emissions, we strongly support the continuing investments in energy efficiency by passing legislation to invest in and strengthen the successful EmPOWER program.

Sincerely,

A.O. Smith Corporation

DSM North America

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