

**Testimony Concerning House Bill 684
Energy Efficiency and Conservation Plans**

Position: Support with Amendment

Hearing date: February 29, 2023

Committee: Economic Matters

**Testimony of the Earth Ministry of the River Road Unitarian Universalist Congregation
Bethesda Maryland**

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The Earth Ministry of the River Road Unitarian Universalist Congregation (“Congregation”) urges a favorable report, with amendments, for HB 684, Energy Efficiency and Conservation Plans.

The Earth Ministry¹ comprises members and friends of the Congregation, which has received recognition as a “Green Sanctuary” by the Unitarian Universalist Association. The Earth Ministry focuses on education for action, raising awareness about reducing the impacts of climate change on the Congregation’s building, in our homes, and in our county and State. We work for environmental justice for those disproportionately impacted by environmental degradation. The Earth Ministry calls upon all, in a loving and respectful way, to take the actions necessary to preserve the earth as a sustainable home for humanity and all living beings. Our actions are guided by the seven principles of Unitarian Universalism, including the inherent worth and dignity of every person, the goal of a world community with peace, liberty and justice for all, and the respect for the interdependent web of existence of which we are a part.

Humanity and all living beings are facing a climate calamity that people have created, and are continuing to create, by burning fossil fuels for energy. We feel a moral obligation to do all we can to prevent the enormous injury and suffering that a much warmer planet will bring to us, to our children and grandchildren, and to those unable to adapt to climate change. HB 684 will help mitigate the problem. We respectfully ask the Economic Matters Committee to report the Bill favorably, with clarifications and amendments described below.

¹ The Earth Ministry is a member-created committee established in accordance with the Congregation’s bylaws. This testimony is submitted by and on behalf of the Earth Ministry. The Congregation has not taken a position regarding the Bill 684.

1. Establish a New Goal for EmPOWER Maryland: Greenhouse Gas Reduction.

The EmPOWER reform bill supports Maryland's goals of reducing greenhouse gas (GHG) emissions by 60% (from 2006 levels) by 2031 and to net zero by 2045.² The Bill accomplishes this by repealing outdated electricity conservation mandates and reorienting EmPOWER to target GHG emissions and establish specific GHG reduction goals.

The original EmPOWER statute did not address GHG reduction; instead, the statute responded to a concern that Maryland might soon be faced with a shortage of electricity. The statute required Maryland's utilities to establish programs to reduce electricity consumption and peak demand. The EmPOWER statute today requires electric utilities to reduce electricity consumption and peak demand: by 2.0% per year in 2022 through 2024; by 2.25% per year in 2025 and 2026; and by 2.5% per year in 2027 and thereafter.

EmPOWER's mandated electricity savings goals are outdated because we must increase electricity use to accomplish Maryland's GHG reduction goals. One of the most effective ways to reduce GHG emissions is to stop burning fossil fuels to heat buildings. This requires heating buildings with electric powered heat pumps instead of fossil fuel-burning furnaces. The Department of the Environment (DOE) so concluded in its 2030 Greenhouse Gas Reduction Plan.³ When heating systems are electrified, Marylanders will need more electricity but less gas.

The Climate Solutions Now Act of 2002 established Maryland's GHG reduction goals (noted above) and directed DOE to study how to achieve them. DOE responded with Maryland's Climate Pollution Reduction Plan, published in December 2023. One of the Plan's key recommendations is to:

Modify EmPOWER - In consultation with the PSC, pass legislation establishing GHG reduction goals for electric and gas utility companies and require the utilities' programs to facilitate beneficial electrification of fossil fuel heating equipment.⁴

While the DOE prepared the Climate Pollution Reduction Plan, the Public Service Commission (PSC) studied whether Maryland's electric grid could accommodate widespread building electrification. In December 2023 the PSC reported that a managed transition to a highly electrified building sector would increase Maryland's electric system load growth rates in a range of only 0.6–2.1% per year through 2031, which would be accompanied by a 33-32% reduction in building sector gas demand.⁵ The projected electric load growth would be comparable to or less than the growth rate the Maryland system has seen over the past 40 years.

² These goals were established in 2022 by the Climate Solutions Now Act (CSNA).

³ “[Heat pump] heating systems are much more efficient than furnaces or boilers that burn natural gas, heating oil, or propane for heat, and electricity is a lower carbon source for energy than those other fuels. The result is that home heated by heat pumps are responsible for fewer GHG emissions than those heated by fossil systems. As Maryland's electricity system continues to decarbonize, the pollution benefits of heat pumps will continue to grow.” The Greenhouse Gas Emissions Reduction Act: 2030 GGRA Plan, prepared for Governor Hogan and the General Assembly at page XX (Feb. 19, 2021)

⁴ Maryland's Climate Pollution Reduction Plan (2023), at 90

⁵ PSC letter dated Dec. 29, 2023, to the Senate President and House Speaker RE Compliance with Sect. 10 of the Climate Solutions Now Act of 2022, p.2. The PSC's conclusion is based on an Assessment of Electrification

The DOE plan and the PSC report establish that EmPOWER reform is necessary to achieve Maryland's GHG reduction goals and that the resulting increase in demand for electricity will be modest by historical standards and manageable.

The reformed EmPOWER law will continue to promote energy efficiency and conservation, augmented by "demand response"⁶ and "beneficial electrification." The changes will realign EmPOWER with Maryland's climate goals while preserving the best aspects of the original EmPOWER law.

We ask the Economic Matters Committee to report the Bill favorably with amendments described below.

2. Require EmPOWER Programs to Include Fuel Switching

As noted above, Maryland's Climate Pollution Reduction Plan recommends that EmPOWER programs "require the utilities' programs to facilitate beneficial electrification of fossil fuel heating equipment." This recommendation encompasses: (1) installing heat pumps to heat newly constructed buildings; and (2) retrofitting existing fossil fuel-heating systems with electric heat pumps (fuel switching). To eliminate any doubt about this, we request that the Bill be amended to state explicitly that the utilities' EmPOWER programs must include fuel-switching.

3. Stop Subsidizing Fossil Fuel-burning Furnaces and Appliances

We have only 21 years left to achieve Maryland's goal of net zero GHG emissions by 2045. Every new fossil fuel-burning furnace or heating device can be expected to emit GHG pollution over a service life of about 20 years. This would undermine Maryland GHG reduction efforts. As the title of the 2022 act says, we need climate solutions NOW, not 20 years from now. Therefore, we ask that the Bill be amended to state that EmPOWER programs may not subsidize the purchase of new fossil fuel-burning furnaces and appliances. We are in a deep hole; and we need to stop digging.

4. Expand EmPOWER Access for Low-income Households.

We support the Bill's provisions requiring the Department of Housing and Community Development to provide low- and moderate-income people with services to achieve certain GHG emissions reduction targets. We are concerned, however, that EmPOWER programs may be providing more benefits to the well-to-do than to the poor, and that people with low-and moderate incomes need help in confronting health problems caused by indoor gas-burning

Impacts on the Maryland Electric Grid, prepared by the Brattle Group. A copy of the Brattle Group's assessment is attached to the PSC's letter.

⁶ Demand response programs promote changes in electric usage by consumers through price changes or other incentives.

appliances. We ask the Committee to keep the needs of the less fortunate in mind while considering the Bill.

Utilities' EmPOWER programs are financed by surcharges on customers' electric or gas bills. This means that everyone, rich or poor, who pays a utility bill is funding EmPOWER programs. Unfortunately, EmPOWER historically has tended to provide more support to the well-off, who need less help, than to the poor, who need more.

Consider the case of a well-off utility customer who owns a house. EmPOWER may subsidize this homeowner's purchase of new, efficient appliances, or perhaps a new furnace, or maybe new insulation or weather sealing. The well-off homeowner has money available to pay his or her share of the cost and is happy for a utility company to pay the rest of the bill with EmPOWER funds. A homeowner of limited means, by comparison, may not be able to afford to make any payment for energy efficiency improvements; this homeowner will get no help from EmPOWER.

A utility customer who rents an apartment is unlikely to get help from EmPOWER. The renter, who may live in his dwelling for only a few years, has no incentive to buy long-lasting appliances. In any case, renters usually have no legal right to alter their dwellings with new appliances or insulation. Renters may also face health problems, like asthma, due to toxic combustion products from gas-burning stoves. Researchers at the University of Maryland report that:

[Z]ero-emission appliances are critical, not only to achieving environmental goals but to create healthier homes. As gas-fired appliances are a significant source of nitrogen oxides (NOx) and methane, switching to zero-emission appliances will reduce the amount of harmful pollutants in homes, saving lives and reducing respiratory illnesses. To ensure equitable and affordable access to zero emission appliances, Maryland may consider additional support and incentives to alleviate these concerns and deliver health benefits for low-income homeowners and renters, who often face higher indoor air pollution levels.⁷

We ask that EmPOWER reform include financial help to renters in this situation, including support for fuel switching.

Conclusion

We ask the Economic Matters Committee to report the Bill favorably with the amendments proposed.

⁷ Maryland's Climate Pathway: An analysis of actions the State can take to achieve Maryland's nation-leading greenhouse gas emissions reduction goals. Center for Global Sustainability, University of Maryland (2023), p. 54. (Footnotes omitted.)