



The Climate Reality Project[®]

GREATER MARYLAND CHAPTER

Committees: Economic Matters
Testimony on HB864, Energy Efficiency, and Conservation Plans
Organization: Climate Reality Greater Maryland
Submitting: Frances Stewart, MD, Chapter Chair
Position: Favorable
Hearing Date: February 29, 2024

Dear Chair and Committee Members:

. Climate Reality Greater Maryland is the Maryland chapter of the [Climate Reality Project](#), a global network of 3.5 million people working to build a net zero future where all of us can thrive. We urge you to vote favorably on HB864.

We thank Vice-Chair Crosby, Del, Qi, and this committee for advancing similar legislation in 2023. We also deeply appreciate the work done by the PSC, the OPC, the Moore Administration and Agencies, and legislative leadership in both chambers to find consensus around technical amendments to the bill.

The bill would build on EmPOWER Maryland, the state's successful energy efficiency program, by helping homeowners and businesses save money through energy efficiency rebates, aligning the program with the state's climate goals, and maximizing the use of federal energy efficiency funds available from the Inflation Reduction Act.

In 2022, the Climate Solutions Now Act set ambitious and vital goals for greenhouse gas reduction in Maryland. In 2023, Maryland's Climate Pollution Reduction Plan gave us a pathway to meet those goals.

EmPOWER is not currently in line with the plan. Because its goals are measured in electrical savings, EmPOWER does not adequately prioritize some of the most efficient electric equipment, like electric heat pumps, which are [two to three times](#) more efficient than gas furnaces even amid the depths of winter weather.

Our goal is simple – adjust the program to prioritize reducing pollution while maintaining the program’s focus on efficiency – because the cleanest energy of all is the energy we don’t use. As the electric and gas utilities update their rebates and incentives to help reduce energy use and greenhouse gas pollution, it remains critical that the program maintain its primary goal: to provide benefits to Marylanders.

HB864 includes guardrails to ensure that the utilities deliver savings directly to ratepayers and are held accountable to their goals. For example, we’re pushing the utilities to prioritize long-lasting savings like insulation and good windows over quick fixes.

Now is the time to do this work. There are billions of dollars in new federal funding to help people improve the efficiency of their homes and transition to clean, efficient electric power and home heating.

This bill keeps what EmPOWER does best by continuing to offer free or discounted energy audits, help weatherize homes, and provide rebates for efficient heating and appliances. It also aligns EmPOWER with Maryland’s climate goals by shifting program goals from electrical savings to greenhouse gas emissions reduction goals. It directs the Public Service Commission to set specific goals for each utility with clear parameters. It also enables electric utilities to provide incentives for switching to clean, efficient electric appliances and home heating, which will open up access to federal incentives. Those electric appliances and equipment are much more efficient and less polluting than gas appliances. We support agency amendments to make these incentives a requirement.

It does not mandate the use of electric appliances, but it ensures consumers who want to make the switch have access to state and federal incentives.

These changes would be to the utility-run portion of EmPOWER and the Department of Housing run programs directed at low-income households.

The bill also delivers more savings to customers. It establishes a clear benchmark of 85% for what percent of goals are met through in-home energy efficiency measures (behind the meter). It reduces costs to utility customers by lowering the rate of return to utilities on existing EmPOWER debt.

Historically, low-income customers have paid more into EmPOWER than they have received in benefits. This bill would help to correct that problem by directing the Department of Housing to staff multilingual community outreach specialists to promote the programs and help low-income households access federal and state incentives.

We thank the Public Service Commission, the Office of the People’s Counsel, the Moore Administration, and Agencies for their work on technical amendments to the bill. Based on what our coalition partners worked on with these stakeholders over the summer, we expect to support these amendments when they are final, but we have not yet seen them. We support, for example, directing the PSC to establish greenhouse gas reduction goals for the utilities with a clear set of

parameters. We would not support amendments to shift the EmPOWER program funding being moved into the rate base.

Thank you for allowing us to testify in support of this very important bill. We strongly urge a FAVORABLE report in committee for HB864 and passage in the House.