



HB 864 – Energy Efficiency and Conservation Plans (EmPOWER)

Senate Education, Energy and the Environment Committee  
March 21<sup>st</sup>, 2024

Nicholas Bibby, Maryland State Lead, Advanced Energy United

Position: Favorable

Mr. Chairman and Honorable Members of the Committee:

**Advanced Energy United ('United') is writing in support of House Bill 864, as amended by the House, to enhance the state's EmPOWER program. This legislation is crucial for Maryland's transition to clean buildings and for affordable implementation of the Climate Solutions Now Act ('CSNA').**

United is a national industry association that educates and advocates for policies that allow our member companies to compete to repower our economy with clean, reliable, and affordable energy. We represent over 100 businesses working across the energy sector, including large-scale and distributed renewables, geothermal, energy storage, energy efficiency and demand response providers, transmission developers, electric vehicle (EV) manufacturers, charging infrastructure providers, and more.

Maryland has set an impressive standard for clean energy action with the CSNA. Now, the state must focus on affordable, equitable implementation to achieve net zero emissions economy-wide by 2045. Reducing the building sector's share of those emissions remains a challenge, with current laws only anticipated to reduce emissions 17% by 2030.<sup>1</sup> United has identified three core pillars to ensure that state's building sector policies are up to the task: 1) supporting widespread energy efficiency and electrification for all Marylanders; 2) minimizing new building-related fossil fuel investments; and 3) preparing the electric grid for new load. HB 864 touches upon all three pillars.

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<sup>1</sup> Maryland State Scorecard, Rocky Mountain Institute. Available at: <https://statescorecard.rmi.org/md>

## **Supporting widespread energy efficiency and electrification**

Energy efficiency and electrification are cornerstones of an affordable clean energy transition. But not all households know how – or can afford – to begin. The state’s utilities, and the state’s energy and housing agencies, have a big role to play in accelerating the deployment of energy efficiency (like insulation and air and duct sealing), funneling federal and state incentive programs to customers, and transitioning customers to high-performing electric technologies. HB 864 directs the state’s electric and gas utilities to develop CSNA-aligned plans and programs to encourage efficiency, demand management, and importantly – electrification – with a focus on making the upgrades and benefits accessible to low- and moderate-income Marylanders.

## **Minimizing new building-related fossil fuel investments**

Residents and businesses that “fuel switch” from gas appliances to electric substitutes today will avoid the upward spiraling of gas bills forecasted by experts over the next 10-20 years.<sup>2</sup> Those who install new fossil appliances will face a choice of whether to continue paying those increasing rates, or to install a new, electric appliance before the end of their fossil appliance’s end of life – an economically inefficient option. As such, the state’s energy efficiency programs should incentivize Marylanders to make the switch to electric sooner rather than later.

HB 864 encourages fuel-switching by requiring the state’s utilities to create new electrification programs, and requires gas and electric utilities to promote all federal and state programs, rebates, tax credits, and incentives that can be used to support clean building upgrades, so long as those upgrades are not powered by fossil fuels.

United believes that one additional provision, added via amendment, would best position Maryland for affordable achievement of its energy efficiency and electrification goals: the elimination of state or utility subsidies for new fossil fuel appliances and infrastructure (i.e. line extension allowances).<sup>3</sup> When the state uses its taxpayer or ratepayer dollars to support long-lived equipment and pipes that must be replaced (or become unnecessary) before the end of their useful life, critical public financing dollars are being used inefficiently. Instead, those dollars could either be back in Maryland wallets or used to build the clean energy infrastructure of the future.

## **Preparing the electric grid for new load**

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<sup>2</sup> Climate Policy for Maryland’s Gas Utilities: Financial Implications, Office of People’s Counsel. November, 2022. Available at: <https://opc.maryland.gov/Gas-Rates-Climate-Report>

<sup>3</sup> Case Studies: Gas Line Extension Allowances. Advanced Energy United December, 2023. Available at <https://advancedenergyunited.org/hubfs/2023%20Reports/Gas%20Line%20Extension%20Allowances%201.23.pdf>



A focus on energy efficiency and demand flexibility is critical to mitigating the growth in demand for electricity as residents and businesses move towards electric buildings and transportation. This is because a reduction in energy waste at its point of use means that our current electric grid can power more of our lives at lower cost. The deployment of widespread energy efficiency programs along with electrification will also slow down and minimize increases in that demand, allowing Maryland's utilities to defer or avoid altogether some of the costly electricity system upgrades (including new power generation, transmission, and distribution infrastructure) needed to power customers lives. The more energy efficiency and demand flexibility pursued in Maryland, the more affordable full CSNA implementation will be for the state's residents.

For these reasons, United strongly supports House Bill 864, as amended by the House. We respectfully request a favorable report from this Committee.

