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March 21, 2024

Senator Brian J. Feldman, Chair  
Senate Education, Energy, and the Environment Committee  
2 West, Miller Senate Office Building  
Annapolis, Maryland 21401

Re: **FAVORABLE** – HB864 – Energy Efficiency and Conservation Plans

Dear Chairman Feldman and Members of the Committee:

On behalf of the Green & Healthy Homes Initiative (GHHI), I submit our testimony in support of HB864 as amended in the House of Delegates. GHHI is a 501(c)(3) national nonprofit organization headquartered in Baltimore, Maryland (MD). Our mission is to address the social determinants of health, opportunity, and racial and health equity through the creation of healthy, safe and climate resilient homes. GHHI provides direct services in Baltimore and throughout the region including energy efficiency, weatherization, and clean energy housing interventions. HB864 ensures that all EmPOWER programs, including DHCD's limited income programs, are designed to support state climate, energy, and affordability goals.

GHHI is the nation's lead authority on the benefits of a whole-house approach that aligns, braids and coordinates energy efficiency, health, and safety to create an integrated home repair and retrofit delivery model to improve health, economic and social outcomes in line with the state's climate goals. The GHHI model has been supported by the US Department of Energy (DOE) and the US Department of Housing and Urban Development (HUD) as well as numerous states, cities and counties throughout the US. By delivering a standard of excellence, GHHI's work aims to eradicate the negative impact of historic disinvestment, the legacy of ill-conceived and unjust housing by creating holistically healthy housing for children, seniors, and families in Maryland's low wealth communities. GHHI's work has been recognized through national best practice awards from the US Environmental Protection Agency (EPA) and HUD. In 2023, GHHI was awarded the Buildings Upgrade Prize award from the DOE in recognition of its proposed initiative to complete electrification of low-income households in East Baltimore through a community-driven, whole home initiative with health and safety, workforce, and efficiency benefits.

GHHI was among the lead advocates in the 2023 General Assembly session for the passage of the Low-Income Savings Target Bill (HB169) which completed a years-long effort to establish savings targets for DHCD's limited income programs. HB864 will build off that success. With

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the historic increase in homes served through DHCD’s programs<sup>1</sup> it is key that EmPOWER allows for beneficial electrification and minimizes cost burdens on Maryland households.

### **Why is HB864 Needed?**

MD has a national-leading 2-percent-per-year electricity consumption savings target enacted by the legislature in 2017. With the recent passage of the Climate Solutions Now Act, MD has set clear and ambitious statewide goals for emission reductions including a nation-leading goal of 60% emissions reduction by 2031. According to the US Energy Information Administration, approximately 30% of MD’s energy consumption comes from the residential sector.

HB864 improves the use of federal rebates, program affordability, and maintains a focus on energy efficiency. The Low-Income Savings Target Bill (HB169) that passed last year and the low-income-specific goals in HB864 will ensure that all households—including the low-income households with the highest need—will have access to energy efficiency housing program services including fuel switching measures that place households on a long-term path towards energy affordability and healthy housing.

### **Benefits of Weatherization and Efficiency for Healthy Housing**

With the requirement that 80% of the savings come from behind the meter interventions, the bill keeps the core of EmPOWER about delivering efficiency and related cost-savings to clients, including low-income households served by DHCD’s programs. Efficiency upgrades from air sealing and insulation upgrades to mechanical improvements related to ductwork, furnaces, and water heating contribute to better thermal comfort, energy affordability, air quality, and moisture management. These improvements lead to both energy and non-energy benefits. They are the cheapest and cleanest form of energy—energy not used. Non-energy benefits are especially significant in low-income housing, communities of color, and disinvested communities. These communities often have the least efficient housing, highest energy burdens, and most deferred maintenance.

Studies for HUD have shown the benefits of GHHI’s whole house approach in Baltimore as follows:

- 66% reduction in asthma related hospitalizations
- 62% increase in school attendance by addressing chronic absences due to asthma
- 88% increase in parental work attendance related directly to healthier children
- 99% reductions in childhood lead poisoning
- Reductions in household injuries for children and trip and fall injuries for seniors
- Increased mobility and accessibility in homes for older adults who can Age in Place
- Reductions in greenhouse gas emissions, energy consumption and overall energy costs

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<sup>1</sup> Maryland Department of Housing and Community Development. “Governor Moore Announces EmPOWER Maryland Plan to Increase Energy Efficiency and Reduce Utility Costs in More than 60,000 Maryland Households.” February 13, 2024. Available at <https://news.maryland.gov/dhcd/2024/02/13/governor-moore-announces-empower-maryland-plan-to-increase-energy-efficiency-and-reduce-utility-costs-in-more-than-60000-maryland-households/>

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### Cost Savings and System Change

- Improved service delivery to low-income households and reductions in deferral rates from housing program services that clients are otherwise eligible to receive
- Program and government cost savings from efficiencies in implementing comprehensive assessment and housing intervention models utilizing cross-trained assessors and contractors
- Government innovation through integrated, comprehensive housing intervention model by state agencies that attracts new federal and philanthropic investment
- Reductions in medical costs including Medicaid costs
- Reductions in energy consumption and energy costs
- Reductions in housing maintenance costs

### Importance of Fuel-Switching for DHCD Programs

By setting a greenhouse gas target and allowing for beneficial electrification, this bill will update the EmPOWER program to ensure it is aligned with the state climate goals and best practices related to both energy affordability and health. Doing so is imperative to ensure that EmPOWER interventions are placing households on a path towards long-term affordable energy savings while aligning EmPOWER program spending with state planning.

Under current program structure, EmPOWER programs (including DHCD limited income programs) cannot complete fuel-switching (such as replacing a gas furnace with an electric heat pump) even when the gas appliance is at the end of its useful life and a heat pump offers the best opportunity for cost savings in both the short- and long-term. These are clear cases where electrification benefits the household through cost savings, health benefits, and thermal comfort.

As DHCD has embraced a whole home approach and the federal government has allocated over \$68 million in Home Electrification & Appliances Rebates (HEAR) to MD, primarily for electrification interventions, EmPOWER should be set up to best support fuel-switching interventions to tap into the related resources.

### Importance of Energy Affordability and Cost Protections

GHHI is the lead facilitator of the MD Energy Efficiency Advocates (MEEA) coalition that participates in the EmPOWER proceedings and various PSC and DHCD workgroups. In those spaces, MEEA and others have consistently raised concerns about how energy cost burdens create inequities for low-income communities and disproportionate burdens on communities of color. In recent MEEA comments to the PSC on Limited Income Mechanism for Utility Customers (Public Conference 59), we note that a 2023 analysis of residential energy affordability found that around 400,000 Marylanders—18% of the population—have an energy burden over 6%, which is the threshold researchers use to define high burden.<sup>2</sup>

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<sup>2</sup> Arjun Makhijani, et al, *Energy Affordability in Maryland: Integrating Public Health, Equity and Climate, Executive Summary* (Feb. 2023). [https://www.psehealthyenergy.org/wp-content/uploads/2023/02/Energy-Affordability-in-Maryland-2023\\_-\\_Final-Report-1.pdf](https://www.psehealthyenergy.org/wp-content/uploads/2023/02/Energy-Affordability-in-Maryland-2023_-_Final-Report-1.pdf).

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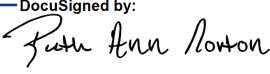
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Aligning electrification and efficiency together as this bill does is the best path towards energy affordability at both a household and system-wide level. Already, many households are making the switch to heat pumps and for good reason. The same 2023 analysis describing the 18% of residents with high energy burdens also notes that the average home heated by natural gas would find average savings of \$150 annually by switching to an electric heat pump based on 2021 utility prices. Long term, homes that move to heat pumps can more readily benefit from renewable energy such as community solar, can avoid risks of future high gas infrastructure costs, and are in alignment with state climate plans that commit to moving away from fossil-fuel heating systems.

The challenge has been that fuel-switching has not been accessible to low- and moderate-income households that rely on support from programs like EmPOWER to afford the upfront costs of appliance replacement. Updating EmPOWER will create a pathway for these households to access support for these changes. It will also help the state develop the administrative and market infrastructure that will benefit related initiatives such as the federal rebate programs.

Between the federal government passing historic investments in climate, infrastructure, and housing through the Bipartisan Infrastructure Law and the Inflation Reduction Act, and the state of Maryland's leadership in climate commitments and planning, we are looking at a historic intersection of need, opportunity, and funding. Meeting this moment for climate, health, and equity will require innovative approaches and comprehensive solutions. This bill is a proactive and thoughtful way to update a program that has successfully delivered on targets since its inception. It will help Maryland lead in the housing and energy transitions that are necessary to create a sustainable future. I urge the Committee to support the passage of HB864.

Respectfully Submitted,

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Ruth Ann Norton  
President and CEO