

2024_HB0864_FAV_Written_Senate.docx.pdf

Uploaded by: Brian Crosby

Position: FAV



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB 864: Energy Efficiency and Conservation Plans

Position: FAV

March 21, 2024

Good afternoon, Mr. Chair, Madam Vice Chair, and members of the Senate Education, Energy, and the Environment Committee. I am Delegate Crosby, here to present to you HB 864: Energy Efficiency and Conservation Plans.

This bill will make updates to our State's EmPOWER program which are necessary to help our State meet our climate goals. There are many components to this bill. My office has been engaging with stakeholders for several months, and we continue to do so. Some of the major changes include:

1. Adding Choptank Electric Cooperative to the EmPOWER program.
2. Expanding the applicability of EmPOWER to all gas companies except for the smallest ones.
3. Requiring electric and gas utilities and the Department of Housing and Community Development to adopt energy efficiency, conservation, demand response, and beneficial electrification measures based on supporting greenhouse gas emissions reductions, instead of electricity load management.
4. Setting new annual targets for greenhouse gas emission reductions. Reduction targets will be set for each electricity and gas company in three-year cycles, and will be measured in metric tons. At least 80% of reductions must come from behind-the-meter programs, which will improve energy efficiency and lower utility bills for ratepayers.

The bill also includes provisions addressing cost recovery; tenant protections; the use of safe insulating materials; labor standards for contractors; supporting a whole-home approach; the coordination of funding sources; language accessibility; long-range planning to further our State's greenhouse gas emissions reduction goals through energy efficiency, particularly for low-income households; the evaluation of the programs' successes; and studying ways to extend program benefits better to moderate income households.

Thank you for your time and consideration of this bill. I respectfully request a favorable report.

Earth Ministry Senate Testimony HB 864.pdf

Uploaded by: Bruce Davis

Position: FAV

**Testimony Concerning House Bill 864
Energy Efficiency and Conservation Plans**

Position: Support

Hearing date: March 21, 2024

Education, Energy, and the Environment Committee

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

Contact: Bruce Davis
701 King Farm Blvd, Apt 703
Rockville, MD 20850
Bdavis39@comcast.net
(240) 477-5324

The Earth Ministry of the River Road Unitarian Universalist Congregation (“Congregation”) urges a favorable report for HB 864, 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 864 will help mitigate the problem. We respectfully ask the Committee to report the Bill favorably.

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 864.

1. **EmPOWER Maryland Needs a New Goal: 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 to use 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

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." As recommended by the PSC and Maryland's Climate Pollution Reduction Plan, EmPOWER will no longer mandate separate targets for reducing electricity and gas consumption. The reformed EmPOWER will save even more energy with conservation measures that reduce GHG emissions, the primary cause of climate change. The changes will realign EmPOWER with Maryland's climate goals while preserving the best aspects of the original EmPOWER law.

2. EmPOWER Programs Must Support 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).

We support the House amendments requiring electric utilities to include fuel switching incentives in their EmPOWER programs. 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.

3. Expand EmPOWER Access for Low-income and Moderate-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 that EmPOWER programs have been 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 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.

Climate Solutions Now Act of 2022, p.2. The PSC's conclusion is based on an Assessment of Electrification 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.

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 may 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 support EmPOWER reforms that include financial help to renters in this situation, and we endorse the amendments to the Bill that require the Department of Housing and Community Development to develop plans for improving EmPOWER's benefits for low-income households and that require the PSC to establish a working group to make recommendations for how EmPOWER might better serve the needs of moderate-income households.

Conclusion

We respectfully ask the Committee to report the Bill favorably.

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.)

HB 864 Senate E3 testimony.pdf

Uploaded by: Bryan Dunning

Position: FAV



March 21, 2024

**Testimony of Bryan Dunning
Maryland Policy Analyst
Center for Progressive Reform**

**Before the Maryland Senate's Education, Energy, and the Environment Committee
Regarding House Bill 0864: Energy Efficiency and Conservation Plans**

Dear Chair and Members of the Senate Education, Energy, and the Environment Committee:

Thank you for the opportunity to testify today on behalf of the Center for Progressive Reform (the Center) in support of HB0864 (HB 864). The Center is a nonprofit research and advocacy organization that is focused on addressing our most pressing societal challenges, including advancing the concerns of historically marginalized communities by centering racial and economic justice in climate policy. For the reasons discussed in the testimony below, the Center requests that this committee issue a **favorable** report on HB 864 as amended by the Maryland House of Delegates.

Since its creation in 2008, EmPOWER has been successful in both ensuring access and reduced costs to Maryland residents for energy audits, weatherization, and upgrading to energy efficient appliances. As of 2021, the Maryland Public Services Commission (PSC) determined that EmPOWER has returned approximately \$1.61 dollars in benefits for every \$1 spent on the program, with expected savings of over \$13 billion dollars over the life of installed energy efficiency measures as of 2021.¹ In the same time, energy efficiency improvements from the EmPOWER program have resulted in a reduction of 9.6 million metric tons of carbon dioxide, or their greenhouse gas (GHG) equivalents,² representing a meaningful step in achieving Maryland's GHG reduction goals. In addition to cost savings and GHG reductions, EmPOWER also has an important equity element, establishing dedicated funding for EmPOWER upgrades for low-income residents. This provides a means to reduce both the energy costs for, and GHG emissions of those residents, and also to reduce in-home pollution generated by aging, and in-efficient, fossil fuel appliances which negatively impact the health of the residents.

HB 864, as amended, will bolster the effectiveness of the established benefits that the EmPOWER program has achieved, by making the following important improvements:

¹ [2021 MD PSC report on EmPOWER Maryland](#)

² *Id.*

- Expands sources of funding for the EmPOWER program, notably including funds from the Federal Inflation Reduction Act of 2022 – which includes monies for installation of energy efficient electrical appliances.
- Places a programmatic priority on GHG reduction, including requiring the PSC to establish GHG reduction targets for individual utilities.
- Prioritizes GHG reduction occurring “behind the meter”, placing the focus of investments under EmPOWER on home energy efficiency, benefiting ratepayers.
- Improves access to the EmPOWER program by establishing a single point of contact for low- and moderate-income households and requiring that services for those households are offered in any language needed by them.
- Requires the Department of Housing and Community Development (DHCD) to adopt regulation to ensure the focus of EmPOWER weatherization upgrades to leased or rented residence accrues primarily for low-income tenants, and that residents do not suffer a rent-hike or eviction resulting from those upgrades.

HB 864 expands upon the EmPOWER program’s proven effectiveness to reduce both energy costs for Maryland residents, and meaningfully reduce GHG emissions in the state. HB 864 creates clear metrics and targets for GHG reductions achieved through the EmPOWER program and directs the PSC to establish specific reduction targets for utilities. It also prioritizes these reductions as happening behind the meter (*e.g.* household appliance upgrades), resulting in greater energy savings for ratepayers.

HB 864 has numerous provisions to improve access to EmPOWER programs for low income households, and to expand EmPOWER funding for low income households. HB 864 also directs DHCD to provide protections for low-income renters who might be inadvertently harmed by upgrades pricing them out of affordable housing.

Finally, HB 864 includes a requirement that gas and electric companies promote the availability of federal and state rebates, tax credits and incentives for non-fossil fuel energy efficient appliances and upgrades. Coupled with the availability of state and federal funding, particularly the Inflation Reduction Act, this will serve as a meaningful inducement to achieving GHG reductions by promoting the transition from natural gas to electric appliances, particularly energy efficient heat pumps.

Considerations for the Committee and the PSC

Although HB 864 provides meaningful steps to promote the transition from fossil fuel to electric appliances, and requires meaningful GHG reductions, it does not outright preclude the EmPOWER program from continuing to subsidize new energy efficient gas appliances. The Center requests that, in the future, both the legislature and the PSC consider ending fossil fuel appliance incentives, either through legislation or agency implementation of the EmPOWER program. Doing so meaningfully advances the underlying goals of the EmPOWER program – reducing GHG emissions and ensuring lower costs for ratepayers.

Energy efficient electric appliances are extremely effective at reducing GHG emissions resulting from the building sector and represent a more effective pathway to decarbonization as

compared to new energy efficient fossil fuel appliances.³ Making this transition to energy efficient electrification is in line with the express language of the Climate Solutions Now Act (CSNA).⁴ Further, removing gas subsidies from EmPOWER has been a major recommendation of the Maryland Commission on Climate Change to secure achievement of the CSNA's legislatively mandated GHG reduction goals.⁵ Removing gas subsidies from EmPOWER will increase the rate that GHG reduction goals are met, and is inline with agency recommendations and legislative intent.

Continuation of gas subsidies through EmPOWER also places ratepayers who invest in new fossil fuel appliances at risk of spiraling rate costs in future years, as a general transition from gas to electrification is required to meet GHG reduction goals. As ratepayers transition away from gas, the remaining ratepayers reliant on gas systems will have to pay an increasingly greater share of capital expenditures, safety and maintenance, and other charges included in the utility's rate of return, meaning greater utility prices.⁶ Given EmPOWER's role in reducing energy cost burdens for ratepayers, the Committee and the PSC should consider ending gas subsidies under the program to protect ratepayers from investing in systems that will face increasing costs over time.

Conclusion

HB 864 creates meaningful improvements to the EmPOWER program, and represents a way to achieve GHG reduction in Maryland, continue to lower energy costs for ratepayers, and improve on the equitable considerations of the program. The Center respectfully requests that the Committee issue a favorable report on HB 864 as amended.

³ See, e.g., <https://www.iea.org/reports/the-future-of-heat-pumps/executive-summary>; Office of People's Counsel's Comments on EmPOWER Goals for the 2024-2026 Program Cycle, Case No. 9648, Maillog No. 301064 (January 27, 2023)

⁴ Climate Solutions Now Act, 2022 Md Laws Ch. 38 Section 10(a)

⁵ [2023 Annual Report of the Maryland Commission on Climate Change, at p. 15](#)

⁶ Notably, this is a fact that the utilities are aware of in their modeling – see, e.g. [BG&E's Integrated Decarbonization strategy](#)

HB 864_LWVMD_FAV_Senate.pdf

Uploaded by: Casey Hunter

Position: FAV



Testimony to The SENATE EDUCATION, ENERGY, AND THE ENVIRONMENT COMMITTEE

HB 864 - Energy Efficiency and Conservation Plans

POSITION: Support

By: Linda T. Kohn, President

Date: March 21, 2024

Since the emergence of the environment movement in the 1970's, the League of Women Voters has advocated for policies that protect our planet, promote public health, and advance equity. The League believes in advancing the renewable energy transition by emphasizing energy efficiency and conservation.

The League of Women Voters of Maryland **supports HB 864 as amended in the House of Delegates**, which would enact critical updates to the EmPOWER Maryland Energy Efficiency Act in order to bring the program in line with Maryland's climate goals. The EmPOWER program currently only measures its goals in electricity savings, but this only accounts for a part of the picture. Maryland has established goals to reduce greenhouse gas (GHG) emissions 60% by 2031 and reach net-zero by 2045. In order to meet these goals, the Public Service Commission must facilitate the transition away from fossil fuel use. **HB 864** would require the Public Service Commission to set GHG emissions reduction goals for utility companies, and establish a plan to meet those goals.

HB 864 promotes equity by continuing and expanding EmPOWER's emphasis on providing financial incentives for energy efficiency and weatherization upgrades. Increasing energy efficiency saves consumers money by lowering their energy bills, which particularly benefits low-income households burdened by high energy bills. **HB 864** would also emphasize community outreach to help low-income households access the program's incentives.

The League of Women Voters of Maryland strongly urges a **favorable report on HB 864**.

HB0864 - Energy Efficiency and Conservation Plans_

Uploaded by: Cecilia Plante

Position: FAV



TESTIMONY FOR HB0864

Energy Efficiency and Conservation Plans

Bill Sponsor: Delegate Crosby

Committee: Education, Energy, and the Environment

Organization Submitting: Maryland Legislative Coalition

Person Submitting: Aileen Alex, co-chair

Position: FAVORABLE

I am submitting this testimony in favor of HB0864 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists, and our Coalition supports well over 30,000 members.

Maryland needs a variety of energy solutions to achieve its ambitious statutory requirement to reduce greenhouse gas emissions to 60% of 2006 levels by 2031. HB0864 will strengthen the original EmPOWER Maryland Energy Efficiency Act, passed in 2008 to incentivize energy efficiency and energy conservation.

Two years ago, I took advantage of the EmPOWER program and received a rebate for insulating my attic and implementing other energy conservation steps. I now see a reduction in my energy bills. However, I was disappointed the program did not offer an incentive to shift my gas appliances to electricity to make my home healthier and more efficient.

HB0864 requires electric utilities to provide incentives for switching to clean, efficient electric appliances and home heating. I and other Marylanders can combine incentives in a strengthened EmPOWER

program with federal Inflation Reduction Act incentives to further reduce their costs.

For these reasons and more MLC strongly supports HB0864 and urges a **FAVORABLE** report in Committee.

HB0864 Energy Efficiency and Conservation Plans -

Uploaded by: Chris Parts

Position: FAV



27 February, 2024

The Honorable C. T. Wilson
Chair of the Economic Matters Committee
Room 231 House Office Building
Annapolis, Maryland 21401

Re: Letter of Support for HB0864
Public Utilities – Energy Efficiency and Conservation Plans

Dear Chairman Wilson and members of the Economic Matters Committee:

I am writing to voice AIA Maryland's support of House Bill 0864, the Energy Savings Act. Our nearly 2,000 architect members work every day to consider the health, safety and welfare of the occupants in buildings we design. While the properties impacted by this legislation will most likely not be touched by an architect, we feel that it is important to advocate for the low to moderate income households who may have the most to lose in making utility and appliance choices for their homes.

This bill provides the opportunity and incentives to enable them to lower their energy burden and move toward healthier appliances in their homes. Weatherization and electrification of low to moderate income households are important step toward allowing all of us to reduce our carbon output, but the economic and health benefits of the targeted recipients are critical.

The energy audits of the EmPOWER program are a critical first step. This legislation supports a whole home approach, aiming to address health and safety upgrades, weatherization, energy efficiency and general maintenance. One of the most efficient ways of reducing energy use is addressing "passive" ways to reduce the need for heating and cooling and the building weatherization focus of this program offers just that. An inefficient building envelope can act the same as an open door, sending heating and cooling energy into the atmosphere if a residence does not have an efficient air barrier to temper the outdoor climate and if the insulation levels are limited, heating and cooling a home is incredibly inefficient. The energy audit helps to identify passive demand reduction strategies to implement in residents' homes and operating money saved from implementing those strategies, is reducing passive energy demand and generating direct savings for the resident every month the resident heats or cools their residence. Adding active demand strategies like programmable thermostats, creates further opportunities to increase "behind the meter" savings for participants in the empower program.

The energy audits of this program include the evaluation to assess the readiness of a home for electrification and it will promote rebates that can be used to support fuel switching from gas to electric. Making this switch is an important means to shield these residents from the anticipated rapid rise in fossil fuel costs and it will enable them to use building systems and appliances that are more fuel efficient and allow for a healthier household environment. A study by Northeast Energy Efficiency Partnerships found that in the Northeast and Mid-Atlantic areas the installation of an electric air-source heat pump can yield annual energy savings that may range from \$300 to nearly \$1,000.

The technology of the air source heat pumps has advanced to enable them to work effectively down to -10 degrees, and Maryland has never in our recorded weather history had temperatures that have dropped below -7. The coldest winter day on average in central Maryland is approximately 6 degrees, which is very comfortably within the range of air source heat pumps. Additionally, the technology of the electric appliances in the homes, eliminates the chance for carbon monoxide or nitrogen oxide pollution.

AIA Maryland encourages you to support this legislation, both to create healthier and more affordable living conditions for low to moderate income residents and to help us statewide, to reduce greenhouse gas emissions toward our goal of zero carbon emissions by 2045. We ask your committee to vote in favor of HB 0864.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Parts', with a long horizontal line extending to the right.

Chris Parts, AIA
Director, Past President, AIA Maryland

cc: Economic Matters Committee
AIA Maryland Board of Directors

Takoma Park 2024 - HB 864 FAV - Energy Efficiency

Uploaded by: Cindy Dyballa

Position: FAV



CITY TAKOMA OF PARK MARYLAND

Support House Bill 864 - Energy Efficiency and Conservation Plans
Senate Education, Energy and the Environment Committee
March 21, 2024

The City of Takoma Park supports and urges favorable consideration of this bill, which envisions: stronger energy utility company plans for energy conservation programs and services, a similar plan from the state Department of Housing and Community Development; and Public Service Commission efforts to set modest utility greenhouse gas emissions targets, establish a workgroup focused on low-moderate income housing, and vigorously promote this approach.

The City of Takoma Park is a densely developed, largely residential municipality of almost 18,000 people and 2.4 square miles in Montgomery County. About half our residents are homeowners and half renters, with a wide range of incomes, backgrounds and ethnicities, and a significant number of energy cost-burdened homeowners and renters. Like communities across Maryland, Takoma Park is keenly aware that we must move ahead rapidly to meet our state, county and local climate goals. Throughout Maryland, we have seen our climate dramatically and rapidly change, with devastating local consequences.

Takoma Park has been a leader among Maryland communities in responding to the challenges of climate change and in reducing GHG emissions through our many local policies and actions. Our city has strong citywide greenhouse gas reduction goals, as do our county and the state. Both our 2020 City climate action framework and our climate action plan speak to the need for cooperation with others to achieve these goals. We cannot meet these goals alone, and we need our utilities to support us by offering our residents and small businesses stronger programs that meet GHG reduction targets, and that are equitably designed so that all can participate. Similarly, we need strong state PSC leadership to meet our city climate, as well as housing and equity goals and priorities.

In sum, the City of Takoma Park supports the intent of House bill 864 and urges a favorable committee vote.

HB0864 in the Senate OPC Testimony.pdf

Uploaded by: David Lapp

Position: FAV

DAVID S. LAPP
PEOPLE'S COUNSEL

WILLIAM F. FIELDS
DEPUTY PEOPLE'S COUNSEL

JULIANA BELL
DEPUTY PEOPLE'S COUNSEL

— OPC —
OFFICE OF PEOPLE'S COUNSEL
State of Maryland

6 ST. PAUL STREET, SUITE 2102
BALTIMORE, MARYLAND 21202
WWW.OPC.MARYLAND.GOV

BRANDI NIELAND
DIRECTOR, CONSUMER
ASSISTANCE UNIT

BILL NO.: House Bill 864 – Energy Efficiency and Conservation Plans
COMMITTEE: Education, Energy, and the Environment Committee
HEARING DATE: March 21, 2024
SPONSORS: Delegates Crosby and Qi
POSITION: Favorable

The Office of People’s Counsel (“OPC”) supports House Bill 864, which would deliver economic benefits and provide both accountability and transparency for Maryland utility customers while updating the EmPOWER program to better serve Maryland’s greenhouse gas (“GHG”) reduction goals.

HG 864 would advance the interests of utility customers by ensuring the elimination of the massive unamortized balance from which the utilities have been profiting—at great cost to customers—and a transition to a full expensing model. Full expensing, i.e., recovering costs in the year they are incurred, is what most states require for energy efficiency programs because capitalizing program costs (or putting them into rate base) to pay them over time increases utility profits and significantly raises program costs—much like using a credit card to pay a regular recurring expense. HB 864 would codify an end to this unsound financial practice.

HB 864 would serve to hold utilities accountable for their EmPOWER goal achievement. Instead of the current practice, by which utilities earn returns even if they fail to meet their statutorily mandated goals, HB 864 would allow for both penalties and financial incentives for investor-owned utilities that are directly linked to goal achievement. The bill would also ensure that EmPOWER continues to primarily serve customers through “behind-the-meter” programs, or those that impact the customer side of the utility meter.

HB 864 would provide for transparency by requiring that behind-the-meter programs be charged to customers through a surcharge line item on utility bills,

instead of, as stated by the Commission in 2022 when it denied a proposal to include these costs in base rates, “embed[ding] the EmPOWER program costs in base rates, effectively hiding the cost and presence of the program in distribution rates and to the benefit of no one.”¹

EmPOWER programs have historically provided Maryland ratepayers with a wide array of energy-saving—and energy bill reducing—benefits. Instead of requiring utilities and the Department of Housing and Community Development (“DHCD”) to meet energy savings goals, measured in megawatt hours, HB 864 would modify the EmPOWER program to require the utilities and DHCD to meet GHG reduction goals. The bill’s establishment of GHG reduction goals will remove barriers to both electrification and the prioritization of fuel-switching. HB 864 would also require the utilities and DHCD to include beneficial electrification in their EmPOWER plans, which will help customers transition away from the use of fuel oil, propane, and natural gas to efficient electric systems.

It is imperative that the EmPOWER statute evolve to meet the needs of utility customers while advancing Maryland’s climate policy goals.

Background

The EmPOWER statute was enacted in 2008 through the passage of the Maryland Energy Efficiency Act. The legislature found that “energy efficiency is among the least expensive ways to meet the growing electricity demands of the State”² and established requirements for Maryland’s programs that promote energy efficiency and conservation. Energy efficiency provides direct benefits to customers by saving them money on their gas and electric bills and also helps reduce greenhouse gas emissions from the generation of energy.

The EmPOWER statute currently mandates that electric companies reach specific energy savings targets, measured in megawatt-hours (“MWh”). Gas companies do not have statutorily mandated targets. Until last year, programs for limited-income ratepayers,³ administered by DHCD, did not have statutorily

¹ Maryland Public Service Commission, *Order No. 90456* (Case No. 9648, December 29, 2022). This document can be found at <https://webpsc.psc.state.md.us/DMS/maillogsearch> by performing a search for MailLog number 300652.

² Md. Code Ann., Pub. Util. § 7-211(b)(1).

³ For purposes of DHCD’s EmPOWER programs, limited-income residential households are currently considered to be those that earn either 250% or less of the Federal Poverty Level (“FPL”) on an annual basis, or 80% of Area Median Income (“AMI”), whichever is higher (or whichever was used to qualify the individual through another, outside program). For multi-family buildings, the income threshold is 80% AMI. More information is available here: <https://dhcd.maryland.gov/Residents/Pages/lieep/default.aspx>.

mandated targets. This changed last year with the passage of HB 169. DHCD now has statutorily mandated energy savings targets.⁴

A Public Service Commission Work Group, the Future Programming Work Group, began meeting in 2021 and was charged with evaluating multiple topics regarding the next cycle of EmPOWER. The work group was widely attended by stakeholders, including the utilities, OPC, Commission Technical Staff, the Maryland Energy Administration, DHCD, Maryland Energy Efficiency Advocates, as well as other governmental agencies and organizations, including trade organizations, all of whom have a stake in the EmPOWER process. In the spring of 2022, the work group recommended that EmPOWER transition from MWh reduction goals to a GHG reduction goal.⁵ The passage of the Climate Solutions Now Act of 2022, which sets GHG reductions goals for Maryland to mitigate climate change, further highlighted the importance of this transition. After the enactment of the CSNA, the Commission agreed with the work group that EmPOWER should transition to a GHG reduction target and—based on its view that it could not do so without changing the EmPOWER statute—recommended that the General Assembly change the target.⁶

The Commission released its GHG Abatement Potential Study in December 2022.⁷ The study demonstrated that EmPOWER programs have enormous potential to reduce, in a cost-effective manner, GHG emissions in Maryland.⁸ The study further demonstrated a significant opportunity for cost-effective fuel-switching from fossil fuel end-uses to efficient electric heat pump technology.⁹

Legislation that would have transitioned the EmPOWER program to a GHG reduction goal failed to pass in the 2023 legislative session.

The Commission ordered the EmPOWER utilities to model various levels of GHG reductions, based on the results of the GHG Abatement Potential Study. After

⁴ Md. Code Ann., Pub. Util. § 7-211(b)(1).

⁵ Maryland Public Service Commission, Public Utility Law Judge Division, *Future Programming Work Group Report* (Case No. 9648, April 15, 2022) at 1. This report can be found at <https://webpsc.psc.state.md.us/DMS/mailllogsearch> by performing a search for MailLog number 240203.

⁶ Public Service Commission of Maryland, *Recommendations on the Future of EmPOWER Maryland* (July 1, 2022) at 5, https://www.psc.state.md.us/wp-content/uploads/EmPOWER-Recommendations-to-General-Assembly_Final.pdf.

⁷ Applied Energy Group, *Maryland GHG Abatement Study – Final Results* (Case No. 9648, December 8, 2022). This document can be found at <https://webpsc.psc.state.md.us/DMS/mailllogsearch> by performing a search for MailLog number 300426.

⁸ Maryland Office of People’s Counsel, *Office of People’s Counsel Comments on The Greenhouse Gas Abatement Potential Study* (Case No. 9648, December 30, 2022) at 2. This document can be found at <https://webpsc.psc.state.md.us/DMS/mailllogsearch> by performing a search for MailLog number 300687.

⁹ *Id.* at 2.

accepting stakeholder comments and holding a hearing, the Commission ordered revised goals for the EmPOWER utilities on December 29, 2023.¹⁰ However, as noted above, the EmPOWER statute’s current energy savings goal continues to stymie efforts, in part, to prioritize fuel-switching from fossil-fuel end uses to efficient electrification under EmPOWER.

Comments

OPC strongly supports HB 864’s goal of updating the EmPOWER statute to advance customer interests and ensure consistency with Maryland’s climate goals.

The bill will advance the interests of residential utility customers through accountability and transparency. HB 864 protects utility customers by requiring the paydown of EmPOWER’s unamortized balance—on which the utilities currently earn returns—and transitioning to an all expense program model. In 2017 the American Council for an Energy-Efficient Economy (“ACEEE”) noted that capitalization “is no longer the preferred method of cost recovery” for energy efficiency expenditures.¹¹ ACEEE went on to caution that “capitalization spreads out cost recovery over an extended period, raises the total cost of efficiency programs, and allows a return on capitalized program costs that is not tied to program performance.”¹² HB 864 instead allows for reasonable financial performance incentives and penalties for investor-owned utilities. The utilities currently earn significant profits without regard for whether they meet their statutorily mandated goals. This change encourages accountability for the investor-owned utilities’ use of customer funds.

Additionally, HB 864 requires the inclusion of beneficial electrification in plans to achieve GHG reductions. Requiring beneficial electrification programs will save customers money on their utility bills. A study by Energy + Environmental Economics (E3) for the Maryland Commission on Climate Change found that electrification of residential homes—including the replacement of “almost all fossil fuel heaters with heat pumps in existing homes by 2045” and the construction of new buildings without fossil fuels—was the lowest cost pathway to meet the State’s climate goals.¹³ The E3 study is confirmed by analyses by OPC and other entities.

¹⁰ Maryland Public Service Commission, *Order No. 90957* (Case No. 9705, December 29, 2023). This order can be found at <https://webpsc.psc.state.md.us/DMS/mailllogsearch> by performing a search for MailLog number 306928.

¹¹ American Council for an Energy-Efficient Economy (ACEEE), *Aligning Utility Business Models with Energy Efficiency* (November 27, 2017) <https://www.aceee.org/toolkit/2017/11/aligning-utility-business-models-energy-efficiency>.

¹² *Id.*

¹³ MCCC, *Building Energy Transition Plan: A Roadmap for Decarbonizing the Residential and Commercial*

Bill provisions would also require the utilities to promote federal and state rebates and tax credits for energy efficiency and non-fossil-fuel powered appliances, helping to leverage outside sources of funding to maximize the use of both customer funds and EmPOWER funds.

HB 864 also conforms the EmPOWER program to the recommendations made by EmPOWER’s Future Programming Work Group, described above, to change the existing statute’s energy savings goals to GHG reduction goals. This change is important to supporting electrification that is beneficial to residential customers, as well as the State’s efforts to meet its climate goals. Electrification can cause electric consumption to rise—even as gas consumption declines—while lowering customer bills and reducing overall GHG emissions.

It is important that EmPOWER continues to focus on primarily behind-the-meter programs. The GHG Abatement Potential Study focused entirely on behind-the-meter programs and found significant opportunities for GHG reductions.¹⁴ HB 864 would require that at least 80 percent of the GHG emissions reductions that count towards the utilities’ goal achievement come from behind-the-meter programs, which OPC supports.

Recommendation: OPC requests a favorable report from the Committee on HB 864.

Building Sectors in Maryland (November 2021) at 4, <https://mde.maryland.gov/programs/air/ClimateChange/MCCC/Commission/Building%20Energy%20Transition%20Plan%20-%20MCCC%20approved.pdf>

¹⁴ Maryland Office of People’s Counsel, *Office of People’s Counsel Comments on The Greenhouse Gas Abatement Potential Study* (Case No. 9648, December 30, 2022) at 11. This document can be found at <https://webpsc.psc.state.md.us/DMS/mailllogsearch> by performing a search for MailLog number 300687.

CLPP testimony HB864 Goldberg FAVORABLE.pdf

Uploaded by: Donald M. Goldberg

Position: FAV

Committees: Education, Energy, and the Environment Committee
Testimony on: HB864: Energy Efficiency and Conservation Plans
Organization: Climate Law & Policy Project
Submitted by: Donald M. Goldberg, Executive Director
Position: Favorable
Hearing Date: March 21, 2024

Climate Law & Policy Project strongly supports HB864: Energy Efficiency and Conservation Plans and urges this Committee to issue a favorable report.

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

The General Assembly has established clear guidance through Climate Solutions Now for actions the State must take to address climate change, and the Department of the Environment has issued Maryland's Climate Pollution Reduction Plan to put this guidance into action. Following a recommendation from the PSC's Future Programming Work Group, the plan recommends that a *greenhouse gas (GHG) reduction goal be established as the central goal* under EmPOWER. It calls for legislation to establish GHG reduction goals and require EmPOWER programs to include beneficial electrification — the use of electricity to replace the direct use of fossil fuels in buildings in a manner that reduces overall lifetime GHG emissions or customers' energy costs.

EmPOWER is not currently in line with the State's plan. Because its goals are currently 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 in winter.

HB864 includes guardrails to ensure that the utilities deliver savings directly to ratepayers and are held accountable to their goals.

A revamped EmPOWER that prioritizes GHG reductions and beneficial electrification is critical to the State meeting its ambitious climate goals of 60% GHG emission reduction from 2006 levels and net-zero by 2045.

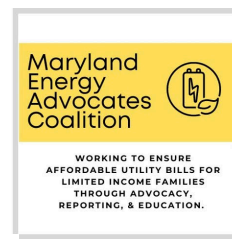
Climate Law & Policy Project urges the Committee to adopt HB864.

HB864_FAV_EmPOWER_PIRG Et al. EEE (1).pdf

Uploaded by: Emily Scarr

Position: FAV

Maryland PIRG



**HB864: Energy Efficiency and Conservation Plans
Education, Energy, and the Environment Committee
Thursday, March 21, 2024
Emily Scarr, Maryland PIRG
FAVORABLE**

Maryland PIRG, and our partners, enthusiastically support HB864, as amended in the House of Delegates. We have worked with the Public Service Commission, the Office of the People's Counsel, the Moore Administration and Agencies on these amendments which provide technical clarity on the bill and the goal setting. 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 further amendments to shift the EmPOWER program funding into the rate base, delay the bills implementation, or weaken ratepayer protections.

We are deeply appreciative of the work done by the PSC, the OPC, the Moore Administration, State 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.

While the legislature has made clear it intends to shift away from fossil fuels to power our homes and buildings, EmPOWER is not currently in line with the state's plan. Because its goals are currently 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.

Maryland PIRG is a state based, small donor funded public interest advocacy organization with grassroots members across the state. We work to find common ground around common sense solutions that will help ensure a healthier, safer, more secure future.

Our goal is simple – adjust the EmPOWER Maryland 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 goals: 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.

Bill components:

- **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.
- **Aligns EmPOWER with Maryland climate goals -**
 - Shifts program goals from electrical savings to greenhouse gas emissions reductions goals, directing the Public Service Commission to set specific goals for each utility with a set of clear parameters. We support the House amendments to direct PSC to set the utilities’ goals with a set of clear parameters.
 - Requires electric utilities to provide incentives for switching to clean, efficient electric appliances and home heating, which will open up access for the use of federal incentives. Electric appliances and equipment are tremendously more efficient and less polluting than gas appliances. We support House amendments to make these incentives a requirement for electric utilities.
 - 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.
 - Makes these changes to both the utility run portion of EmPOWER and the Department of Housing run programs directed at low-income households.
- **Delivers more savings to customers -**
 - Establishes a clear benchmark of 80% for what percent of goals are met though in home energy efficiency measures (behind the meter).
 - Brings down costs to utility customers by lowering the rate of return to utilities on existing EmPOWER debt.

We respectfully request a favorable report.

350 Montgomery County + Advance Maryland + AIA Maryland + Audubon Mid-Atlantic + Baltimore Jewish Council + Blue Water Baltimore + CASA + Center for Progressive Reform + Ceres + Chesapeake Bay Foundation + Chesapeake Climate Action Network Action Fund + Citizens' Climate Lobby (Maryland) + Climate Law & Policy Project + Climate Reality Greater Maryland + Climate XChange Maryland + DoTheMostGood + EarthJustice + Earth Ministry of the River Road Unitarian Universalist Congregation + Economic Action Maryland + Elders Climate Action Maryland Chapter + Environmental Justice Ministry Cedar Lane Unitarian Universalist Church + Green & Healthy Homes Initiative, Inc + Howard County Climate Action + Indivisible Howard County MD + Institute for Market Transformation + Interfaith Partners for the Chesapeake + Interfaith Power & Light (DC.MD.NoVa) + Justice & Witness Action Network - Maryland (Central Atlantic Conference, United Church of Christ) + League of Women Voters of Maryland + Maryland Energy Advocates Coalition + Maryland Catholics for Our Common Home + Maryland Legislative Coalition + Maryland Legislative Coalition Climate Justice Wing + Maryland PIRG + National Aquarium + National Consumer Law Center, on behalf of its low-income clients + One Montgomery Green + Potomac Conservancy + Potomac Riverkeeper Network + Progressive Maryland + Rebuild Maryland Coalition + ShoreRivers + The Nature Conservancy Maryland/DC Chapter + Third Act Maryland + Unitarian Universalist Legislative Ministry of Maryland + United Nations Association of the National Capital Area + Waterkeepers Chesapeake

Emily Scarr, Maryland PIRG Director emily@marylandpirg.org

Twitter: [@emilyscarr](https://twitter.com/emilyscarr) [@marylandpirg](https://twitter.com/marylandpirg)

BACKGROUND

The EmPOWER Maryland Energy Efficiency Act of 2008 created the [EmPOWER program](#) to incentivize energy efficiency and conservation efforts. EmPOWER includes a utility run program of rebates, weatherizations and other efficiency updates, as well as similar programs targeted at limited income consumers, which are run by the state's Department of Housing and Community Development (DHCD). In 2023 Gov. Moore signed [a new law to improve the DHCD run program](#).

As outlined in [Maryland PIRG Foundation's 2023 report](#), energy efficiency is one of the smartest investments the state can make.

BENEFITS OF ENERGY EFFICIENCY

- **Reducing costs for consumers and ratepayers.** By reducing the amount of energy people consume and reducing the amount of infrastructure needed to provide that energy, efficiency improvements help ratepayers pay less on their utility bills. That's because [energy efficiency improvements are often a cheaper way for utilities to meet electricity demand than generating and distributing electricity](#).
- **Protecting public health by reducing pollution from burning fossil fuels.** Burning fossil fuels, both indoors and out, [produces air pollution](#) that can cause a range of health problems, from damage to the lungs and heart to cancer to mental health and cognitive issues.
- **Reducing greenhouse gas emissions.** By reducing fossil fuel combustion in buildings and from power plants, as well as the leaks of pollutants like methane associated with fossil fuel extraction and infrastructure, [energy efficiency reduces greenhouse gas](#) emissions and thus helps fight global warming and climate damage.
- **Making it easier to transition to renewable energy.** By reducing the amount of energy required to meet the needs of the public, energy efficiency reduces the total amount of dirty fossil fuel generation that must be replaced by clean renewable sources in order to protect public health and prevent the worst impacts of climate change. Energy efficiency also reduces the number of costly upgrades to electricity transmission and distribution systems that are needed, significantly [easing the transition to renewable energy and reducing the time, costs and other resources required to make it](#).

A HISTORY OF SUCCESS

According to the [Maryland Public Service Commission](#), since 2008, EmPOWER Maryland has:

- Created lifetime savings of over \$12.7 billion from an investment of \$3.5 billion in efficiency.
- Reduced greenhouse gas emissions by the equivalent of at least 9.6 million metric tons of carbon dioxide, equal to taking 2 million cars off the road for a year.
- Provided Marylanders with free or discounted energy audits, weatherization, and efficient appliances and provided businesses with discounts and incentives for energy efficient upgrades.

TIME FOR AN UPDATE

Space heating and cooling accounts for [more than half](#) of home energy use, yet most Marylanders are using old, inefficient technology to heat and cool their homes. [Almost half of Marylanders](#) still use fossil fuels for heating and 25% are using electric furnaces and highly inefficient baseboard heat.

Maryland [has made clear its intention to shift away from fossil fuels to power our homes and buildings](#) to help reach ambitious goals to reduce greenhouse gas emissions 60% from 2006 levels by 2031. Yet, EmPOWER Maryland doesn't sufficiently provide incentives to support households switching from gas to highly efficient electric heat pumps and still subsidizes inefficient gas-burning furnaces.

Emily Scarr, Maryland PIRG Director emily@marylandpirg.org

Twitter: [@emilyscarr](#) [@marylandpirg](#)

A heat pump is an all-in-one electric HVAC system that can both heat and cool a building. This equipment is highly efficient. The latest models use an average of [18% less electricity](#) for cooling than central AC units in the Mid-Atlantic and are [two to three times](#) more efficient than gas furnaces even amid the depths of winter weather. They are now suitable for [all Maryland climates](#) and they can last [15 years](#) or more.

According to a [recent report from RMI, GHFI, CCAN and CASA](#), in Maryland, fossil fuel equipment in residential and commercial buildings emits more than three times as much health-harming NOx as all the state’s power plants put together.

RIGHTSIZING UTILITY PROFITS

The financing model for EmPOWER in place through 2023 has raised the costs for ratepayers over time without maximizing energy savings. Maryland utilities have profited significantly more than utilities in other top states for efficiency, driving up costs to ratepayers.

- In recent years Pepco has earned a return equivalent to about 16% of its budget while BGE and Potomac Edison earned returns equivalent to over 20% of their annual budgets.
- For reference, efficiency administrators in Massachusetts, Vermont and Rhode Island, all earn returns equivalent to 5% or less of their program budgets.
- Maryland utilities also earn a much higher return on EmPOWER spending than on their normal expenses: for example, the PSC set a 9.5% return on BGE’s costs of providing electricity service for the 2021-2023 cycle.

The PSC has rightfully moved away from this funding mechanism for the program, but it will take a number of years for ratepayers to pay off existing debt. Fortunately, the legislature can reduce the rate of the return on that remaining debt, saving ratepayers in a big way. In the future we want to ensure that profits, if any, are in-line with other top performing states and any financial incentives should be tied to performance. If ratepayers are funding incentives, utilities should also be penalized for substandard performance.

Home Heating Fuel Source by County

County	Electric Utility	Primary Home Heating Fuel -%		
		Gas	Electric	Oil/Propane
Baltimore	BG&E	51%	37%	11%
Baltimore City	BG&E	63%	31%	5%
Anne Arundel	BG&E	37%	48%	12%
Howard	BG&E	42%	49%	7%
Harford	BG&E	41%	42%	14%
Carroll	BG&E	18%	50%	27%
Montgomery	Pepco	52%	43%	4%
Prince Georges	Pepco	52%	42%	5%
Alleghany	P. Edison	54%	26%	13%
Washington	P. Edison	24%	51%	21%
Frederick	P. Edison	34%	49%	14%
Calvert	SMECO	6%	74%	16%
Charles	SMECO	24%	56%	16%
St. Mary’s	SMECO	12%	60%	15%
Cecil	Delmarva	20%	33%	40%
Wicomico	Delmarva	17%	59%	22%

Emily Scarr, Maryland PIRG Director emily@marylandpirg.org

Twitter: [@emilyscarr](#) [@marylandpirg](#)

Emily Scarr, Maryland PIRG Director emily@marylandpirg.org
Twitter: [@emilyscarr](https://twitter.com/emilyscarr) [@marylandpirg](https://twitter.com/marylandpirg)

HB 864_Favorable.pdf

Uploaded by: Frederick Hoover

Position: FAV

FREDERICK H. HOOVER, JR.
CHAIR

MICHAEL T. RICHARD
ANTHONY J. O'DONNELL
KUMAR P. BARVE
BONNIE A. SUCHMAN



PUBLIC SERVICE COMMISSION

March 20, 2024

Chair Brian Feldman
Education, Energy and Environment Committee
2 West, Miller Senate Office Building
Annapolis, MD 21401

RE: HB 864 - Favorable — Energy Efficiency and Conservation Plans

Dear Chair Feldman and Committee Members:

The Public Service Commission (PSC) is tasked with the implementation of the State of Maryland's energy efficiency programs, also known as EmPOWER. The PSC requests a favorable report for HB 864. HB 864 transitions the current energy efficiency programs, operated by the utilities and Department of Housing and Community Development (DHCD), from an energy efficiency goal structure to a greenhouse gas (GHG) reduction goal structure. This will allow Maryland to optimize the successful EmPOWER program to better serve the State's climate goals.

The recommendation to transition the EmPOWER Maryland program to a greenhouse gas reduction goal was supported by the Commission led workgroup that included a diverse group of stakeholders. Proposals to establish GHG reductions goals for EmPOWER have also been made by the Maryland Commission on Climate Change and within the Maryland Department of the Environment's State Climate Plan. The PSC feels that the language in HB 864 provides the legislative intent and structure for the EmPOWER plans to move the State closer to achieving its climate goals in the future.

The Public Service Commission requests a Favorable report for HB 864. We appreciate the work of the sponsor and the numerous stakeholders who have worked on this bill this session. Please direct any questions you may have to Christina Ochoa, Director of Legislative Affairs, at christina.ochoa1@maryland.gov.

Sincerely,

A handwritten signature in blue ink that reads "Frederick H. Hoover".

Frederick H. Hoover, Chair
Maryland Public Service Commission

HB 864 CF - MoCo - Fitzgerald_FAV (GA 24).pdf

Uploaded by: Garrett Fitzgerald

Position: FAV



Montgomery County

Office of Intergovernmental Relations

ROCKVILLE: 240-777-6550

ANNAPOLIS: 240-777-8270

HB 864

DATE: March 21, 2024

SPONSOR: Delegates Crosby and Qi

ASSIGNED TO: Education, Energy, and the Environment Committee

CONTACT PERSON: Garrett Fitzgerald (garrett.fitzgerald@montgomerycountymd.gov)

POSITION: Favorable

Energy Efficiency and Conservation Plans

The EmPOWER Maryland program has driven statewide building energy efficiency improvement for more than a decade through programs delivered by the State's regulated utilities and the Department of Housing and Community Development (DHCD). This legislation provides important policy direction to guide the Public Service Commission (PSC) in evolving the program to better align with the State's climate priorities and ensure ongoing benefits to residents and property owners.

This bill will reform EmPOWER Maryland in several ways. First, the bill establishes new minimum greenhouse gas (GHG) reduction targets to replace those previously defined only in terms of electricity savings. It requires electric utilities to provide support for beneficial electrification such as through incentives for replacing combustion equipment with high efficiency heat pumps. It requires utilities to promote the availability of State and federal incentives alongside their own program offerings, which will help property owners and residents to make more informed decisions and should lead to more energy- and cost-saving projects.

The bill also requires that program funding primarily be used to improve building energy performance in ways that will directly benefit ratepayers, and directs DHCD to streamline and improve program access for low-income households. Finally, the bill seeks to lower long-term costs to ratepayers by requiring utilities to end the practice of accruing costly program debt and to pay down existing debt.

These are important and reasonable reforms that will improve the EmPOWER Maryland program and benefit participants and ratepayers. Montgomery County suggests that the program could be further strengthened by discontinuing incentives for fossil fuel combustion equipment, while maintaining incentives for other energy efficiency improvements in buildings that continue to rely on fossil fuel combustion for heat.

Montgomery County respectfully requests that the Education, Energy, and the Environment Committee issue a favorable report on House Bill 864.

CCAN EMPOWER testimony.pdf

Uploaded by: Jamie DeMarco

Position: FAV



**Testimony in Support EmPOWER Reform
HB 864
Energy, Education, and Environment
3/21/2024**

**Jamie DeMarco, Maryland Director
Chesapeake Climate Action Network Action Fund**

On behalf of the Chesapeake Climate Action Network Action Fund, I urge a favorable report on HB 864.

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.

While the legislature has made clear it intends to shift away from fossil fuels to power our homes and buildings, EmPOWER is not currently in line with the state's plan. Because its goals are currently 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 EmPOWER Maryland 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 goals: 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.

Bill components:

- **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.
- **Aligns EmPOWER with Maryland climate goals -**
 - Shifts program goals from electrical savings to greenhouse gas emissions reductions goals, directing the Public Service Commission to set specific goals for each utility with a set of clear parameters. We support the House amendments to direct PSC to set the utilities' goals with a set of clear parameters.

- Requires electric utilities to provide incentives for switching to clean, efficient electric appliances and home heating, which will open up access for the use of federal incentives. Electric appliances and equipment are tremendously more efficient and less polluting than gas appliances. We support House amendments to make these incentives a requirement for electric utilities.
 - 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.
 - Makes these changes to both the utility run portion of EmPOWER and the Department of Housing run programs directed at low-income households.
- **Delivers more savings to customers -**
 - Establishes a clear benchmark of 80% for what percent of goals are met though in home energy efficiency measures (behind the meter).
 - Brings down costs to utility customers by lowering the rate of return to utilities on existing EmPOWER debt.

We respectfully request a favorable report.

BACKGROUND

The EmPOWER Maryland Energy Efficiency Act of 2008 created the [EmPOWER program](#) to incentivize energy efficiency and conservation efforts. EmPOWER includes a utility run program of rebates, weatherizations and other efficiency updates, as well as similar programs targeted at limited income consumers, which are run by the state's Department of Housing and Community Development (DHCD). In 2023 Gov. Moore signed [a new law to improve the DHCD run program](#).

As outlined in [Maryland PIRG Foundation's 2023 report](#), energy efficiency is one of the smartest investments the state can make.

BENEFITS OF ENERGY EFFICIENCY

- **Reducing costs for consumers and ratepayers.** By reducing the amount of energy people consume and reducing the amount of infrastructure needed to provide that energy, efficiency improvements help ratepayers pay less on their utility bills. That's because [energy efficiency improvements are often a cheaper way for utilities to meet electricity demand than generating and distributing electricity](#).
- **Protecting public health by reducing pollution from burning fossil fuels.** Burning fossil fuels, both indoors and out, [produces air pollution](#) that can cause a range of health problems, from damage to the lungs and heart to cancer to mental health and cognitive issues.
- **Reducing greenhouse gas emissions.** By reducing fossil fuel combustion in buildings and from power plants, as well as the leaks of pollutants like methane associated with fossil fuel extraction and infrastructure, [energy efficiency reduces greenhouse gas](#) emissions and thus helps fight global warming and climate damage.
- **Making it easier to transition to renewable energy.** By reducing the amount of energy required to meet the needs of the public, energy efficiency reduces the total amount of dirty fossil fuel generation that must be replaced by clean renewable sources in order to protect public health and prevent the worst impacts of climate change. Energy efficiency also reduces the number of costly upgrades to electricity transmission and

distribution systems that are needed, significantly [easing the transition to renewable energy and reducing the time, costs and other resources required to make it.](#)

A HISTORY OF SUCCESS

According to the [Maryland Public Service Commission](#), since 2008, EmPOWER Maryland has:

- Created lifetime savings of over \$12.7 billion from an investment of \$3.5 billion in efficiency.
- Reduced greenhouse gas emissions by the equivalent of at least 9.6 million metric tons of carbon dioxide, equal to taking 2 million cars off the road for a year.
- Provided Marylanders with free or discounted energy audits, weatherization, and efficient appliances and provided businesses with discounts and incentives for energy efficient upgrades.

TIME FOR AN UPDATE

Space heating and cooling accounts for [more than half](#) of home energy use, yet most Marylanders are using old, inefficient technology to heat and cool their homes. [Almost half of Marylanders](#) still use fossil fuels for heating and 25% are using electric furnaces and highly inefficient baseboard heat.

Maryland [has made clear its intention to shift away from fossil fuels to power our homes and buildings](#) to help reach ambitious goals to reduce greenhouse gas emissions 60% from 2006 levels by 2031. Yet, EmPOWER Maryland doesn't sufficiently provide incentives to support households switching from gas to highly efficient electric heat pumps and still subsidizes inefficient gas-burning furnaces.

A heat pump is an all-in-one electric HVAC system that can both heat and cool a building. This equipment is highly efficient. The latest models use an average of [18% less electricity](#) for cooling than central AC units in the Mid-Atlantic and are [two to three times](#) more efficient than gas furnaces even amid the depths of winter weather. They are now suitable for [all Maryland climates](#) and they can last [15 years](#) or more.

According to a [recent report from RMI, GHGI, CCAN and CASA](#), in Maryland, fossil fuel equipment in residential and commercial buildings emits more than three times as much health-harming NOx as all the state's power plants put together.

RIGHTSIZING UTILITY PROFITS

The financing model for EmPOWER in place through 2023 has raised the costs for ratepayers over time without maximizing energy savings. Maryland utilities have profited significantly more than utilities in other top states for efficiency, driving up costs to ratepayers.

- In recent years Pepco has earned a return equivalent to about 16% of its budget while BGE and Potomac Edison earned returns equivalent to over 20% of their annual budgets.
- For reference, efficiency administrators in Massachusetts, Vermont and Rhode Island, all earn returns equivalent to 5% or less of their program budgets.
- Maryland utilities also earn a much higher return on EmPOWER spending than on their normal expenses: for example, the PSC set a 9.5% return on BGE's costs of providing electricity service for the 2021-2023 cycle.

The PSC has rightfully moved away from this funding mechanism for the program, but it will take a number of years for ratepayers to pay off existing debt. Fortunately, the legislature can reduce the rate of the return on that remaining debt, saving ratepayers in a big way. In the future we want to ensure that profits, if any, are in-line with other top performing states and any financial incentives should be tied to performance. If ratepayers are funding incentives, utilities should also be penalized for substandard performance.

Home Heating Fuel Source by County

County	Electric Utility	Primary Home Heating Fuel -%		
		Gas	Electric	Oil/Propane
Baltimore	BG&E	51%	37%	11%
Baltimore City	BG&E	63%	31%	5%
Anne Arundel	BG&E	37%	48%	12%
Howard	BG&E	42%	49%	7%
Harford	BG&E	41%	42%	14%
Carroll	BG&E	18%	50%	27%
Montgomery	Pepco	52%	43%	4%
Prince Georges	Pepco	52%	42%	5%
Alleghany	P. Edison	54%	26%	13%
Washington	P. Edison	24%	51%	21%
Frederick	P. Edison	34%	49%	14%
Calvert	SMECO	6%	74%	16%
Charles	SMECO	24%	56%	16%
St. Mary's	SMECO	12%	60%	15%
Cecil	Delmarva	20%	33%	40%
Wicomico	Delmarva	17%	59%	22%

CONTACT
Jamie DeMarco, Maryland Director
jamie@chesapeakeclimate.org, 443-845-5601

Ceres EmPOWER Support Letter April 2024.pdf

Uploaded by: Jeff Mauk

Position: FAV



EILEEN
FISHER



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. 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.

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>

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

EILEEN FISHER, Inc.

Energy Management Solutions, Inc.

Impax Asset Management

Sealed

Uplight

EmPOWER Maryland Energy Efficiency Act Testimony 2

Uploaded by: Joelle Novey

Position: FAV

Testimony Supporting HB 864
Senate Education, Energy, and the Environment Committee
March 21st, 2024

Position: Favorable



Chair Feldman and Members of the Committee,

Interfaith Power & Light (DC.MD.NoVa), along with five regional multi-faith networks and over a dozen Maryland faith organizations, request a favorable report on HB 864, the EmPOWER Maryland Energy Efficiency Act.

Our breath connects us to each other and to all life. We believe our breath is for singing praise — not for breathing soot and pollution.

But in Maryland, burning methane gas is harming all that has breath:

Below ground, the pipes that bring gas to our homes leak methane, sometimes enough to risk an explosion — and trap more than 80 times as much heat as carbon dioxide, further damaging our climate.

Above ground, in our homes, burning gas indoors hurts the lungs and health of our loved ones, particularly the young and old.

Today, we are using our breath to speak out: for a safer, cleaner, and more efficient future where everything is powered by clean energy. We call on our elected leaders to issue a favorable report on HB 864, the EmPOWER Maryland Energy Efficiency Act, to help Marylanders get off gas-burning appliances at home.

For the health of our common home, we can strengthen the EmPOWER Maryland program and align it with our climate goals. For all that has breath, we can provide subsidies to help Marylanders choose cleaner, efficient appliances that protect the lungs of our children and most vulnerable neighbors. And for Marylanders already struggling with high utility bills, we can ensure that they have access to all the federal and state funding available to help them lower their utility bills and choose more efficient appliances.

Across Maryland, our faith communities are choosing healthy and efficient electric appliances over gas, oil, and propane. We call on you to join us by strengthening the EmPOWER Maryland program and passing HB 864 – *for all that has breath*.

Submitted on behalf of **Interfaith Power & Light (DC.MD.NoVA)**, and these Maryland faith groups and communities:

Action In Montgomery (AIM)

Anne Arundel Connecting Together (ACT)

Central Maryland Ecumenical Council (CMEC)

Multi-Faith Alliance of Climate Stewards of Frederick County (submitting additional testimony)

The EmPOWER Act will help Marylanders reduce their carbon dioxide and methane output through cost-saving incentives resulting in cleaner air for breathing and less heat trapping carbon gasses in the atmosphere. And it gives the most incentives to lower income households, which is important to faith groups who support creation justice.

People Acting Together in Howard (PATH)

Baltimore Jewish Council

Beloved DMV Environmental Justice Collective (Green leaders in Black churches)

Baltimore Washington Conference of the United Methodist Church Creation Care

BWCUMC Creation Care supports HB 864 for its energy efficiency and electrification provisions to help eliminate health and environmental harms, especially for underserved and overburdened communities.

Chesapeake Earth Holders Community of Engaged Buddhism

Our community cares deeply for the wellbeing of the Earth and all living beings. We support the Energy Efficiency Act because it will provide a means by which the citizens of Maryland can, through their combined efforts to shift to cleaner forms of energy, help create a cleaner and healthier environment for all.

**Creation Care Ministry of the Delaware-Maryland Synod
of the Evangelical Lutheran Church in America (ELCA)**

Episcopal Diocese of Washington Creation Care Committee

Green Dharma DMV (Green leaders in Hindu and Jain communities)

Green Muslims

Jewish Climate Action Network DMV (JCAN-DMV)

Jewish Community Relations Council of Howard County (submitting additional testimony)

Justice & Witness Action Network – Maryland
(Central Atlantic Conference, United Church of Christ)

Maryland Catholics for Our Common Home (submitting additional testimony)

Unitarian Universalist Legislative Ministry of Maryland (submitting additional testimony)

Over five hundred caring Marylanders have spoken out in their congregations to strengthen EmPOWER over the last two years. A dozen of them are below, and view the [full album here](#).



HB864 Testimony(EmPower) - Crossover.pdf

Uploaded by: Jose Coronado Flores

Position: FAV



**Testimony in SUPPORT of HB864
Public Utilities - Energy Efficiency and Conservation Plans**

Senaten - EEE

Jose Coronado-Flores , On Behalf of CASA

March 21st, 2024

Dear Honorable Chair Feldman and Members of the Committee,

CASA is pleased to offer **favorable testimony in support of HB864 -Energy Efficiency and Conservation Plans**). CASA is the largest immigrant services and advocacy organization in Maryland, and in the Mid-Atlantic region, with a membership of over 120,000 Black and Latino immigrants and working families. We want to thank Vice Chair Crosby for his leadership on the bill.

HB864 is important legislation that will address energy efficiency in low-income households and multifamily residential buildings. In particular, we are invested in seeing this bill pass, because CASA members are overwhelmingly renters in multifamily buildings that suffer from lack of weatherization and energy cost burden.

When it comes to weatherization and advancing energy efficiency, low-income renters can be left out of the process or feel as if that cannot do anything, because they don't own their own homes. As aggressive rent increases and gentrification loom, these same renters also fear the outcomes of costly improvements to their apartment communities. However, this bill acknowledges the fear that renovations and improvements will price them out. On pages 10 and 11 of the bill, there is explicit language that addresses displacement and rent increases after weatherization is conducted in affordable housing.

Not only does this bill address the energy burden in residential buildings, but it also tangentially addresses housing conditions. Many of our members live in apartments where weatherization has not been done in decades - this is not an exaggeration. If we can get more buildings weatherized with greater incentives for property owners, we will improve housing conditions. Tenants are entitled to warm homes in the winter and cool homes in the summer; they are also entitled to homes that are sealed from the elements to prevent mold growth and other condition issues.

With the benefits of improving housing conditions, offering low-income tenants a stake in greenhouse reductions, and lowering electric bills, HB864 is a worthy bill. CASA urges a favorable report.

Jose Coronado-Flores

Research and Policy Analyst, jcoronado@wearecasa.org, 240-393-7840

HB864_MDSierraClub_fav 21March2024_EEE.pdf

Uploaded by: Josh Tulkin

Position: FAV



P.O. Box 278
Riverdale, MD 20738

Committee: Education, Energy, and the Environment

Testimony on: HB 864, “Energy Efficiency and Conservation Plans” (EmPOWER)

Position: Support

Hearing Date: March 21, 2024

The Maryland Chapter of the Sierra Club urges a favorable report for HB 864, one of the Chapter’s three priority bills for this session, as amended in the House.

This bill updates and reforms Maryland’s EmPOWER energy efficiency program to more directly mitigate climate change by reducing carbon emissions from Maryland buildings. To do this, the bill provides incentives for households and businesses to electrify their buildings and facilitates the coordination of both federal and state programs to deliver energy efficiency and electrification for low- and moderate-income households. It also sets out a plan by which the Maryland Public Service Commission (PSC) can reduce the cost of and manage down the costs of utilities fees for investing in EmPOWER. The amendments, as passed in the House, provide technical clarity on the bill and the goal setting, and were developed with the PSC, the Office of the People’s Counsel, and the Moore Administration.

The Sierra Club would support an additional amendment to end existing incentives for gas heating and water heating appliances. The carbon dioxide emissions associated with gas combustion and the essentially inevitable system leaks of methane prior to combustion release damaging greenhouse gasses that would slow Maryland’s progress toward its 2031 and 2045 goals.

Opponents of this legislation have propagated a number of myths about it. Neither this legislation nor the amendment that we recommend would ban new gas appliances. They likewise will not require anyone to install an efficient electric appliance, nor require all new buildings to be all electric. With our recommended amendment, however, utilities would limit current subsidies for gas equipment to reduce installation incentives and encourage users to purchase appliances that will be more sustainable both economically and environmentally.

Historical and Legislative Background

The EmPOWER program has significantly improved the energy efficiency of Maryland homes and commercial buildings over the last 15 years. It has resulted in about \$12.7 billion in energy savings for utility customers at a cost of \$3.5 billion.¹

To address the climate crisis and meet Maryland’s climate goals, it is essential that EmPOWER and its annual budget (now close to \$379 million) work to reduce Maryland’s greenhouse gas (GHG) emissions.² The Climate Solutions Now Act, passed in 2022, set a goal of reducing

¹ The EmPOWER Maryland Energy Efficiency Act REPORT OF 2022, page 2, Maryland Public Service Commission

² The EmPOWER Maryland Energy Efficiency Act REPORT OF 2022, pages 18-19

carbon emissions by 60% from 2006 levels by 2031³ and called for EmPOWER to take on “mutually reinforcing goals,” including “greenhouse gas emissions reduction, energy savings, net customer benefits and reaching underserved customers.”⁴ In a July 2022 report to the legislature, the PSC asked the legislature to adopt greenhouse gas emissions goals for the EmPOWER program, measured on a gross lifecycle basis for the 2024 to 2026 cycle.⁵ HB 864 needs to be passed in the 2024 legislative session to be effective for the remainder of this EmPOWER cycle.

Using Gas in Buildings Contributes to Climate Change and Adverse Health Impacts

Fuels burned in buildings in Maryland generate 13% of GHG emissions in Maryland. Including electricity consumed, the building sector accounts for 40% of the state’s GHG emissions.⁶ To meet our climate goals and keep energy affordable for all Maryland residents, we need to reduce greenhouse gas emissions from burning fossil fuels in our buildings.

Efficient electric cold climate heat pumps can be up to three times as efficient as gas fired or electric resistance heat,⁷ lowering operating costs for Maryland residents and lowering greenhouse gas emissions. As we install more solar and wind energy, emissions for heat pumps will fall even further.

Gas and other fossil fuels deliver almost half of Maryland’s home heating as of 2020.⁸ Gas, made mostly of methane, leaks both in our streets and in our homes and businesses. It is a powerful greenhouse gas, 84-87 times as powerful as carbon dioxide over a 20-year period.⁹ Inside our homes it also increases the likelihood that children will develop asthma. One study showed that 12.7% of childhood asthma is attributed to gas in our homes.¹⁰

Reforming EmPOWER to Support Building Electrification

The EmPOWER rebates provided by this bill – along with rebates, credits and deductions available through the federal Inflation Reduction Act and the federal Infrastructure Investment and Jobs Act – will make the transition to clean, all-electric heating, electric cooking, hot water heating, and clothes drying affordable for a large number of Maryland residents. This financial support is particularly important for heat pumps, which typically have a higher upfront cost than gas furnaces or electric resistance heat, but lower operating costs.

³ Climate Solutions Now Act, Page 29

⁴ Ibid, Page 72

⁵ PUBLIC SERVICE COMMISSION OF MARYLAND
Recommendations on the Future of EmPOWER Maryland, July 1, 2022

⁶ Maryland Building Decarbonization Study, E3, October 2021, page 5. As Maryland’s electricity production becomes increasingly renewable based, the GHG contributions of electricity generation will be greatly reduced. A significant portion of the current electric load comes from inefficient electric resistance heat.

⁷ Renewable Energy Consumption Survey, 2020, Energy Information Administration, [Residential Energy Consumption Survey \(RECS\)](#)

⁸ RECS Survey, US Energy Information Administration, 2020

⁹ International Energy Agency, [Methane and climate change – Methane Tracker 2021 – Analysis - IEA](#) over a period of 20 years.

¹⁰ Population Attributable Fraction of Gas Stoves and Childhood Asthma in the United States
<https://www.mdpi.com/1660-4601/20/1/75>

Replacing electric resistance heat with efficient electric heat pumps will also be important to managing the load on the electric grid and lowering bills for Maryland households, especially low-income households. By replacing electric resistance heat with heat pumps, these homes will have much smaller electric bills. Heat pumps will also lower electric load at peak times. As with those replacing a gas furnace with a heat pump, the incentives from EmPOWER and the Inflation Reduction Act will support this transition.

To support utilities in this transition from GHG-intensive appliances and furnaces to efficient electric ones, the bill proposes to have the EmPOWER program offer utilities incentives for achieving the greenhouse gas and other EmPOWER goals. It also includes penalties for failure to achieve those goals. The proposed changes to EmPOWER in this bill continue to require investments made by EmPOWER to be cost effective for EmPOWER programs delivered by the utilities.

HB 864 would also make needed reforms to help ensure that low-income customers are able to take advantage of the EmPOWER program. As customers electrify their homes and migrate off of the gas system, low-income customers are likely to bear the cost of paying for gas infrastructure. The Office of the People's Counsel (OPC) estimated that gas bills could rise by more than 100% by 2035 as gas utilities continue to invest in gas infrastructure and fewer customers pay the bills for it.¹¹ To avoid disproportionately burdening low-income families, we need to offer the ability to electrify their homes. Funding from the federal Inflation Reduction Act (2022) along with EmPOWER incentives for fuel switching and other incentives will enable a significant portion of low-income families to have efficient, safe homes heated by heat pumps.

In recent years, some 30% of EmPOWER low income customers were deferred because they needed other work on their homes.¹² There are incentives available to pay for some of this work; however, braiding together these incentives can be a confusing and challenging process. This bill would provide community outreach specialists to help with this daunting job. Along with the modifications to Chapter 572 that resulted from the passage of HB 169 in the last legislative session, which set increased energy efficiency goals for low-income families under the EmPOWER program, HB 864 will help assure that low-income families benefit from electrification and get a fair shake from EmPOWER.

The bill also calls for 80% of savings to take place in the buildings, behind the meter. This is important because EmPOWER, from its inception, has been financed by a small surcharge on ratepayers' bills, and thus ratepayers should be the beneficiaries of the savings paid for by these charges. Other climate friendly actions from the utility can be included in regular rate filings by the utilities.

During the debates on the Climate Solutions Now Act in 2022, a number of utility representatives questioned whether electrification would stress our electric grid. The recently

¹¹ Comate Policy for Maryland's Gas Utilities, Financial Implications, Page 19, Office of the People's Counsel.

¹² Maryland Department of Housing and Community Development, [2021-2023 DCHD Limited Income Program Plan filing to the Public Service Commission](#)

completed Electrification Study commissioned by the PSC and performed by the Brattle Group concluded that winter peak load would grow only slightly through 2031, with annual growth of 2% or less, much less than peak load has grown in some decades in the past.

Lastly, HB 864 will bring down costs to utility customers by lowering the rate of return to utilities on existing EmPOWER debt. The electric utilities have invested approximately \$900 million in the EmPOWER program and earn over \$55 million annually on this investment. HB 864 proposes that ratepayers pay off this debt and achieve significant savings. In addition, the return on this safe investment would be reduced to the utilities' cost of debt, roughly half of what they are currently earning.

Additional Opportunities to Strengthen EmPOWER

As noted above, the Maryland Chapter of the Sierra Club encourages the inclusion of an amendment to end incentives for fossil fuel heating and other appliances. EmPOWER currently offers rebates for high-efficiency gas appliances.¹³ Continuing to invest in gas-fired building heating, hot water heating, and dryers commits us to higher greenhouse gas emissions for the life of these appliances, typically 15-18 years. It also impairs the health of our children and runs counter to the federal incentives available.

We propose ending incentives for fossil fuel heating and other appliances, which would encourage homeowners and small businesses owners to make this transition as their current fossil fuel appliances reach the end of their life. This amendment will help us transition to clean, efficient heat, hot water heating and clothes drying, while saving on our utility bills. It will contribute to meeting our climate goals, help more low-income families electrify their homes, and not further perpetuate the health harms of fossil fuel appliances. And, it will reduce the numbers of low-income households that face increasing gas bills as the gas user-base contracts over time.

Conclusion

The Maryland Chapter of the Sierra Club strongly supports HB 864. We urge a favorable report and support amendments to eliminate incentives for purchasing gas appliances.

Christopher T. Stix
Clean Energy Legislative Committee
StixChris@gmail.com

Josh Tulkin
Chapter Director
Josh.Tulkin@MDSierra.org

¹³ Washington Gas website, [Washington Gas Rebates](#)

Senate Version 2024 Testimony - HB 864 - EmPOWER -

Uploaded by: Kari Alperovitz-Bichell

Position: FAV



Unitarian Universalist Legislative Ministry of Maryland

Testimony in Support

HB 864 - Energy Efficiency and Conservation Plans (EmPOWER Reform)

To: Chair Feldman and the Members of the Education, Energy and the Environment Committee
From: Phil Webster, PhD
Lead Advocate on Climate Change
Unitarian Universalist Legislative Ministry of Maryland.
Date: March 21, 2024

The Unitarian Universalist Legislative Ministry of Maryland (UULM-MD) strongly supports **HB 864 - Energy Efficiency and Conservation Plans (EmPOWER Reform) as amended by the House of Delegates** and urges a FAVORABLE report by the committee.

The UULM-MD is a statewide faith-based advocacy organization, with over 1,200 members, based on the Principles of Unitarian Universalism. Unitarian Universalists believe in *“justice and equity in human relations”* and *“respect for the interconnected web of all existence of which we are a part.”*

This bill addresses Environmental Justice issues faced by low and moderate income families and requires reductions in greenhouse gas emissions as follows:

- Keep what EmPOWER does best by continuing to offer free or discounted energy audits, help weatherize homes, and provide rebates for efficient heating and appliances.
- Align EmPOWER with Maryland climate goals -
 - Shift program goals from electrical savings to greenhouse gas emissions reductions goals, directing the Public Service Commission to set specific goals for each utility with a set of clear parameters.
 - Require that electric utilities provide incentives for switching to clean, efficient electric appliances and home heating, which will open up access for the use of federal incentives. Electric appliances and equipment are tremendously more efficient and less polluting than gas appliances.
 - Ensure that consumers who want to switch to electric appliances have access to state and federal incentives—without mandating they switch to “electric appliances”

- Make these changes to both the utility run portion of EmPOWER and the Department of Housing run programs directed at low-income households.
- Deliver more savings to customers -
 - Establish a clear benchmark of 85% for what percent of goals are met though in home energy efficiency measures (behind the meter).
 - Direct the Department of Housing to staff multilingual community outreach specialists to promote the programs and help low-income households access federal and state incentives.
 - Bring down costs to utility customers by lowering the rate of return to utilities on existing EmPOWER debt.

We support **HB 864 - Energy Efficiency and Conservation Plans (EmPOWER Reform) as amended by the House of Delegates** and urge a FAVORABLE report in committee.

Phil Webster

Phil Webster, PhD

Lead Advocate, Climate Change UULM-MD

HB0864 - FAV - Senate.pdf

Uploaded by: Landon Fahrig

Position: FAV



Maryland

Energy Administration

TO: Chair Feldamn, Vice Chair Kagan, and Members of the Education, Energy, and the Environment Committee

FROM: MEA

SUBJECT: HB 864 - Energy Efficiency and Conservation Plans

DATE: March 21, 2024

MEA Position: FAVORABLE

The Maryland Energy Administration (MEA) is heavily involved in the ongoing EmPOWER processes hosted by the Public Service Commission (PSC). MEA supports the third reader version of the bill inclusive of the MEA and other State agencies' respective amendments. MEA recommends rendering a favorable report. This legislation is critical for reconciling the goals of the EmPower program with the climate goals established by the Climate Solutions Now Act.

Several factors are putting upward pressure on utility costs for individuals and businesses; commodity prices, transmission and distribution projects, among others. This bill, including the various agency amendments, gives the PSC Commissioners the flexibility needed to incorporate costs, environmental impacts, energy goals, and a host of other factors into the EmPOWER goal-setting process; providing the most prudent approach to weigh the costs and benefits associated with each goal level within the context of broader State policy goals.

The language of the agency amendments adopted in the House was developed with the input of stakeholders, including MEA, the Department of Housing and Community Development (DHCD), and the Maryland Department of the Environment (MDE), and it is an important step in helping us reach our energy and environmental goals, as established by the Climate Solutions Now Act of 2022. It follows the established processes for EmPOWER program design and adoption, and it adds greenhouse gas abatement as part of the overall program and its associated goals.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Landon Fahrig, Legislative Liaison, directly (landon.fahrig@maryland.gov, 410.931.1537).

HB0864_Energy Efficiency & Conservation Plans_EEE_

Uploaded by: Laurie McGilvray

Position: FAV



Committee: Education, Energy and the Environment
Testimony on: HB0864 - Energy Efficiency and Conservation Plans
Organization: Maryland Legislative Coalition Climate Justice Wing
Submitting: Laurie McGilvray, Co-Chair
Position: Favorable
Hearing Date: March 21, 2024

Dear Mr. Chair and Committee Members:

Thank you for allowing our testimony today in support of HB0864. The Maryland Legislative Coalition Climate Justice Wing, a statewide coalition of nearly 30 grassroots and professional organizations, urges you to vote favorably on HB0864.

HB0864 is one of three priority bills for the Climate Justice Wing because it will strengthen in important ways the original EmPOWER Maryland Energy Efficiency Act, passed in 2008 to incentivize energy efficiency and energy conservation. While the current EmPOWER Program has improved energy efficiency, saved consumers millions of dollars, and reduced greenhouse gas (GHG) emissions, it needs to be updated. The bill will help Maryland meet its ambitious GHG reduction goals and benefit the electric grid by reducing electricity use through efficiency while the state electrifies the building and transportation sectors.

HB0864 includes a number of important components. First, it will continue to offer free or discounted energy audits, provide rebates for efficient heating and appliances, and help offset the cost of weatherization for homeowners. Second, the bill shifts the goals from energy savings to GHG reductions, which is critical for Maryland to meet its GHG emission reduction targets. Third, it requires electric utilities to provide incentives for switching to clean, efficient electric appliances and home heating. Now is the time to make this change and offer fuel-switching incentives, because Marylanders can combine them with federal Inflation Reduction Act incentives to further reduce their costs. While the bill could be strengthened by eliminating EmPOWER subsidies for all gas appliances, thereby making homes healthier, we are pleased that the bill at a minimum will provide incentives for switching from gas to electric appliances. Fourth, HB0864 delivers greater benefits to ratepayers by setting a benchmark of 85% of GHG reductions coming from efficiency measures “behind the meter” or inside the home, and lowers utilities’ rate of return on existing EmPOWER debt. Finally, the bill helps low-income households by directing the Department of Housing and Community Development to dedicate multilingual community outreach specialists to promoting the EmPOWER Program.

We also understand that the Public Service Commission (PSC), the Office of the People’s Counsel, and the Moore Administration and Agencies have worked on technical amendments to

the bill, although we have not seen specific language. We would be supportive of amendments, for example, that direct the PSC to establish GHG reduction goals for utilities with a clear set of parameters, but would not support amendments to rate-base EmPOWER Program funding.

The benefits of HB0864 are clear:

- lower energy costs for homeowners and businesses,
- leverage state and federal funds for efficient appliances,
- healthier homes with less indoor fossil fuel combustion,
- help commercial and multi-family buildings meet their building energy performance standards;
- reduce demand on the grid as the state transitions to all-electric buildings and vehicles,
- reduce GHG emissions, and
- right-size utility profits and ratepayer impacts.

For these reasons, we strongly support HB0864 and urge a **FAVORABLE** report in Committee.

350MoCo

Adat Shalom Climate Action

Cedar Lane Unitarian Universalist Church Environmental Justice Ministry

Chesapeake Earth Holders

Chesapeake Physicians for Social Responsibility

Climate Parents of Prince George's

Climate Reality Project

ClimateXChange – Rebuild Maryland Coalition

Coming Clean Network, Union of Concerned Scientists

DoTheMostGood Montgomery County

Echotopia

Elders Climate Action

Fix Maryland Rail

Glen Echo Heights Mobilization

Greenbelt Climate Action Network

HoCoClimateAction

IndivisibleHoCoMD

Maryland Legislative Coalition

Mobilize Frederick

Montgomery County Faith Alliance for Climate Solutions

Montgomery Countryside Alliance

Mountain Maryland Movement

Nuclear Information & Resource Service

Progressive Maryland

Safe & Healthy Playing Fields

Takoma Park Mobilization Environment Committee

The Climate Mobilization MoCo Chapter

Unitarian Universalist Legislative Ministry of Maryland

WISE

hb864- energy efficiency plans- PSC, DHCD EEE 3-21

Uploaded by: Lee Hudson

Position: FAV



Delaware-Maryland Synod
Evangelical Lutheran Church in America
God's work. Our hands.

Testimony Prepared for the
Education, Energy, and the Environment Committee
on
House Bill 864
March 21, 2024
Position: **Favorable**

Mr. Chairman and members of the Committee, thank you for this opportunity to testify about an energy regime that helps care for creation by accelerating decarbonization. I am Lee Hudson, assistant to the bishop for public policy in the Delaware-Maryland Synod, Evangelical Lutheran Church in America. We are a faith community in three judicatories across our State.

The text of **House Bill 864** includes *SUBJECT TO REVIEW AND APPROVAL BY THE COMMISSION, EACH ELECTRIC COMPANY, EACH GAS COMPANY, AND THE DEPARTMENT SHALL DEVELOP AND IMPLEMENT PROGRAMS AND SERVICES IN ACCORDANCE WITH 7-223, 7-224, AND 7-225 OF THIS SUBTITLE TO ENCOURAGE AND PROMOTE THE EFFICIENT USE AND CONSERVATION OF ENERGY, DEMAND RESPONSE, AND BENEFICIAL ELECTRIFICATION BY CONSUMERS, ELECTRIC COMPANIES, GAS COMPANIES, AND THE DEPARTMENT IN SUPPORT OF THE GREENHOUSE GAS EMISSIONS REDUCTION GOALS AND TARGETS SPECIFIED IN TITLE 2, SUBTITLE 12 OF THE ENVIRONMENT ARTICLE.*

Lowered energy costs for consumers will be a benefit of energy consumption strategies. This will address an affordable housing concern we hold. Energy is essential for adequate housing. We know that lowering energy consumption also lowers a housing cost.

House Bill 864 would make recognized efficiency-strategy products available to more utility service customers. The PSC and DHCD as a property manager will have roles for developing, deploying, assessing, monitoring, and servicing efficiency plans applied to State public systems and customer markets. The bill's material involvements are, appropriately, on both sides of the consumption meter.

In order to meet targets in the Climate Solutions Act of 2022 for decarbonizing the energy sector, all interests and actors and their resources have to be engaged. We implore your favorable report.

Lee Hudson

HB 864 MDE SUP.pdf

Uploaded by: Les Knapp

Position: FAV



The Maryland Department of the Environment
Secretary Serena McIlwain

House Bill 864
Energy Efficiency and Conservation Plans

Position: Support
Committee: Education, Energy, and the Environment
Date: March 21, 2024
From: Hadley Anthony

The Maryland Department of the Environment (MDE) **SUPPORTS** HB 864 as amended.

Bill Summary

House Bill 864 would require participating electric or gas utilities, small rural electric cooperatives, and the Department of Housing and Community Development (DHCD) to provide programs that support energy efficiency and conservation, demand response, and beneficial electrification. The Public Service Commission (PSC) would review and approve these programs. The PSC would be required to encourage and promote the efficient use and conservation of energy in support of greenhouse gas (GHG) emissions reduction goals and targets. MDE and other agencies would be required to provide feedback on the programs, and MDE would provide baseline emissions data from the consumption of gas and electricity across applicable utility companies and customer classes. MDE would also be responsible for conducting a GHG analysis for each of the three-year plans from utility companies and DHCD.

Position Rationale

This bill aligns with Maryland's statewide climate goals: to reach 60% GHG reductions, compared to 2006 levels, by 2031 and net-zero emissions by 2045. One of the most affordable ways to save on energy costs is to invest in energy efficiency. EmPOWER energy efficiency and conservation programs have built-in requirements that consider verifiable outcomes, cost-effectiveness, job creation, and ratepayer impacts. HB 864 designates GHG reductions as a central EmPOWER goal. MDE supports the new goal of achieving GHG reductions through EmPOWER energy efficiency and conservation programs in equitable ways. This bill also aligns with the policy recommendations made by the Climate Pollution Reduction Plan, the Maryland Climate Change Commission, and the Building Energy Transition Implementation Task Force.

Accordingly, MDE asks for a **FAVORABLE** report for HB 864 as amended.

HB0864 EmPOWER Energy Efficiency Act.pdf

Uploaded by: Madeline Sumida

Position: FAV

HB0864 EmPOWER Energy Efficiency Act -- **FAVORABLE**

Madeline Sumida
10746 Kinloch Road
Silver Spring, MD
20903

If we are to achieve the targeted 60% reduction of state greenhouse gas emissions by 2031, Governor Moore and the Maryland General Assembly must engage all Marylanders in energy efficiency efforts. I urge the Senate to pass the EmPOWER Maryland Efficiency Act of 2024, which expands a program that since 2008 has saved utility customers more than \$4 billion dollars on their energy bills and reduced greenhouse gas emissions by at least 9.6 million metric tons of carbon dioxide.

The reformed EmPOWER takes a substantial step toward making energy improvements more accessible to all Marylanders. It provides households and businesses with additional discounts and rebates for energy audits, weatherization, and efficient appliances. It increases accessibility to low-income households by funding the switch from gas to electric and hiring multilingual community outreach specialists. And it delivers savings directly to Maryland households by encouraging utility companies to invest in customers' home energy efficiency improvements.

I can personally attest to the necessity of these amendments. Last year in Michigan, I worked on the City of Ann Arbor's groundbreaking initiative to transition the frontline Bryant neighborhood to carbon neutrality by 2030. The majority of homeowners and renters in this community are people of color; 75% live in poverty; and many are elderly with limited technology facility. I listened to concerns about clean energy projects sponsored by the government and utility companies, which reflected residents' experiences of being marginalized by authorities. The Bryant project provided community outreach workers to help residents understand the advantages of weatherization and energy retrofits to their homes and follow through with applications to access state and federal funding for home energy upgrades. This process of building trust between project managers and community members was absolutely essential to signing people up for free energy audits and initiating renovations and retrofits.

We cannot diminish the devastating impacts of climate change on our communities solely through technology and top-down decision-making from government and organizational leadership. Climate action plans become real and transformative when the average individual can make practical lifestyle changes to improve energy conservation and efficiency.

HB 864 Energy Efficiency and Conservation Plans (

Uploaded by: Mariana Rosales

Position: FAV

Thursday, March 21st, 2024

TO: Brian Feldman, Chair of the Senate Education, Energy, and the Environment Committee, and Committee Members

FROM: Mariana Rosales, The Nature Conservancy, Director of Climate; Cait Kerr, The Nature Conservancy, State Policy Manager

POSITION: Support HB 864 Energy Efficiency and Conservation Plans

The Nature Conservancy (TNC) supports HB 864 offered by Delegates Crosby and Qi, as amendmended by the House of Delegates. HB 864 builds on EmPOWER Maryland's successes and aims to align the program with the state's climate goals and maximize the use of federal energy efficiency funds. This bill continues the program's effective focus on weatherization and rebates for efficient electric appliances and home heating and adds essential consumer safeguards. Importantly, the bill includes enabling fuel switching though EmPOWER funds and changing the program accounting to greenhouse gas emissions reductions. Energy efficiency is one of the most cost-effective ways to decrease greenhouse gas emissions to combat climate change, while reducing utility bills.

HB 864 seeks to improve the EmPOWER Maryland program by prioritizing energy efficiency measures that reduce greenhouse gas emissions, aligning program goals with Maryland's climate goals, and maximizing the use of federal energy efficiency funds from the Inflation Reduction Act. Energy is one of the three largest carbon emissions sources in our state. Decreasing the amount of energy needed through investing in energy efficiency creates a path to reducing emissions.

EmPOWER Maryland has been a highly successful energy efficiency program. It establishes free or discounted energy audits, weatherization, and efficiency rebates that help homeowners and businesses save money and advance efficient energy use. However, depending on the energy source used, the amount of greenhouse gas emissions might be drastically different. HB 864 goes beyond a solely efficiency-focused approach on the reducing energy use and aims to diminish greenhouse gas emissions.

In order to reach Maryland's statewide emission reduction goals of 60% from 2006 levels by 2031 and net-zero emissions by 2045, the EmPOWER Maryland program must continue and be improved. The measures included in this bill will contribute to the state's efforts to reduce greenhouse gas emissions and transition to clean, efficient electric power and home heating. HB 864 ensures that ratepayers receive meaningful benefits and clearly establishes obligations to the energy providers.

TNC commends Delegates Crosby and Qi on introducing this bill, which seeks to expand energy efficiency and reduce greenhouse gas emissions through the EmPOWER program.

Therefore, we urge a favorable report on HB 864.

ACEEE Support HB 864 Energy Efficiency and Conserv

Uploaded by: Mark Kresowik

Position: FAV



March 21, 2024

Education, Energy, and the Environment Committee
2 West
Miller Senate Office Building
Annapolis, MD 21401

RE: Testimony on HB 864 Energy Efficiency and Conservation Plans

Dear Chair Feldman, Vice Chair Kagan, Members of the Committee,

The American Council for an Energy-Efficient Economy (ACEEE) tremendously appreciates your leadership advancing affordability and growth in Maryland through energy efficiency and clean energy. We respectfully **urge you to lower costs for households and businesses and fully align the EmPOWER MD energy efficiency programs with the state's goals** by passing HB 864 regarding Energy Efficiency and Conservation Plans out of your committee.

As the Nation's preeminent national energy efficiency research, technical assistance, and advocacy organization, ACEEE has deep experience and expertise when it comes to the benefits and best practices of energy efficiency programs, particularly when considering the investments needed to meet Maryland's climate pollution reduction and equity goals.¹ The EmPOWER MD energy efficiency programs have been the cornerstone of the state's success to date, contributing to a top ten ranking for Maryland in the most recent ACEEE State Energy Efficiency Scorecard.² Those efforts to date **will deliver an estimate \$13.6 billion in savings for Maryland households and businesses**, with savings more than doubling investment costs in 2021.³

Unfortunately the EmPOWER MD programs administered by the state's utilities are starting to fall behind their peers. **BGE's ranking in the ACEEE Utility Energy Efficiency Scorecard declined from 5th in 2020 to 12th in 2023**, largely because of reductions in the percentage of revenue invested in energy efficiency and the lifetime savings from efficiency measures.⁴ Directing a shift from short-term savings to behind-the-meter measures that deliver long-term savings and climate pollution reductions, as HB 864 does, may help reverse that disappointing trajectory. Leading states have embraced that opportunity by ending incentives for gas appliances and prioritizing measures for electrification and building envelopes.⁵

¹ [Climate-Forward Efficiency Initiative | ACEEE](#)

² [The State Energy Efficiency Scorecard | ACEEE](#)

³ [Allegheny Power \(state.md.us\)](#)

⁴ [The Utility Energy Efficiency Scorecard | ACEEE](#)

⁵ [Leading States Embracing Climate-Forward Efficiency | ACEEE](#)

Those savings are particularly important for low-income households in Maryland, who already face some of the highest energy burdens – the percentage of their income going to energy costs - in the United States. The American Housing Survey estimated that fully a quarter of low-income homeowners in Baltimore may have faced an absolutely shocking energy burden of nearly 50% in recent years.⁶ The Maryland Office of People’s Counsel has found that the price of fuel for households that remain on the gas distribution system will skyrocket in coming years.⁷ **Directing the Maryland Public Service Commission (MD PSC) to fully align the EmPOWER MD energy efficiency programs with the state’s climate pollution reduction goals and implement beneficial electrification programs will help those most vulnerable, underserved, and overburdened households** with the necessary transition off fossil fuels. This is particularly important to do before utilities submit filings to the MD PSC to address potentially ending gas appliance incentives and proposing electrification programs on August 1st, 2024.⁸

HB 864 regarding Energy Efficiency and Conservation plans will help households and businesses save even more money than they have to date with the EmPOWER MD programs, and reduce pollution that damages public health and disrupts the climate. Please pass it expeditiously out of your Committee, through the Senate, and to the Governor to be signed into law.

Sincerely,

Mark Kresowik
Senior Policy Director
American Council for an Energy-Efficient Economy
mkresowik@aceee.org

⁶ [American Housing Survey \(AHS\) \(census.gov\)](https://www.census.gov/hhes/ahs/)

⁷ [Gas Rates & Climate Report \(maryland.gov\)](https://www.maryland.gov/gas-rates-climate-report/)

⁸ [2024-2026-Transition-Order.pdf \(state.md.us\)](https://www.state.md.us/2024-2026-Transition-Order.pdf)

IMT Testimony MD HB864 EmPOWER 2024_Senate 3.20.24

Uploaded by: Marshall Duer-Balkind

Position: FAV



**Testimony by Marshall Duer-Balkind, Institute for Market Transformation on
HB 0864 – Energy Efficiency and Conservation Plans**

March 20, 2024

Education, Energy, and Environment Committee

Position: FAVORABLE

Dear Members of the Committee:

My name is Marshall Duer-Balkind, Policy Director for the Institute for Market Transformation, and a resident of district 47a. IMT is a nonprofit that focuses on innovative and pragmatic solutions to create high-performing buildings. We support HB 864 concerning energy efficiency and conservation plans **as amended in the House of Delegates**.

HB 864 will enable necessary and important revisions to the suite of energy efficiency and demand response programs known as “EmPOWER Maryland.” The bill also aligns with some recommendations of the state’s Building Energy Implementation Task Force, which IMT facilitated and staffed.ⁱ Maryland has long been an energy efficiency leader.ⁱⁱ However, EmPOWER is no longer in alignment with this Assembly’s climate vision of net zero greenhouse gas emissions by 2045; it is incentivizing fossil-fuel powered heating equipment that will still be polluting then.

The bill would change the program savings metric from units of energy use to units of greenhouse gas emissions. Under the current EmPOWER program, incentives are based on energy use reductions by fuel type. So, if you replace an old gas-fired furnace with an efficient electric heat pump, you would not qualify for EmPOWER because

electricity use would go up, even though greenhouse gas emissions would go down. This bill will enable beneficial electrification, making EmPOWER a useful resource for residents seeking to leverage federal incentives, and for building owners seeking to comply with the state's Building Energy Performance Standards.

The bill will also improve equity by expanding energy efficiency programs to the approximately 100,000 customers of municipal utilities and rural electric cooperatives which do not currently offer these benefits.ⁱⁱⁱ

While IMT supports the bill, we think it could be even stronger if it included a recommendation from the BETI Task Force final report. This amendment should *“Prohibit incentives for gas equipment in all residential market rate programs and commercial and industrial programs with a phase-out period ending in 2026, during which there will be narrow exceptions in cases where there are no viable electrification alternatives.”*^{iv}

12 other states have already made similar changes to those proposed in this bill.^v I previously served as Vice Chair of the Sustainable Energy Utility Advisory Board in Washington, D.C., where we oversaw a similar shift in program goals to focus on greenhouse gas emissions, and ended incentives for new gas-fired equipment.^{vi} By ending subsidies for fossil fuels, we are better preparing residents for a clean energy future, and reducing the risk of stranded assets. These changes worked in DC, and can work in Maryland.

IMT respectfully requests a favorable report on HB 864.

ⁱ Maryland Department of the Environment, Building Energy Implementation Task Force. <https://mde.maryland.gov/programs/air/ClimateChange/Pages/BETITF.aspx>

ⁱⁱ American Council for an Energy-Efficiency Economy (ACEEE). State Scorecard, 2022. <https://www.aceee.org/state-policy/scorecard>

ⁱⁱⁱ Based on IMT analysis of customer counts published by Choptank and A&N electric cooperatives and municipal utility customer counts published by the PSC in their 2022 report to DNR: <https://www.psc.state.md.us/wp-content/uploads/2022-2031-Ten-Year-Plan-Final.pdf>

^{iv} BETI TF report, page 15

<https://mde.maryland.gov/programs/air/ClimateChange/BEPS/Final%20Report%20of%20the%20Building%20Energy%20Transition%20Implementation%20Task%20Force.pdf>

^v 11 states and the District of Columbia that encourage electrification through fuel-neutral energy or emissions goals for demand-side management programs: DC, NJ, NY, MA, VT, IL, WI, MN, TN, CO, CA, and AK. Source: ACEEE. 2022. “Leading States Chart Path for Cutting Emissions with Electrification.” <https://www.aceee.org/blog-post/2022/07/leading-states-chart-path-cutting-emissions-electrification-pointing-way-peers-1>

^{vi} Sustainable Energy Utility Advisory Board 2022 Annual Report. <https://doee.dc.gov/node/1227741>

HB 864 EmPOWER Senate Testimony - Health Professio

Uploaded by: Maryland Health Professionals for Healthy Climate N/A

Position: FAV

March 21, 2024
Senate Education, Energy, and the Environment Committee
FAVORABLE HB 864

Mr. Chairman and Honorable Members of the Committee:

Maryland Health Professionals for a Healthy Climate and the Maryland Public Health Association support HB0864, Energy Efficiency and Conservation Plans, and we thank Delegates Crosby and Qi for their leadership on this issue.

This bill would require that each electric company, gas company, and the Department of Housing and Community Development (DHCD) develop a plan for achieving certain energy efficiency, conservation and greenhouse gas emissions targets through programs and services that will surpass existing energy efficiency and conservation goals. It also requires the Public Service Commission (PSC) to promote efficient use of and conservation of energy in support of greenhouse gas emission reduction goals and targets.

As a public health coalition, our concerns include the connection between climate change, health issues, and promoting health equity for Marylanders. With regard to the EmPOWER Maryland program, this means assuring that energy efficiency efforts are designed to protect and strengthen health, most especially for people in our state who are more vulnerable to the impacts of climate change like high heat days due to poor health, low income, and living in historically disinvested communities. While Marylanders have seen the benefits of the EmPOWER program since it was created in 2008 in the form of “... more than \$4 billion on their energy bills and reduced statewide greenhouse gas emissions of at least 9.6 million metric tons,” the landscape of energy efficiency has evolved over time and so should the EmPOWER program ([EmPOWER Maryland](#)).

There is an inconsistency in the benefits from EmPOWER across populations with greater cost and less benefit going to disinvested communities and people who have lower incomes and/or minority backgrounds. Low-income people are paying more for this program than they are getting back. In addition, “[...]low-income Marylanders pay more than double what is considered a high energy burden, spending 13% of their household budget for energy bills. The lowest-income households in Maryland spend as much as 42% of their household budget on energy costs,” according to [Energy Efficient Maryland](#). This burdensome disparity for low-income households must be addressed. It undermines the health of people who live in these dwellings and it is a blot on fairness in our systems.

The disparity in access to energy causes negative health impacts on the children, adults, and elders who live in the affected households. Making matters worse, weather-proofing and insulation are frequently poor. Health and safety dangers threaten people who live where heating and cooling are too expensive to begin with and energy is lost through inefficiency.

Asthma is the number one reason that children miss school and adults miss work. Minority families, often in low-income neighborhoods with reduced quality housing, have a higher incidence of asthma and the presence of mold may be a factor. Leakage from roofs, pipes, and walls lead to excessive moisture and the growth of mold, which can trigger asthma attacks in susceptible children and adults ([Pacheco et. al. 2014, Centers for Disease Control and](#)

[Prevention, Environmental Protection Agency](#)). In addition, those who are allergic, immunosuppressed and those with chronic lung disease are all at higher risk of infection from mold. Inadequate heating and cooling systems in housing for low-income people may be a factor and thus it becomes an important equity issue. We are likely to see mold become a greater problem with this change in our climate. According to the [International Energy Agency](#), “[c]hronic thermal discomfort and fuel poverty also have negative mental health impacts (anxiety, stress, and depression).”

Our understanding of how health problems respond to poor household energy systems and are also the cause of poor indoor air quality has increased over time. For example, poor ventilation is a significant issue which can lead to mold and damp environments that tend to exacerbate lung conditions, such as asthma. Retrofitting programs targeting energy efficiency by installing insulation have been shown to improve indoor air temperatures to healthy levels ([Zota et. al. 2005](#)). Covering the cost of retrofitting and weather proofing can meet needs of the rental communities. We note that temperature also has a large impact on employee productivity and comfort in the workplace ([International Energy Agency](#)).

The revenue generated by EmPOWER must be used simultaneously to address the problems of Maryland residents and to address climate change. These goals go hand in glove. The revenue to do this is already generated by the EmPOWER program. The increased profits of our utility companies reflect this fact.

New developments at the federal level and new technologies require adjustment and modernization of Maryland’s groundbreaking state EmPOWER program. Improved and more efficient energy saving systems are already a program goal. Updated technologies like heat pumps that do not rely on gas are a step forward. They are an opportunity to expand efforts at electrification and will help Maryland link our electricity to renewable energy sources. HVAC systems, water heaters, and everyday appliances like stoves can be powered without fossil fuels and thus reduce escaping gas that creates a negative impact on our climate and unhealthy effects on the lungs of children. Incentive programs can make the opportunity more note-worthy. Incentives for gas powered appliances are now of questionable value except as part of a planned transition to lower use of fossil fuels. We hope the sector of our economy that produces natural gas and gas systems and appliances will work with us to support the achievement of net zero carbon. We must do this now. Later is too late.

The Inflation Reduction Act of 2022 created new federal subsidies that Maryland should utilize. Modernizing the Empower program will help Maryland’s eligibility for federal climate reduction grants. The direct rebates, and generous tax incentives are a tremendous opportunity to continue Maryland’s roadmap to a future that will support us and our children and our children’s children.

Bill components:

- **Reinforce EmPOWER’s benefits** by continuing to offer free or discounted energy audits, help weatherize homes, and provide rebates for efficient heating and appliances.
- **Align EmPOWER with Maryland climate goals**
 - Shift program goals from electrical savings to greenhouse gas emissions reductions goals, directing the Public Service Commission to set specific goals for each utility with a set of clear parameters.

- Require electric utilities to provide incentives for switching to clean, efficient electric appliances and home heating. Electric appliances and equipment are tremendously more efficient and less polluting than gas appliances.
- Ensure consumers who want to make the switch have access to state and federal incentives.
- Make these changes across the scope of EmPOWER, including the utility run portion of EmPOWER and the Department of Housing & Community Development (DHCD) run programs directed at low-income households.
- **Deliver more savings to customers**
 - Establish a clear benchmark of 85% for what percent of goals are met though in home energy efficiency measures (behind the meter).
 - Direct the Department of Housing to staff multilingual community outreach specialists to promote the programs and help low-income households access federal and state incentives.
 - Bring down costs to utility customers by lowering the rate of return to utilities on existing EmPOWER debt.

Thank you for your attention. We request a favorable report on HB 864.

HB 864 - CBF - FAV.pdf

Uploaded by: Matt Stegman

Position: FAV



CHESAPEAKE BAY FOUNDATION

*Environmental Protection and Restoration
Environmental Education*

House Bill 864

Energy Efficiency and Conservation Plans

Date: March 21, 2024

To: Education, Energy & the Environment Committee

Position:

Favorable

From:

Matt Stegman

MD Staff Attorney

Chesapeake Bay Foundation (CBF) **SUPPORTS** HB 864 as it has been amended by the House of Delegates. The bill realigns the incentives of the existing EmPOWER Maryland program with the state's climate goals and leverages available federal funding to deliver additional benefits to energy ratepayers.

Since its creation in 2008, the EmPOWER Maryland program has been a tremendous success. Over the life of the program, a cumulative investment of \$3.5 billion has returned savings of over \$12.7 billion to utility ratepayers. Additionally, the program has reduced greenhouse gas emissions by the equivalent of at least 9.6 million metric tons of carbon dioxide.

HB 864 shifts the goals of EmPOWER from electrical savings to greenhouse gas emissions reduction, directing the Public Service Commission to set specific goals for each utility with clear criteria for meeting them. Electric utilities will be required to provide incentives for switching to clean, efficient electric appliances and home heating, which will open up access for the use of new federal incentives. Electric appliances and equipment are significantly more efficient and produce less pollution than gas appliances.

HB 864 does not mandate the use of electric appliances, however it ensures consumers who want to make the switch have access to state and federal incentives. The bill makes these changes to both the utility run portion of EmPOWER and the Department of Housing run programs directed at low-income households.

CBF urges the Committee's FAVORABLE report on HB 864.

For more information, please contact Matt Stegman, Maryland Staff Attorney, at mstegman@cbf.org.

Maryland Office • Philip Merrill Environmental Center • 6 Herndon Avenue • Annapolis • Maryland • 21403

The Chesapeake Bay Foundation (CBF) is a non-profit environmental education and advocacy organization dedicated to the restoration and protection of the Chesapeake Bay. With over 200,000 members and e-subscribers, including 71,000 in Maryland alone, CBF works to educate the public and to protect the interest of the Chesapeake and its resources.

HB 864 Testimony_Senate EEE.pdf

Uploaded by: Nick Bibby

Position: FAV



HB 864 – Energy Efficiency and Conservation Plans (EmPOWER)

Senate Education, Energy and the Environment Committee
March 21st, 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 2030.¹ 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.

¹ 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.² 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).³ 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

² 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>

³ 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.



HB864_IndivisibleHoCoMD_FAV_Alexander (Senate).pdf

Uploaded by: Peter Alexander

Position: FAV



HB864

Energy Efficiency and Conservation Plans

Testimony before Senate Education, Energy, and Environment Committee

March 21, 2024

Position: Favorable

Chair Feldman and Vice-Chair Kagan, and members of the committee, my name is Peter Alexander and I represent the 750+ members of Indivisible Howard County. Indivisible Howard County is an active member of the Maryland Legislative Coalition (with 30,000+ members). We are providing written testimony today **in support of HB864**. We appreciate the leadership of Vice-Chair Crosby and Delegate Qi for sponsoring this important legislation.

By enacting the EmPOWER Maryland Energy Efficiency Act in 2008, the MGA took a big step forward toward reducing greenhouse gas emissions (GHG) while saving money for Maryland residents and utility ratepayers. Since then, this law has been highly successful, creating nearly \$13 Billion in energy cost savings and reducing GHG emissions nearly 10 million metric tons of CO2 equivalents. Efficiency improvements from low-cost energy audits and weatherization, and discounted energy-efficient appliances actually decreased electricity usage in the state.

As good as it has been, EmPOWER is not enough to meet Maryland's 2031 GHG reduction targets. More efficiency improvements and more fossil fuel combustion reduction needs to be implemented. Since buildings are the second largest emitters of GHGs, converting homes and commercial buildings to clean renewable energy sources is imperative. Heat pumps avoid GHG emissions from gas and oil furnaces and are 3-fold more efficient than gas heat. Transitioning Maryland households from gas to electric space heating and appliances is essential for achieving our state's legislatively-enacted climate goals.

HB864 will set pollution reduction targets and measure the effectiveness of its implementation. It will expand access to state and federal energy efficiency programs for low-income households while improving resident's health by decreasing indoor air pollution from gas furnaces and appliances. HB864 will also increase gas utility transparency and accountability for infrastructure planning, service costs, and corporate profits and end ratepayer subsidies for GHG emitting home heating and other GHG emitting appliances.

Let's take another big step forward in climate and health stewardship by making these commonsense improvements to the EmPOWER program.

We respectfully urge a favorable committee report.

Peter Alexander, PhD
District 9A
Woodbine, MD

HB 864 - MDLCV Favorable Senate - Energy Efficiency

Uploaded by: Rebecca Rehr

Position: FAV



Kim Coble
Executive Director

2024 Board of
Directors

Lynn Heller, Chair
The Hon. Nancy Kopp,
Treasurer
Kimberly Armstrong
Candace Dodson-Reed
Verna Harrison
Melanie Hartwig-Davis
Charles Hernick
The Hon. Steve Lafferty
Patrick Miller
Bonnie L. Norman
Katherine (Kitty)
Thomas

March 21, 2024

Favorable: HB 864 - Energy Efficiency and Conservation Plans

Mr. Chair and Members of the Committee:

Maryland LCV is writing in support of HB 864 - Energy Efficiency and Conservation Plan. We extend our gratitude to the Public Service Commission, Office of the People's Counsel, Moore-Miller Administration, and legislative leadership in both chambers who worked to find consensus around technical amendments to the bill.

Energy efficiency initiatives are the most cost-effective way to meet Maryland's energy needs and EmPOWER has consistently saved Marylanders money while reducing per-capita energy demand.¹ As climate change becomes an increasingly pressing issue, EmPOWER also represents an opportunity for renewed emphasis on greenhouse gas (GHG) abatement and a key program in helping Maryland meet its GHG emissions reductions targets passed in the Climate Solutions Now Act.

The three main pillars of HB 864 are:

- **Reinforce EmPOWER's core function**, continuing to offer free or discounted energy audits, home weatherization, and rebates for efficient heating and appliances.
- **Align EmPOWER with Maryland's climate goals -**
 - Shift program goals from electrical savings to greenhouse gas emissions reduction goals, directing the Public Service Commission to set specific goals for each utility with a set of clear parameters.
 - Require that electric utilities provide incentives to their customers for switching to clean, efficient electric appliances and home heating.
 - Ensure consumers who want to make the switch to electric appliances have access to state and federal incentives.
 - Make these changes to both the utility run portion of EmPOWER and the Department of Housing & Community Development (DHCD) run programs directed at low-income households.
- **Deliver more savings to customers**
 - Establish a clear benchmark for what percent of goals are met through home energy efficiency measures (behind the meter).
 - Direct DHCD to hire multilingual community outreach specialists to promote programs and help low-income households access federal & state incentives.
 - Bring down costs to utility customers by lowering the rate of return to utilities on existing EmPOWER debt.

Maryland LCV urges a favorable report on HB 864.

¹ <https://energy.maryland.gov/pages/facts/empower.aspx>

Testimony in support of crossover bill HB0864.pdf

Uploaded by: Richard KAP Kaplowitz

Position: FAV

CROSSOVER BILL HB0864_RichardKaplowitz_FAV

3/21/2024

Richard Keith Kaplowitz
Frederick, MD 21703

TESTIMONY ON CROSSOVER BILL HB#0864 – FAVORABLE

Energy Efficiency and Conservation Plans

TO: Chair Feldman, Vice Chair Kagan, and members of the Education, Energy, and the Environment Committee

FROM: Richard Keith Kaplowitz

My name is Richard K. Kaplowitz. I am a resident of District 3. I am submitting this testimony in support of CROSSOVER BILL HB#0864, Energy Efficiency and Conservation Plans

“The Maryland’s Climate Pathway report demonstrates how Maryland can meet its ambitious climate goals of 60% reduction of greenhouse gas emissions by 2031 relative to 2006 levels, and attain a net-zero economy by 2045, all while realizing health and economic benefits for Marylanders, including improved air quality, new jobs, and household cost savings.

Maryland can do this through the coordinated implementation of current and new policies across each sector of the economy, combined with a strong federal partnership and a broader all-of society approach that integrates actions from cities, counties, local jurisdictions, business and industry leaders, community organizations, and more.”¹

This bill mandates that sources which affect our climate; electric companies, gas companies, housing, must work towards the development of plans for climate change remediation. These plans must address energy efficiency, conservation, and greenhouse gas emissions reduction targets. The bill will reset existing targets to achieve goals and targets more closely as documented in the current climate plan. It will also make the Public Service Commission work as a partner to these businesses and organizations. The PSC will be mandated to encourage and promote the efficient use and conservation of energy to ensure we meet greenhouse gas emissions reduction goals and targets.

If Maryland is to meet the ambitious but vitally necessary climate change remediation this bill lays out that path and methodologies to be implemented.

I respectfully urge this committee to return a favorable report and pass CROSSOVER BILL HB0864.

1

<https://mde.maryland.gov/programs/air/ClimateChange/Documents/MARYLANDS%20PATHWAY%20REPORT%20AND%202031%20GHG%20PLAN/Maryland%27s%20Climate%20Pathway%20Report.pdf>

COG CEEPC Comment Letter Supporting HB 864 - Energ

Uploaded by: Robert Christopher

Position: FAV



Metropolitan Washington
Council of Governments

March 20, 2024

The Honorable Brian J. Feldman
Chair of the Education, Energy, and the Environment Committee
Senate of Maryland
Miller Senate Office Building, 2 West Wing
11 Bladen Street
Annapolis, MD 21401

RE: Support for HB 864, Energy Efficiency and Conservation Plans

Dear Chair Feldman:

On behalf of the Climate, Energy, and Environment Policy Committee (CEEPC) of the Metropolitan Washington Council of Governments (COG), I am writing to support HB 864; Energy Efficiency and Conservation Plans.

Climate change is a regional priority for COG, the association of local governments in metropolitan Washington. Supporting aggressive energy efficiency goals, as well as multi-sector actions to reduce greenhouse gases are two of COG's legislative priorities, and this bill would directly assist in identifying implementation actions to reduce energy consumption and greenhouse gas emissions in the State of Maryland. As such, CEEPC, on behalf of COG, supports HB 864, as it would require electric and gas companies and the Department of Housing and Community Development to develop plans for achieving certain energy efficiency, conservation, and greenhouse gas emissions reduction targets.

Please contact Jeffrey King, COG Director of Climate, Energy, and Air Programs at (202) 962-3238 or jking@mwcog.org if you have any questions. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Jolene Ivey".

Jolene Ivey
Chair, Climate, Energy and Environment Policy Committee

cc: Honorable Cheryl C. Kagan
Honorable Malcolm L. Augustine
Honorable Benjamin T. Brooks, Sr.
Honorable Mary Beth Carozza
Honorable Jason C. Gallion
Honorable Katie Fry Hester
Honorable Bryan W. Simonaire
Honorable Mary L. Washington
Honorable Ronald L. Watson
Honorable Karen Lewis Young

HB 864_Maryland Catholics for Our Common Home_EEE_

Uploaded by: Robert Simon

Position: FAV



Maryland Catholics for Our Common Home

Responding to the cry of the Earth
and the cry of the poor.

Hearing before the Senate Education, Energy, and the Environment Committee
Maryland General Assembly
March 21, 2024

Statement of Support (FAVORABLE) of Maryland Catholics for Our Common Home on HB 864, Energy Efficiency and Conservation Plans

Maryland Catholics for Our Common Home (MCCH) is a lay-led organization of Catholics from parishes in the three Catholic dioceses in Maryland: the Archdiocese of Baltimore, the Archdiocese of Washington, and the Diocese of Wilmington. It engages in education about, and advocacy based on, the teachings of the Catholic Church relating to care for creation. MCCH is a voice for the understanding of Catholic social teaching held by a wide array of Maryland Catholics—over 500 Maryland Catholics have already signed our statement of support for key environmental bills in this session of the General Assembly—but should be distinguished as an organization from the Maryland Catholic Conference, which represents the public policy interests of the bishops who lead these three dioceses.

MCCH would like to express its strong support for passage in the Maryland Senate of House Bill 864, Energy Efficiency and Conservation Plans, as amended and passed by the House of Delegates. As Catholics, we view care for God’s creation and care for vulnerable groups in society as an integral part of our faith, as taught by recent Popes, including the forceful statements of Pope Francis in his encyclical, *Laudato Si’: On Care for Our Common Home*¹ (2015), and in his more recent apostolic exhortation, *Laudate Deum*² (2023).

In *Laudato Si’*, Pope Francis calls for a comprehensive response to the threats from climate change, including “an urgent need to develop policies so that, in the next few years, the emission of carbon dioxide and other highly polluting gases can be drastically reduced, for example, substituting for fossil fuels and developing sources of renewable energy.” (*Laudato Si’*, no. 26) He identifies “promoting ways of conserving energy” as an important line of action, including “removing from the market products which are less energy efficient or more polluting...and encouraging the construction and repair of buildings aimed at reducing their energy consumption and levels of pollution.” (*Laudato Si’*, no. 180) *Laudato Si’* also contains a call to “integrate questions of justice in debates on the environment, so as to hear both the cry of the earth and the cry of the poor” (*Laudato Si’*, no. 49).

The provisions of House Bill 864 build on the success of the EmPOWER program in ways that are consistent with the broad vision of Pope Francis. House Bill 864 ends incentives for the use of fossil fuels in home appliances and creates new incentives for electrification, efficient electric appliances, and home heating. Its provisions expand access for low-income households to state and federal funds for energy efficiency and whole-home retrofits. It also directs the Public Service Commission to set greenhouse gas emission reduction goals to align the program with Maryland’s climate goals, thereby increasing the coherence of State policies in this area.

Laudato Si’ and *Laudate Deum* herald a common message: The global environmental crisis is real. The clock is ticking. We must act now—and we must act courageously and decisively to correct our relationship with our common home. We cannot afford a failure of “conscience and responsibility” (*Laudate Deum*, no. 52). The expansions and improvements to the EmPOWER program in this bill will help Maryland to meet this environmental and moral challenge.

For these reasons we strongly urge your support for this bill. Thank you for your consideration of our views and our respectful request for a **favorable report on House Bill 864, as amended and passed by the House of Delegates.**

¹ The English text of the encyclical, to which the paragraph numbers in the parentheses, can be found at:
https://www.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si.html.

² The English text of the apostolic exhortation, to which the paragraph numbers in the parentheses refer, can be found at:
https://www.vatican.va/content/francesco/en/apost_exhortations/documents/20231004-laudate-deum.html.

GHHI HB864 Written Testimony.pdf

Uploaded by: Ruth Ann Norton

Position: FAV



2714 Hudson Street
Baltimore, MD 21224-4716
P: 410-534-6447
F: 410-534-6475
www.ghhi.org

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

GHHI Written Testimony – House Bill 864

March 21, 2024

Page Two

the historic increase in homes served through DHCD's programs¹ 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

¹ 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/>

GHHI Written Testimony – House Bill 864

March 21, 2024

Page Three

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.²

² 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.

GHHI Written Testimony – House Bill 864

March 21, 2024

Page Four

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,

DocuSigned by:


1A42B3060D6A435...
Ruth Ann Norton
President and CEO

HB0864_Energy_Efficiency_and_Conservation_Plans_EE

Uploaded by: Ruth White

Position: FAV



HoCoClimateAction.org
Howard County, Maryland

HB0864: Energy Efficiency and Conservation Plans

Hearing Date: March 21, 2024

Bill Sponsor: Delegate Cosby

Committee: Education, Energy, and the Environment Committee

Submitting: Ruth White for Howard County Climate Action

[HoCo Climate Action](#) is a [350.org](#) local chapter and a grassroots organization representing approximately 1,400 subscribers. It is also a member of the [Climate Justice Wing](#) of the [Maryland Legislative Coalition](#). We strongly urge support for HB0864 for EmPOWER program reform as amended in the House of Delegates. These amendments provide technical clarity on the bill and the goal setting. 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 further amendments to shift the EmPOWER program funding into the rate base, delay the bills implementation, or weaken ratepayer protections.

The EmPOWER Program created in 2008 has been effective in promoting energy efficiency and helping Marylanders reduce their electricity bills and save energy. Many members in our local community have taken advantage of free and discounted home energy audits and have been encouraged to change to more efficient lighting and more. This program is one way Marylanders have learned about the importance of saving energy by weatherization, other building shell improvements and the use of more efficient appliances.

However in 2024 we can and must do more. The Climate Solutions Now Act of 2022 (CSNA) requires that Maryland reach netzero emissions by 2045, a mere 21 years away. We can't reach that goal if we continue burning fossil fuels in buildings since this creates substantial methane emissions. Overall, space and water heating with fossil fuels creates 17% of Maryland's greenhouse gas (GHG) emissions.

HB0864 critically shifts target goals from reducing electricity usage to GHG reduction emissions and directs the Public Service Commission to set specific goals for each utility. We support the House amendments to direct PSC to set the utilities' goals with a set of clear parameters. This is long overdue, and as stated above, aligns energy policy with climate goals set under CSNA. In addition, HB0864 provides EmPOWER incentives for Marylanders who choose to switch from fossil fuel appliances to the more efficient electrical appliances and home heating. We support House amendments to make these incentives a requirement for electric utilities.

This incentive, combined with federal Inflation Reduction Act incentives, will help Marylanders reduce climate causing emissions and save on their ongoing utility bills.

We would like to see the bill further strengthened by eliminating most or all EmPOWER subsidies for gas appliances since these subsidies are counter to the state's electrification goals. New fossil fuel appliances will last 15 years or more, and make it even more difficult and expensive to reach our 2031 and 2045 climate targets. We need to stop spending ratepayer dollars through our utility bills for subsidizing polluting gas appliances and home heating. Also, we note large buildings subject to Buildings Energy Performance Standards (BEPS) under CSNA (those covered buildings over 35,000 square feet), will be aided to meet BEPS requirements by taking advantage of EmPOWER and other electrification incentives.

We support HB0864 for these and many other benefits elaborated in other's testimonies:

- lower energy costs for homeowners and businesses,
- leveraging of state and federal funds for efficient appliances,
- healthier homes with less indoor fossil fuel combustion,
- reduced demand on the grid as the state transitions to all-electric buildings and vehicles,
- reduced GHG emissions, and
- right-sizing utility profits and ratepayer impacts.

Finally, the bill helps low-income households by directing the Department of Housing and Community Development to dedicate multilingual community outreach specialists to promoting the EmPOWER Program.

For all these reasons, we strongly urge a FAVORABLE report for this bill.

Howard County Climate Action

Submitted by Ruth White, Steering and Advocacy Committee

www.HoCoClimateAction.org

HoCoClimateAction@gmail.com

EmPOWER Written Testimony 2024.pdf

Uploaded by: Zoe Gallagher

Position: FAV



**Testimony to the Senate Education Energy and the Environment Committee
HB864 Energy Efficiency and Conservation Plans
Position: Favorable**

March 21, 2024

The Honorable Brian Feldman, Chair
Senate Education Energy and the Environment Committee
3 East, Miller Senate Office Building
Annapolis, MD 21401
cc: Education Energy and the Environment Committee

Honorable Chair Feldman and Members of the Committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances economic rights and equity for Maryland families through research, education, direct service, and advocacy. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are here in support of HB864 as amended, which 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. We believe that everyone should have access to clean and efficient energy sources in their homes, regardless of income level.

While the legislature has made clear it intends to shift away from fossil fuels to power our homes and buildings, EmPOWER is not currently in line with the state's plan. Because its goals are currently 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.

One of the major reasons we support this bill is the impact it would have on low to moderate income households through the lowering of utility rates. As utility prices continue to go up, and BGE announced an impending \$408 million rate hike, our state must be taking action to bring energy efficient appliances and materials into as many low-income households as possible. This bill directs the Department of Housing to staff multilingual community outreach specialists to promote the programs and help low-income households access federal and state incentives. It also brings down costs to utility customers by lowering the rate of return to utilities on existing EmPOWER debt.

Additionally, this bill is crucial for public health, as both climate change and fossil fuel burning appliances have a major impact on health, with disparate outcomes affecting children and the

2209 Maryland Ave · Baltimore, MD · 21218 · 410-220-0494

info@econaction.org · www.econaction.org · Tax

ID 52-2266235

elderly most. Gas burning appliances inside homes are highly linked to increased cases of asthma and other respiratory illnesses. For example, nitrogen dioxide exposure that is comparable to that from a gas stove increases the odds of children developing a respiratory illness by [about 20 percent](#). Considering the high price point of energy efficient and electric appliances, this means that households with higher incomes are less susceptible to respiratory illnesses caused by exposure to gas appliances.

There are also climate justice implications, as Black and Brown residents are most likely to live in climate burdened communities or homes with [older](#), gas burning appliances. In Baltimore City, [20% of children](#) (about 24,000) have an asthma diagnosis, which is more than double the national prevalence of 9%, and pediatric asthma-related emergency department visits occur in Baltimore at more than double the statewide rate. We must be taking action to reduce racial and wealth disparities as climate change continues to worsen public health outcomes. This bill is a step towards bringing efficient and clean energy appliances into the homes of those who would otherwise not be able to afford them.

For these reasons we urge your favorable report on HB864.

Best,
Zoe Gallagher, Policy Associate

2209 Maryland Ave · Baltimore, MD · 21218 · 410-220-0494

info@econaction.org · www.econaction.org · Tax

ID 52-2266235

Economic Action Maryland is a 501(c)(3) nonprofit organization and your contributions are tax deductible to the extent allowed by law.

HB0864. Energy Efficiency and Conservation Plans FAV.

Uploaded by: Elizabeth Singer

Position: FWA

Committee: Education, Energy and the Environment
Testimony on: HB0864 – Energy Efficiency and Conservation Plans
Submitting: Elizabeth Singer
Position: FAVORABLE with Amendments
Hearing Date: March 20, 2024

Dear Chair and Committee Members:

As an individual who has advocated for public action on climate change for the past 15 years, I ask you to support substantive and timely updates to a successful energy efficiency program managed by our local utilities.

The fastest and most affordable way to lower our energy usage is to make our homes, businesses, and communities more energy efficient. Maryland has a program in place, EmPOWER, that helps Marylanders increase the efficiency of buildings and decrease the amount of energy used. Since its implementation in 2008, it has saved Marylanders \$12.7 billion on energy bills and reduced Maryland's greenhouse gas emissions by 9.6 million metric tons of carbon dioxide, which is equivalent to taking 2 million cars off the road per year.

But we need to update the EmPOWER program to meet today's priorities as outlined in Maryland's Climate Pollution Reduction Plan. As part of that plan, Maryland needs to expand EmPOWER's successful discounts and rebates for energy audits, weatherization, and efficient appliances by adding new incentives to switch to efficient, electric appliances and heating of homes and water. Fuel-switching incentives can be combined with federal Inflation Reduction Act incentives to further reduce their costs. Costs to ratepayer should be reduced by rightsizing utility profits and ensuring that any future incentives and penalties are tied to performance.

An updated EmPOWER program should also have a distinct environmental justice focus that helps more Marylanders, especially those who are underserved and underrepresented, to take advantage of these programs. By reducing the amount of energy people consume and reducing the amount of infrastructure need by moving from fossil fuels to clean energy, efficiency helps ratepayers pay less on their utility bills. The bill can also help low-income households by directing the Department of Housing and Community Development to dedicate multilingual community outreach specialists to promoting the EmPOWER Program.

For these reasons, I strongly support HB864 and support a FAVORABLE with Amendments vote.

2024 - HB864 - PHI - UNF EEE.pdf

Uploaded by: Anne Klase

Position: UNF



March 21, 2024

112 West Street
Annapolis, MD 21401

Oppose – House Bill 864: Energy Efficiency and Conservation Plans

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) respectfully oppose **House Bill 864: Energy Efficiency and Conservation Plans**. House Bill 864 requires each electric company, each gas company, and the Department of Housing and Community Development to develop a plan for achieving energy efficiency, conservation and greenhouse gas emissions reduction targets through certain programs and services, superseding certain existing energy efficiency and conservation goals. The legislation also requires the Public Service Commission (PSC) to establish and determine certain greenhouse gas emissions reduction targets and adopt rate-making policies that provide, through a surcharge full cost recovery of reasonably incurred costs for programs and services, including full recovery on a current basis. Finally, on or before December 31, 2032, all unpaid costs and unamortized costs that existed on December 31, 2024, or were incurred before January 1, 2028, and were accrued for the purpose of achieving targets for energy savings must be paid in full.

In 2008, the General Assembly passed the EmPOWER Maryland Energy Efficiency Act, which set target reductions of 15% in per capita electricity consumption and peak demand, respectively, by 2015 from a 2007 baseline. Legislation in 2017 extended the program through its 2018-2020 and 2021-2023 program cycles and established a new annual energy savings goal of 2.0% per year, based on each electric company's 2016 sales. Since the enactment of the original EmPOWER legislation, the program has been an effective tool for incentivizing energy efficiency and other customer and environmental benefits. Moving forward, if properly structured, EmPOWER can meaningfully assist the state in achieving its ambitious decarbonization goals to reduce greenhouse gas emissions by 60% by 2031 and achieve net zero by 2045.

In December 2022, the PSC issued Order No.90456 requiring that all unamortized EmPOWER program costs and interest as of December 31, 2023 be paid for in full by the completion of the 2027-2029 EmPOWER program cycle. The order also required a change in future cost recovery to gradually move to full expensing of costs.

Additionally, on December 29, 2023, the PSC issued an order authorizing the transition to the next three-year program cycle for EmPOWER Maryland and approved various proposals by the program administrators to implement new energy efficiency programs for the 2024-2026 program cycle, as well as continue operating core programs, subject to conditions. The Commission also approved several new pilots and enhancements to the suite of energy efficiency programs.

Pepco and Delmarva Power oppose this legislation as drafted, because the prescriptive nature of this legislation does not allow the PSC, through a transparent regulatory process, the flexibility and discretion to review and analyze program designs offered by the utilities to ensure cost-effectiveness and affordability for Maryland utility customers. The PSC has already implemented a new cost recovery methodology for the 2024-2026 EmPOWER Maryland program cycle in order to eliminate the balance of EmPOWER funds that have not yet been collected and shorten the timeframe during which a utility may recover operating costs.

It also should be noted that the PSC's order issued in December 2023 directed a Cost Recovery Work Group to convene to determine if there is an improved method for balancing the shift to an expense model given rising program costs and increased surcharges. The PSC directed that work group to file a status report on its findings by April 15, 2024, a final report with recommendations by July 1, 2024, and directed the utilities to respond to the final report by August 1, 2024.

Finally, via an amendment added on the House floor in the 2023 legislative session that Pepco and Delmarva Power did not have an opportunity to discuss with members and other key stakeholders, House Bill 864, as introduced, requires any unpaid costs and unamortized costs related to the EmPOWER program to earn no more than each electric or gas company's average cost of outstanding debt. Utilities do not finance their operations solely on debt, rather a combination of debt and equity and the return allowed to utilities through the regulatory process should reflect that reality. Neither the capital markets, nor the PSC, should be in favor of having a utility highly leveraged in debt as this decreases the stability of the utility and the utility's financial health, all of which can lead to increased costs to finance operations. The utilities have already made and paid for the investments that have created the unpaid and unamortized balances impacted by this provision of House Bill 864, under the premise that the utility would earn the rate of return approved through the regulatory process. If House Bill 864 were to pass as drafted, this would create a demonstrated loss for the utility and an unconstitutional taking.

As we consider all tools in the toolbox to meet Maryland's aggressive greenhouse gas reduction targets, including an equity and affordability lens to the analysis is imperative. Pepco and Delmarva Power believe the PSC should have flexibility and discretion to look at and analyze program designs offered by the utilities to ensure cost-effectiveness and affordability. For the reasons stated, Pepco and Delmarva Power respectfully request an unfavorable report on House Bill 864.

Contact:

Anne Klase
Senior Manager, State Affairs
240-472-6641
Anne.klase@exeloncorp.com

Katie Lanzarotto
Manager, State Affairs
410-935-3790
Kathryn.lanzarotto@exeloncorp.com

HB864 Unfavorable Letter 2024.pdf

Uploaded by: Bill Christopher

Position: UNF



DORCHESTER CHAMBER OF COMMERCE, INC.

306 High Street, Cambridge, MD 21613

410-228-3575

info@dorchesterchamber.org

www.dorchesterchamber.org

2024 Board of Directors

Kevin Hill

Chairman
Hill-Kimmel Contracting

Blake Whitten

Chairman Elect & Treasurer
Whitten Retirement Solutions

Jennifer Layton

Immediate Past Chairman
*Layton's Chance Vineyard
and Winery*

Max Fryer

Past Chairman & Vice
Chairman
*Folger Nolan
Fleming Douglas*

Danielle Johnson

Vice Chairman
Johnson's Cleaning Services

Caitlin Cannon

Koski Enterprises

Dominic Deluca

DELCO Packaging Products

Paul Dendorfer

Blue Ruin

Beth Hancock

*Regal Rexnord Corporation /
Cambridge Engineered
Solutions*

Brandon Hesson

City of Cambridge

Sherri Hobbs-Messick

*University of Maryland
Shore Regional Health*

Omeaka Jackson

*Harvesting Hope Youth and
Family Services*

Camila (Cam) Lopez

Cambridge Super Soda

Shane Nicolopoulos

*Hyatt Regency Chesapeake
Bay Golf Resort, Spa, &
Marina*

Eleanor Siri-Andoson

Siri Premier Eyecare

Blaine Williamson

McClain-Williamson Realty

Lisa Roberts Windsor

ZSTS Law Group

March 20, 2024

House Bill 864 - Energy Efficiency and Conservation Plans
Education, Energy and the Environment Committee
2 W Miller Senate Office Building
Annapolis, MD 21401

RE: Opposition to HB 864 by Delegates Crosby & Qj:
Energy Efficiency and Conservation Plans

Dear Chair Feldman:

I am writing on behalf of the Board of Directors of the Dorchester Chamber of Commerce to offer to request an unfavorable finding for HB 864.

The bill adds Choptank Electric Cooperative (Choptank) to the EmPOWER program for the first time. Choptank is a small electric distribution company, and this change will cause electric bills for families to increase by \$200-\$400 per year. The EmPOWER surcharge will have to be set somewhere between \$20 and \$35 per month, which will be an 18% increase on an average residential electric bill.

Choptank serves some of the lowest income areas of the state. While they provide service in 9 counties, they are in the most rural portions of those counties, with an average of only 8 customers per mile. Choptank is a not-for-profit company formed to serve families and farm businesses left behind by for-profit electric companies in the 1930s. All the revenue to run the cooperative comes from the member-owners.

This increase would create a significant hardship for their members.

For the reasons listed above we request an Unfavorable Report on House Bill 864.

Thank you for your attention to this matter. Should you require any further information or clarification, please do not hesitate to contact us.

Sincerely,

William A. Christopher
President/CEO

MD HB 864_ACC Opposition 031924.pdf

Uploaded by: Britt DeMarzo

Position: UNF

MD HB 864

([2024 Regular Session - House Bill 864 First Reader \(maryland.gov\)](#))

On behalf of the American Chemistry Council's Formaldehyde Panel, we oppose the following provision in MD HB 864 and ask that the language below be struck from Section 7-224 (F)(1)(2).

Section 7-224

~~(F) — THE PROGRAMS AND SERVICES PROVIDED UNDER SUBSECTION (A) OF THIS SECTION MAY NOT USE THERMAL INSULATING MATERIALS FOR BUILDING ELEMENTS, INCLUDING WALLS, FLOORS, CEILINGS, ATTICS, AND ROOF INSULATION, THAT CONTAIN FORMALDEHYDE IF THE FORMALDEHYDE:~~

~~(1) WAS INTENTIONALLY ADDED; OR~~

~~(2) IS PRESENT IN THE PRODUCT GREATER THAN 0.1% BY WEIGHT.~~

1. Formaldehyde is One of the Most Studied Chemicals in Use Today

Formaldehyde is a naturally occurring substance made of carbon, hydrogen, and oxygen. All life forms—bacteria, plants, fish, animals and humans—naturally produce formaldehyde as part of cell metabolism. For example, an adult produces about 1.5 ounces of formaldehyde a day as part of our normal metabolism.¹ For this reason, the body is well equipped to handle formaldehyde.

Formaldehyde is one of the most well studied compounds in commerce, and its risk profile has been well characterized. More than 40 years of advanced science and practical experience clearly indicate that there is a safe exposure level. Dozens of peer-reviewed studies all support a safe exposure level to formaldehyde that is higher than typical concentrations in our homes and protective of worker health. According to the CDC, formaldehyde metabolizes quickly in the body; it breaks down rapidly, is not persistent and does not accumulate in the environment.²

2. Formaldehyde Technologies Contribute to Sustainable Building Materials

It is a core building block of the U.S. chemical industry that is used across a wide variety of sectors, including agriculture, healthcare, construction, automobiles, funeral services, semiconductors, national security and aviation. Products that are based on formaldehyde technologies have broad roles in the economy, are critical to the integrity of the supply chains, supporting nearly [1 million jobs](#).

Formaldehyde-based resins are used as the adhesive system to bind wood chips and other materials together to make engineered wood construction materials such as plywood, particleboard and fiberboard, sheathing and cladding, asphalt shingles, furniture and paneling, kitchen cabinets, molding and trim work, and flooring systems, as well as non-wood based construction materials such as insulation, paints and varnishes and numerous other applications for the housing industry.

No known compounds can serve as a cost-effective and reliable replacement for formaldehyde as a critical raw material in the production of adhesives without compromising product quality and

¹ [Endogenous formaldehyde turnover in humans compared with exogenous contribution from food sources - - 2014 - EFSA Journal - Wiley Online Library](#).

² Agency for Toxic Substances and Disease Registry: <https://www.atsdr.cdc.gov/toxprofiles/tp111.pdf>

performance. Formaldehyde-based building products enable the more sustainable use of renewable resources, increasing energy efficiency while addressing greenhouse gas emissions.

Relevant ACC infographics:

- [Infographic: Formaldehyde Building and Construction Applications](#)
- [Infographic: Formaldehyde Contributing to a Sustainable Future for Wood Products](#)
- [Infographic: Formaldehyde Producers Boost US Economy](#)

3. The 0.1 Percent by Weight Threshold is Not Appropriate

The bill proposes banning the use of thermal insulating products that contain formaldehyde if formaldehyde is present in the product greater than 0.1 percent by weight. Measuring formaldehyde content by weight is not an appropriate measure. It is more important to measure the formaldehyde emissions of a product, than the percentage by weight. This measurement accurately correlates with potential exposure. This dynamic has been recognized by product regulations for formaldehyde including the California Air Resources Board's airborne toxic control measure (ATCM) to reduce formaldehyde emissions from composite wood products and U.S. EPA's [formaldehyde emission standards for composite wood products](#) under Title VI of the Toxic Substances Control Act (TSCA). EPA's Office of Air and Radiation has also [recently proposed](#) that products containing below 0.1 percent formaldehyde are non-hazardous air pollutant products.

Furthermore, this provision inappropriately applies a threshold based on a broad definition that is currently used by two federal agencies (OSHA and EPA) as a *de minimis* level for certain reporting obligations. In other words, if the 0.1 percent threshold is exceeded for a chemical, it only means that those concentrations would be listed for safety data sheets or that reporting of releases under the Toxics Release Inventory (TRI) may be required. The 0.1 percent threshold is not an indication of potential human health risk.

Formaldehyde is an essential building block in a diverse range of products, and its presence in these products is primarily in a converted form. Virtually all formaldehyde is consumed in the production of finished goods. In other words, little, if any, formaldehyde remains in the final products that consumers use.

Through many years of voluntary stewardship efforts, formaldehyde resin producers and wood panel manufacturers are now delivering products that emit at, or near, naturally occurring background levels from wood itself. [As required by TSCA](#), EPA has established national emission limits based on California's airborne toxics control measure to control formaldehyde emissions from composite wood products.

4. Formaldehyde is Currently Under Review by EPA

The U.S. Environmental Protection Agency designated formaldehyde as a high-priority substance and the chemical is currently undergoing risk evaluation under the Toxic Substances Control Act. EPA is planning to release the draft risk evaluation for formaldehyde in March of this year and is targeting finalization by December 2024. EPA has indicated that they will not exclude conditions of use from the scope of the risk evaluation, assessing all exposure routes and pathways relevant to the chemical substance under the conditions of use. TSCA preempts state restrictions on a chemical for which EPA: is conducting a risk evaluation; has determined that the substance does not present an unreasonable risk; or when EPA takes final action to address the chemical's risk.

We look forward to working with the bill sponsor and the Committee on alignment of the language with other regulatory agencies. Please feel free to contact me at (202) 249-6721 or Sahar_Osman-Sypher@americanchemistry.com if you have any questions. I look forward to your response.

Sincerely,



Sahar Osman-Sypher
Senior Director
Chemical Products & Technology Division
American Chemistry Council
On Behalf of the ACC Formaldehyde Panel

BGE-EEE-OPP-HB864 EnergyEfficiencyandConservationPla

Uploaded by: Dytonia Reed

Position: UNF



AN EXELON COMPANY

Position Statement

Oppose
Education, Energy, and the
Environment
3/21/2024

House Bill 864 – Energy Efficiency and Conservation Plans

Baltimore Gas and Electric Company (BGE) opposes *House Bill 864 – Energy Efficiency and Conservation Plans*. House Bill 864 would require all gas and electric utilities and the Department of Housing and Community Development to alter existing energy efficiency and conservation programs to utilize greenhouse gas (GHG) reduction as the new performance metric at this time. BGE is supportive of the change from a reduction in electricity consumption to a reduction in GHG emissions to reach the ambitious goals of the Climate Solutions Now Act. However, House Bill 864 presents significant affordability concerns for ratepayers as programs are being expanded and flexibility for multiple funding mechanisms has been removed.

The Maryland Public Service Commission (PSC) recently approved programs for BGE’s 2024-26 EmPOWER cycle after completing a transparent, collaborative, and thorough review process involving all interested parties. The new programs went into effect on January 1, 2024. The subject of rate affordability remained a top focal point for BGE, the PSC and all parties involved throughout the EmPOWER regulatory process. BGE continues to advocate for practical ratemaking alternatives that keep energy bills as affordable as possible for customers. House Bill 864 eliminates the PSC’s discretion to find these solutions as it dictates the manner in which the EmPOWER costs are recovered from customers.

EmPOWER Maryland Surcharge Under Recently Adopted Expensing Model (2024-2027)					
	2023	2024	2025	2026	Estimated 2027*
EmPOWER Surcharge	\$8.65	\$14.23	\$21.31	\$28.77	\$45.00+

*Reflects the projected costs of beneficial electrification and the required stepup in EmPower Maryland energy efficiency targets.

Under the current transition of EmPOWER to expensing, the monthly residential surcharge is expected to more than triple by 2026 to almost \$29 per month and the monthly commercial surcharge is expected to increase more than six-fold by 2026 compared to the 2023 EmPOWER surcharges. These projected surcharge increases do not reflect any costs that will be required to implement beneficial electrification programs, such as replacing furnaces with electric heat pumps, which can come at significantly increased costs to customers as compared to energy efficiency programs. Severe spikes in the EmPOWER surcharge on customer bills risks eroding public support for the entire EmPOWER Maryland program.

BGE, headquartered in Baltimore, is Maryland’s largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company’s approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC).

Charles Washington | Brittany Jones | Guy Andes | Dytonia Reed | 410.269.5281



AN EXELON COMPANY

Position Statement

House Bill 864 inappropriately prevents the PSC from exercising their discretion to consider surcharge impacts on customers when determining how to fund EmPOWER programs. BGE strongly urges the General Assembly to retain the PSC's authority to make these decisions given their expertise, closeness to real-time changes in EmPOWER costs and customer bills, and broader view of the expected costs necessary to achieve the state's energy transition.

The PSC has created a work group that includes many stakeholders to further investigate the drastic surcharge increases in efforts to find alternative solutions. The work group's report is due on July 1, 2024, which is another justification to pause further legislative action. It is critical to keep the regulatory authority empowered to take actions such as those that might stem from the work group's report to best support Maryland energy customers.

BGE respectfully requests an unfavorable report on House Bill 864. We look forward to continuing discussions with the bill sponsors and other vested parties so that, together, we can achieve the Climate Solutions Now Act goals in the most economical way possible.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC).

Charles Washington | Brittany Jones | Guy Andes | Dytonia Reed | 410.269.5281

WG Written Testimony_HB 864_EmPOWER_3_20_v2_FINAL.

Uploaded by: Josh McClelland

Position: UNF



1000 Maine Avenue, SW | Suite 700 | Washington, DC 20024 | www.washingtongas.com

TESTIMONY
WASHINGTON GAS LIGHT COMPANY
EDUCATION, ENERGY, AND THE ENVIRONMENT COMMITTEE
MARCH 21, 2024

HOUSE BILL 864
Energy Efficiency and Conservation Plans

Washington Gas respectfully submits this statement in **OPPOSITION** to *HB 864 - Energy Efficiency and Conservation Plans* (“HB 864”).

Washington Gas Light Company (“the Company”) provides safe, reliable natural gas service to more than 1.2 million customers in Maryland, Virginia, and the District of Columbia. Washington Gas has been providing energy to residential, commercial, government, and industrial customers for more than 175 years, and currently serves more than 500,000 Maryland customers in Montgomery, Prince George’s, Charles, St. Mary’s, Frederick, and Calvert Counties. The Company employs over 400 people within Maryland, including contractors, plumbers, union workers, and other skilled tradespeople. We strive to improve the quality of life in our communities by maintaining a diverse workforce, working with suppliers that represent and reflect the communities we serve, and giving back through our charitable contributions and employee volunteer activities.

Background

The Maryland General Assembly passed the EmPOWER Maryland Energy Efficiency Act of 2008, which created a statewide program that helps homeowners, renters, and businesses save energy and money. According to Energy Efficient Maryland, “combined with other energy initiatives, EmPOWER Maryland has helped 21,000 low-income households save \$340 annually on their electric bills” and EmPOWER “has saved Marylanders more than \$4 billion on their

energy bills and reduced statewide greenhouse gas emissions by at least 9.6 million metric tons”.¹ These statistics exemplify the success and necessity of the EmPOWER programs.

The original intent of EmPOWER Maryland was to focus on reducing electricity consumption across the State. However, certain regulations authorized Washington Gas to deliver complementary energy efficiency programs through the EmPOWER Maryland regulatory framework. In 2015, Washington Gas became an active participant in EmPOWER, and since then has been delivering cost-effective energy efficiency programs to Maryland residents, businesses, and underserved communities. These programs have been designed to **reduce energy consumption by promoting and incentivizing the efficient use of natural gas**, which is realized through (1) installing high-efficiency equipment and appliances such as furnaces or commercial kitchen equipment, (2) optimizing home and commercial building operations to use less energy, and (3) educating customers and changing consumption behaviors towards energy conservation. The Company’s energy efficiency programs have resulted in:²

- Serving over 413,000 Maryland customers through the various program offerings.
- Issuing a total of \$35 million in incentives (rebates) to participating customers, making the investment of energy improvement projects more affordable.
- Investing over \$14 million towards 3,200 projects that serve low-income customers and communities, making homes and buildings more efficient and safer.
- Reducing over 113 million therms in natural gas consumption over the useful lifetime of installed measure or equipment (lifecycle energy savings), which has resulted in helping Maryland residents and businesses save over \$223 million in energy costs.

The Company supports Maryland’s climate goals and believes that reducing emissions through pragmatic means is important. The Company’s EmPOWER program is a pragmatic solution that can help the State achieve its climate goals and help Maryland consumers reduce their climate impact while retaining access to critically needed energy solutions. However, the Company is opposed to HB 864 due to the inclusion of certain clauses. The Company will highlight its main concern in the suggested amendments section below, which if not changed, would lead to massive increases in the Company’s energy efficiency surcharge for residential and commercial customers.

¹ Energy Efficient Maryland. [How Energy Costs Affect Maryland Households](#)

² Washington Gas EmPOWER Maryland Semi-Annual Report (Jul. 1, 2023 – Dec. 31, 2023)

ADDENDUM: PROPOSED AMENDMENT

Amendment 1 – Gas Utility (GHG) Emissions Target

Context:

HB 864 calls for using the Commission-approved target for the 2021-2023 program cycle as the baseline for establishing a lifecycle GHG emissions target for gas utilities in future EmPOWER program cycles.

Table 1 shows the Company’s GHG emission reduction performance relative to the Commission-approved target. The noticeable gap between targets and performance (58% to target) was primarily a result of inflated forecasts from energy efficiency programs jointly implemented by WGL and other EmPOWER utilities.

Table 1	2021-2023 Approved Target	2021-2023 Actual Performance
Lifetime GHG CO ₂ e (Metric tons)	622,735	358,575

As part of its planning efforts for the 2024-2026 EmPOWER program cycle, the Company made considerable strides to “right-size” its energy savings and emission reduction forecasts and align with the Company’s 2021-2023 performance.

More importantly, the costs to achieve the 2024-2026 Approved Target result in significantly smaller increases to the energy efficiency surcharges when compared to the company’s alternative “Max” scenario for 2024-2026 as shown in Table 2 below, particularly for commercial customers. The “Max” scenario is one of three scenarios that the Commission ordered the utilities to include in their 2024-2026 proposed plans. This “Max” scenario represents the highest, and in the Company’s opinion, unattainable, GHG reduction target, which results in massive increases to the energy efficiency surcharges.

If passed as currently drafted, the Bill would set WGL’s goal-setting baseline to the 2021-2023 target, requiring Washington Gas to refile its currently approved 2024-2026 plan with higher budgets, resulting in substantial surcharge increases as shown in Table 2 below in the column labeled “2024-2026 Reset to 2021-2023 Target”.

Table 2	2024-2026 Approved Target	2024-2026 Max Target from Filing	2024-2026 Reset to 2021-2023 Approved Target
Lifetime GHG CO2e (Metric tons)	373,510	736,994	622,735
2023 Residential EE Surcharge	\$0.0312	\$0.0312	\$0.0312
2026 Residential EE Surcharge	\$0.0728	\$0.1081	\$0.0970*
% Residential Surcharge Increase	133%	246%	211%*
2023 Commercial EE Surcharge	\$0.0064	\$0.0064	\$0.0064
2026 Commercial EE Surcharge	\$0.0129	\$0.0707	\$0.0525*
% Commercial Surcharge Increase	102%	1,005%	721%*

*These are estimates based on the Company’s 2024-2026 Filed Plan

WGL Position:

WGL generally supports the adoption of a GHG emissions target for gas utilities and that the Commission be the governing entity to establish these targets. However, the approved 2021-2023 goal does not account for regulatory changes that went into effect starting in 2024 and will result in massive increases to customer energy efficiency rates as outlined in the above table. **Therefore, Washington Gas recommends the approval of the current 2024-2026 program cycle as a baseline or by using 2021-2023 actual results achieved as a baseline.**

Proposed Amendment:

WGL proposes the following section be amended as shown by text **in bold**:

(7-223)(B)(5) On or before January 1, 2025 and on or before January 1, 2027, and every 3 years thereafter, the Commission shall establish greenhouse gas emissions reduction targets for each gas company plan that will achieve at least the greenhouse gas emission reduction equivalent, measured on a lifecycle basis using the emission intensities under paragraph (2) of this subsection, of the gas savings targets established by the Commission for the ~~2021-2023~~ **2024-2026** program cycle;

Proposed Alternative Amendment:

Alternatively, WGL proposes an alternative amendment, should the first proposal not be adopted. WGL proposes the same section be amended as shown by text **in bold**:

(7-223)(B)(5) On or before January 1, 2025 and on or before January 1, 2027, and every 3 years thereafter, the Commission shall establish greenhouse gas emissions reduction targets for each gas company plan that will achieve at least the greenhouse gas emission reduction equivalent, measured on a lifecycle basis using the emission intensities under paragraph (2) of this subsection, of the gas savings **achieved by each gas company** ~~targets established by the Commission~~ for the 2021-2023 program cycle;

Conclusion

The Company is committed to working with stakeholders to help achieve Maryland’s GHG emissions reduction targets. EmPOWER Maryland is an important tool in reducing GHG emissions from both electricity and gas usage. Electrification is not the sole solution to climate change in Maryland and should not be treated as such. There is a role for existing and future technology innovation to support diverse pathways to decarbonizing Maryland, and the State’s existing gas infrastructure can and should be leveraged to preserve affordability, reliability, safety, and security of energy delivery.

As currently drafted, Washington Gas respectfully requests an unfavorable vote on House Bill 864. If the proposed changes are adopted, Washington Gas would support the legislation. Thank you for your consideration of this information.

Contact:

Manny Geraldo, State Government Relations and Public Policy Manager
M 202.924.4511 | manuel.geraldo@washgas.com

Senate Opposition Letter - HB0864.pdf

Uploaded by: Timothy Troxell

Position: UNF

Timothy R. Troxell, CEcD
Senior Advisor, Government Affairs
301-830-0121
ttroxell@firstenergycorp.com

10802 Bower Avenue
Williamsport, MD 21795

OPPOSE – House Bill 0864
HB0864 – Energy Efficiency and Conservation Plans
Senate Education, Energy, and the Environment Committee
Thursday, March 21, 2024

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 285,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its ten electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, New York, West Virginia, and Maryland.

Unfavorable

Potomac Edison / FirstEnergy opposes House Bill 0864 – *Energy Efficiency and Conservation Plans*. HB-864 would require the Public Service Commission to encourage utilities to promote the efficient use and conservation of energy in support of greenhouse gas emissions reduction goals and change the way utilities are compensated.

Potomac Edison / FirstEnergy requests an Unfavorable report on HB-864 because of cost recovery issues and potentially significant increases in customer's electric bills.

While we agree that electrification, delivered through cost-effective energy efficiency programs, can help Maryland reach its greenhouse gas emission reduction goals -- our major concern with this legislation is the proposed change in section 7-222 (C)(2)(III) that specifies how utilities should be compensated for “any unpaid costs and unamortized costs” of the program. Electric utilities have been making and paying for investments in the EmPOWER program for years, under guidance of the Public Service Commission, with the premise that the utility would earn its approved rate of return through the regulatory process for these unpaid and unamortized balances. Switching from the currently approved recovery method, which is based on the utility’s “Weighted Average Cost of Capital,” to an “Average Cost of Outstanding Debt” method, would create a demonstrated loss for utilities.

Past investments in the EmPOWER program have already been approved by the Public Service Commission. These “unpaid costs,” which were financed by the utilities with a combination of debt and equity, should be recovered accordingly. Potomac Edison does not finance operations based solely on debt, but with a combination of debt and equity -- so recovery utilizing an “Average Cost of Outstanding Debt” methodology is not logical or reflective of reality.

Specifying how utility costs are calculated and recovered is not something that should be in statute, as it is the Public Service Commission’s responsibility to determine appropriate rate recovery for utility expenditures. In addition, it would not be in the state’s best interest to have its utility companies highly leveraged in debt, as this can lead to increased costs to finance operations. Earning an authorized rate of return for a utility’s investment in the EmPOWER program is not only necessary, but also appropriate. For these reasons, section 7-222 (C)(2)(III) should be stricken.

It should not be overlooked that the EmPOWER program will have a major impact on customers electric bills. The estimated surcharge for the average Potomac Edison residential customer could be over \$30 per month during the next phase of the program. Ensuring the Public Service Commission reviews each plan to determine its cost effectiveness, impact on rates, impact on jobs, and impact on achieving greenhouse gas reduction targets, is paramount.

Helping customers with the efficient use and conservation of energy through utility programs is smart, and if done correctly, can be good for the State of Maryland. **However, issues in this bill related to cost recovery, and increases to customers' bills, leads Potomac Edison / FirstEnergy to respectfully request an Unfavorable report on HB-864.**

HB 864-EmPOWER-UNF-Connelly@EEE.pdf

Uploaded by: Valerie Connelly

Position: UNF



P.O. BOX 430, Denton, MD 21629
Toll-Free: 1-877-892-0001
Z_info@choptankelectric.coop
www.choptankelectric.coop

March 20, 2024

The Honorable Brian Feldman
Education, Energy and the Environment Committee
2 W Miller Senate Office Building
Annapolis, MD 21401

Re: Opposition to HB 864-Energy Efficiency & Conservation Plans

Dear Chair Feldman and Members of the Committee:

On behalf of the members of Choptank Electric Cooperative, I respectfully oppose HB 864 because of the significant fiscal impact it will have on the families in Choptank's service territory. The bill adds Choptank to the EmPOWER program for the first time. We are a small electric distribution company, and this change will cause electric bills for families to increase by \$200-\$400 per year. The EmPOWER surcharge will have to be set somewhere between \$20 and \$35 per month, which will be an 18% increase on an average residential electric bill.

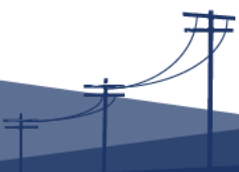
Choptank Electric Cooperative serves some of the lowest income areas of the state. While we provide service in 9 counties, we are in the most rural portions of those counties, with an average of only 8 customers per mile. We are a not-for-profit company formed to serve families and farm businesses left behind by for-profit electric companies in the 1930s. All the revenue to run the cooperative comes from the member-owners.

When possible, Choptank uses grant funding to implement important projects like energy efficiency upgrades. In the spirit of the EmPOWER goals, Choptank has coordinated our Chop-A-Watt program for the last 8 years with funding from the Maryland Energy Administration and Old Dominion Electric Cooperative (ODEC), our energy supplier. In 2023, working with Eleventh House Solutions, we administered \$500,000 in grants that helped families secure weatherization repairs and upgrade efficiency or convert fossil fuel appliances to electric. Here is a list of some of those changes:

- Heat pump and AC replacements
- Weatherstripping for doors and windows
- LED lighting upgrades
- Air duct sealing and blown insulation
- Replace refrigerators with energy star rated appliances
- Seal interior crawlspace door and air leakage points

In coordination with ODEC, Choptank is also launching a new mid-cycle update for all members to let them know how much energy they have used, how much they will use and what their bill will be if unchanged. This will also give us additional opportunity to promote energy efficiency changes supported through Chop-A-Watt and other state and federal resources.

When the original EmPOWER program was debated and passed by the Maryland General Assembly in 2008, municipal electric companies and cooperatives with fewer than 250,000 customers, like



Members First. Every Day.

Choptank, were exempted because it was simply too expensive to implement. The exemption was continued in the 2017 amendments and in the bill this Committee and the full House passed last year. Nothing has changed at Choptank in terms of size or ability to administer the full program.

When the House considered HB 864, they added a new exemption for small gas companies. Together the 2 exempted gas companies have more customers than Choptank has in Maryland.

We urge you to restore the exemption for Choptank Electric Cooperatives and our 57,000 member/customers to avoid an increase in electric bills of \$200 to \$400 per family per year.

Sincerely,

A handwritten signature in black ink that reads "Valerie T. Connelly". The signature is written in a cursive style with a large initial "V".

VALERIE T. CONNELLY

Vice President of Government Affairs & Public Relations

