



February 13, 2026

Chair Marc Korman
Members of the House Environment and Transportation Committee

Re: Earthjustice **opposition** to HB 521: Electric Companies and Gas Companies – Customer Bill Surcharge – Repeal

Earthjustice¹ **strongly opposes** the passage of HB 521, Electric Companies and Gas Companies –Customer Bill Surcharge – Repeal. By repealing the EmPOWER surcharge, HB 521 will eliminate all EmPOWER energy efficiency programs during a time when these programs are desperately needed. Residential customers have saved millions of dollars due to the implementation of the energy efficiency programs approved through EmPOWER. During the current affordability crisis, the General Assembly should be exploring ways to strengthen these energy efficiency programs rather than considering abandoning one of Maryland’s most successful programs. The energy efficiency programs implemented through EmPOWER not only result in significant savings, but reduce congestion on the transmission and distribution grid as well as avoid construction of expensive infrastructure.

EmPOWER Statute and Implementation History

In 2008, the General Assembly passed the Maryland Energy Efficiency Act of 2008 establishing the first iteration of the EmPOWER program. This first version of EmPOWER created statewide goals of both a 15 percent reduction in per capita electricity consumption and in-peak demand by the end of 2015. The utilities responsible for meeting the statewide goals achieved 99 percent of the electricity consumption goal and 100 percent of the peak demand goal by the end of 2015.

On December 22, 2011, the Commission designated the Department of Housing and Community Development (DHCD) as the sole implementer of limited-income programs for EmPOWER. DHCD offers two programs, one for single family homes and another for multifamily properties. In 2023, DHCD weatherized approximately 8,000 limited-income homes and 3,860 multifamily properties. The average savings per participant in 2023 was 799 kWh.

On July 16, 2015, the Commission established a two percent electricity savings goal as a percentage of total electricity sales. In 2017, the general Assembly codified the new two percent goal into law. At the end of the 2018-2020 program cycle, the utilities again met their statutory goals.

¹ Earthjustice is a non-profit public interest environmental law organization that represents other non-profits free of charge. Earthjustice uses the power of law and the strength of partnerships to advance clean energy, combat climate change, protect people’s health and preserve magnificent places and wildlife.



In 2022, the General Assembly passed the Climate Solutions Now Act increasing the electricity savings goal to 2.25 percent in 2025 and 2026 and to 2.5 percent beginning in 2027. This Act also altered the EmPOWER goal structure, changing the goal from solely electricity reduction to a portfolio of mutually reinforcing goals, including greenhouse gas emissions reduction, energy savings, net customer benefits, and reaching underserved customers.

The EmPOWER programs are currently in their sixth three-year cycle (2023-2026) and the Commission continues to monitor the utilities' performance semi-annually.

The goals for EmPOWER have evolved over time in parallel with changing state policies. Initially, EmPOWER was designed to reduce consumption and peak demand to mitigate and prevent potential negative impacts to the grid from increasing usage. In updating and continuing the program in 2017, the General Assembly recognized EmPOWER as one of the *least expensive* ways to meet and manage increasing consumer electricity demand. Now, the Commission is in the process of designing EmPOWER programs to be used as a tool to help meet the State's greenhouse gas emissions targets, as well as to continue to reduce energy consumption and peak demand.

The EmPOWER Maryland programs achieved, on a program-to-date basis, the following results through the end of 2024:

- The EmPOWER MD utilities' programs have saved a total of 17,582,578 MWh and 3,589 MW and either encouraged the purchase of or installed approximately 147.1 million energy-efficient measures.
- 85,251 low-income customers have participated in the EmPOWER Limited Income Programs.
- The expected savings associated with EmPOWER Maryland programs is approximately \$15.8 billion over the life of the installed measures for the EmPOWER energy efficiency programs.
- Washington Gas has saved a total of 14,481,288 therms through its programs since beginning in 2015.
- Across all utilities, the lifecycle cost per kWh for the energy efficiency programs, in 2024, is \$0.043 per kWh - significantly lower than the current cost of Standard Offer Service (SOS) which ranges from \$0.082 to \$0.125 per kWh.
- EmPOWER energy efficiency programs continue to be cost effective on a statewide basis in 2023, with a statewide Societal Cost Test (SCT) score of 2.21 verified for program year 2023. For every dollar of reported utility or participant cost, the EmPOWER programs generate approximately \$2.21 in benefits.

- Residential energy efficiency programs include appliances, heating, ventilation, and air conditioning (HVAC) rebates; home energy audits; weatherization; and various limited-income programs. Commercial and industrial energy efficiency programs are designed to encourage businesses to upgrade to more efficient equipment, such as lighting or HVAC retrofits, or to improve overall building performance through weatherization or building shell upgrades. For larger commercial buildings or industrial facilities, a utility can customize its program offerings for cost-effective improvements.
- Program-to-date, 85,251 limited-income customers participated in EmPOWER Maryland through the Residential Limited-Income Programs. 2024. The average savings per participant in 2024 was 799 kWh.

While the EmPOWER Act mandates that the Commission require each gas and electric utility to establish energy efficiency programs, the directive is limited to those programs that the Commission deems appropriate and cost effective. Furthermore, the Commission must consider the impact on the rates of each ratepayer class in determining whether to approve an energy efficiency program. Other statutory factors that the Commission must consider in determining whether an energy efficiency program is appropriate include the impact on jobs and on the environment.

The EmPOWER evaluation, measurement, and verification (EM&V) process involves a statewide contractor for the utilities and an independent evaluator for the Commission. This allows for an independent verification of the accuracy of the energy savings and cost-effectiveness results reported by the utilities and that the evaluation conducted by the utilities' contractor is completed in accordance with industry best practices and in compliance with Commission orders.

Cost Effectiveness

The Commission uses the Societal Cost Test (SCT) to assess the cost-effectiveness results by sector for each of the utilities. The sector-level benefit-to-cost ratios reflect the present value of the benefits compared to the present value of the costs, aggregated from each program in the sector-level sub-portfolio. SCT ratios greater than 1.0 indicate that the financial benefits that accrue over the life of the measures exceed the financial costs of the program. Statewide, both the residential and commercial & industrial sub-portfolios were cost effective in 2023 with overall SCT scores of 1.82 and 2.57, respectively. The Commission may approve individual programs that are not individually cost effective to ensure a broader array of energy-saving opportunities amongst rate classes, income levels, etc., or because the program may promote innovative technologies and market-transformative practices leading to broader energy savings, so long as the overall sub-portfolio is cost effective.



At the statewide level, the 2023 EmPOWER residential portfolio is expected to generate approximately \$1.82 in utility and participant benefits for each dollar of utility and participant cost, while the EmPOWER commercial portfolio is expected to generate approximately \$2.57 in utility and participant benefits for each dollar of utility and participant cost. For a total investment of \$362 million, the state’s utilities, participants, and ratepayers will realize approximately \$799 million in financial benefits via electricity, fuel, and water savings generated over the lifetime of the measures installed through the EmPOWER program.

Energy Efficiency and the Affordability Crisis

HB 521’s proposal to end funding for EmPOWER energy efficiency programs is remarkably ill-timed. The fastest and cheapest way to alleviate rapid electric load growth is through investment in energy efficiency. Even as families are already struggling with energy affordability, utility regulators are being asked to approve new infrastructure, putting utility customers on the hook for expensive projects that may not be needed.

The American Council for an Energy Efficient Economy (ACEEE) recently found that utility energy efficiency programs save energy for a median cost of only \$21 per megawatt-hour. According to the Report, that is less than half the cost of generating electricity with even the least expensive new gas-fired power plants, which typically range from \$45 to \$108 per megawatt-hour. The report found that by 2040, energy efficiency improvements have the aggregate national potential to reduce electricity demand by about 70 gigawatts.²

New drivers of electricity demand are emerging. Maryland and other states are grappling with how to meet this challenge, with new gas generation being the most common response to maintain energy supply. Utilities have historically overestimated future demand, and uncertainty about when new loads—especially data centers—will emerge risks creating stranded generation, transmission, and distribution assets, saddling ratepayers with unnecessary additional expenses. In contrast, energy efficiency provides a “no-regrets” approach to managing load growth uncertainty and protecting ratepayers from adverse impacts, such as stranded costs.

Energy efficiency programs can be scaled up within months when they receive strong policy support. In contrast, new gas plants and grid upgrades currently take five years or more because of permitting, equipment backlogs, and interconnection delays. Energy efficiency resources are ideal for avoiding the costs associated with new distribution, and transmission.

ACEEE’s analysis of the nation’s largest utility programs reveals that the median cost of energy savings achieved through utility energy efficiency is \$20.70/MWh, a value significantly below the cost of all other supply-side resources. Moreover, this cost calculation does not even account for energy efficiency’s ability to reduce distribution system costs (e.g., substations,

² Specian, Mike, and Alex Aquino. 2026. *Faster and Cheaper: Demand-Side Solutions for Rapid Load Growth*. Washington, DC: ACEEE. aceee.org/research-report/u2601.



transformers, power lines), which are projected to be among the largest costs created by load growth in the absence of energy efficiency.

Thus, while there would never be a good time to abandon energy efficiency programs, ending these programs in the midst of an affordability crisis will simply exacerbate the problem with no benefit to ratepayers.

Earthjustice strongly urges an **unfavorable** report for HB 521.

Thank you in advance for your consideration of these comments. Should you have any questions, please contact me at smiller@earthjustice.org.

Respectfully submitted,

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