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BILL NO.: House Bill 169 - Public Utilities - Energy Efficiency and Conservation Programs - Energy Performance Targets and Low-Income Housing

COMMITTEE: Economic Matters

HEARING DATE: March 2, 2023

SPONSOR: Delegate Charkoudian

POSITION: Favorable

The Office of People's Counsel (OPC) supports House Bill 169. The bill is critical for ensuring that low-income utility customers proportionately benefit from Maryland's State-supported energy efficiency programs. It also will help low-income customers manage the clean energy transition as the State moves to meet its greenhouse gas reduction goals.

HB 169 requires the Department of Housing and Community Development (DHCD) to procure or provide energy efficiency and conservation (EE&C) programs and services for electricity customers for the 2024-2026 EmPOWER Maryland Program cycle. The EE&C programs and services must be designed to achieve annual incremental gross energy savings increases of 0.53% in 2024, 0.72% in 2025 and 1% in 2026.

OPC looks forward to participating in the Green and Healthy Task Force created by HB 169 with government and public sector stakeholders to examine low-income housing and energy needs. The Green and Healthy Task Force will present recommendations on these critical issues to the Governor and the General Assembly next year.

OPC supported similar legislation passed by the General Assembly in the 2022 session—SB 524 and HB 108—and extending energy savings benefits to low-income customers has only become more important as the State initiates policies to meet the greenhouse gas reduction goals established in the Climate Solutions Now Act.

As OPC recently documented, market forces are already driving the trend towards electrification, and even more Marylanders are expected to switch from fossil-fuel furnaces and appliances to electric ones as part of the effort to meet the State’s goals.¹ At the same time, Maryland’s gas utilities are on a business-as-usual path, spending tens of billions of dollars on their delivery systems.² With more customers leaving the gas system due to electrification, these higher costs will have to be recovered through fewer sales, escalating rates. Customers who have the means to electrify will do so to avoid the high gas rates, and customers without alternatives—*i.e.*, those who can’t afford the upfront costs of changing their gas appliances to electric ones or can’t modify their homes to accommodate the switch—nevertheless may not be able to afford continued gas service.

Extending energy savings benefits to low-income customers is necessary to ensure that low-income customers benefit proportionately from the energy transition. HB 169 accounts for the unique challenges of low-income program delivery and facilitates EmPOWER Maryland’s delivery of energy savings benefits to low-income populations. The benefits to low-income customers from energy efficiency activities and weatherization improvements contribute to customers’ well-being and lower costs for essential energy services.

OPC understands that an amendment will be proposed by the sponsor to clarify HB 169’s relationship to proposed reforms to the EmPOWER program. OPC supports this amendment.

Recommendation: OPC requests a favorable Committee report on HB 169.

¹ Synapse Energy Economics, *Climate Policy for Maryland’s Gas Utilities: Financial Implications* (Nov. 2022), <https://opc.maryland.gov/Gas-Rates-Climate-Report>.

² DHInfrastructure, *Maryland Gas Utility Spending: Projections and Analysis* (Oct. 2022), <https://opc.maryland.gov/Gas-Utility-Spending-Report>.