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BILL NO.: Senate Bill 462
Public Utilities – Low-Income Housing – Energy Performance Targets

COMMITTEE: Senate Finance

HEARING DATE: February 16, 2021

SPONSORS: Senator Feldman

POSITION: Support

The Office of People’s Counsel supports Senate Bill 462 with the sponsor’s planned amendments. SB462 modifies the EmPOWER Maryland law¹ to establish a 1.0% savings goal for low-income customers served by the Department of Housing and Community Development. The Empower program, enacted in 2008 and modified in 2017, currently seeks an annual energy savings goal of 2.0% per year based on each electric company’s 2016 sales. SB462 establishes the legislature’s intent to include a targeted 1% annual energy savings goal by the end of 2026 for low-income households as part of Empower Maryland’s energy savings objectives. The bill accounts for the unique challenges of low-income program delivery, facilitating EmPOWER Maryland’s delivery of energy savings benefits to low-income populations.

OPC has spoken with the sponsor and understands that SB462 will be amended to address, among other matters, the dates and targeted savings goals. OPC supports those amendments. With those amendments, SB462 will set an annual incremental gross energy savings goal of 0.4% for low-income residential customers served by DHCD low-income customer programs by the end of 2023; with EmPOWER Maryland reauthorization, it provides the legislature’s intent to increase the goal to 1.0% by the end of 2026.

¹ The 2008 EmPOWER Maryland Energy Efficiency Act.

Low-income households need a combination of both direct assistance and efficiency measures to increase bill affordability and decrease the likelihood of service terminations. Despite this need, low-income households participate in energy efficiency programs at low rates. The programs included in the bill include two EmPOWER programs – Low Income Energy Efficiency Program (LIEEP) (energy efficiency for individual units) and Multifamily Energy Efficiency and Housing Authority (MEEHA) (multi-family housing) – and the federally funded Weatherization Assistance Program (WAP) program. For individual customers, the income level is set at or below 200% of the federal poverty level (FPL). Approximately 450,000 households in Maryland, or about 20%, fall within this income category. Of the income-eligible households, over 380,000 households have incomes at or below 175% of the FPL and are therefore income-eligible for energy assistance through the Office of Home Energy Programs. Only about one-quarter of income-eligible households receive energy assistance benefits;² just 9% received weatherization services from DHCD during 2010-2017.

Stakeholders participating in the Public Service Commission’s EmPOWER Maryland proceedings have debated the challenges of low-income energy efficiency programs for several years. All residential customers, including low-income customers, of Baltimore Gas and Electric, Potomac Electric Power Company, Delmarva Power and Light Company, Potomac Edison Company, Southern Maryland Electric Cooperative, and Washington Gas Light pay an EmPOWER Maryland surcharge on their utility bills. While low-income households pay the surcharge, their relative participation in the DHCD EmPOWER programs is low.³ Low-income households do not participate or get the energy savings benefits in the same proportion as non-low-income households. For this reason, OPC has supported a targeted 1% goal for low-income household savings.

The Commission has stated that “improving the energy efficiency of low-income households is a critical focus for Maryland.”⁴ The Commission has supported additional steps such as cross-marketing, collaboration between DHCD and utilities, and better tracking of low-income participation in general EmPOWER programs. The Commission previously directed the Low-Income Work Group to continue efforts to reach a consensus on a low-income savings goal, but no such consensus has ever been reached.⁵

² Office of People’s Counsel – 2018 Maryland Low-Income Characterization Report, PSC Case Nos. 9153-9157 and 9362, ML No. 22517. The Report also is on the OPC website at www.opc.maryland.gov.

³ We do not have adequate data to know the extent of low-income customer participation in the general utility lighting, QHEC and behavior programs outside of the DHCD programs, although the utilities are working on tracking and reporting that participation.

⁴ PSC Order No. 88964 at p. 13, Case No. 9494, citing prior Order 87575.

⁵ *Id* at 16.

OPC supports SB462's section 711.2, creating the Green and Healthy Task Force. As noted, the integration of low-income energy efficiency programs within EmPOWER Maryland has been discussed for several years. The creation of the Green and Healthy Task Force will further that discussion and provide opportunities for coordinating programming across sectors. OPC understands that the Sponsor's amendments will add OPC as a representative on the Green and Healthy Task Force.