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## Why has my EmPOWER surcharge gone up?

### What is the EmPOWER program?

EmPOWER, enacted in 2008, is Maryland's energy efficiency and demand response program. (Demand response measures reduce energy usage during times of high energy demand.) The original purpose of the program was to help customers use less energy—and lower their energy costs. EmPOWER continues to serve that purpose, but recently the reduction of greenhouse gases ("GHG") was added as a program goal to help the State meet its long-term climate protection goals. EmPOWER programs are operated by most Maryland utilities and the Department of Housing and Community Development ("DHCD"), with oversight by the Maryland Public Service Commission ("Commission").

### What does EmPOWER do for me?

EmPOWER offers residential utility customers opportunities to save money on their energy bills by offering equipment and product rebates; free or discounted energy efficiency checkups and repairs for the home; equipment upgrades and tune-ups; and energy usage alerts that can help customers better control their bills and save money. The measures and equipment installed through EmPOWER so far are expected to save Maryland utility customers over \$13.6 billion over the lifetime of the equipment. The recent addition of GHG reduction goals under EmPOWER will also help improve air quality, for the benefit of all Marylanders.

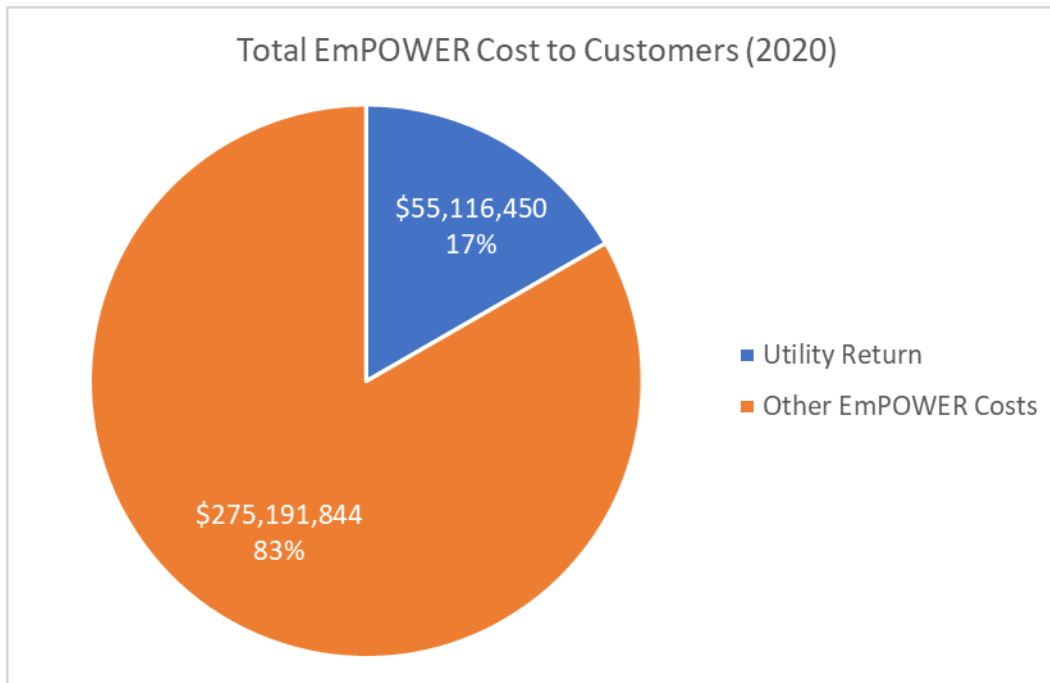
### Who pays for EmPOWER?

EmPOWER is funded by utility customers through a surcharge, which appears as a line item on your utility bill.

### Why has my EmPOWER surcharge recently gone up?

When the EmPOWER program began in 2008, the Public Service Commission ordered the utilities to charge about 20 percent of EmPOWER program costs each year to utility customers to minimize the initial customer cost impacts of the program. Utility recovery of the balance (approximately 80 percent of each year's program costs) was deferred to later years, and the utilities have earned a "return"—similar to interest—on that balance. This arrangement—comparable to paying for EmPOWER on a credit card—resulted in an unpaid balance that grew to more than \$800 million. And the utilities earned significant returns on this "debt." For example, in 2020, the EmPOWER utilities collectively earned about \$55 million on the EmPOWER balance, almost 17 percent of what customers paid in their EmPOWER surcharges.

The following graph depicts the breakdown between how much customers paid in 2020 for actual EmPOWER programs and how much they paid in “interest” to the utilities.



There was widespread recognition that this practice had to change. To avoid further inflated costs to ratepayers, the Commission in 2022 ordered the utilities to transition away from the practice of deferring some EmPOWER costs each year, starting in 2024, and ordered the pay-off of the accumulated balance.

In the legislative session that just ended, the General Assembly passed a bill (House Bill 864) that will lower the utilities’ returns on the EmPOWER balance—and therefore utility surcharges—and ensure that future EmPOWER costs will not be deferred and paid with “interest.” The bill also gives the Commission additional tools to lower surcharges.

Transitioning EmPOWER to a model where each year’s program expenses are charged to customers that year and the accumulated balance is paid off will save customers tens of millions of dollars over time. But the pay-off of this balance will lead to temporary increases in the EmPOWER surcharges of BGE, Delmarva Power & Light, Pepco, Potomac Edison, SMECO, and Washington Gas Light. If you are a customer of one of these utilities, you can expect your surcharge to increase in 2024, 2025, and 2026 due to this decision, before the reduction in utility returns means the surcharge will be lower than it would be without paying down the unpaid debt.

Your actual surcharge will depend on your utility and how much energy you use.

### **How can I benefit from EmPOWER now?**

If you have not yet utilized EmPOWER programs, now is the time. You can find more information about each utility’s EmPOWER programs [here](#).

DHCD administers EmPOWER programs for limited-income customers. These programs are available at no direct cost to residential customers and generally offer greater benefits to limited-income customers than they can receive through their utilities. More information on DHCD's programs, and eligibility requirements, can be found [here](#). DHCD also offers many other programs that can help you with certain home repairs related to health and safety, as well as home weatherization projects.

Although distinct from EmPOWER, federal Inflation Reduction Act ("IRA") funds will soon be made available to Maryland and will include funding for significant rebates of certain equipment, such as electric heat pumps. Tax credits are already available through the IRA, but as of April 2024, the Maryland Energy Administration is still finalizing its rollout of rebates. More information on IRA programs can be found [here](#).

### **What if I need help paying my utility bill?**

If you are falling behind or struggling to pay your gas and/or electric bill, there is help available. Check out our website to get a [step-by-step guide on how to get help with your utility bill and keep your lights on](#).