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March 2, 2023

Unfavorable: HB 1035 Electric Companies, Gas Companies, and the Department of Housing and Community Development - Energy Efficiency and Conservation Plans

Chair Wilson and Members of the Committee:

Maryland LCV requests an unfavorable report on HB 1035.

2008's landmark EmPOWER law, and the revision passed in 2017, are fundamental pillars of Maryland's energy efficiency policy. Efficiency initiatives are the most cost-effective way to meet Maryland's energy needs and for 15 years, EmPOWER has consistently saved Marylanders money while reducing per-capita energy demand.¹ However, 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 (CSNA).

While this bill does acknowledge a shift in EmPOWER metrics from electricity savings to greenhouse gas reduction measurements, it removes the prior legislatively set goals and has the utilities creating their own plans for energy efficiency and GHG emissions reductions goals without specifying or including any annual goals. In fact, there are no numerical targets in the bill at all, including for GHG emissions reductions and behind-the-meter programs, which all but guarantees a delay in implementing these programs and gives no certainty of targets that meet consumers' needs or acceptable progress towards CSNA targets. Further, the bill does not require utilities to incorporate fuel switching in their plans even as the evidence grows that electrification is a critical way to reduce GHG emissions and improve indoor air quality.

The bill also walks back the PSC's inclusion of "non-energy programs" in its cost effectiveness analysis, which means critical non-energy benefits would not be included in the full accounting of EmPOWER.

This bill falls short in making progress on several improvements to the EmPOWER program. We respectfully request an unfavorable report on HB 1035.

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