

STATE OF MARYLAND



OFFICE OF THE CHAIRMAN

JASON M. STANEK

**PUBLIC SERVICE COMMISSION**

March 14, 2023

Chair Brian J. Feldman  
Education, Energy, and the Environment Committee  
2 West, Miller Senate Office Building  
Annapolis, MD 21401

**RE: SB 905 – Favorable - Electric Companies, Gas Companies, and the Department of Housing and Community Development - Energy Efficiency and Conservation Plans**

Dear Chair Feldman and Committee Members:

Transitioning Maryland’s successful EmPOWER program from an energy efficiency to a greenhouse gas (GHG) reduction goal is consistent with state policies. Senate Bill 905 would accomplish this task and reflect a consensus that resulted from a two-year stakeholder process before the Commission. Specifically, SB 905 as introduced requires the Commission to set greenhouse gas reduction goals beginning with the 2024-2026 program cycle for both electric and gas utilities and a low-income program through the State’s Department of Housing and Community Development. The bill also provides extensive program design flexibility to allow the Commission to deliver a balanced program that delivers the necessary GHG reductions while assessing and controlling costs and ratepayer impacts. **A legislative change is necessary this year because the next three-year cycle will begin on January 1, 2024.**

Over two years ago, the Commission predicted the need to make significant changes to the EmPOWER program. **Beginning with the upcoming 2024-2026 program cycle, the costs for existing programs are likely to *double* based on current statutory goals.** This is largely due to the success of national energy efficiency efforts, including EmPOWER, to transform the lighting market. Efficient lighting has been the foundation of our cost effective programs for over a decade, and continuing to pursue energy efficiency without this program offering will be costly.

Further, energy efficiency and conservation are alone not the most impactful ways to achieve the State’s current climate change commitments. With this challenge in mind, the Commission convened a workgroup to examine the future of this successful program. Based on the recommendations of that diverse group, which included utilities, the ratepayer advocate, environmental organizations and others, the Commission drafted SB 905 to transition the EmPOWER programs away *from* reducing energy consumption *to* a primary goal of reducing greenhouse gas emissions.

Shifting the focus of the EmPOWER programs to reduce greenhouse gas emissions will open the door to new program offerings, new benefit streams, and authorize the Commission to align program goals with state policy priorities. The cornerstone of this legislation is establishing Commission authority to set greenhouse gas reduction targets for the EmPOWER programs sufficient to support the State's existing 60% GHG reduction by 2031 and net zero by 2045 goal.

SB 905 provides the Commission and parties with sufficient flexibility to moderate costs. The Commission is actively working to ensure that the necessary information will be available to set goals before December 31, 2023. The Commission required preparation of a potential study to examine the availability of cost-effective GHG reductions in the State. The Commission has received stakeholder comments on goal setting and held a hearing on this issue in February. An order is forthcoming to ensure that the upcoming program filings will provide sufficient information for the Commission to set goals for the 2024-2026 program cycle. The Commission is taking all possible steps to ensure that these successful programs will continue to meet the State's policy goals.

In conclusion, it is imperative that the Maryland General Assembly act to repurpose this successful program immediately. **This bill does exactly that, and no more.** I urge the Committee to make a favorable report on SB 905. I appreciate the opportunity to provide information. Please contact Lisa Smith, Director of Legislative Affairs, at (410) 336-6288 if you have any questions.

Sincerely,



Jason M. Stanek  
Chairman