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BILL NO.: S.B. 296 - Housing and Community Development –
Whole-Home Repairs Act of 2023

COMMITTEE: Education, Energy, and the Environment

HEARING DATE: February 14, 2023

SPONSOR: Senator McKay

POSITION: Favorable with amendment

The Office of People's Counsel (OPC) supports Senate Bill 296 with an amendment. By making additional funding available for energy efficiency, SB296 will improve habitability, lower utility bills, decrease customer reliance on an increasingly costly gas system, and help prepare Maryland's housing stock to achieve the State's GHG reduction goals.

The bill would create a Whole Home Repairs Program to, among other things, (1) ensure owner-occupied and rental units are free of habitability concerns, and (2) improve coordination across home repair programs. Under the new law, local administering agencies would use grant funds provided by the Department of Housing and Community Development to provide financial assistance, not to exceed \$50,000 per unit, to residential property owners for the purpose of "(i) addressing habitability concerns; (ii) improving energy or water efficiency; and (iii) making units accessible for individuals with disabilities."

OPC supports this whole-home approach as well as the bill's intent to improve coordination of funding across agencies and programs. As the advocate for residential utility customers, OPC particularly supports the provision of additional financing for energy efficiency. The General Assembly has previously observed that "energy efficiency is among the least expensive ways to meet the growing electricity demands of the State." Md. Code Ann. Pub. Util. § 7-211(b). Energy efficiency is also among the

least expensive ways to support the State’s ambitious greenhouse gas emissions reduction goals.

Energy efficiency repairs also benefit residential customers by helping to lower utility bills over the long term. Yet, the upfront cost of completing such repairs can be a deterrent. Certain rebates and benefits are available through the utility-customer funded EmPOWER program, but the State cannot rely on utility customers alone to finance the energy efficiency needs that are necessitated by the State’s climate goals. Financing efficiency measures through rates is regressive—since utility customers pay the same rates regardless of income—compared to financing measures through grants. Grant funding, such as that proposed in SB 296, thus provides an important additional mechanism for financing State energy policy.

OPC is also concerned that any qualifying repairs are done in a way that furthers the long-term interests of utility customers as well as the State’s ambitious greenhouse gas reduction goals. Customer interests and climate goals are mutually advanced by aligning the program with the State’s policy preference for converting buildings to electricity. OPC’s studies¹ show that it is not in customers’ interests to acquire gas equipment, with gas rates rising as a result of increasing distribution costs—setting aside the fuel price volatility affecting customers this winter.

To this end, OPC supports proposed amendments to include “reducing greenhouse gas emissions” among the qualifying purposes for repairs. OPC respectfully requests that the Committee also include an additional amendment to expressly prevent these funds from being used to finance gas appliances. Specifically, OPC requests that the following language be inserted into section 4-2903:

FINANCIAL ASSISTANCE PROVIDED UNDER SUBSECTION C(1) OF THIS SECTION MAY NOT BE USED TO FINANCE THE PURCHASE OF GAS EQUIPMENT.

With this amendment, SB 296 is poised to benefit residents not only by improving habitability and lowering utility bills but also by decreasing customer reliance on an increasingly costly gas system. Moreover, by preparing our housing stock for electrification and renewable energy technologies, SB 296 can help achieve the State’s GHG reduction goals.

Recommendation: OPC requests a favorable report as amended for SB 296.

¹ See DHInfrastructure, *Maryland Gas Utility Spending: Projections and Analysis* (Oct. 2022), <https://opc.maryland.gov/Gas-Utility-Spending-Report>; Synapse Energy Economics, Inc., *Climate Policy for Maryland’s Gas Utilities: Financial Implications* (Nov. 2022), <https://opc.maryland.gov/Gas-Rates-Climate-Report>.