



# Unitarian Universalist Legislative Ministry of Maryland

## Testimony in Support With Amendments SB 905 - Energy Efficiency and Conservation Plans

To: Chair Feldman and the Members of the Education, Energy and the Environment Committee  
From: Phil Webster, PhD  
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Date: March 14, 2023

The Unitarian Universalist Legislative Ministry of Maryland (UULM-MD) strongly supports **SB 905 - Energy Efficiency and Conservation Plans** and urges a FAVORABLE WITH Amendments report by the committees.

The UULM-MD is a statewide faith-based advocacy organization, with over 1,000 members, based on the Principles of Unitarian Universalism. Two Principles are particularly relevant. The Second Principle, *justice, equity and compassion in human relations* and the Seventh Principle, *respect for the interdependent web of all existence of which we are a part*.

Unitarian Universalists believe in *justice and equity in human relations*. Maryland's low income families and individuals pay a greater percentage of their income for energy than more affluent families, which removes their incentives to participate in cleaner energy programs. However, ALL Marylanders must participate if we want to have an appreciable impact on greenhouse gas emissions. How can there be justice and equity if one part of society is reaping all the benefits, while another is paying all the costs?

UULM-MD supports shifting the EmPOWER program to include goals for reductions in greenhouse gas. It is urgently important, however, that any adjustments to EmPOWER maintain its primary goal: to provide benefits to ratepayers. As drafted, this bill does not. While we believe SB 689 is a more effective way to update and improve EmPOWER, adding key provisions from that bill to SB 905 would earn our support.

Utilities will soon end multi-year efficiency program plans to the Public Service Commission (PSC). With some tweaks to SB 905, we can ensure those plans are guided by consumer guardrails on how the utilities meet their goals and profit off the program.

As drafted, SB 905 guarantees that utilities profit from their energy efficiency programs, which was not an item of consensus in the EmPOWER Future Programming Work Group (FPWG). SB 905 includes a provision that guarantees profit on the program and opens the door for the program to be rate based. This shift will negatively impact ratepayers with no clear benefit.

Electric and gas companies making a profit on a successful energy efficiency program is not a bad thing, but those profits should be tied to results. However, if a utility fails, that should also impact their ability to profit off the program. Maryland utilities are already profiting significantly more than utilities in other top states for efficiency, as laid out in the Maryland PIRG Foundation's recent report "[Energy Efficiency for Everyone](#):"

- Currently, Maryland utilities are profiting significantly more than utilities in other top states for efficiency. For example, Pepco earns a return equivalent to about 16% of its budget while BGE and Potomac Edison earn returns equivalent to over 20% of their annual budgets.
- For reference, efficiency administrators in Massachusetts, Vermont and Rhode Island, which all earn returns equivalent to 5% or less of their program budgets.
- The utilities also earn a much higher return on EmPOWER spending than on their normal expenses: for example, the PSC set a 9.5% return on BGE's costs of providing electricity service for the 2021-2023 cycle.
- **The current profit model is going to change as the PSC shifts the utilities towards a financing model, but requiring a profit, as this bill does, is not in the public interest. It would be wiser to establish a performance based system that enables profits for reaching goals, incentives for beating goals, and penalties for failing to meet goals.**

This bill will reduce greenhouse gas emissions, but it is unclear if those reductions will be through home energy efficiency and to the maximum benefit of consumers. In an OpEd [published from the PSC Chair in Maryland Matters](#), the Chair talks about this bill opening the door for using EmPOWER funds to incentivize vehicle electrification. UULM-MD supports vehicle electrification, but we are not convinced it is the best use of ratepayer money set aside for home energy efficiency. This is a clear example of why we need the general assembly to guide the PSC on utility program incentives.

In addition, the bill leaves the door open for continued incentives for fossil fuel heating and appliances. While some Maryland families will keep using fossil fuel powered heating and appliances for the near term, with very few exceptions, using ratepayer money to **subsidize and incentivize** their use is in opposition to the state's goals for building energy performance.

Finally, the bill takes goal setting away from the general assembly and shifts it to the PSC. In the 15 years the program has existed, the PSC set goals only 1 year before the General Assembly took back over the responsibility. There is no need to shift this role to the PSC, the agency should focus on what it does best: implementing the law.

**Here are the Amendments that we support on this bill:**

- Consumer protection guardrails to ensure rate payer funds are used to maximize in-home energy efficiency through an 80 - 85% goal for in-home energy savings (aka behind-the-meter), and to clarify that neither vehicle electrification or gas appliance incentives will count towards the goal.
- Ratepayer protection to ensure the programs will be expensed through surcharges with the allowance for reasonable profits instead of added to ratebases or guaranteeing profits.
- A clear goal for overall greenhouse gas reductions and direction to PSC on assigning specific goals to each utility.
- A cost effectiveness test, which includes societal benefits, to guide PSC decision making.
- The establishment of a Community Outreach program under DHCD to help increase utilization of state and federal energy efficiency programs.
- Direction to electric utilities and DHCD to provide incentives for beneficial electrification.
- Inclusion of electrical readiness in home energy audits.
- Direction to utilities and DHCD to promote state and federal energy efficiency rebates.
- Some additional definitions will need to be added to the bill.

**With the addition of these amendments, we would recommend a favorable report on SB 905.**

We support this bill and urge a FAVORABLE WITH AMENDMENTS report in committee.

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