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Committee: Education, Energy, and the Environment

Testimony on: SB144 “Energy Efficiency and Conservation Programs – Energy Performance Targets and Low–Income Housing”

Position: Support

Hearing Date: January 31, 2023

The Maryland Chapter of the Sierra Club urges a favorable report on SB144. This legislation sets increasing targets for incremental energy efficiency in low-income households in Maryland under three Maryland programs: EmPOWER Maryland, the Multifamily Energy Efficiency and Housing Affordability Program, and the Weatherization Assistance Program. It also coordinates numerous funding streams that enable whole home retrofits and sets labor standards for contractors installing energy efficiency measures.

Increased retrofits of low-income homes are critical to meeting Maryland’s climate goal of reducing greenhouse gas emissions by 60% by 2031 (compared to 2006) that was established in last year’s Climate Solutions Now Act. The Maryland Commission on Climate Change called for electrifying all low-income homes by 2030 in its 2021 annual report. The Climate Solutions Now Act called for establishing low-income retrofit and heat pump sales targets, and the creation of financial incentives through EmPOWER to support the transition to electrified buildings.

Low-income households account for 20-25% of the total in Maryland, and a disproportionate percentage of these households are Black, Hispanic, and Asian. Energy burdens for low-income Marylanders are six times those of the average Marylander; low-income Maryland residents spend, on average, 12% of their income on energy bills compared to 2% for Marylanders as a whole. These burdens are higher, in part, because many low-income families live in housing that has poor insulation, broken and inefficient fossil-fuel burning HVAC systems, drafty windows, and unreliable electrical systems. Much of the heating and cooking equipment in these homes also poses a health risk.

Low-income families have been poorly served by the EmPOWER program to date. According to a recent study, they pay into EmPOWER through their utility bills almost twice as much as they receive in benefits. In 2021, only 0.4% of low-income households were served by EmPOWER, and the program saved less than 0.1% of low-income electric consumption. This compares with savings averaging over 2% from the remainder of the EmPOWER program.

This bill will contribute to reducing low-income utility bills, supporting healthier housing, and mitigating the climate crisis. The bill sets a target to save 1% of low-income electric consumption by 2026, significantly more than EmPOWER achieves today.

Founded in 1892, the Sierra Club is America’s oldest and largest grassroots environmental organization. The Maryland Chapter has over 70,000 members and supporters, and the Sierra Club nationwide has over 800,000 members and nearly four million supporters.

By braiding together a number programs to improve home health and safety, weatherization, and energy efficiency, the legislation will enable retrofitting of more homes. In addition, by leveraging the significant federal funds from the Inflation Reduction Act and the Infrastructure Investment and Jobs Act, which can total as much as \$14,000 per household, the legislation will enable the State to positively impact more families.

The bill also will also reduce the number of homes rejected or deferred by the EmPOWER program. Between January 2018 and March 2020, 30% of incoming EmPOWER customers were deferred, largely due to required repairs. The braided programs in the legislation -- including the Lead Hazard Control Program, HUD's Home Investment Partnership Grants Program, and the Healthy Homes for Healthy Kids Program -- will enable more homes to qualify for energy efficiency investments.

Passage of this bill will give low-income households a fair shake, and help reach the Maryland Climate Commission's 2021 goal to develop a clean heat retrofit program and retrofit 100% of low-income housing by 2030. It will also help Maryland achieve its greenhouse gas reduction goals.

The Maryland Chapter of the Sierra Club strongly encourages passage of SB144.

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