



P.O. Box 278
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Committee: Education, Energy, and the Environment

Testimony on: SB663 “Investor–Owned Electric Companies – Clean Energy Homes Pilot Programs – Establishment (Maryland Resilient and Clean Energy Homes Act)”

Position: Support

Hearing Date: February 28, 2023

The Maryland Chapter of the Sierra Club urges a favorable report for SB663.

This bill requires Maryland’s investor-owned electric utilities (BG&E, Pepco, Potomac Electric and Delmarva Power & Light) to each adopt a pilot program that will serve as an additional path for electrifying buildings in Maryland, something that is an essential component of the efforts to reduce the State’s greenhouse gas emissions. Each pilot program is to incentivize utility customers to both engage in “beneficial electrification” and take measures to manage their increased electricity load “to mitigate the need for distribution system upgrades or peak-time generation emissions.” The bill defines “beneficial electrification” to include “replacement of direct fossil fuel use with electricity in a way that either reduces overall lifetime emissions or energy costs.” The pilot programs will be reviewed and approved by the Public Service Commission (PSC).

The pilot programs will include several elements. Customers will have the opportunity to receive rebates for on-site electricity generation and storage, and for installing necessary smart electrical panels. They will be eligible for these rebates only if they enroll in the utility’s “load management and electric grid support services program.” Higher incentives will be offered for low-income single and multi-family homes. Utilities will be offered significant incentives to take advantage of behind-the-meter resources.

The annual amount that each utility would invest in incentives, grants, and rebates is capped at 1% of their “approved total revenue requirement” or \$15 million, whichever is less, subject to a utility petitioning the PSC to exceed that cap. Rebates of \$3,000 generally will be offered to customers to make their panel and wiring ready to participate in the program; higher rebates for low-income households (up to \$6,000) should encourage higher participation from low-income multi- and single-family homes. There will be rebates of up to \$5,000 for battery installation, and rebates for installation of on-site electricity generation.

As Maryland works to achieve its climate goal of reducing greenhouse gas emissions by 60% (from the 2006 level) by 2031, many households will electrify their homes with heat pumps, heat pump hot water heaters, and other efficient electric appliances. Utilities have expressed the concern that the increased load from beneficial electrification could cause large increases in winter load for Maryland’s electricity distribution system, and that this in turn might necessitate

large investments in the distribution system to meet peak winter loads on the coldest days.¹ Last year's Climate Solutions Now Act directed the PSC to study this issue through 2031.

New distributed energy resources, including solar combined with battery storage, represent a solution to the potential load challenge. If a utility can dispatch electricity generated in homes and stored in batteries to the grid, at peak times, the potential load challenges may be partially mitigated. This bill supports installation of smart electric panels, batteries, and load management software with rebates to make energy generated and stored in homes available to the grid at peak times.

Each pilot program is to last three years, and beginning in January 2026 the PSC may make a pilot program permanent. In this regard, we believe that the pilots would benefit from more rigorous ongoing monitoring and evaluation by the PSC than provided in the bill.

The Maryland Sierra Club is supportive of this experiment, which could lower the level of needed distribution capacity expansion, and we urge a favorable report on the bill.

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¹ BGE Integrated Decarbonization Strategy, Energy and Environmental Economics, at 23-24 (October 2022).