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House Bill 933 – Energy Efficiency and Demand Management Programs and Services - Repeal

Date: March 12, 2015

Committee: Economic Matters

Position: **UNFAVORABLE**

The least expensive way to meet Maryland’s future energy demand is to use less energy. On a dollar-for-dollar basis, it costs less to save energy through energy efficiency than it does to generate that same amount of energy from any type of power plant. Those savings translate into positive public health and environmental outcomes, and they can also provide potentially significant rate relief for low-to-moderate income citizens.

That is why the Maryland General Assembly passed the EmPOWER Maryland Energy Efficiency Act of 2008, which declared that energy efficiency is “among the least expensive ways to meet the growing demand for electricity in the State.” That Act, according to the General Assembly, aimed “to provide affordable, reliable, and clean energy for consumers of Maryland.”

Seven years later, **it is crystal clear that we have reaped enormous benefits from the EmPOWER Maryland program.** Jim Grevatt, a consultant with Energy Futures Group, reviewed the EmPOWER utility reports filed with the PSC and found the following¹:

- Utilities reported investing \$894 Million in EmPOWER energy efficiency and conservation programs between 2009-2014;
- Utilities report these investments will produce \$4.3 Billion in energy savings over the estimated life of the energy savings improvements--**more than 4 times the utilities' program costs**;
- The 37.8 million MegaWatt-hours that will be saved over the life of the improvements is enough electricity to power all of Maryland's 2.1 million households for more than a year; and
- Energy efficiency savings will keep nearly 27 million metric tons of greenhouse gasses from being released to the atmosphere.

¹ Lovaas, Deron. "EmPOWER Energy Efficiency Policy: Delivering Big Returns to Maryland." Switchboard: NRDC Staff Blog. Natural Resources Defense Council, 10 Mar. 2015. Web.
<http://switchboard.nrdc.org/blogs/dlovaas/EmPOWER_Energy_Efficiency.html>

Moving forward, EmPOWER has the potential to do even more—especially for the state’s most vulnerable citizens. Maryland has more than 370,000 apartments with low-income tenants. Nearly 60% of the state's rental buildings with 5 or more apartments were built before 1980. Multifamily affordable housing is often older and drafty, threatening the health and comfort of residents and wasting lots of energy and cash.¹ EmPOWER can help to lower low-income family bills while providing significant quality of life benefits.

And finally, **energy efficiency creates jobs**. Efficiency investments create direct jobs when workers are deployed to develop and install energy efficiency measures. These investments also create jobs indirectly by supporting the energy efficiency supply chain that manufactures, for example, efficient pipes and smart meters. These jobs have a ripple effect as well, as newly employed workers spend their salaries and thus spur wider economic growth.² A third round of job creation happens as individuals and businesses spend money they otherwise would have spent on higher electricity bills. Consumers who save through energy efficiency have more money available to spend on more labor-intensive sectors of the economy like the service and retail industries.

The American Council for an Energy Efficient Economy estimated that if a city decided to use \$15 million of its revenue to improve energy efficiency in public buildings, these improvements would save the city \$3 million a year for the next 20 years. Compared with the “business-as-usual” scenario in which that money would have been spent on energy bills, the council estimated that the energy efficiency investment would create 66 net jobs in the first year, and continue to support 21 net jobs each year for the 20-year life of the investment.³

Maryland’s Greenhouse Gas Reduction Act Plan estimates that the current EmPOWER Maryland programs, once fully operational, will support a total of about 7,551 jobs and generate \$1,511,197,472 in net economic benefit and \$243,040,604 in wages on average annually.⁴ The benefits of continuing and even expanding EmPOWER could be even greater.

Our groups continue to support EmPOWER because of its proven effectiveness. EmPOWER has lived up to its challenge of reducing electrical energy use and peak power, and it has produced significant economic and environmental benefits as a result. The Public Service Commission and Maryland’s utilities should continue to build upon this progress, and achieve even greater gains moving forward.

For these reasons we oppose HB933, which would repeal EmPOWER programs and move our state away from the real and significant benefits that come from energy efficiency. We respectfully request an UNFAVORABLE report on HB 933.

Thank you.

² Bell, Casey. “Energy Efficiency Job Creation: Real World Experiences.” American Council for an Energy-Efficient Economy. Oct. 2012. <<http://www.aceee.org/files/pdf/white-paper/energy-efficiency-job-creation.pdf>>

³ “How Does Energy Efficiency Create Jobs?” American Council for an Energy-Efficient Economy. Fact sheet. <<http://aceee.org/files/pdf/fact-sheet/ee-job-creation.pdf>>

⁴ Maryland’s Greenhouse Gas Reduction Act Plan. Maryland Department of the Environment, Oct. 2013. Page 75. <http://climatechange.maryland.gov/site/assets/files/1392/mde_ggrp_report.pdf>