EARTHJUSTICE

January 31, 2024

VIA ELECTRONIC FILING

Andrew S. Johnston
Executive Secretary
Maryland Public Service Commission
6 Saint Paul Street, 16th Floor
Baltimore Maryland 21202-6806

Re: Limited-Income Mechanism for Utility Customers, Public Conference 59

Dear Mr. Johnston:

Attached for filing in the above-referenced Public Conference, please find the Maryland Energy Efficiency Advocates' ("MEEA") Comments on a limited-income mechanism for utility customers.

Please contact me if you have any questions. Thank you for your attention to this matter.

Respectfully submitted,

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CC: service list PC 57 (via email)

Introduction

Maryland Energy Efficiency Advocates (MEEA)[1] have long supported investing in EmPOWER and Maryland's energy programs that have delivered increased efficiency, stability, and reduced costs for all residents. Our advocacy has focused on the need to prioritize low-income households in receiving program benefits and to provide protections to ensure that cost impacts are borne equitably. MEEA regularly engages in EmPOWER proceedings and has supported the creation of targets for the DHCD low-income efficiency programs that guide the 2024-2026 program cycle. Energy programs can be key components to ensuring energy affordability, safety, and comfort in the homes of all Maryland residents. MEEA knows that energy and energy efficiency investments bring benefits to households, especially for those that struggle with energy burdens.

MEEA recommends that, as soon as practicable, the Commission move toward a Percentage of Income Payment ("PIPP") plan or a tiered discount plan that will provide protections across multiple dockets, programs, and cost categories. Doing so will be a part of a comprehensive look towards solutions to ensure the most equitable distribution of costs associated with upcoming energy transitions such as electrification, grid modernization, efficiency programs, and gas infrastructure costs. MEEA raised this recommendation in comments submitted to the Commission regarding the 2024–2026 EmPOWER Maryland program plans, Case No. 9705. In those comments, MEEA recognizes the important benefits of EmPOWER as a whole and of the DHCD limited-income programs. MEEA notes that the current program structure risks inequitable impacts on low-income households through the regressive impacts of increasing utility rates, and the unequal distribution of costs and benefits across utility territories. Those risks remain significant outside of the EmPOWER program as well. A PIPP plan will mitigate these costs and prevent low-income households from paying inequitably high costs for their energy usage.

Recommendation regarding a low-income affordability plan

MEEA appreciates the Commission's attention to the development of "limited-income mechanisms" per Public Utilities Article Section 4-309(c)(1). Affordable energy service is critical for the maintenance of habitable, safe homes. Unfortunately, the lower the household income, the greater the share of that income must be dedicated to the monthly utility bills. One analysis found that in 2022, home energy bills required 37% of income for Marylanders with incomes below 50% of the Federal Poverty Level.[2] The percentage of income required to cover energy costs is also called the energy burden. The energy burden gradually decreases as household income increases. Marylanders with incomes 185% - 200% of the Federal Poverty

[1] MEEA includes the following organizations that have signed in support of these comments: CASA; Green & Healthy Homes Initiative; National Housing Trust; National Consumer Law Center on behalf of its low-income clients; Howard County Climate Action; Earthjustice; Maryland Legislative Coalition-Climate Justice Wing, and Sierra Club of Maryland.

[2] Fisher, Sheehan & Colton, *The Home Energy Affordability Gap 2022, Maryland (April 2023)*, available at http://www.homeenergyaffordabilitygap.com/.

Level had energy burdens of 8%.[3] Another analysis of residential energy affordability found that around 400,000 Marylanders have an energy burden over 6%, which is the threshold researchers use to define high burden.[4] It is important to note that non-low-income households have an energy burden around 3%.[5] A large number of low-income Marylanders are currently struggling to pay their energy bills and are thus at risk of disconnection.[6] Without a concerted effort to address low-income energy affordability, rate increases and important policy objectives such as the transition to a decarbonized energy system will only make it harder for struggling households to stay connected to essential utility service.

MEEA recommends that the Commission consider the steps necessary to move towards a tailored low-income assistance program that provides greater assistance to households with the least amount of income. Eventually, the low-income affordability plan could take the form of a Percentage of Income Payment Plan[7] where a household's bill is capped at a certain percent of income, or a tiered discount[8], where the amount of the discount is greater the lower the income tier. We recommend that the Commission move as close as possible to setting the "affordability" level in line with the non-low income energy burden in Maryland.[9] We recognize that a PIPP or tiered discount would require time to develop and implement, but in the meantime hundreds of thousands of Marylanders are struggling to pay their monthly energy bills, setting up untenable choices between paying for food, rent, transportation and keeping the lights on.

MEEA recommends that the Commission implement a phased approach to the development and implementation of its low-income affordability program. This will allow for an immediate form of bill assistance that can reach a majority of low-income households in short order, while more tailored assistance mechanisms that provide greater assistance to lower-

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[3] Id.

[4] Arjun Makhijani, et al, Energy Affordability in Maryland: Integrating Public Health, Equity and Climate, Executive Summary (Feb. 2023), available at https://www.psehealthyenergy.org/wp-content/uploads/2023/02/Energy-Affordability-in-Maryland-2023_-Final-Report-1.pdf.

[5] See e.g., Dept. of Energy, "Low-Income Community Energy Solutions" at https://www.energy.gov/scep/slsc/low-income-community-energy-solutions.

[6] See terminations and arrearage data by utility available at https://www.psc.state.md.us/termination-arrearages/.

[7] National Consumer Law Center, "Access to Utility Service" (6th ed. 2018), Sections 7.2.2.3 and 7.3.

[8] The Peoples Gas Light and Coke Company, Proposed general increase in rates and revisions to service classifications, riders and terms and conditions of service (taiff filed January 6, 2023), 23-0068, 23-0069 (respectively), Order (Nov.16, 2023) available at https://www.icc.illinois.gov/docket/P2023-0068/documents.

[9] Nevada Fund for Energy Assistance and Conservation State Plan, Sections 10.1.3 et seq. (July 7, 2022) available at https://dwss.nv.gov/uploadedFiles/dwssnvgov/content/Energy/The%20Nevada%20Fund%20for%20Energy%20Assistance%20and%20Conservation%20State%20Plan%202023%20Final_Signed.pdf

income households can be developed. One of the biggest barriers to participation in low-income assistance programs is the amount of documentation required to prove eligibility.

The important characteristics of a low-income affordability program include:

- Uniform program rules and design to ensure that customers benefits will not vary by geography (also described as a "statewide" plan).
- Simplified and streamlined applications to greatly reduce burdens on households applying for assistance and speed up determinations.
- Setting high expectations for program enrollment.
- Iterative program design until bills are affordable for a range of low-income household budgets.
- Coordination, braiding and stacking with other low-income assistance programs to streamline applications and leverage assistance going to the households.

The first phase of relief is to mirror the Department of Housing and Community Development ("DHCD") geographic categorical eligibility for the low-income EMPOWER program[10] that was recently approved by then Commission.[11] This streamlined method to enroll households deemed eligible using the MDE Environmental Justice tool[12] should allow for faster and simpler applications. The amount and form of the energy assistance will likely be uniform in Phase 1, but the trade-off will be that a larger number of low-income households will be served more quickly. While Phase 1 assistance is being provided, the Commission should develop a Phase 2 program that provides more tailored assistance to households so that more assistance is provided to those households with lower incomes so that bills for the households with very low incomes are affordable. Phase 2 is the development of a PIPP or tiered discount program. Efforts to enhance categorical eligibility to include database matching (to verify program enrollment) should also occur in Phase 2.

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[10] Maillog No. 304379: Maryland Department of Housing and Community Development EmPOWER Maryland Limited-Income Program 2024-2026 Program Plan ("DHCD Plan") (August 1, 2023) at 33.
[11] Maillog No. 306928, MD PSC Order 90957Authorizing Transition to 2024-2026 Program Cycle (December 29, 2023).
[12] https://mdewin64.mde.state.md.us/EJ/.

Dated: January 31, 2024.

Respectfully submitted,

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On behalf of Maryland Energy Efficiency Advocates