

## **Maryland BETI Task Force Market Rate Residential Buildings Subgroup Short Recommendations Strawman**

September 19, 2023

### **Strategy Priorities**

- End state funding and utility incentives for fossil fuels (e.g., end incentives for efficient gas-fired systems) and transition rapidly towards beneficial electrification, electric efficiency, and envelope/weatherization measures.
  - a. Establish a method for determining whether there are narrow exceptions where there are not viable alternatives for specific building and market sectors
- Take legislative and regulatory action to accelerate transition away from fossil fuel use in buildings
  - a. (Example: Maryland Public Utilities Article 7-211)
- Adopt a market transformation approach, with a multi-pronged focus on shifting building technology markets to make low-carbon solutions the default (as opposed to an approach focused primarily on deploying incentives building by building).

### **Incentives**

- Enhance EmPOWER and other efficiency incentive programs to drive rapid decarbonization:
  - a. Explicitly allow incentives for fuel switching from fossil fuels to electric in EmPOWER programs
  - b. Add GHG savings goals to EmPOWER
  - c. Include not just electrification, but also a continued and expanded focus on weatherization and other non-electrification efficiency projects
  - d. Streamline and improve incentives at all points of the supply chain
  - e. Implement state programs that expand availability of EmPOWER to businesses and residents that are not served by a participating utility so they are not left behind (~100,000 customers / ~4% of all electric accounts in state)
  - f. Ensure EmPOWER audits examine electrification-readiness, and provide incentives for non-equipment costs that help buildings become electrification-ready, such as electrical supply heavy-ups
  - g. Ensure quality installations through consistent system commissioning
  - h. Explore innovative solutions for supporting transition in event of system failure

### **Accessibility**

- The MEA Climate Transition and Clean Energy Hub created by the Climate Solutions Now Act (9–2010) can create new engagement opportunities for market rate building owners, including single family and multifamily.
  - a. May help clarify federal program requirements.
- Develop streamlined retrofit accelerator concierge service to provide one-stop-shop for homeowners to upgrade homes

- Ensure incentives and programs can be accessed by entities other than building owners, including renters, condo boards, common ownership communities, builders, and trades

### **Workforce Development**

- Increase workforce development, including improved training and apprenticeship programs that align with requirements of the 45L (homes) and 179d (commercial/large multifamily) tax incentives
  - a. Example institutions: nonprofit organizations, community colleges, other

### **Financing**

- Scale up the green bank by equitably raising and appropriating the millions of dollars needed each year through 2045
- With input from the Public Service Commission, explore requirements for utilities to provide ratepayers with on-bill repayment options and [Inclusive Utility Investment](#)
  - a. *(Careful analysis needed for any new program, including relating to consumer protection and cost-benefit analysis. Affordable source of capital that may include federal offerings or new state bonding or funding)*
- Maryland should ensure or incentivize private capital providers to include energy, greenhouse gas emissions, or financial saving guarantees to customers for loans or financing.
- Provide appropriate consumer protections related to lending products and on-bill financing.
- Offer statewide residential home energy improvement loan program that is easy to use, coordinated closely with incentive programs for customers and contractors, and includes credit enhancements that expand affordable access to moderate-income and other households without existing access to affordable home improvement capital.

### **Tax Incentives**

- The Comptroller's Office should report to the General Assembly and the Governor on potential tax incentive options to encourage homeowners to decarbonize.
- The state should ensure alignment between state and federal incentives to the maximum extent possible.

### **Utility data and rates**

- With input from the Public Service Commission consider requirements for utilities to:
  - a. Include greenhouse gas information in bills and other communications following GHG accounting rules set by the PSC.
  - b. Use meter data to identify and target customers for fuel switching and/or weatherization and efficiency upgrades in focus on those who would most benefit from the upgrades and have the biggest climate impact.
  - c. Consider decarbonization impacts during electric and gas rate design.
  - d. Adopt and promote rates that support efficient use of electricity in connection with building electrification (e.g. peak load management, demand response, time of use pricing), including consideration of opt-out options.

- e. Consider treatment of cost causation to ensure equitable distribution of costs for interconnections and service upgrades supporting electrification

### **Disclosure and Education**

- Implement disclosure of home energy performance (e.g., Home Energy Score / ENERGY STAR score) and energy audit results in sales and rentals of residential properties.
  - Include in MLS listings, costar, etc. – early disclosure to impact decision-making
- Proactive outreach and education for consumers on electrification opportunities, including:
  - Disclosure and education at time of equipment maintenance to support planning for equipment replacements
  - Education for service providers and contractors, tied to licencing requirements
  - *[WHO should do this – needs to be addressed?]*

*Common questions: Who would implement?....*