EVALUATION OF THE OFFICE OF HOME ENERGY PROGRAMS

FEBRUARY 2025

OFFICE OF PROGRAM EVALUATION AND GOVERNMENT ACCOUNTABILITY

DEPARTMENT OF LEGISLATIVE SERVICES

MARYLAND GENERAL ASSEMBLY

Evaluation of the Office of Home Energy Programs

Department of Legislative Services
Office of Program Evaluation and Government Accountability
Annapolis, Maryland

February 2025

Primary Staff for this Report

Efe Brock
Victoria Martinez
Samuel Quist
Diana Winter
Michael Powell

For further information concerning this document contact:

Library and Information Services
Office of Policy Analysis
Department of Legislative Services
90 State Circle
Annapolis, Maryland 21401

Baltimore Area: 410-946-5400 ● Washington Area: 301-970-5400
Other Areas: 1-800-492-7122, Extension 5400
TTY: 410-946-5401 ● 301-970-5401
TTY users may also use the Maryland Relay Service
to contact the General Assembly.

Email: libr@mlis.state.md.us
Home Page: http://dls.maryland.gov

DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF PROGRAM EVALUATION AND
GOVERNMENT ACCOUNTABILITY
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Michael Powell
Director

February 10, 2025

Senator Shelly Hettleman, Senate Chair, Joint Audit and Evaluation Committee
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee
Members of the Joint Audit and Evaluation Committee

Dear Senator Hettleman, Delegate Solomon, and Members:

As directed by the Executive Director of the Department of Legislative Services, the Office of Program Evaluation and Government Accountability has conducted an evaluation of the Office of Home Energy Programs (OHEP).

The report contains several recommendations in Chapter 5. OHEP's response is Appendix A.

We wish to express our appreciation for the cooperation and assistance provided by OHEP.

Respectfully submitted,

Michael Powell
Director

MP/mpd

Contents

Chapter 1. Introduction and Overview

The Office of Home Energy Programs (OHEP) is an office within the Family Investment Administration of the Department of Human Services. OHEP administers energy assistance programs for low-income households. These programs include:

- the Maryland Energy Assistance Program (MEAP);
- the Gas Arrearage Retirement Assistance Program (GARA);
- the Electric Universal Service Program (EUSP); and
- the Electric Arrearage Retirement Assistance Program (EARA).

The Executive Director of the Department of Legislative Services directed the Office of Program Evaluation and Government Accountability to conduct an evaluation of OHEP. Based on conversations with stakeholders we chose to evaluate OHEP's bill payment and arrearages payment programs to determine:

- whether the establishment of categorical eligibility for energy assistance programs resulted in reduced energy burdens and prevented utility disconnections for low-income households in Maryland;
- the impact of the MEAP funding exhaustion in April 2024 on low-income households; and
- the sufficiency of current OHEP energy assistance programs for low-income households.

OHEP Programs

The energy assistance programs administered by OHEP are outlined in **Exhibit 1.1**. Funding for the Weatherization Assistance Program (WAP) is also allocated through the OHEP budget. However, OHEP partners with the Department of Housing and Community Development (DHCD) to implement the program. For that reason, WAP is not included in the analysis for this report.

Bill payment assistance (MEAP and EUSP) is designed to make energy bills more affordable for low-income households. Arrearage retirement assistance (GARA and ARA) is intended to maintain or restore electric service for those customers who have fallen behind on their electric bill payments and provide an opportunity for them to get back on track with making regular payments.

Exhibit 1.1
Energy Assistance Grant Programs

Maryland Energy Assistance Program (MEAP)

Benefit	Bill Payment Assistance for Heating (All Utility Types) Crisis Assistance for Heating, Including Repairs (All Utility Types)
Frequency	Annual (State fiscal year)
Authorization	Human Services Article § 5-5A
Eligibility	200% Federal Poverty Level (FPL) or 60% State Median Income for Households with 11+ people or a household with a member that receives SNAP, cash benefits, Social Security Income, or means-tested Veterans benefits

Gas Arrearage Retirement Assistance

Benefit	Arrearage Retirement Assistance for Gas Consumers
Frequency	Once every five years
Authorization	Human Services Article § 5-5A
Eligibility	Applicant must receive MEAP grant to be eligible

Electric Universal Service Program (EUSP)

Benefit	Bill Payment Assistance for Electric Consumers
Frequency	Annual (State fiscal year)
Authorization	Public Utilities Article § 7-512.1
Eligibility	200% FPL or a household with a member that receives SNAP, cash benefits, Social Security Income, or means–tested Veterans benefits

Electric Arrearage Retirement Assistance

Benefit	Arrearage Retirement Assistance for Electric Consumers
Frequency	Once every five years
Authorization	Public Utilities Article § 7-512.1
Eligibility	Applicant must receive EUSP grant to be eligible

SNAP: Supplemental Nutrition Assistance Program

Source: Department of Budget and Management; Department of Legislative Services

OHEP Funding

The fiscal 2025 allowance for OHEP totals $200.9 million, 91% of which is allocated for energy assistance benefits for low-income households. Funding for OHEP energy assistance is outlined in **Exhibit 1.2**.

Exhibit 1.2
Energy Assistance Benefit Program Budgets
Fiscal 2023-2025

		Budget Allocation for Benefit Payments		
Programs	**Funding Sources**	**Fiscal 2023 Actual**	**Fiscal 2024 Allowance**	**Fiscal 2025 Allowance**
Maryland Energy Assistance Program	Low Income Home Energy Assistance Program (LIHEAP)	$79,924,601	$68,963,706	$58,629,245
Gas Arrearage Retirement Assistance Program	LIHEAP Supplemental Funding	22,555,378	-	-
Electric Universal Service Program	Strategic Energy Investment Fund – Regional Greenhouse Gas Initiative	74,533,553	99,079,134	94,049,504
Electric Arrearage Retirement Assistance Program	Universal Services Benefit Program Ratepayer Surcharge	38,151,386	30,762,784	30,731,849
	Dominion Cove Point	-	400,000	400,000

Source: Department of Budget and Management; Department of Legislative Services

Low Income Home Energy Assistance Program

The annual amount of federal Low Income Home Energy Assistance Program (LIHEAP) funds allocated to Maryland varies year to year based on the overall block grant funding level and the State share of the grant. In fiscal 2025, $58.6 million of LIHEAP funds are budgeted for energy assistance benefits. This includes $6 million allocated for emergency furnace repair/replacement administered through DHCD. LIHEAP funds budgeted for MEAP and GARA have declined in recent years due to the expiration of supplemental program funding made available in response to COVID-19 and an increase in the amount of funds budgeted for administrative costs.

Strategic Energy Investment Fund – Regional Greenhouse Gas Initiative

Section 9-20B of the State Government Article requires that at least 50% of the revenue received by the State from its participation in Regional Greenhouse Gas Initiative (RGGI) auctions for carbon dioxide emission allowances is directed to energy assistance. Strategic Energy Investment Fund revenues from RGGI have grown in recent years, leading to increased special fund revenues available for EUSP and EARA.

Universal Services Benefit Program Ratepayer Surcharge

Section 7-512.1 of the Public Utilities Article sets the annual amount of EUSP ratepayer surcharge revenue collections at $37.0 million. Any unexpended funds remaining at the end of the fiscal year remain available for use during the first six months of the following fiscal year, at which time unexpended funds must be returned to utility customers.

Dominion Cove Point Settlement ("Local Government Payments")

In 2019, OHEP began receiving $400,000 annually under a Public Service Commission Order related to the Dominion Cove Point facility in Lusby, Maryland. OHEP will receive these funds through fiscal 2039.

Energy Assistance Program Administration

OHEP administrative expenses are funded through both EUSP ratepayer funds and LIHEAP funds. Certain restrictions apply to both sources. LIHEAP funds restrict administrative expenditures to a maximum of 10% of the final LIHEAP allocation. EUSP ratepayer funds are limited to 12% of the allocation by commission order.

OHEP implements energy assistance programs through local administering agencies (LAAs). LAAs are a combination of local departments of social services, community action agencies, or other local government offices in each jurisdiction. Most LAAs serve one jurisdiction. Two LAAs service multiple counties: (1) the Southern Maryland Tri-County Community Action Committee, Inc. serves Calvert, Charles, and St. Mary's counties; and (2) ShoreUp! Inc, serves Somerset, Wicomico, and Worcester counties. The full list of LAAs for fiscal 2025 is in **Appendix C**.

Chapter 2. Household Energy Insecurity

Observation: Maryland households living below the federal poverty level (FPL) spend nearly a quarter of their income on energy costs on average. This is comparable to neighboring states.

A household's energy burden is the percentage of gross household income spent on utility costs. A household with a 6% or greater energy burden is considered a "high energy burden household". Low-income households in Maryland face energy burdens that align with regional trends. Households living below FPL spend about a quarter of their income on energy costs. This burden is lower for households between 100% and 200% of FPL, but these households, on average, are still considered "high energy burden households."

Exhibit 2.1
Average Household Energy Burden by Income Level
Maryland and Neighboring Jurisdictions

	Average Household Energy Burden		
State	**0%-100% FPL**	**100%-150% FPL**	**150%-200% FPL**
Maryland	24%	9%	7%
Delaware	21%	9%	7%
District of Columbia	25%	8%	6%
Pennsylvania	24%	11%	8%
Virginia	21%	9%	7%
West Virginia	21%	10%	7%

FPL: federal poverty level

Note: The U.S. Department of Energy maintains the Low-Income Energy Affordability Tool, which allows users to compare data from the Census Bureau's 2022 American Community Survey related to household fuel expenditures and energy burdens.

Source: U.S. Department of Energy; Department of Legislative Services

Observation: The cost of residential energy in Maryland has risen steadily since 2010.

A 2024 report from the Office of the People's Counsel found that the distribution rates, or the per-unit cost to consumers for the energy delivered to their home, for many of the largest gas and electric utility suppliers has outpaced inflation. A summary of yearly average increases in distribution rates for the largest gas and electric utility suppliers is in **Exhibit 2.2**.

Exhibit 2.2
Average Yearly Increase in Utility Distribution Rates
Calendar 2010-2024

Utility Supplier	Utility Type	2010 Rate	2024 Rate	Distribution Rate Average Yearly % Increase
Washington Gas	Gas	$0.32	$0.46	1.9%
BGE	Gas	0.26	0.85	8.7%
Columbia Gas	Gas	0.30	1.00	9.3%
Potomac Edison	Electric	0.0169	0.0229	2.3%
SMECO	Electric	0.0289	0.0470	3.6%
BGE	Electric	0.0253	0.0459	4.6%
Delmarva Power	Electric	0.0317	0.0698	6.0%
Pepco	Electric	0.0263	0.0618	6.4%

BGE: Baltimore Gas and Electric
SMECO: Southern Maryland Electric Cooperative

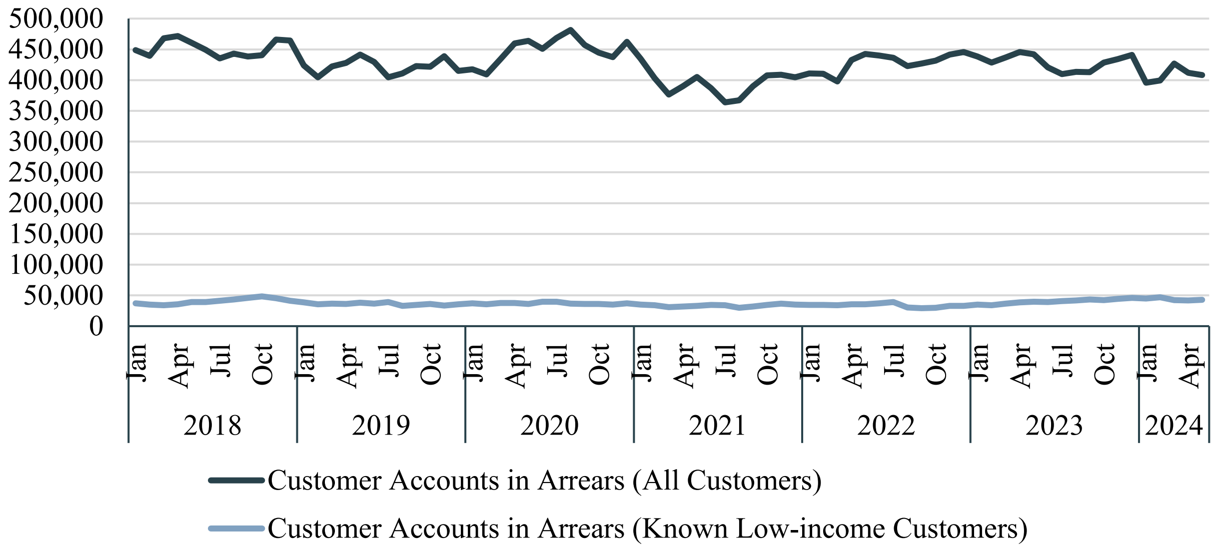
Note: Rates are the per-unit cost for delivering gas or electricity to your home measured in therms for gas and kilowatt-hours for electricity.

Source: Office of the People's Counsel

Observation: The total number of customer accounts in arrears remained relatively stable from January 2018 through May 2024, with some seasonal fluctuation.

The number of accounts in arrears fluctuated between 350,000 and 500,000 between 2018 and May 2024, as shown in **Exhibit 2.3**. Known low-income accounts in arrears consistently represent about 50,000 accounts, though this is likely an undercount since not all utilities report low-income household data.

Exhibit 2.3
Number of Customer Accounts in Arrears
January 2018 - May 2024



Note: Data specific to low-income households is not reported by all utility providers. This exhibit is based on nonstandard monthly reports submitted by Baltimore Gas and Electric, Delmarva Power (electric only), Pepco Holdings (electric only), and Potomac Edison (electric only).

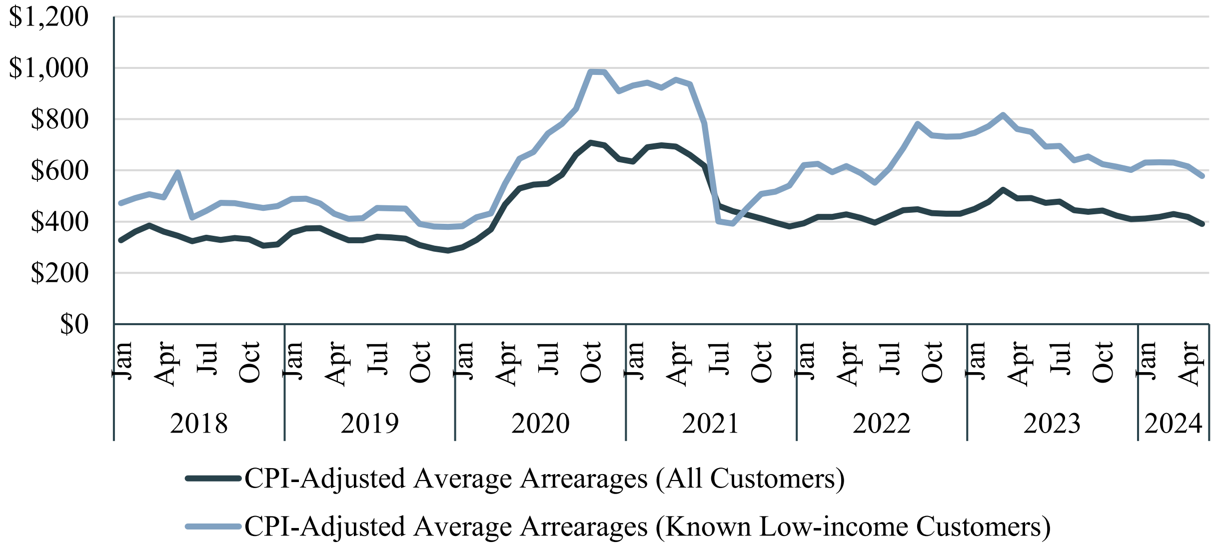
Source: Public Service Commission; Department of Legislative Services

Observation: Low-income households became comparatively more indebted following COVID-19.

Exhibit 2.4 shows average arrearages for all reported customer accounts and average arrearages for known low-income customers. Both are adjusted for inflation using the Consumer Price Index for Energy. There was an increase in average customer arrearages during the COVID-19 pandemic, with a peak from late 2020 through early 2021. During this time, the average arrearage balance for both customer groups increased, but low-income households experienced a larger spike, reaching nearly $1,000 in average arrearages. Post-pandemic trends (2021-2024) show that while arrearages have declined from their peak, they have not returned to pre-pandemic levels.

Prior to March 2020, among accounts with unpaid balances, low-income customers generally carried an average of 35% more utility debt than the average customer with arrearages each month. Beginning in July 2021, the gap widened to an average of 45% each month through May 2024.

Exhibit 2.4
Average Customer Account Arrearages, Price-adjusted
January 2016 - May 2024



Note: Data specific to low-income households is not reported by all utility providers. This exhibit is based on nonstandard monthly reports submitted by Baltimore Gas and Electric, Delmarva Power (electric only), Pepco Holdings (electric only), and Potomac Edison (electric only).

Monthly prices adjusted using *Consumer Price Index for All Urban Consumers: Energy in U.S. City Average*. Base month = January 2024.

Source: Public Service Commission; Federal Reserve Economic Data; Department of Legislative Services

Chapter 3. Short-term Effects of House Bill 323 of 2023

Office of Home Energy Programs Implementation of House Bill 323 of 2023

House Bill 323 of 2023, signed into law April 24, 2023, established categorical income eligibility and automatic enrollment in the Office of Home Energy Program's (OHEP) programs for households that receive benefits from:

- Supplemental Nutrition Assistance Program (SNAP);
- Supplemental Security Income (SSI);
- Temporary Assistance for Needy Families (TANF); or
- Means-Tested Veterans Affairs Benefits.

As of January 1, 2024, households that receive one of these benefits and have a utility account no longer need to apply separately, and are automatically considered for energy assistance for OHEP energy assistance programs. The bill also increased the annual income eligibility level for the Electric Universal Service Program (EUSP) from 175% of the federal poverty level (FPL) to 200% FPL. Categorical eligibility was implemented to reduce administrative costs, simplify the application process, and reduce denial rates.

In the fiscal 2024 operations plan for the EUSP program, OHEP wrote "local OHEP offices were unprepared for the significant increase in applications. The lack of system and operational alignment compounded these challenges, resulting in significantly increased application process times and delays in benefit issuance." This chapter provides additional context for these challenges.

Observation: The Department of Human Services (DHS) may not have fully accounted for House Bill 323's fiscal impact on the Maryland Energy Assistance Program (MEAP) and the Gas Arrearage Retirement Assistance Program (GARA), contributing to the early exhaustion of federal funds in fiscal 2024.

House Bill 323 of 2023 established categorical eligibility for "any fuel and utility assistance program" administered by OHEP. The excerpt from the Department of Legislative Services Fiscal and Policy Note for House Bill 323 of 2023 in **Exhibit 3.1** suggests that DHS did not account for the potential impact of the legislation on eligibility for federally funded MEAP and GARA benefits.

Exhibit 3.1
Excerpt of DLS Fiscal and Policy Note for House Bill 323 of 2023

"DHS advises that approximately 32,000 additional households will qualify for EUSP under the bill. This figure represents the number of SNAP households that claim a utility expense but do not currently receive energy assistance. Based on an average annual EUSP bill payment assistance benefit of $939, DHS special fund expenditures increase by $15.0 million in fiscal 2024 to reflect the bill's January 1, 2024 effective date. Expenditures increase by $30.0 million in fiscal 2025 and annually thereafter. … However, **this estimate does not reflect any additional expenditures for EUSP arrearage assistance**[1] as this benefit may generally only be received once every five years. The estimate **also does not reflect the cost of auto-enrolling current benefit recipients of TANF, SSI, and means-tested veterans programs into EUSP, or auto–enrolling SNAP recipients into other OHEP fuel and utility assistance programs**."

DHS: Department of Human Services
DLS: Department of Legislative Services
EUSP: Electric Universal Service Program
OHEP: Office of Home Energy Program
SNAP: Supplemental Nutrition Assistance Program
SSI: Supplemental Security Income
TANF: Temporary Assistance for Needy Families

Emphasis Added

[1] The Electric Arrearage Retirement Assistance Program can be considered a component of EUSP.

Source: Department of Legislative Services

Low Income Home Energy Assistance Program (LIHEAP) funding can be applied to any heating utility, and thus can be used to supplement bill payment assistance for electric consumers. However, State special funding allocated to EUSP and the Electric Arrearage Retirement Assistance Program (EARA) can only be applied to electric utilities. In January 2024 when more households who rely on natural gas and other nonelectric utilities for heating became eligible for OHEP energy assistance benefits, it put a strain on LIHEAP funding.

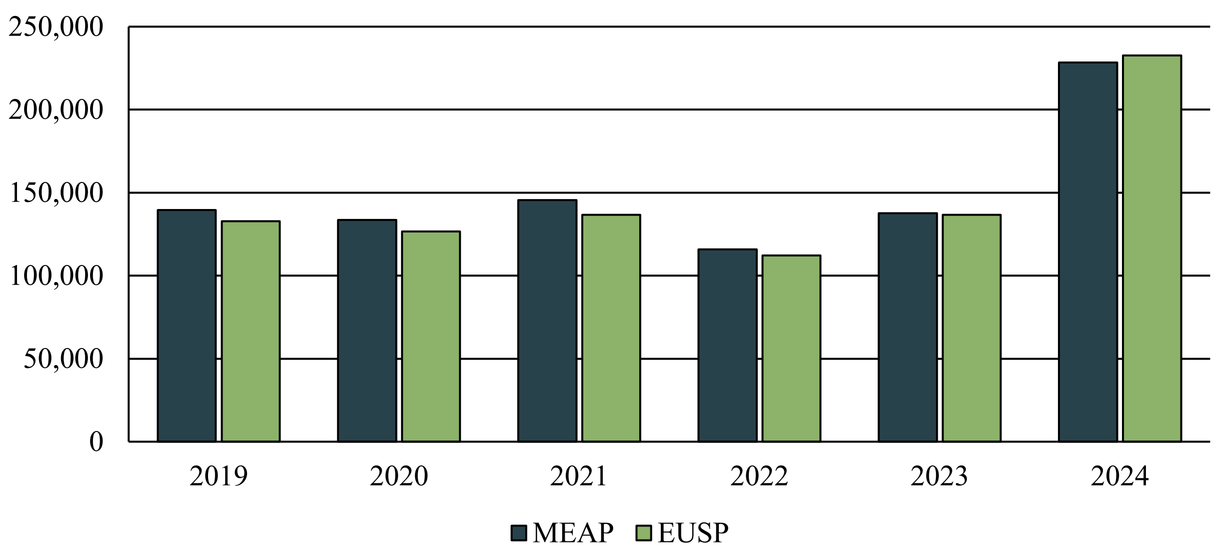
Federal LIHEAP funds were exhausted as of April 2024. OHEP began denying all customer applications to MEAP and GARA starting April 17 through the end of the State fiscal year on June 30. This meant that customers who might have been eligible for MEAP and GARA benefits were automatically denied.

Observation: Applications for bill payment assistance programs (MEAP and EUSP) grew by about 50% between fiscal 2023 and 2024.

As shown in **Exhibit 3.2**, OHEP applications for EUSP nearly doubled between fiscal 2023 and 2024 after remaining relatively stable for a decade. Prior to January 2024, OHEP required households to submit an application for energy assistance benefits provided through the office. That application asked customers to select which energy assistance program they wanted to be screened for – MEAP, EUSP, GARA, or EARA. Applications were not consistently screened for eligibility for all programs.

After January 2024, OHEP continued receiving applications for energy assistance programs using the "consolidated application" described above. However, the implementation of categorical eligibility meant that any record in the MDTHINK Eligibility & Enrollment (E&E) system that rolled over in a nightly batch to the OHEP data system would be counted as an application. Applications received through the E&E system are automatically considered for all energy assistance programs, unlike the consolidated application where applicants had to select programs to be screened for.

Exhibit 3.2
Applications for MEAP and EUSP
Fiscal 2019-2024



EUSP: Electric Universal Service Program
MEAP: Maryland Energy Assistance Program

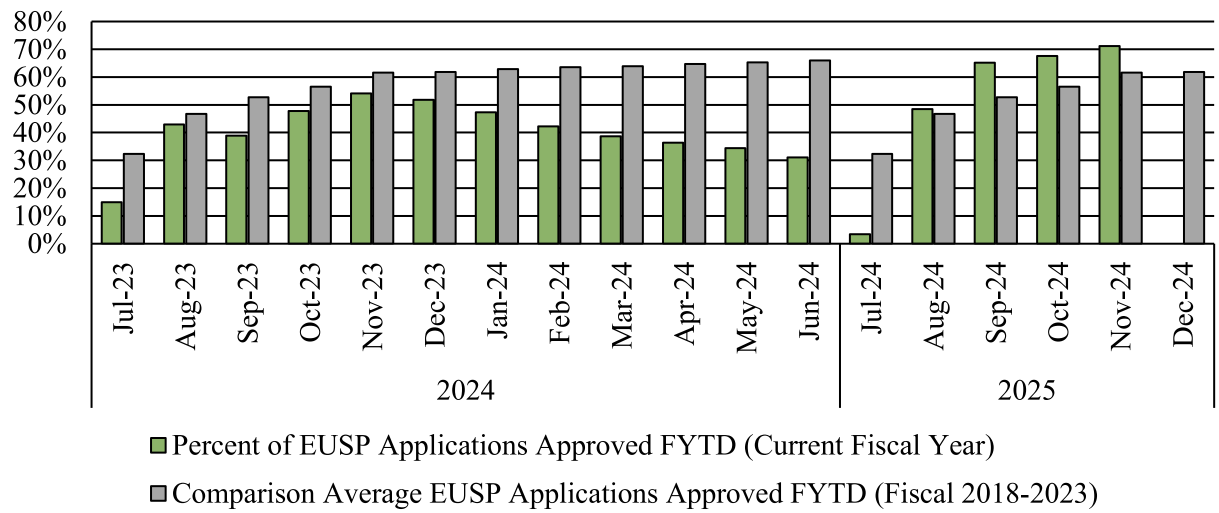
Source: Department of Human Services; Department of Legislative Services

Observation: The implementation of categorical eligibility appears to have reduced administrative barriers to accessing bill payment assistance for eligible households.

Historically, applications for OHEP energy assistance programs have become available at the beginning of each fiscal year, with local OHEP agencies beginning processing at the end of the previous fiscal year (June). (Fiscal 2025 applications were not processed until July 2024.) **Exhibit 3.3** compares fiscal year-to-date application approval rates for fiscal 2024 and early fiscal 2025 against monthly averages for fiscal 2018 through 2023. Year-to-date approval rates can be used as a proxy for application processing speed because they indicate how quickly applications are being converted into approvals over time, assuming the same percentage of applications should be approved each year. In fiscal 2024, approval rates started at around 15% in July of 2023 and tracked persistently below the historical average through December. Application approval rates lagged even further behind historical averages beginning in January 2024 when eligibility expanded and the backlog of applications grew.

OHEP leadership shared that field visits to local administering agencies (LAAs) offices in March and April of 2024 revealed a large backlog of unprocessed paper forms and inefficient application processing and review procedures. Specifically, OHEP leadership noted that staff were printing out digitized applications and reentering data at different stages of the application review process.

Exhibit 3.3
Trends in EUSP Application Processing
Fiscal 2019-2024



EUSP: Electric Universal Service Program
FYTD: fiscal year-to-date

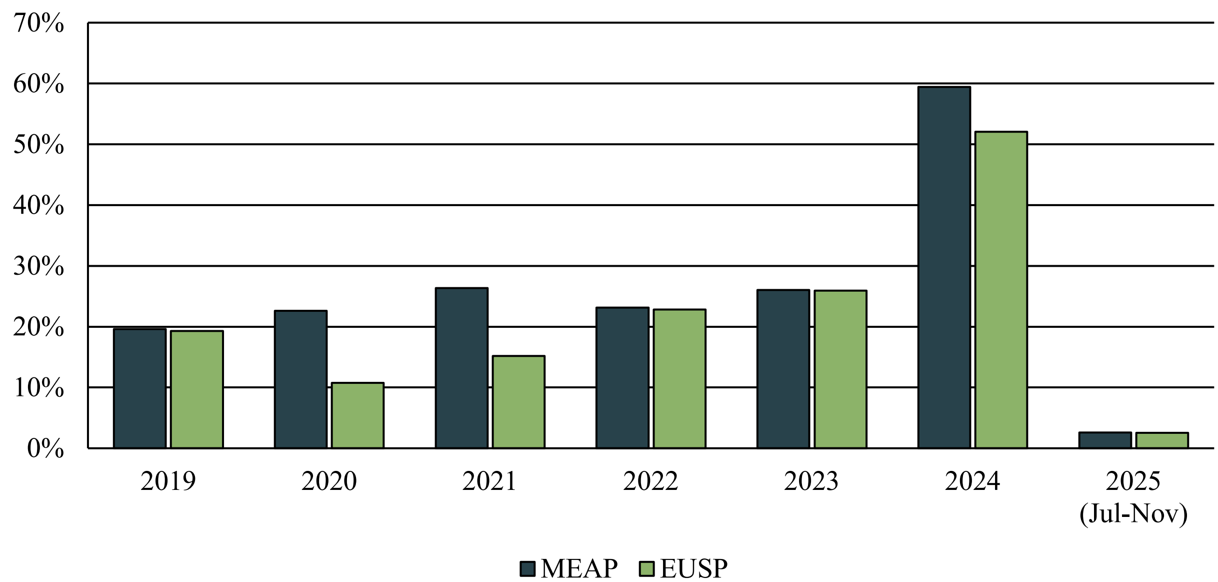
Source: Department of Human Services; Department of Legislative Services

The increase in approval rates in fiscal 2025 shown in Exhibit 3.3 indicates that LAAs may be adapting to new application processing procedures put in place. Between August and November 2024, application processing outpaced historic trends.

Additionally, application denial rates for MEAP and EUSP have been around 3% during the first half of fiscal 2025. As shown in **Exhibit 3.4**, denial rates at the beginning of fiscal 2025 are notably lower than previous years. OHEP staff shared that this is largely due to the reduction in paperwork and improvements in application processing brought about by categorical eligibility.

Exhibit 3.4

Denial Rates for Home Energy Assistance



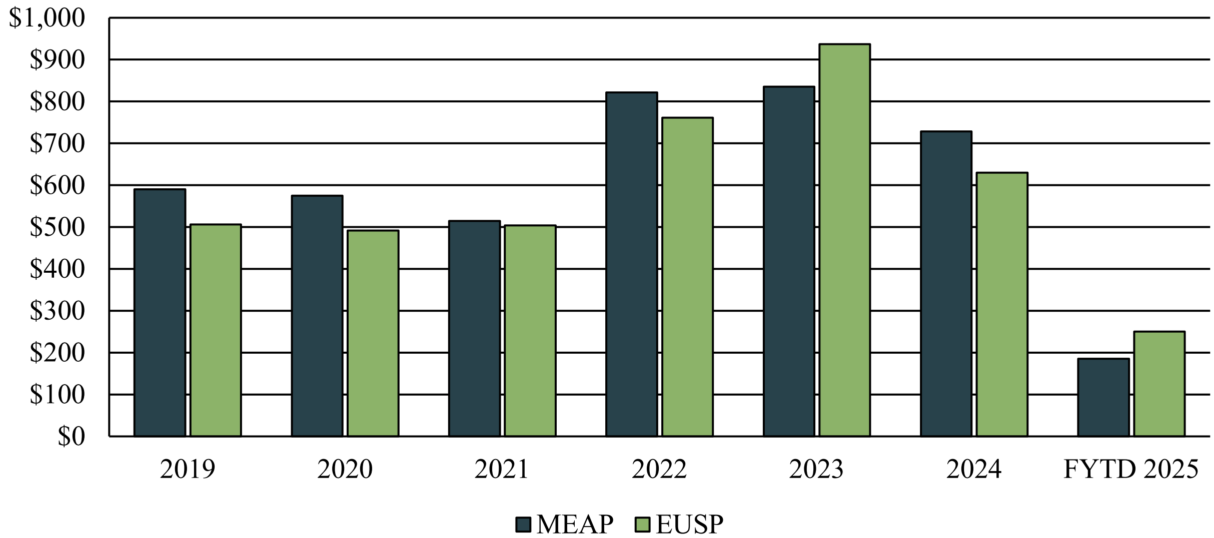
EUSP: Electric Universal Service Program
MEAP: Maryland Energy Assistance Program

Source: Department of Human Services; Department of Legislative Services

Observation: OHEP reduced the amount of bill payment assistance per household beginning on July 1, 2024, to accommodate the increased number of eligible households and prevent early funding exhaustion.

Exhibit 3.5 shows the average bill payment assistance provided by OHEP to households participating in MEAP and EUSP. To ensure that all eligible households receive bill payment assistance, OHEP has reduced the amount of assistance provided to each household beginning in fiscal 2025.

Exhibit 3.5
Average Bill Payment Assistance
Fiscal 2019-2025



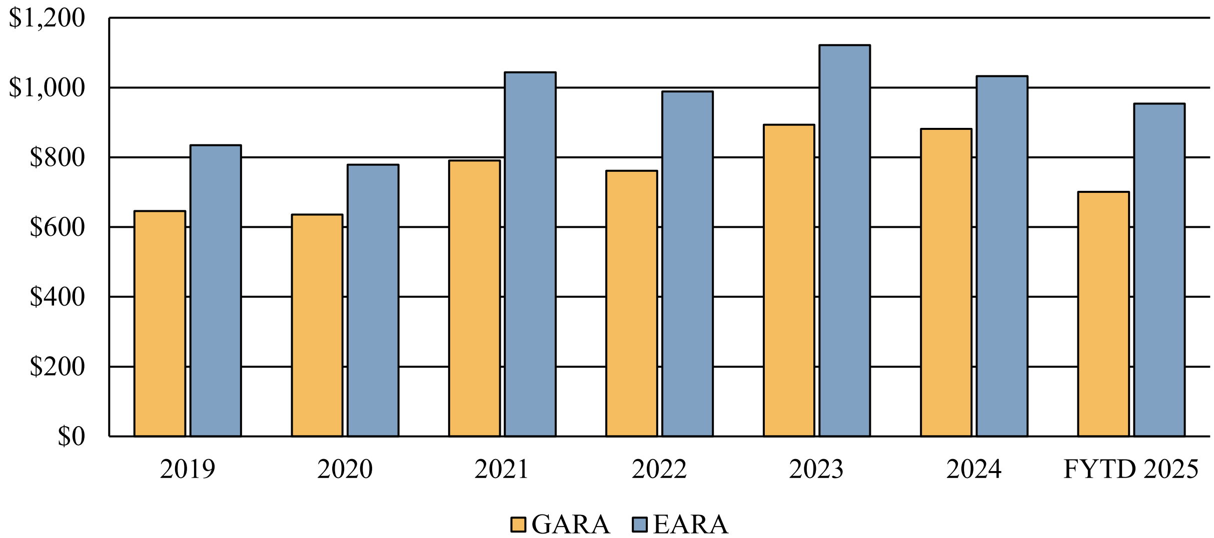
EUSP: Electric Universal Service Program
FYTD: fiscal year-to-date
MEAP: Maryland Energy Assistance Program

Source: Department of Human Services; Department of Legislative Services

Observation: OHEP has similarly reduced the maximum arrearage retirement assistance benefit for EARA and GARA beginning in fiscal 2025.

On July 1, 2024, the maximum GARA benefit was reduced to $1,000 as shown in **Exhibit 3.6**. The maximum EARA remains at $2,000. In most recent planning report submitted to the Public Service Commission, OHEP recommended decreasing the EARA benefit beginning in fiscal 2026 to ensure more funds were available for the upfront EUSP benefit.

Exhibit 3.6
Average Arrearages Retirement Assistance
Fiscal 2019-2025



EARA: Electric Arrearage Retirement Assistance Program
GARA: Gas Arrearage Retirement Assistance Program

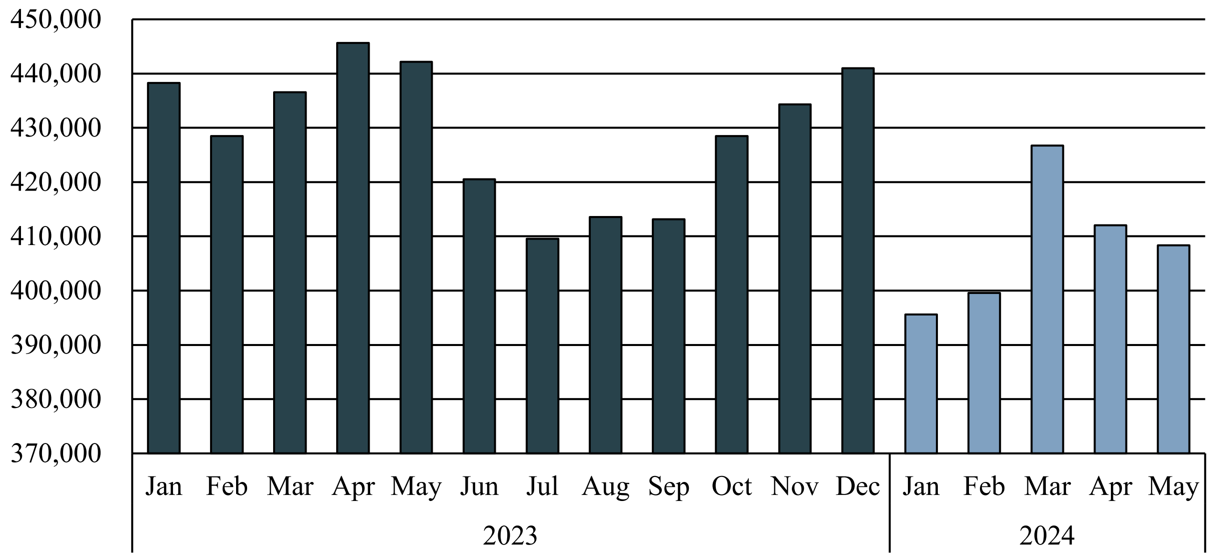
Source: Department of Human Services; Department of Legislative Services

Observation: The implementation of House Bill 323 had an immediate effect on the number of accounts in arrearages. Additional post-implementation data is needed to capture longer term effects.

To evaluate the initial impact of House Bill 323 of 2023 on various measures of residential energy stability, the Office of Program Evaluation and Government Accountability conducted analysis using publicly available data on monthly residential utility disconnections and arrearages. That analysis is described in more detail in **Appendix B**. The most notable immediate effect of the policy was a decline in the number of residential customer accounts in arrears, showing a decrease of approximately 47,936 accounts following the policy implementation in January 2024.

With only four months of post-implementation data available, the analysis cannot yet capture long-term effects or properly account for seasonal patterns that may influence the outcomes. The limited post-implementation period makes it difficult to disentangle these seasonal effects from true policy impacts. Additionally, as shown in **Exhibit 3.7**, the initial months following the policy change (January-April 2024) were marked by implementation challenges that may have created temporary disruptions in normal patterns, potentially skewing the immediate post-policy estimates.

Exhibit 3.7
Number of Customer Accounts in Arrears
January 2023-May 2024



Source: Public Service Commission; Department of Legislative Services

Chapter 4. Customer Experience

The General Assembly passed legislation in 2021 to establish the Workgroup on Low-Income Utility Assistance to study the different systems and forms of financial assistance available to low-income electric and gas customers in Maryland. The workgroup published its final report in March 2024. Select findings and from that report are outlined in **Exhibit 4.1**.

Exhibit 4.1

Findings from the Workgroup on Low-Income Utility Assistance

Applicant Experience

- The online application through myMDTHINK was a barrier to accessing assistance.
- The process of collecting and submitting the additional documentation required for energy assistance can be challenging.
- OHEP and local administering agencies provided limited customer support for energy assistance applicants.

OHEP Administration

- The application of OHEP policies and procedures is inconsistent across local administering agencies.
- There is limited language access for energy assistance program materials.
- There is a lack of uniform statewide application intake and tracking processes.

OHEP: Office of Home Energy Programs

Source: Workgroup on Low-Income Utility Assistance

The Office of Program Evaluation and Government Accountability (OPEGA) reviewed the application process for energy assistance at the beginning of fiscal 2025 to determine whether the Office of Home Energy Programs (OHEP) had made progress on improving the applicant experience, as summarized in this chapter. According to OHEP, 22% of fiscal 2025 applications submitted in the first half of the year were submitted via the online portal.

Observation: Information about how to apply for energy assistance can be confusing and lack detailed information.

Maryland's OHEP webpage provides several options for users to apply for energy assistance. Customers can apply through drop boxes, mailing in a paper application, over the telephone, in person, or online. OPEGA's review of these materials in August of 2024 found that guidance and descriptions for these categories can be confusing, redundant with other categories, or lacking in detailed information. **Exhibit 4.2** shows a screenshot of the OHEP website which:

- includes a link under "Drop Boxes" directing users to the six-page paper application with no mention of "drop boxes" or indication that included list of counties' OHEP offices accept dropped off applications;

- has redundant links under "Mail-In Applications" and "In-Person" that direct users to the same webpage – which displays a link to the six-page application and a list of counties' OHEP offices; and

- does not provide a telephone number in the section describing how to apply by telephone.

Lower on the same page is a list of links to supplemental forms that may be necessary for users' applications, but easy to overlook due to their placement.

Exhibit 4.2
Screenshot from OHEP Website

How to Apply for Energy Assistance:

Customers may apply through any one of the following methods:

Drop Boxes

DHS-FIA-9780-OHEP-Application for Energy Assistance. You can also request a paper application by calling **1-800-332-6347**.

Online Submission

You can apply online by visiting: **https://mymdthink.maryland.gov/home/#/**

Mail-in Applications

https://dhs.maryland.gov/office-of-home-energy-programs/local-home-energy-program-office/

Telephone

Energy Assistance offices can accept applications over the phone. However, you will need to email or mail your documents to the local office after your information has been taken. Energy assistance does not need documents to be scanned, we can accept clear pictures of your documents where text is visible.

In-person

https://dhs.maryland.gov/office-of-home-energy-programs/local-home-energy-program-office/

Energy Assistance is a year-round program. You can apply at any time during the year, but you can only receive benefits once each year and must reapply each fiscal year (July- June).

If you are having trouble affording your utility or heating bill, you do not need a turn-off notice to qualify for assistance. The Office of Home Energy Programs strongly encourages you *to apply for assistance before you receive a turn-off notice* so that funds can be applied to your account as soon as possible. All OHEP program eligibility is income-based and **you do not need a turn-off notice to qualify for assistance.**

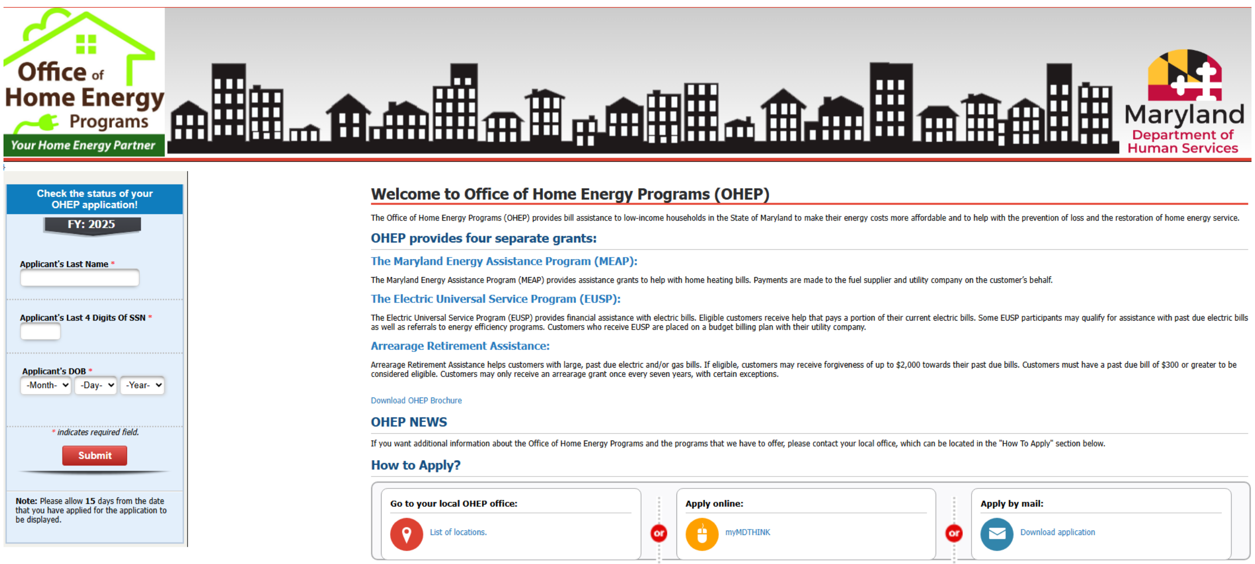
OHEP: Office of Home Energy Programs

Source: Office of Home Energy Programs

Observation: The online application portal for energy assistance (MDTHINK) is separate from the OHEP web portal for tracking an application (myohepstatus.org).

To apply for energy assistance online, applicants must create an account in MDTHINK and submit the relevant information there. However, in order to track the status of an application, customers must create an account and log in to a separate website – myohepstatus.org. **Exhibit 4.3** shows the portal for tracking an application.

Exhibit 4.3
Application Tracking Portal



Source: Office of Home Energy Programs

Chapter 5. Recommendations

Recommendation: The General Assembly should revisit analysis of the impact of House Bill 323 of 2023 once there is a longer timeframe of outcome data.

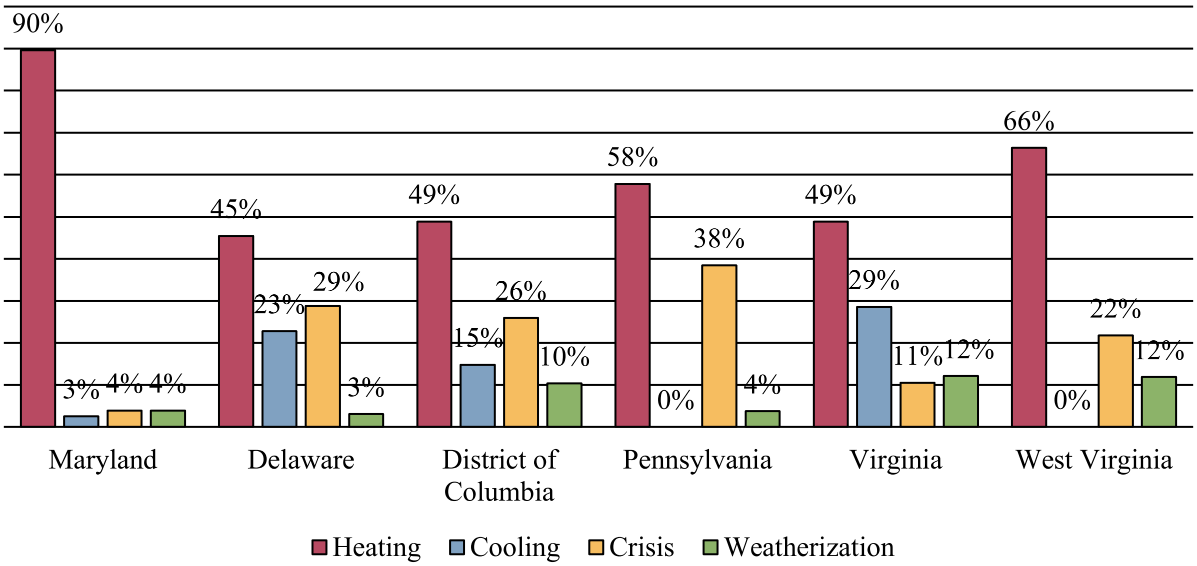
As noted in Chapter 3, with only four months of post-implementation data available, it is not possible to capture the long-term effects of House Bill 323 of 2023 or properly account for seasonal patterns that may influence low-income household energy outcomes. The limited post-implementation period makes it difficult to disentangle these seasonal effects from true policy impacts. Additionally, the initial months following the policy change (January-April 2024) were marked by implementation challenges that may have created temporary disruptions in normal patterns, potentially skewing the immediate post-policy estimates.

Recommendation: The General Assembly could consider merging energy assistance programs into one energy assistance program jointly funded by federal Low Income Home Energy Assistance Program (LIHEAP) and State special funds.

Merging the Office of Home Energy Programs (OHEP) energy assistance into one program could allow for more flexible allocation of federal LIHEAP funds and State special funds. Currently, the segregation between heating-specific programs (the Maryland Energy Assistance Program (MEAP) and the Gas Arrearage Retirement Assistance Program (GARA)) and electric-specific programs (the Electric Universal Service Program (EUSP) and the Electric Arrearage Retirement Assistance Program (EARA)) creates an artificial barrier that may prevent households from accessing support, solely because of their heating source, as occurred between April and June of 2024 when federal LIHEAP funding for MEAP and GARA was exhausted.

LIHEAP funding generally is not limited to heating utilities, but the Maryland Department of Humans Services historically only applies for heating assistance funding. **Exhibit 5.1** shows the comparative uses of federal LIHEAP funding by neighboring states. Maryland is unique in that it designates federal funding specifically to heating utilities.

Exhibit 5.1
Comparative Uses of LIHEAP Funding by Grantee
Federal Fiscal 2018-2023



LIHEAP: Low Income Home Energy Assistance Program

Source: U.S. Department of Health and Human Services; Department of Legislative Services

Recommendation: The Public Service Commission should review ratepayer statutory collection for EUSP.

Section 7-512.1(e) of the Public Utilities Article, Annotated Code of Maryland, requires total annual ratepayer funding for EUSP of $37 million, of which $27.4 million is to be collected from nonresidential customers and $9.6 million from residential customers. Statutory collection for EUSP has not changed since 2006.

In the 2023 EUSP Annual Report to the Public Service Commission, OHEP noted "the rate of collection of ratepayers funds will have to be examined to ensure adequate funding is collected in ongoing years."

Recommendation: The General Assembly could consider requiring OHEP to prioritize funding for vulnerable groups.

In fiscal 2025, the OHEP benefit matrix for MEAP and EUSP was structured to provide the highest level of assistance to households with the lowest incomes relative to household size.

Ten other states have LIHEAP eligibility requirements beyond income and citizenship requirements set by the federal government. Thirteen states list prioritization guidelines which prioritize households categorized as "elderly," "children," "with disabilities," or "veterans."

Appendix A. Response from the Office of Home Energy Programs

Maryland
DEPARTMENT OF HUMAN SERVICES
Wes Moore, Governor · Aruna Miller, Lt. Governor · Rafael López, Secretary

February 7, 2025

Mike Powell, Director
Office of Program Evaluation and Government Accountability (OPEGA)
Department of Legislative Services, Maryland General Assembly
90 State Circle
Annapolis, Maryland 21401

Re: OPEGA evaluation of the Maryland Department of Human Services (DHS) Office of Home Energy Programs (OHEP)

Dear Director Powell:

We welcome the partnership with the Department of Legislative Services in our joint efforts to improve customer service in our Office of Home Energy Programs (OHEP) in the Office of Program Evaluation and Government Accountability's (OPEGA) OHEP evaluation in Fall - Winter 2024.

Based on the draft evaluation report and OPEGA's recommendations, please see our response attached, along with our additional feedback.

Should you have any questions, please contact Courtney Thomas-Winterberg, Acting OHEP Director at courtney.thomas@maryland.gov.

In service,

Carnitra White
Principal Deputy Secretary

Cc: Webster Ye, Chief of Staff, DHS
Augustin Ntabaganyimana, Executive Director, Family Investment Administration
Marva Sutherland, Inspector General, DHS
Rachel Sledge, Director of Government Affairs, DHS

25 S. Charles Street, Baltimore, MD 21201-3500
Tel: 1-800-332-6347 | TTY: 1-800-735-2258 | www.dhs.maryland.gov

DHS Response to OPEGA Recommendations

Recommendation #1: *The General Assembly should revisit analysis of the impact of HB 323 of 2023 once there is a longer timeframe of outcome data.*

DHS Response: OHEP anticipates a growing demand for bill assistance and arrearage benefit funding in the coming years. Demand will increase as more Marylanders qualify for benefits because income for eligibility was reduced and we are implementing categorical eligibility. A clearer understanding of this increased need will emerge once the program completes a full year of data collection. Additional factors influencing future funding requirements include implementing the Clean Energy Connector pilot and adopting limited-income mechanisms aimed at lowering utility costs for low-income households, such as discounts, payment plans, or other ways to reduce energy costs.

Recommendation #2: *The General Assembly could consider merging energy assistance programs into one energy assistance program jointly funded by federal LIHEAP and State special funds.*

DHS Response: Merging Maryland's energy assistance programs into a single program would require statutory and regulatory revisions across multiple areas:

1. Human Services Article, Title 5 (Maryland Energy Assistance Program - MEAP & Electric Universal Service Program -EUSP) (§ 5-5A-01 et seq., § 5-5B-01 et seq.) – Revisions would need to be made to unify MEAP and EUSP under a single administrative and funding structure within OHEP.
2. Public Utilities Article, Title 7 (§ 7-512.1) – Amendments would need to be made to align EUSP's ratepayer-funded structure with a unified program.
3. Public Utilities Article, Title 4 (§ 4-307) – Article would need to be reviewed and updated to ensure it aligns with the new program structure.
4. Code of Maryland Regulations (COMAR 07.03.21, 07.03.22) – Regulatory changes would be needed to standardize eligibility, benefit calculations, and how assistance is applied.
5. Tax-General Article (§ 9-20B-05, SEIF Fund) – Adjustments would need to be made to ensure Strategic Energy Investment Fund (SEIF) funding for energy assistance continues after program consolidation.
6. Budget & Finance Laws – Appropriations language would need revisions to reflect a single energy assistance program.

These changes could enhance program efficiency, simplify administration, and create a more consistent service delivery model. Consolidation would also optimize funding flexibility, ensuring all Maryland residents have equitable access to energy assistance, regardless of their heat source.

Recommendation #3: *The Public Service Commission should review ratepayer statutory collection for EUSP.*

DHS Response: In 2006, Maryland increased ratepayer fees for the Electric Universal Service Program (EUSP) to $37 million, up from the initial $34 million established in July 2000. This increase was implemented to address rising energy costs and enhance support for low-income customers. The collection amount remains at $37 million.

Recommendation #4: *The General Assembly could consider requiring OHEP to prioritize funding for vulnerable groups.*

DHS Response: In SFY25, the OHEP benefit matrix for MEAP and EUSP was structured to provide the highest level of assistance to households with the lowest incomes, relative to household size. OHEP recommends continuing to target energy assistance benefits to households with the greatest energy burden.

Additional priority is given to households with a member two years of age or younger and/or sixty years of age and older through the Vulnerable Population Waiver (VPW). The waiver allows two arrearage grants within a five year period up to the maximum arrearage benefit. The Critical Medical Needs Program (CMNP) expedites application processing to ensure medically fragile people are able to maintain utility service. CMNP applicants are also eligible for the VPW.

Seniors aged 60 and older could receive additional prioritization through an increased or supplemental benefit. Seniors often remain ineligible for arrearage grants because they consistently make utility payments, even when financially strained. Medically fragile, disabled, and households with children under the age of five could also be prioritized through an increased benefit or supplemental benefit.

Additional Feedback on the Report

Customer Experience

DHS Response: DHS is dedicated to improving the customer experience. We are also working to make the MDTHINK Consumer Portal more accessible and user-friendly. While these improvements extend beyond the OHEP program, both front-end and back-end enhancements are driven by valuable customer feedback. Additionally, OHEP is one of the inaugural programs included in the Unified Benefits Screener Tool on MDTHINK and will be integrated into the common application, allowing Marylanders to apply for multiple benefits through a single platform.

We are also implementing OHEP specific enhancements. DHS is focused on enhancing and stabilizing the OHEP program statewide by standardizing training and processes, ensuring local administering agencies have the necessary technology to process applications, and implementing system upgrades to ensure timely processing of customer benefits. In addition, we are focused on building partnerships with utilities so that a customer can directly apply from their utility account's webpage.

DHS recognizes the need to update the OHEP website and materials to make it easier for Marylanders to navigate and access the information needed to apply for benefits. This work will be undertaken in calendar year 2025 in partnership with DHS's Communications Office.

Arrearage Grants

DHS Response: Maryland introduced electric arrearage grants in 2002 and gas arrearage grants in 2019. Households approved for energy assistance benefits are eligible for either an electric and/or gas arrearage benefit once every five years, unless they qualify for a Vulnerable Population Waiver. These arrearage grants are funded through the same sources as the Electric Universal Service Program (EUSP) and the Maryland Energy Assistance Program (MEAP), making up $30 million of the FY25 EUSP budget and $10 million of the FY25 LIHEAP budget. Arrearage grants represent 23% of the FY25 EUSP budget and 12% of the LIHEAP budget.

Despite this significant investment, arrearage benefits remain restricted to gas and electric households, leaving those who rely on consumable fuels without a similar benefit. Each year, a substantial portion of funding is directed toward crisis intervention, rather than proactively increasing upfront benefits that could help prevent financial hardship in the first place. Reducing or eliminating arrearage benefits could allow for funds to be used to reduce the number of households falling into arrears by making utility costs more affordable.

OHEP believes that eliminating or significantly reducing the amount of maximum arrearage grants would further streamline the program and increase upfront energy assistance benefits. Eliminating or reducing the amount of arrearage grants would further encourage consumers to use energy more efficiently. It would also encourage customers to seek assistance or make payment arrangements before they accumulate insurmountable utility bills.

Usage Calculations

DHS Response: Currently, Electric Universal Service Program (EUSP) grants are determined based on the customer's annual electric usage, with usage amounts tiered from lowest to highest, and a maximum of 12,000 annual kWh considered. Customers receive a benefit based on household size, income, and annual electric usage.

Revising the EUSP benefit calculation to align with MEAP by removing usage from the formula would streamline administration while continuing to target benefits to households with the highest energy burden. This change would ensure low-income Marylanders receive their benefits more quickly and efficiently.

Appendix B. Methodology

Data Source

Most utility providers in the State of Maryland submit monthly disconnection and arrearages reports to the Public Service Commission, as outlined in **Exhibit 1**. The Office of Program Evaluation and Government Accountability (OPEGA) built a dataset combining all standard and nonstandard reports that were publicly available on the Public Service Commission website through August of 2024.

- ***Standard reports*** contain aggregate disconnection and arrearages data for all utility customers.

- ***Nonstandard reports*** report data on disconnections and arrearages separately for customers that have received bill payment assistance in the past ("low-income") and customers that have not received bill payment assistance in the past ("non-low-income").

Exhibit 1

Monthly Utility Disconnection and Arrearages Reports

Utility	Years Available	Original Reporting Format
A&N Electric Cooperative	n/a	n/a
Baltimore Gas and Electric Company	2008-2024	Nonstandard
Chesapeake Utilities Corporation	2008-2018, 2022-2024	Standard
Choptank Electric Cooperative	2009-2020	Standard
Columbia Gas of Maryland, Inc.	2009-2024	Standard
Delmarva Power	2008-2024	Nonstandard
Easton Utilities	2022-2024	Standard
Elkton Gas	2023-2024	Standard
Pepco Holdings, Inc.	2008-2024	Nonstandard
Potomac Edison	2009-2024	Nonstandard
Somerset Rural Electric Cooperative	n/a	n/a
Southern Maryland Electric Cooperative	2008-2024	Standard
Town of Berlin	2008	Standard
Town of Thurmont	2008-2024	Standard
UGI Central Penn Gas, Inc.	2008-2024	Standard
Washington Gas Light Company	2008-2024	Standard
Williamsport Municipal Electric Gas Plant	n/a	n/a

Source: Public Service Commission

Analytical Approach

To evaluate the initial impact of House Bill 323 of 2023 on various measures of residential energy stability, OPEGA conducted a nonlinear regression discontinuity design analysis using publicly available data on monthly residential utility disconnections and arrearages. The analysis controlled for the existence of residential utility disconnection restrictions each month and the monthly Consumer Price Index for All Urban Consumers: Energy in U.S. City Average (CPI-E).

Outcome variables analyzed are described in detail in **Exhibit 2**.

Exhibit 2

Interrupted Time Series Analysis Outcome Variables

Outcome Variable	Definition
Total number of residential utility disconnections	Sum of all residential utility disconnections reported each month across all utility providers.
Turn-off notice to turn-off ratio	Ratio of utility disconnections to disconnection notices reported each moth across all utility providers. Utility providers send disconnection notices to customers in advance of disconnecting a customer from service.
Number of households in arrearages	Sum of all residential utility customers with an arrearages balance on their account reported each month across all utility providers.
Number of residential reconnections	Sum of all residential utility customers reconnected to service reported each month across all utility providers.
CPI–adjusted gross arrearages amount	Sum of the total arrearages balance across all residential utility customer accounts, price adjusted using the CPI-E.
Gross arrearages amount	Sum of the total arrearages balance across all residential utility customer accounts.
Number of residential turn-off notices	Sum of all residential utility turn-off notices reported each month across all utility providers.
Average arrearages per household	Calculated variable that divides the gross arrearages amount by the total number of households in arrearages.
CPI–adjusted average arrearages per household	Calculated variable that divides the gross arrearages amount by the total number of households in arrearages, price adjusted using the CPI-E.

CPI: Consumer Price Index
CPI-E: Consumer Price Index for All Urban Consumers: Energy in U.S. City Average

Source: Public Service Commission

Model Results

Immediate Effects of House Bill 323

The most statistically significant immediate effect was observed in the number of accounts in arrears, showing a decrease of approximately 47,936 accounts ($p = 0.01$) following the policy implementation in January 2024. The gross arrearages amount and CPI-adjusted gross arrears amount both showed marginally significant decreases ($p = 0.06$) of approximately $53.9 million and $60.3 million, respectively.

Limitations

Most metrics exhibited changes in both their linear trends (slope_change) and quadratic components (curve_change) after policy implementation, suggesting the policy's effects may evolve over time rather than manifesting as immediate shifts. With only four months of post-implementation data available, the analysis cannot yet capture long-term effects or properly account for seasonal patterns that may influence the outcomes. The limited post-implementation period makes it difficult to disentangle these seasonal effects from true policy impacts. Additionally, the initial months following the policy change (January-April 2024) were marked by implementation challenges that may have created temporary disruptions in normal patterns, potentially skewing the immediate post-policy estimates.

Exhibit 3

Model Results

Outcome	Discontinuity	Standard Error	T Statistic	P Value	Slope Change	Curve Change	R^2
# Residential Disconnection Notices	15,355.56	18,809.83	0.82	0.42	-6.22E+05	1.25E+06	0.9038963
# Residential Disconnections	-3,806.28	2,676.03	-1.42	0.16	-2.96E+04	1.18E+05	0.8367026
# Residential Reconnections	-3,251.01	2,241.89	-1.45	0.16	-2.87E+04	9.66E+04	0.8056065
# Households in Arrears	-47,936.31	18,108.76	-2.65	0.01	1.80E+05	-3.90E+05	0.5354343
Gross Arrearages ($)	-53,865,080.00	27,416,500.00	-1.96	0.06	1.74E+08	-7.06E+08	0.1845679
Price-Adjusted Gross Arrearages ($)	-60,263,730.00	30,988,420.00	-1.94	0.06	1.46E+08	-6.76E+08	0.458573
Notice to Disconnection Ratio	0.00	0.01	0.18	0.86	-1.20E-01	3.93E-01	0.8779841
Average Household Arrearages ($)	-83.04	59.18	-1.40	0.17	2.24E+02	-1.30E+03	0.1815519
Price-Adjusted Average Household Arrearages ($)	-9.76E+01	6.78E+01	-1.439	0.159	1.56E+02	-1.25E+03	0.6106554

Discontinuity: The estimated immediate change in the outcome variable at the policy implementation date (January 1, 2024). This represents the “jump” or “drop” in the outcome that occurs precisely when the policy takes effect. A positive value indicates an increase, while a negative value indicates a decrease in the metric at the cutoff point.

Standard Error: The standard deviation of the sampling distribution of the discontinuity estimate. This measures the precision of the estimated discontinuity – smaller standard errors indicate more precise estimates. It is used to construct confidence intervals and determine statistical significance.

T-statistic: The ratio of the discontinuity estimate to its standard error (discontinuity/std_error). Larger absolute values of the t-statistic (typically $> |1.96|$ for $p < 0.05$) suggest that the discontinuity is statistically significant and unlikely to have occurred by chance.

P-value: The probability of observing a t-statistic as extreme as the one calculated, assuming there is no true effect (null hypothesis). Smaller p-values (typically < 0.05) suggest strong evidence against the null hypothesis of no effect. For example, a p-value of 0.01 means there is only a 1% chance of observing such a large effect if there were truly no effect.

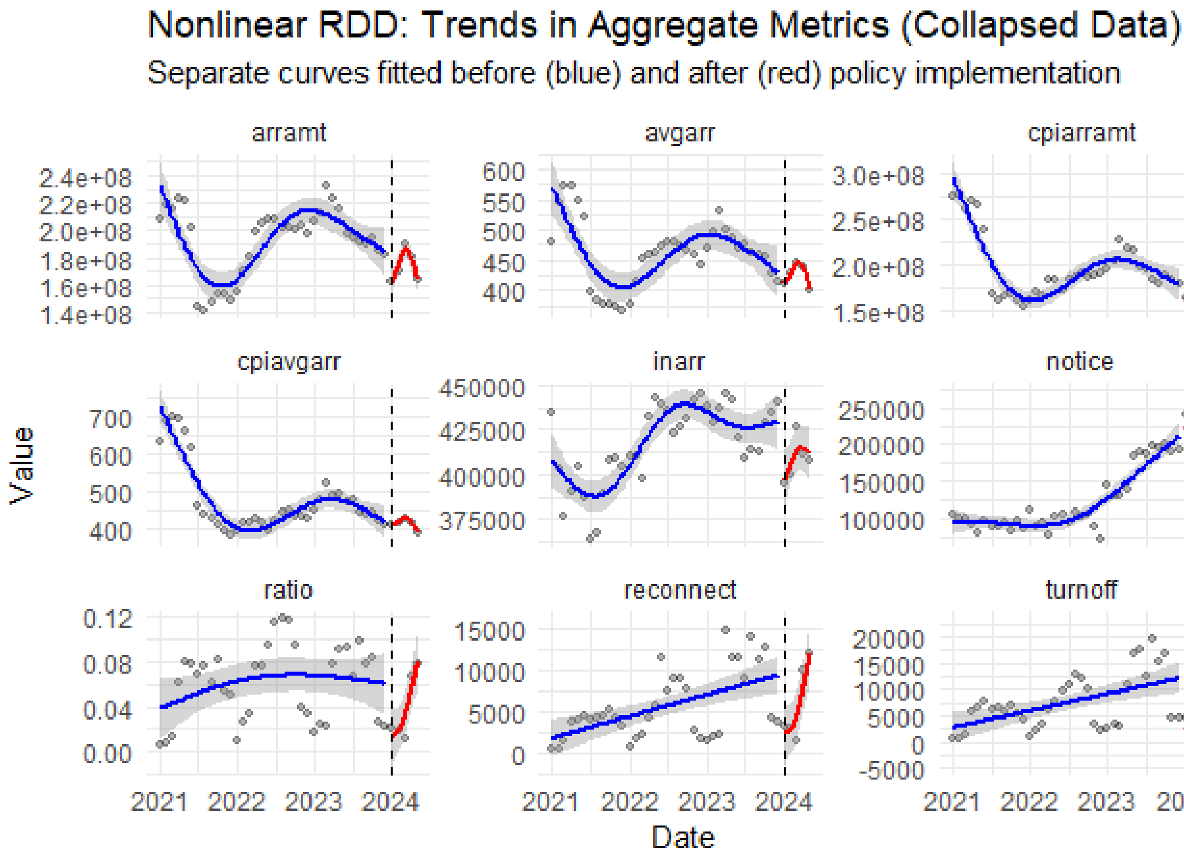
Slope Change: The difference in the linear trend (slope) of the outcome between the pre- and post-policy periods. This captures how the rate of change in the outcome variable differs after the policy implementation. A positive value indicates the slope became more positive (or less negative) after the policy, while a negative value indicates the slope became more negative (or less positive).

Curve Change: The difference in the quadratic (curved) component of the trend between pre- and post-policy periods. This captures how the acceleration or deceleration of the trend changes after the policy. A positive value indicates more upward curvature (or less downward curvature) after the policy, while a negative value indicates more downward curvature (or less upward curvature).

R^2: The proportion of variance in the outcome variable that is predictable from the model, ranging from 0 to 1. An R^2 of 0.90 means the model explains 90% of the variation in the outcome. Higher values indicate the model fits the data better, though very high R^2 values (> 0.95) might suggest overfitting in some contexts.

Source: Department of Legislative Services

Exhibit 4
RDD Models



RDD: regression discontinuity design

Source: Department of Legislative Services

Appendix C. Fiscal 2025 Local Administering Agencies

Allegany Department of Social Services

1 Frederick Street
Cumberland, Maryland 21502-221
(301)784-7000
ACDSS.OHEP@maryland.gov

Community Action Agency of Anne Arundel County

251 West Street
P.O. Box 1951
Annapolis, MD 21404-1951
(410)-626-1900
energyprograms@aaccaa.org

Baltimore City Community Action Partnership

Eastern Community Action Partnership Center
1731 E. Chase Street, 21213
410-396-6406

Northern Community Action Partnership Center
5225 York Road, 21212
410-396-6406

Northwest Community Action Partnership Center
3939 Reisterstown Road, 21215
410-396-6406

Southern Community Action Partnership Center
606 Cherry Hill Road, 21225
410-396-6406

Southeast Community Action Partnership Center
3411 Bank Street, 21224
410-396-6406

OHEP@baltimorecity.gov

Baltimore County Dept. of Social Services

Drumcastle Center
6401 York Road
Baltimore, MD 21212
(410) 853-3385
ohep.mailrequest@maryland.gov

Calvert County

Southern MD Tri County Community Action Committee, Inc.
3720 Solomon’s Island Road
Huntingtown, MD 20639
(410) 535-1010
OHEP@smtccac.org

Caroline County Dept. Social Services

Mailing Address:
P.O. Box 400
Denton, MD 21629

Location:
300 Market Street
Denton, MD 21629-1229
(410) 819-4500
caroline.ohep@maryland.gov

Carroll County

Mailing address:
PO Box 489
Westminster MD 21158

Location:
10 Distillery Dr Suite G1
Westminster, MD 21157

Email
fdesk@hspinc.org

Cecil County Dept. of Social Services

Mailing Address:
170 E. Main Street
Elkton, MD 21921-5624

Location:
133-135 E. High Street
Elkton, MD 21921
(410) 996-0270
DLCecil_Ohep_DHS@maryland.gov

Charles County

Southern MD Tri County Community Action Committee, Inc.
8371 Leonardtown Road
Hughesville, MD 20637-0280
(301) 274-4474
OHEP@smtccac.org

Dorchester Co. Dept. of Social Services

2737 Dorchester Sq.
Cambridge, MD 21613
(410) 901-4100
dorchester.ohep@maryland.gov

Frederick Community Action Agency

420 E Patrick Street
PO Box 3929
Frederick, MD 21701
(301) 600-2410
ohep@cityoffrederick.com

Garrett County Community Action Committee, Inc.

104 E. Center Street
Oakland, MD 21550-1397
(301) 334-9431
OHEP@garrettcac.org

Harford County Community Action Agency, Inc.

1321 B Woodbridge Station Way
Edgewood, Maryland 21040
(410) 612-9909
MEAP@harfordcaa.org

Howard County

Community Action Council of Howard County
9820 Patuxent Woods Drive
Columbia, MD 21046-2150
(410) 313-6440
clientassistance@cac-hc.org

Kent County Dept. of Social Services

350 High Street
P.O. Box 670
Chestertown, MD 21620
410-810-7600
kent.ohep@maryland.gov

Montgomery County Department of Health and Human Services

1301 Piccard Drive
Rockville, MD 20850
(240) 777-4450
ohep@montgomerycountymd.gov

Prince George's County Dept. of Social Services

Mailing Address:
805 Brightseat Rd.
Landover, MD 20785

Location:
425 Brightseat Road
Landover, Md. 20785
(301) 909-6300
pgcdss.energy@maryland.gov

Queen Anne's County Department of Social Services

125 Comet Drive
Centreville, MD 21617
(410) 758-8000
QAC.OHEP@maryland.gov

Somerset County

Somerset County Energy Office
12409 Loretta Road
Princess Anne, MD 21853
(410) 651-1805
Energywicomico@shoreup.org

St. Mary's County

Southern MD Tri County Community Action Committee, Inc.
21775 Great Mills Road
Lexington Park, MD 20653
(301) 475-5574
OHEP@smtccac.org

Talbot County

Neighborhood Service Center, Inc.
126 Port Street
Easton, MD 21601-2631
(410) 763-6745
energy@nsctalbotmd.org

Washington Co. Community Action Council, Inc.

117 Summit Avenue
Hagerstown, MD 21740

(301) 797-4161
WashingtonCountyOHEP@wccac.org

Wicomico County

Shore Up!, Inc.
500 Snow Hill Road
Salisbury, MD 21804
(410) 341-9634
Energywicomico@shoreup.org

Worcester County

Worcester County Energy Office
6352 Worcester Highway
Newark, MD 21841
(410) 632-2075
Energywicomico@shoreup.org