

The Gameplan for Affordable Clean Heat

How Maryland can make affordable, efficient clean heat a reality for low-income households



Maryland has a major opportunity to make energy bills affordable while reducing health burdens for the state's most vulnerable residents by embracing the Zero-Emission Heating Equipment Standard (ZEHES), under development by the Maryland Department of the Environment (MDE).

Upgrading Maryland's low-income households with efficient heat pumps can provide **\$145 million in health benefits, \$350 million in energy savings, and \$311 million in climate benefits each year** once fully deployed. To equitably reach low-income residents, Maryland would need to replace approximately **14,000 space heating units** and **21,600 water heaters** in low-income households each year with heat pumps starting in 2029, at an incremental cost of \$185 million annually, when ZEHES is planned to go into effect.

To best achieve ZEHES implementation, Maryland must begin targeting low-income households today for these upgrades to fully reap the benefits of these upgrades and achieve these ambitious targets.

HERE'S HOW

Policy Driver	Main Actor	Affordability Impacts	Workforce Development	Other Benefits
ZEHES	MDE	Upgrading households with heat pumps can save residents up to \$1,500 annually on energy bills, depending on fuel type.	Gives manufacturers, distributors, and contractors a market signal to prepare for a growing demand for heat pumps.	Provides billions in annual health, energy and climate savings annually when implemented across all Maryland households.
Dedicate SEIF funds to electrification	General Assembly	Could provide \$100-\$300 million annually to support heat pump installations in low-income homes, innovative pilots to lower the cost of heat pumps and achieve broader deployment overall.	Gives MD agencies resources to engage contractors on LI household interventions.	
Clean Heat Standard	MDE	Makes heat pumps more affordable for residents by raising funding for heat pump installations.	Requires fuel providers to report fuel delivered to homes; gives MD agencies resources to engage contractors on LI household interventions.	
Green Banks, zero- and other low-interest financing entities	General Assembly	Could cover up to \$70 million per year to install heat pumps in low-income households.	Gives MD agencies resources to engage contractors on LI household interventions.	Build capacity for financing in the state of Maryland that will increase financial resiliency in other climate-related matters

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LI household rate protections (PC59)	PSC	Protects low-income households from increasing cost of fossil fuel heat.		
Heat-pump rate design	PSC	Provides fairer winter electric rates for heat pump users, maximizing savings for residents	Opens up more business opportunities for HVAC industry by incentivizing heat pump upgrades in gas homes	
Redirect EmPOWER Maryland funds to allocate 40% of total residential funds to LI homes	General Assembly	Unlocks more than \$70 million each year to cover electrification costs and deliver long-term bill savings	Gives MD agencies resources to engage contractors on LI household interventions	Provides increased comfort, cleaner air for low-income households
Cold Climate Window heat pump pilot	MEA	Could reduce added costs of heat pump upgrades for apartments and small homes by as much \$23 million annually or \$4,700 per household ; for multifamily residents, cuts the added cost of heat pumps 50%.	Educates HVAC professionals on latest heat pump technology	Provides increased comfort, cleaner air for renters with minimal housing intervention
Heat pump-first pilot	MEA	Could reduce the upfront cost of electrification by exploring the return on investment of heat pumps vs heat pumps + weatherization.	Gives MD agencies resources to engage contractors on LI household interventions.	
Meter-attached on-bill financing	MEA, PSC, General Assembly	Allows renters to pay for heat pump upgrades over time using savings from energy bill post-installation.	Opens up more business opportunities for HVAC industry by incentivizing heat pump upgrades in apartments.	Eliminates risk for landlords and ensures renters reap the benefits of efficient electric heat.
Renter Protections	General Assembly	Ensuring that investments for heat pumps in rented homes do not result in severe rent increases or evictions.		



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