

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

EXPEDITED BILL 27-25: ENVIRONMENTAL SUSTAINABILITY - COMMUNITY CHOICE AGGREGATION (CCA) - ESTABLISHED

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Expedited Bill 27-25 will have a positive impact on racial equity and social justice (RESJ) in the County. All community members across race and ethnicity would benefit from the environmental and economic benefits of establishing a Community Choice Aggregation (CCA) program in the County. Lower utility rates from CCA would particularly benefit community members with lower incomes who are more likely to be Black and Latinx and help reduce racial disparities in energy burden.

PURPOSE OF RESJ IMPACT STATEMENTS

RESJ impact statements (RESJIS) evaluate the anticipated impact of legislation on racial equity and social justice in the County. RESJ is a **process** that focuses on centering the needs, leadership, and power of Black, Indigenous, and other People of Color (BIPOC) and communities with low incomes. RESJ is also a **goal** of eliminating racial and social inequities. Applying a RESJ lens is important to achieve RESJ.¹ This involves seeing, thinking, and working differently to address the racial and social inequities that cause racial and social disparities.²

PURPOSE OF EXPEDITED BILL 27-25

Community choice aggregation (CCA) is a program that allows local governments to procure electricity on behalf of residents. A CCA can be run directly through local government or by a third party on behalf of the local government. CCAs give local governments the ability to determine the mix of sources that are used to supply electricity to their jurisdictions. Oftentimes, local governments prioritize larger mixes of renewable energy with CCAs.³

CCAs can also use the purchasing power of residents within a county or municipality to provide economies of scale in wholesale markets. This allows them to attain rates comparable or lower than utility companies. Additionally, most CCAs have an opt-out structure. This means that residents are automatically enrolled but can opt out of the program.⁴

In 2021, the Maryland General Assembly passed a bill that allowed Montgomery County to pursue a CCA pilot program.⁵ The purpose of Expedited Bill 27-25 is to allow the Department of Environmental Protection (DEP) to move forward with the program. If enacted, Bill 27-25 would:⁶

- Require the CCA to provide a percentage of renewable energy sources that exceeds the amount required by Maryland's renewable energy portfolio standards (50% by 2030);
- Require the CCA to prioritize sustainability, cost efficiency, stability, and predictability in procuring and providing electricity; and
- Require DEP to transmit the CCA's plan to the County Council prior to filing with the Public Service Commission (PSC).

The Council introduced Expedited Bill 27-25 on July 15, 2025.

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ENERGY JUSTICE, COMMUNITY CHOICE AGGREGATION, AND RACIAL EQUITY

Environmental justice means “everyone – regardless of race, color, national origin, or income – [having] the same environmental protections and benefits, as well as meaningful involvement in policies that shape their communities.”⁷ The environmental justice movement was organized by BIPOC activists during the 1980s to combat environmental racism.⁸ Environmental racism is the disproportionate exposure of BIPOC and people with low incomes throughout the U.S. to harmful environmental conditions.⁹ Environmental racism has largely resulted from a legacy of government decision-making that has disregarded the needs and priorities of BIPOC community members.¹⁰ “[E]qual protection, community involvement and healthy living environments” are enduring themes of the environmental justice movement today.¹¹

Rooted in the principles of environmental justice and the subsequent climate justice movement, energy justice specifically focuses on developing an equitable energy system.¹² Centering BIPOC and other frontline communities who are most impacted by pollution and climate change, energy justice aims to:¹³

- Achieve equity in both the social and economic participation in the energy system;
- Remediate social, economic, and health burdens on those disproportionately harmed by the energy system; and
- Make energy accessible, affordable, renewable, and democratically managed for all communities.

Community Choice Aggregation. Across the U.S., local governments have adopted CCA as a strategy to more effectively use the energy system to meet climate action goals. Ten states, including Maryland, have enacted legislation that allows local governments to establish CCA programs.¹⁴

Research shows that CCA programs can promote energy justice by “expanding access to more affordable and cleaner energy.” However, regulatory barriers can limit the ability of CCA programs to make broader advancements towards energy justice.¹⁵ Advocates working on the ground have also found there are more opportunities for CCA programs to advance energy justice. For instance, in *Building a Just Energy Future: A Framework for Community Choice Aggregators to Power Equity and Democracy in California*,¹⁶ the California Environmental Justice Alliance – a statewide coalition of grassroots, environmental justice organizations – put forth several recommendations to advance energy justice in California’s CCA programs, which have existed in the state since 2010.¹⁷ Their recommendations promote:

- Coordination with local community-based organizations;
- Accessible information and outreach;
- Community-driven, local program design;
- Transparent decision-making; and
- Local and state accountability.

Energy insecurity. Particularly through reducing energy costs, CCAs can address energy insecurity. Energy insecurity – which is one of the core components of energy justice – is the inability to adequately meet basic household energy needs, including heating, cooling and lighting.¹⁸ Some difficulties experienced by households that are energy insecure include rationing energy usage (sometimes to unsafe levels) to lower utility costs, accumulating utility debt, and experiencing utility shut offs.¹⁹ Research shows that energy insecurity has negative impacts on physical and mental health and can be fatal.²⁰ Because of racial inequities in various domains, including in economic security and housing,²¹ BIPOC throughout the U.S. are disproportionately impacted by energy insecurity.²²

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One of the main indicators of energy insecurity is energy burden. Energy burden is the percentage of household income that is spent on energy bills. A household's energy burden is considered high if it exceeds 6 percent of their income and severe if it exceeds 10 percent.²³

Income level is a direct determinant of energy burden. As of 2019, the median energy burden for households with lower incomes in the U.S. was 8.3 percent, nearly three times the overall median of 2.9 percent.²⁴ Locally, households with extremely low incomes are the most energy burdened. In 2022, the energy burden of households with incomes below 30 percent of the area median income (AMI) was 11 percent, compared to between 1 and 4 percent for households with incomes above this threshold.²⁵

Because of the overrepresentation of BIPOC among households with lower incomes, they are most impacted by high energy burdens. For instance, Black and Latinx community members have median incomes that are more than \$30,000 less than the County median and are nearly three times more likely to experience poverty than White community members in the County (Table A, Appendix). However, regardless of income, housing disparities rooted in structural racism (embedded by racial inequities such as segregation) drive significantly increased energy burdens in Black communities across the U.S.²⁶

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 27-25 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who would primarily benefit or be burdened by this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

OLO identified the following groups who would be impacted by Bill 27-25:

- **Community members at-large** would benefit from the environmental and economic benefits of establishing a CCA program in the County. As found in the Climate Assessment for Bill 27-25, establishing a CCA would have a positive impact on the County's contribution to addressing climate change.²⁷ Further, several studies have found that communities with CCA programs tend to have lower utility rates.^{28,29}

Lower utility rates would particularly benefit Black and Latinx community members who are energy burdened. As previously discussed, households in the County with incomes below 30 percent of the AMI experience severe energy burdens. Because Black and Latinx community members are more likely to have lower incomes and live below the poverty level (Table A, Appendix), they are most likely to experience high energy burdens. Further, regardless of income, Black community members often experience higher energy burdens because of housing disparities rooted in structural racism.

- **Energy suppliers** would experience offsetting impacts from establishing a CCA program in the County. Existing suppliers would be burdened by revenue losses from the County shifting to new suppliers. However, this shift will benefit new energy suppliers with revenue increases. There is not enough information to determine the demographics of existing energy suppliers and new energy suppliers by race and ethnicity. However, available data suggests local business ownership in the broader utilities sector is predominantly White (Table B, Appendix).

OLO anticipates Bill 27-25 will have a positive impact on RESJ in the County. All community members across race and ethnicity would benefit from the environmental and economic benefits of establishing a CCA program in the County.

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Lower utility rates from CCAs would particularly benefit community members with lower incomes who are more likely to be Black or Latinx and help reduce racial disparities in energy burden.

RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.³⁰ OLO anticipates Expedited Bill 27-25 will have a positive impact on RESJ in the County. As such, OLO does not offer recommended amendments. However, should the Council seek to improve the RESJ impact of this Bill, OLO offers one option for Council consideration:

- **Require DEP to develop Aggregation Plan in collaboration with BIPOC community groups.** Developing any policy or program that advances RESJ, including energy justice,³¹ requires community engagement that centers the needs and priorities of BIPOC community members.³² The Council could require DEP to develop the Aggregation Plan for the CCA program in collaboration with BIPOC community groups, especially those advocating for environmental, climate, and/or energy justice. The DEP-community collaborative could consider recommendations from researchers and advocates in other jurisdictions, including the California Environmental Justice Alliance, to develop CCA program guidelines to further advance energy justice.

CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

APPENDIX

Table A. Median Household Income and Poverty Rate by Race and Ethnicity, Montgomery County

Race or ethnicity ³³	Median Household Income	Poverty Rate
Montgomery County	\$128,733	7.1
Asian	\$144,493	6.0
Black	\$89,362	11.4
Native American	\$105,952	9.1
Pacific Islander	\$142,589	10.9
White	\$159,895	4.0
Latinx	\$94,619	10.7

Source: [Table S1903](#) and [Table S1701](#), 2023 American Community Survey 5-Year Estimates, Census Bureau.

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Table B. Percent of Utilities Employer Firms by Race and Ethnicity, Montgomery County

Race or ethnicity	Utilities Business Owners (NAICS 22) ³⁴	All Sectors (NAICS 00)	Adult Population
Asian	-	21.8	16.0
Black	-	7.6	18.3
Native American	-	1.4	0.5
Pacific Islander	-	0.1	0.0
White	100.0	69.1	46.6
Latinx	-	10.0	18.7

Source: OLO analysis of [Table AB2200CSA01, 2022 Annual Business Survey](#) and [Table S2101, 2023 American Community Survey 5-Year Estimates](#), Census Bureau.

¹ Definition of racial equity and social justice adopted from [Marlysa Gamblin et al., “Applying Racial Equity to U.S. Federal Nutrition Programs,” Bread for the World](#) and [Racial Equity Tools](#).

² Ibid.

³ [“Community Choice Aggregation,” U.S. Environmental Protection Agency, last updated July 22, 2025.](#)

⁴ [“What is CCA \(Community Choice Aggregation\)?,” Local Energy Association Network.](#)

⁵ [“Montgomery County - Community Choice Energy - Pilot Program MC 17-21”, Maryland General Assembly, Effective Date June 1, 2021.](#)

⁶ [Introduction Staff Report for Expedited Bill 27-25, Montgomery County Council, Introduced July 15, 2025.](#)

⁷ [Renee Skelton, Vernice Miller, and Courtney Lindwall, “The Environmental Justice Movement,” NRDC, August 22, 2023.](#)

⁸ [“History,” Congressional Black Caucus Foundation.](#)

⁹ [Maudlyne Ihejirika, “What is Environmental Racism,” NRDC, May 24, 2023.](#)

¹⁰ Skelton, Miller, and Lindwall.

¹¹ [“Environmental Justice Matters: What is Environmental Justice?” Detroiters Working for Environmental Justice.](#)

¹² [Uche O. Ajene, “What Is Energy Justice? A Comprehensive Introduction,” Initiative for Energy Justice, June 10, 2025.](#)

¹³ Ibid.

¹⁴ [“CCA by State,” Local Energy Association Network.](#)

¹⁵ [C.V. Diezmartínez and A. Zhang, “Powering just energy transitions: A review of the justice implications of community choice aggregation,” Energy Research & Social Science, September 2023, pg. 9.](#)

¹⁶ [“Building a Just Energy Future: A Framework for Community Choice Aggregators to Power Equity and Democracy in California,” California Environmental Justice Alliance, November 24, 2020.](#)

¹⁷ [“Community Choice Aggregation \(CCA\): What is it?” California Community Choice Association.](#)

¹⁸ Ajene.

¹⁹ [Eva Laura Siegel, et al., “Energy Insecurity Indicators Associated With Increased Odds Of Respiratory, Mental Health, And Cardiovascular Conditions,” Health Affairs, February 2024.](#)

²⁰ [Diana Hernandez, “Energy Insecurity and Health: America’s Hidden Hardship,” Health Policy Brief, Health Affairs, June 29, 2023.](#)

²¹ [Elaine Bonner-Tompkins, et al., OLO Report 2024-11: Racial Equity and Social Justice Policy Handbook: Land Use, Housing, and Economic Development, Office of Legislative Oversight, June 18, 2024.](#)

²² Hernandez.

²³ [Uche Ajene, “Understanding Energy Burden: Why Some Communities Pay More,” Initiative for Energy Justice, June 12, 2025.](#)

²⁴ [Data Update: City Energy Burdens, American Council for an Energy-Efficient Economy \(ACEEE\), September 2024.](#)

²⁵ [Low-income Energy Affordability Data \(LEAD\) Tool, U.S. Department of Energy.](#)

²⁶ [George C. Homsy and Ki Eun Kang, “Energy burden: Exploring the intersection of race, income, and community characteristics across the United States,” Energy Research & Social Science, September 2025.](#)

²⁷ Climate Assessment for Bill 27-25, Office of Legislative Oversight, August 28, 2025.

²⁸ [Eric O’Shaughnessy, et al., “Community Choice Aggregation: Challenges, Opportunities, and Impacts on Renewable Energy Markets,” National Renewable Energy Laboratory, U.S. Department of Energy, February 2019, pg. 13.](#)

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²⁹ [Claire Dépit, et al., “Community Choice Aggregation: A Cost-Effective Policy Tool that Accelerates Competitive Renewable Power Addition and Carbon Reduction at Scale,” Local Energy Aggregation Network, June 2023, pg. 18.](#)

³⁰ [Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council.](#)

³¹ Ajene.

³² [Janmarie Peña and Chitra Kalyandurg, OLO Report 2024-8: Community Engagement for Racial Equity and Social Justice, Office of Legislative Oversight, March 12, 2024.](#)

³³ For data points in Table A and B, race is inclusive of Latinx origin. For Table A, margins of error for Native American and Pacific Islander estimates are large.

³⁴ Margins of error may be large. Estimate includes employer firms that are classifiable by race and ethnicity.