

# HOUSE BILL 1281

C5, M3

6lr1627

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By: **Delegates Jameson and Gaines**

Introduced and read first time: February 12, 2016

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 14, 2016

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Strategic Energy Investment Program and Advisory Board – Alterations**

3 FOR the purpose of ~~providing that certain excess administrative expenses of the Strategic~~  
4 ~~Energy Investment Fund shall be paid from a certain allocation for a certain fiscal~~  
5 ~~year~~, requiring the Maryland Energy Administration to provide certain plans to the  
6 Strategic Energy Investment Advisory Board in certain years; requiring the  
7 Administration to provide certain reports on the implementation of certain plans in  
8 certain years; providing for the ~~election~~ appointment of a chair of the Board;  
9 authorizing the Board to meet under certain circumstances; providing that copies of  
10 a certain report shall be provided to members of certain committees; providing that  
11 certain information concerning certain grants and certain amounts be included in  
12 the report; repealing an obsolete provision; and generally relating to the Strategic  
13 Energy Investment Program.

14 BY repealing and reenacting, without amendments,  
15 Article – State Government  
16 Section 9–20B–01, 9–20B–04, 9–20B–08, and 9–20B–09  
17 Annotated Code of Maryland  
18 (2014 Replacement Volume and 2015 Supplement)

19 BY repealing and reenacting, with amendments,  
20 Article – State Government  
21 Section 9–20B–05, 9–20B–06, 9–20B–07, and 9–20B–12  
22 Annotated Code of Maryland  
23 (2014 Replacement Volume and 2015 Supplement)

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**EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
2 That the Laws of Maryland read as follows:

3 **Article – State Government**

4 9–20B–01.

5 (a) In this subtitle the following words have the meanings indicated.

6 (b) “Administration” means the Maryland Energy Administration.

7 (c) “Board” means the Strategic Energy Investment Advisory Board established  
8 under § 9–20B–07 of this subtitle.

9 (d) “Fund” means the Maryland Strategic Energy Investment Fund.

10 (e) “Program” means the Maryland Strategic Energy Investment Program.

11 9–20B–04.

12 The Administration shall:

13 (1) manage, supervise, and administer the Program;

14 (2) adopt regulations to implement the Program and to ensure that Fund  
15 resources are utilized only to carry out the purposes of the Program;

16 (3) attach specific terms and conditions to any grant, loan, or other form of  
17 assistance that are determined by the Administration as necessary to ensure that the  
18 purposes of the Program are fulfilled;

19 (4) develop procedures for monitoring programs, projects, activities, and  
20 investments to verify that Fund resources are being used to meet the purposes of the  
21 Program; and

22 (5) provide moneys annually or as needed to the Clean Air Fund managed  
23 by the Department of the Environment to fund the costs of the Department’s programs to  
24 reduce or mitigate the effects of climate change.

25 9–20B–05.

26 (a) There is a Maryland Strategic Energy Investment Fund.

27 (b) The purpose of the Fund is to implement the Strategic Energy Investment  
28 Program.

1 (c) The Administration shall administer the Fund.

2 (d) (1) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of  
3 the State Finance and Procurement Article.

4 (2) The Treasurer shall hold the Fund separately and the Comptroller shall  
5 account for the Fund.

6 (e) The Fund consists of:

7 (1) all of the proceeds from the sale of allowances under § 2–1002(g) of the  
8 Environment Article;

9 (2) money appropriated in the State budget to the Program;

10 (3) repayments and prepayments of principal and interest on loans made  
11 from the Fund;

12 (4) interest and investment earnings on the Fund;

13 (5) compliance fees paid under § 7–705 of the Public Utilities Article;

14 (6) money received from any public or private source for the benefit of the  
15 Fund; and

16 (7) money transferred from the Public Service Commission under §  
17 7–207.2(c)(3) of the Public Utilities Article.

18 (f) The Administration shall use the Fund:

19 (1) to invest in the promotion, development, and implementation of:

20 (i) cost-effective energy efficiency and conservation programs,  
21 projects, or activities, including measurement and verification of energy savings;

22 (ii) renewable and clean energy resources;

23 (iii) climate change programs directly related to reducing or  
24 mitigating the effects of climate change; and

25 (iv) demand response programs that are designed to promote  
26 changes in electric usage by customers in response to:

27 1. changes in the price of electricity over time; or

28 2. incentives designed to induce lower electricity use at times  
29 of high wholesale market prices or when system reliability is jeopardized;

1 (2) to provide targeted programs, projects, activities, and investments to  
2 reduce electricity consumption by customers in the low-income and moderate-income  
3 residential sectors;

4 (3) to provide supplemental funds for low-income energy assistance  
5 through the Electric Universal Service Program established under § 7-512.1 of the Public  
6 Utilities Article and other electric assistance programs in the Department of Human  
7 Resources;

8 (4) to provide rate relief by offsetting electricity rates of residential  
9 customers, including an offset of surcharges imposed on ratepayers under § 7-211 of the  
10 Public Utilities Article;

11 (5) to provide grants, loans, and other assistance and investment as  
12 necessary and appropriate to implement the purposes of the Program as set forth in §  
13 9-20B-03 of this subtitle;

14 (6) to implement energy-related public education and outreach initiatives  
15 regarding reducing energy consumption and greenhouse gas emissions;

16 (7) to provide rebates under the Electric Vehicle Recharging Equipment  
17 Rebate Program established under § 9-2009 of this title;

18 (8) to provide grants to encourage combined heat and power projects at  
19 industrial facilities; and

20 (9) to pay the expenses of the Program.

21 (g) Proceeds received by the Fund from the sale of allowances under § 2-1002(g)  
22 of the Environment Article shall be allocated as follows:

23 (1) at least 50% shall be credited to an energy assistance account to be used  
24 for the Electric Universal Service Program and other electricity assistance programs in the  
25 Department of Human Resources;

26 (2) at least 20% shall be credited to a low and moderate income efficiency  
27 and conservation programs account and to a general efficiency and conservation programs  
28 account for energy efficiency and conservation programs, projects, or activities and demand  
29 response programs, of which at least one-half shall be targeted to the low and moderate  
30 income efficiency and conservation programs account for:

31 (i) the low-income residential sector at no cost to the participants  
32 of the programs, projects, or activities; and

33 (ii) the moderate-income residential sector;

1           (3)    at least 20% shall be credited to a renewable and clean energy programs  
2 account for:

3                   (i)     renewable and clean energy programs and initiatives;

4                   (ii)    energy-related public education and outreach; and

5                   (iii)   climate change and resiliency programs; and

6           (4)    up to 10%, but not more than \$5,000,000, shall be credited to an  
7 administrative expense account for costs related to the administration of the Fund,  
8 including the review of electric company plans for achieving electricity savings and demand  
9 reductions that the electric companies are required under law to submit to the  
10 Administration.

11           (h)   (1)   Energy efficiency and conservation programs under subsection (g)(2) of  
12 this section include:

13                   (i)     low-income energy efficiency programs;

14                   (ii)    residential and small business energy efficiency programs;

15                   (iii)   commercial and industrial energy efficiency programs;

16                   (iv)   State and local energy efficiency programs;

17                   (v)     demand response programs;

18                   (vi)    loan programs and alternative financing mechanisms; and

19                   (vii)   grants to training funds and other organizations supporting job  
20 training for deployment of energy efficiency and energy conservation technology and  
21 equipment.

22           (2)    Energy-related public education and outreach and renewable and clean  
23 energy programs and initiatives under subsection (g)(3)(i) and (ii) of this section include:

24                   (i)     production incentives for specified renewable energy sources;

25                   (ii)    expansion of existing grant programs for solar, geothermal, and  
26 wind programs;

27                   (iii)   loan programs and alternative financing mechanisms; and

28                   (iv)    consumer education and outreach programs that are designed to  
29 reach low-income communities.

1 (i) (1) Except as provided in paragraph (2) of this subsection, compliance fees  
2 paid under § 7-705(b) of the Public Utilities Article may be used only to make loans and  
3 grants to support the creation of new Tier 1 renewable energy sources in the State.

4 (2) Compliance fees paid under § 7-705(b)(2)(i)2 of the Public Utilities  
5 Article shall be accounted for separately within the Fund and may be used only to make  
6 loans and grants to support the creation of new solar energy sources in the State.

7 (j) (1) The Treasurer shall invest the money of the Fund in the same manner  
8 as other State money may be invested.

9 (2) Any investment earnings of the Fund shall be paid into [an  
10 administrative expense account within] the Fund.

11 (3) Any repayment of principal and interest on loans made from the Fund  
12 shall be paid into the Fund.

13 (4) Balances in the Fund shall be held for the benefit of the Program, shall  
14 be expended solely for the purposes of the Program, and may not be used for the general  
15 obligations of government.

16 (k) Expenditures from the Fund shall be made by:

17 (1) an appropriation in the annual State budget; or

18 (2) a budget amendment in accordance with § 7-209 of the State Finance  
19 and Procurement Article.

20 (l) An expenditure by budget amendment may be made under subsection (k) of  
21 this section only after:

22 (1) the Administration has submitted the proposed budget amendment and  
23 supporting documentation to the Senate Budget and Taxation Committee, Senate Finance  
24 Committee, House Appropriations Committee, and House Economic Matters Committee;  
25 and

26 (2) the committees have had 45 days for review and comment.

27 ~~(M) IF THE ADMINISTRATIVE EXPENSES OF THE FUND FOR A SINGLE FISCAL~~  
28 ~~YEAR EXCEED THE \$5,000,000 LIMIT UNDER SUBSECTION (G)(4) OF THIS SECTION,~~  
29 ~~THE EXCESS OF EXPENSES SHALL BE PAID FROM THE ADMINISTRATIVE EXPENSES~~  
30 ~~ALLOCATION FOR THE FOLLOWING FISCAL YEAR.~~

31 9-20B-06.

1 (a) [On or before December 15, 2008, the Administration shall develop a plan for  
2 expenditures from the Fund for fiscal year 2009 and fiscal year 2010.

3 (b) On or before September 1, 2009, and every 3 years thereafter, the  
4 Administration shall develop a plan for expenditures covering the next 3 fiscal years.

5 [(c)] (B) (1) The Administration shall hold one or more public meetings in  
6 conjunction with the development of a plan.

7 (2) The Administration:

8 (i) shall hold at least four public meetings across the State during  
9 the development of the initial plan under subsection (a) of this section, in the eastern,  
10 southern, central, and western parts of the State, respectively; and

11 (ii) is encouraged to solicit input from all regions of the State in  
12 developing subsequent plans under this section.

13 (3) The Administration shall submit [a]:

14 (I) EACH plan to the Board for review IN A PLAN DEVELOPMENT  
15 YEAR; AND

16 (II) A REPORT TO THE BOARD ON THE IMPLEMENTATION OF  
17 THE PLAN DURING YEARS OTHER THAN PLAN DEVELOPMENT YEARS.

18 9-20B-07.

19 (a) There is a Strategic Energy Investment Advisory Board.

20 (b) (1) The Board shall review the Program and the Administration's proposed  
21 uses of and expenditures from the Fund and make recommendations to the Administration  
22 concerning any proposed use or expenditure.

23 (2) The Administration shall consider the Board's recommendations when  
24 making decisions about uses and expenditures from the Fund.

25 (c) The Board consists of the following members:

26 (1) one member of the Senate, appointed by the President of the Senate;

27 (2) one member of the House of Delegates, appointed by the Speaker of the  
28 House of Delegates;

29 (3) the following members appointed by the Governor:

- 1 (i) two representatives of Maryland residential customers;
- 2 (ii) a representative of Maryland commercial customers;
- 3 (iii) a representative of large electricity users in the State;
- 4 (iv) a representative of an electric company;
- 5 (v) a representative of an electric cooperative;
- 6 (vi) a representative of electricity suppliers;
- 7 (vii) a representative of a Maryland environmental group; and
- 8 (viii) a representative of a renewable electricity industry; and
- 9 (4) the following nonvoting ex officio members:
- 10 (i) the Chairman of the Public Service Commission or the  
11 Chairman's designee;
- 12 (ii) the People's Counsel or the designee of the People's Counsel; and
- 13 (iii) the Secretary of the Environment or the Secretary's designee.
- 14 (d) If a regulated lobbyist is appointed to serve as a member of the Board, the  
15 lobbyist:
- 16 (1) is not subject to § 5-504(d) of the General Provisions Article with  
17 respect to that service; and
- 18 (2) is not subject to § 5-704(f)(3) of the General Provisions Article as a  
19 result of that service.
- 20 **(E) ~~THE BOARD SHALL ELECT A CHAIR FROM AMONG ITS MEMBERS~~ THE**  
21 **GOVERNOR SHALL APPOINT THE CHAIR OF THE BOARD FROM AMONG ITS VOTING**  
22 **MEMBERS.**
- 23 [(e)] (F) (1) The term of a member appointed by the Governor is 3 years.
- 24 (2) The terms of the members appointed by the Governor are staggered as  
25 required by the terms provided for members of the Board on June 1, 2008.
- 26 (3) (I) The Board shall meet at least 2 times each year.



1                   **(II) IN ADDITION, THE BOARD MAY MEET AT THE DISCRETION**  
2 **OF THE CHAIR OF THE BOARD OR THE REQUEST OF THE DIRECTOR OF THE**  
3 **ADMINISTRATION.**

4                   (4)     The Board may act only by the affirmative vote of at least six voting  
5 members.

6                   (5)     A member of the Board:

7                   (i)     may not receive compensation as a member of the Board; but

8                   (ii)    is entitled to reimbursement for expenses under the Standard  
9 State Travel Regulations, as provided in the State budget.

10            **[(f)] (G)**     The Administration shall provide staff support for the Board.

11 9–20B–08.

12            (a)     The Administration regularly shall disclose summary information regarding  
13 any contract entered into by the Administration that encumbers \$100,000 or more from the  
14 Fund.

15            (b)     For each of the contracts specified under subsection (a) of this section, the  
16 following information shall be posted on the Administration’s Web site on a quarterly basis:

17                   (1)     the name and business address of the parties of the contract;

18                   (2)     a summary of the goods and services to be provided under the contract;  
19 and

20                   (3)     the maximum amount of moneys from the Fund that may be obligated  
21 by the contract.

22 9–20B–09.

23            (a)     The Administration shall monitor and analyze the impact of each program,  
24 project, activity, and investment to ensure that the outcome of each program, project,  
25 activity, or investment achieves the purposes of the Program.

26            (b)     In monitoring and analyzing the impact of a program, project, activity, or  
27 investment under subsection (a) of this section, if the Administration finds that the outcome  
28 of the program, project, activity, or investment is not achieving the purposes of the  
29 Program, the Administration shall take specific measures to address the findings.

30 9–20B–12.

1 (a) On or before January 1 of each year, the Administration shall report to the  
2 Governor and, in accordance with § 2–1246 of this article, to the General Assembly **AND**  
3 **THE MEMBERS OF THE SENATE FINANCE COMMITTEE AND THE HOUSE ECONOMIC**  
4 **MATTERS COMMITTEE** on the uses and expenditures of the Fund from the prior fiscal  
5 year.

6 (b) The report shall include:

7 (1) a detailed accounting of all amounts received by and disbursed from the  
8 Fund, including the amount and recipient of each grant awarded by the Administration,  
9 **AND IDENTIFYING MULTIPLE GRANTS AWARDED TO THE SAME PERSON, ~~THE SAME~~**  
10 **~~HOUSEHOLD, OR TO AFFILIATES OF THE SAME PERSON OR THE SAME ADDRESS;~~**

11 (2) all amounts used by the Administration for administrative purposes,  
12 **INCLUDING THE FUNDING SOURCE FROM WHICH EACH AMOUNT WAS OBTAINED;**

13 (3) programs, projects, and activities included in each category under §  
14 9–20B–05(g) of this subtitle;

15 (4) the status of programs, projects, activities, and investments  
16 implemented with funds from the Fund, including an evaluation of the impact of the  
17 programs, projects, activities, and investments that are directed to low–income or  
18 moderate–income residential sectors or to other particular classes of ratepayers;

19 (5) an estimate of electricity savings from the programs, projects, activities,  
20 and investments;

21 (6) the number of allowances sold in each auction;

22 (7) the average allowance price from each auction;

23 (8) an estimate of revenue from future auctions;

24 **(9) AN ACCOUNTING OF ALL AMOUNTS RECEIVED OR DISBURSED BY**  
25 **THE FUND FROM ALL OTHER SOURCES, INCLUDING MONEY RECEIVED IN**  
26 **ACCORDANCE WITH ORDERS ISSUED AND SETTLEMENT AGREEMENTS APPROVED BY**  
27 **THE PUBLIC SERVICE COMMISSION; and**

28 **[(9)] (10)** recommendations for changes to the allocation of funds under §  
29 9–20B–05(g) of this subtitle.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
31 1, 2016.