

Department of Legislative Services  
Maryland General Assembly  
2017 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1395  
Economic Matters

(Delegate A. Washington)

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Solar Energy Grant Program - Energy Storage

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This bill expands the purpose of the Solar Energy Grant Program within the Maryland Energy Administration (MEA) to include providing grants to individuals, local governments, and businesses for a portion of the costs of acquiring and installing “energy storage equipment.” A grant awarded under the program for energy storage equipment may not be more than the lesser of \$3,000 or 30% of the total installed cost of the energy storage equipment. Subject to that limitation, MEA may adjust the grant amounts to reflect market conditions and the prevailing prices of energy storage equipment. “Energy storage equipment” is defined as a device or facility that (1) is used to store energy for use at a later time, or for use in a process that offsets electricity use and (2) has a capacity of at least five kilowatt-hours. The bill lists various types of energy storage equipment that are included under the definition. The Director of the Maryland Energy Administration may also identify other devices or facilities similar to those listed, as energy storage equipment.

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Fiscal Summary

**State Effect:** The bill does not directly affect State finances. It allows for any future funding for the Solar Energy Grant Program to be used for grants for energy storage equipment.

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

### **Current Law/Background:**

#### *Solar Energy Grant Program and Strategic Energy Investment Program*

The Solar Energy Grant Program, administered by MEA, is established in statute to provide grants to individuals, local governments, and businesses for a portion of the costs of acquiring and installing photovoltaic property and solar water heating property. Grants awarded under the program may not be more than (1) for photovoltaic property, the lesser of \$2,500 per kilowatt of installed electricity generation capacity or \$10,000 and (2) for solar water heating property, the lesser of \$3,000 or 30% of the total installed cost of the solar water heating property. Subject to those limitations, MEA may adjust the grant amounts to reflect market conditions and the prevailing prices of photovoltaic and solar water heating property.

MEA does not currently award grant funding under the Solar Energy Grant Program, however. Regulations implementing the Solar Energy Grant Program and the Geothermal Heat Pump Grant Program (a similar grant program, providing funding for geothermal heat pump technology) were repealed in 2013 and replaced with regulations for the Clean Energy Grant Program, established under the authority of the Strategic Energy Investment Program statute. Under the current regulations, the Clean Energy Grant Program provides grants to homeowners, businesses, nonprofit organizations, and the State or local governments for “clean energy conversion systems” which include solar and geothermal technologies.

The Strategic Energy Investment Program has the stated purpose of decreasing energy demand and increasing energy supply to promote affordable, reliable, and clean energy to fuel Maryland’s future prosperity. The program is supported by the Strategic Energy Investment Fund (SEIF), which receives, among other funding, proceeds from the auction of carbon allowances to power plants and other market participants under the Regional Greenhouse Gas Initiative. SEIF may be used for, among other things, grants, loans, and other assistance and investment to implement the purposes of the Strategic Energy Investment Program. MEA’s residential and commercial clean energy grant programs, which provide grants to homeowners and businesses for solar photovoltaics, solar water heating, geothermal heating and cooling, and wind conversion technologies, receive a total of \$3.7 million under the Governor’s proposed fiscal 2018 budget.

#### *Energy Storage Technology*

MEA indicates that, under the Strategic Energy Investment Program, it is currently able to, and does, fund energy storage projects that are either tied to renewable generation sources

or are for emergency grid resiliency. In a [study](#) completed by MEA in January 2016 that addressed various considerations for energy storage in Maryland, MEA mentions making grant awards through its Game Changers Program for projects involving energy storage deployment installed in conjunction with residential solar photovoltaic technologies and soliciting applications for grants for commercial electric storage systems. The Governor’s proposed fiscal 2018 budget includes \$500,000 for the Game Changers Program, which MEA describes as supporting Maryland’s energy and carbon reduction goals by pairing renewable energy systems with “game changing” technologies and storage applications. MEA’s 2016 report on energy storage, while noting high, but decreasing, costs for energy storage systems, indicates that there are a variety of valuable deployments for energy storage technologies, including bulk storage, grid support, behind-the-meter applications, and renewable integration, that could play an important role in Maryland’s energy future.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Energy Administration; Department of Legislative Services

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