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Maryland Energy Administration

Operating Budget Data

($ in Thousands)

	FY 12 Actual	FY 13 Working	FY 14 Allowance	FY 13-14 Change	% Change Prior Year
Special Fund	$13,291	$23,471	$19,318	-$4,153	-17.7%
Contingent & Back of Bill Reductions	0	0	-3	-3	
Adjusted Special Fund	**$13,291**	**$23,471**	**$19,315**	**-$4,156**	**-17.7%**
Federal Fund	10,527	9,277	793	-8,484	-91.4%
Contingent & Back of Bill Reductions	0	0	-1	-1	
Adjusted Federal Fund	**$10,527**	**$9,277**	**$793**	**-$8,484**	**-91.5%**
Reimbursable Fund	320	3,489	141	-3,349	-96.0%
Adjusted Reimbursable Fund	**$320**	**$3,489**	**$141**	**-$3,349**	**-96.0%**
Adjusted Grand Total	**$24,138**	**$36,237**	**$20,248**	**-$15,988**	**-44.1%**

- The fiscal 2014 allowance of the Maryland Energy Administration (MEA) decreases by $16.0 million, or 44.1%, compared to the fiscal 2013 working appropriation, after accounting for a back of the bill reduction in health insurance due to favorable cost trends. Substantial decreases occur in all fund sources.

- Federal funds decrease by $8.5 million, or 91.5%, largely as a result of the elimination of all American Recovery and Reinvestment Act of 2009 (ARRA) funding from MEA's budget ($8.1 million). The level of federal funds included in the fiscal 2014 allowance is a more typical (pre-ARRA) level for the agency.

- Each year, MEA receives a reimbursable fund appropriation from the Department of Natural Resources which is used for costs associated with Attorney General support. In fiscal 2012 and 2013, MEA received additional reimbursable fund appropriations as a result of agreements with other agencies for the implementation of energy efficiency or alternative fuel programs. The largest of these appropriations resulted from an agreement with Department of Housing and Community Development for two programs: (1) an agricultural energy efficiency program; and (2) assisting with the design costs associated with the Green Schools

Note: Numbers may not sum to total due to rounding.

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Initiative. These agreements are not expected to continue in fiscal 2014, and the resulting reimbursable fund appropriations are eliminated in the fiscal 2014 allowance, returning the appropriation to historic levels.

- Major changes in the fiscal 2014 allowance result from funding availability and changing agency priorities.

Personnel Data

	FY 12 Actual	FY 13 Working	FY 14 Allowance	FY 13-14 Change
Regular Positions	29.00	30.00	30.00	0.00
Contractual FTEs	6.00	4.00	8.00	4.00
Total Personnel	**35.00**	**34.00**	**38.00**	**4.00**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	1.50	5.00%
Positions and Percentage Vacant as of 12/31/12	2.00	6.67%

- There are no changes in the number of regular positions in MEA in the fiscal 2014 allowance. However, MEA added 1.0 new regular position through the Board of Public Works in fiscal 2013. The position, State Buildings Energy Efficiency Program Manager, is funded through a competitive grant from the U.S. Department of Energy and will support energy efficiency activities in public buildings during the three-year grant term.

- The number of contractual full-time equivalents (FTE) in MEA increases by a net of 4.0 in the fiscal 2014 allowance. The 4.5 new FTEs will provide administrative support for the Clean Energy Grant program, track and maintain data for reporting requirements, conduct energy assurance activities, and provide energy market advice and coordination on issues before energy regulatory bodies. The increase in FTEs is partially offset by the deletion of 0.5 FTE used for activities related to an agreement with Virginia for the promotion of energy efficiency activities in the commercial sector in fiscal 2013. Each of the new FTEs is expected to be ongoing. **MEA should comment on why these ongoing activities are being conducted by contractual FTEs rather than regular positions.**

- MEA's turnover expectancy increases from 4.62 to 5.0% in the fiscal 2014 allowance.

- As of December 31, 2012, MEA had 2.0 vacant positions, a vacancy rate of 6.67%. To meet its turnover expectancy, MEA needs to maintain 1.5 vacant positions in fiscal 2014.

Analysis in Brief

Major Trends

EmPower Maryland Goals: Maryland continues to be on track to meet the goal of reducing per capita peak demand 15.0% by the end of calendar 2015, having achieved a 9.1% reduction by the end of calendar 2011. Although progress continued in reducing per capita electricity consumption, through calendar 2011, Maryland was only one-third of the way to achieving the goal. However, Maryland did achieve the interim goal of 5.0%, with a reduction in per capita electricity consumption of 5.1%.

Renewable Energy in Service: Growth in the amount of commercial scale renewable energy in service slowed in calendar 2012, increasing only 5.3%, after an increase of more than 50.0% in calendar 2011. However, residential and small commercial scale renewable energy in service continues to expand rapidly, increasing by nearly 76.0% in calendar 2012.

Issues

Regional Greenhouse Gas Initiative Program Changes: The Regional Greenhouse Gas Initiative (RGGI) is undergoing a comprehensive program review involving all states participating in RGGI and other interested stakeholders. In November 2012, RGGI released a draft model rule that contained some changes from the original model rule, such as simplifying the annual adjustment of the minimum reserve price and establishing interim control periods. RGGI, Inc. has scheduled a webinar for February 11, 2013, at which RGGI participating states will release the final model rule.

Strategic Energy Investment Fund Revenue and Distribution: Revenue from RGGI carbon dioxide emission allowance auctions, which varied widely in the first 14 auctions held during the first compliance period, has become relatively more stable in the first 4 auctions of the second control period. Through the first 2 auctions held in fiscal 2013, revenue received appears to be on track to meet the fiscal 2013 budget estimates. The fiscal 2014 allowance assumes a lower level of revenue than was anticipated for fiscal 2013, a total of $36.3 million, due to changing assumptions regarding the level of emissions of compliance entities.

EmPower Maryland Reviews: Sections 4 and 5 of Chapter 131 of 2008 required MEA, in consultation with the Public Service Commission, to submit recommendations to the Senate Finance and House Economic Matters committees by the end of calendar 2012 regarding whether to set EmPower Maryland goals for electricity consumption and peak demand reduction beyond 2015 and whether to set energy savings targets for natural gas companies. MEA recommended electricity and natural gas reduction goals be set beyond 2015 and two studies be conducted to inform legislative action in the 2014 session.

Recommended Actions

1. Add budget bill language to require information on the revenue and use of the Strategic Energy Investment Fund in the fiscal 2015 budget books.

Updates

Status of ARRA Spending: Of the $73.7 million available to MEA from the ARRA, MEA had spent $71.3 million through November 30, 2012, with an additional $0.5 million encumbered. MEA had fully encumbered or expended funds in four of the six programs that received ARRA funding, with an additional program completed since that time. MEA does not anticipate any difficulty in expending the remaining funding by the required deadline.

Operating Budget Analysis

Program Description

The Maryland Energy Administration (MEA) is an independent unit of State government with a mission of promoting affordable, reliable, and clean energy. Consistent with this mission, MEA conducts planning activities for a variety of energy sources; administers the Strategic Energy Investment Fund (SEIF); administers programs aimed at increasing energy efficiency and increasing the use of renewable and clean energy; and advises the Governor's Office on energy policy and managing energy emergencies and disruptions. MEA's programs affect local and State government, nonprofit organizations, residential consumers, and commercial and industrial consumers.

MEA's key goals include:

- increasing Maryland's energy efficiency and energy conservation;
- reducing State agency energy consumption;
- improving the energy efficiency of local governments, nonprofits, and businesses;
- increasing electricity generation fuel diversity, improving air quality, and reducing greenhouse gas emissions through the use of renewable energy; and
- reducing the State's consumption of petroleum fuels through increased use of alternative fuels and advanced transportation technologies.

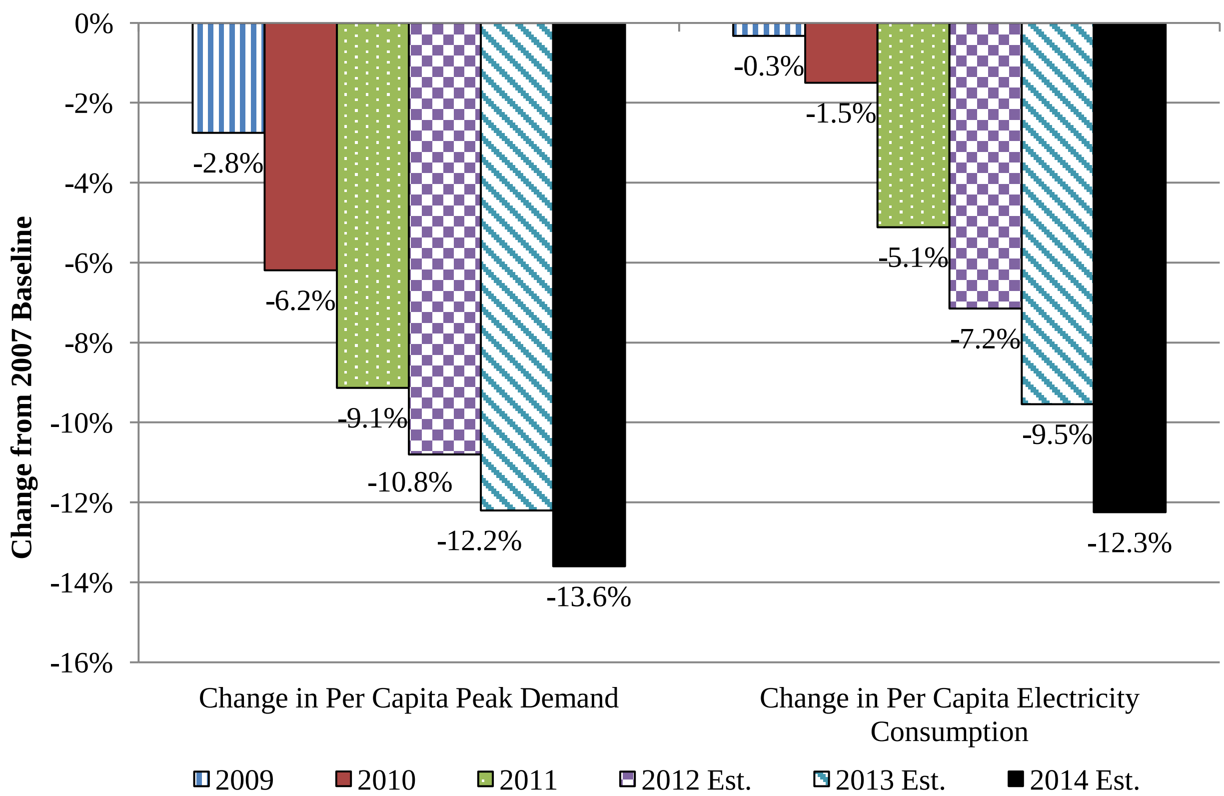
Performance Analysis: Managing for Results

1. EmPower Maryland Goals

Chapter 131 of 2008 (EmPower Maryland Energy Efficiency Act) established goals of reducing per capita peak demand and electricity consumption in the State by 15% by the end of calendar 2015 and interim goals of a 5% reduction by 2011. MEA's Managing for Results submission contains measures that show the State's progress in meeting these goals. These measures reflect activity in the State generally, not only changes relating to MEA's programs, and reflect the cumulative progress over time in meeting these goals. The progress is measured by the bottom-up (the expected savings from programs), rather than looking from the top-down at usage changes regardless of reasons. Due to the timing of the release of energy consumption data, the calendar 2012 data are estimates.

As shown in **Exhibit 1**, steady progress toward the per capita peak demand reduction goal continued in calendar 2011, an increase of nearly 3 percentage points from calendar 2010. MEA anticipates further progress in calendar 2012, after which the State will be more than two-thirds of the way to the goal with three years remaining. Less progress has been made in meeting the per capita electricity consumption reduction goal; however, substantial improvement was made between calendar 2010 and 2011, increasing from 1.5 to 5.1%. As a result of the dramatic improvement, the State met the 5.0% interim energy consumption reduction goal. Slower but steady progress is expected to occur in calendar 2012, but MEA and the utilities will need to continue to accelerate progress to meet the 15.0% reduction goal. **MEA should discuss the actions currently planned or anticipated to improve the State's chances of meeting this goal.**

Exhibit 1
EmPower Maryland Goal Progress
Calendar 2009-2014 (Est.)



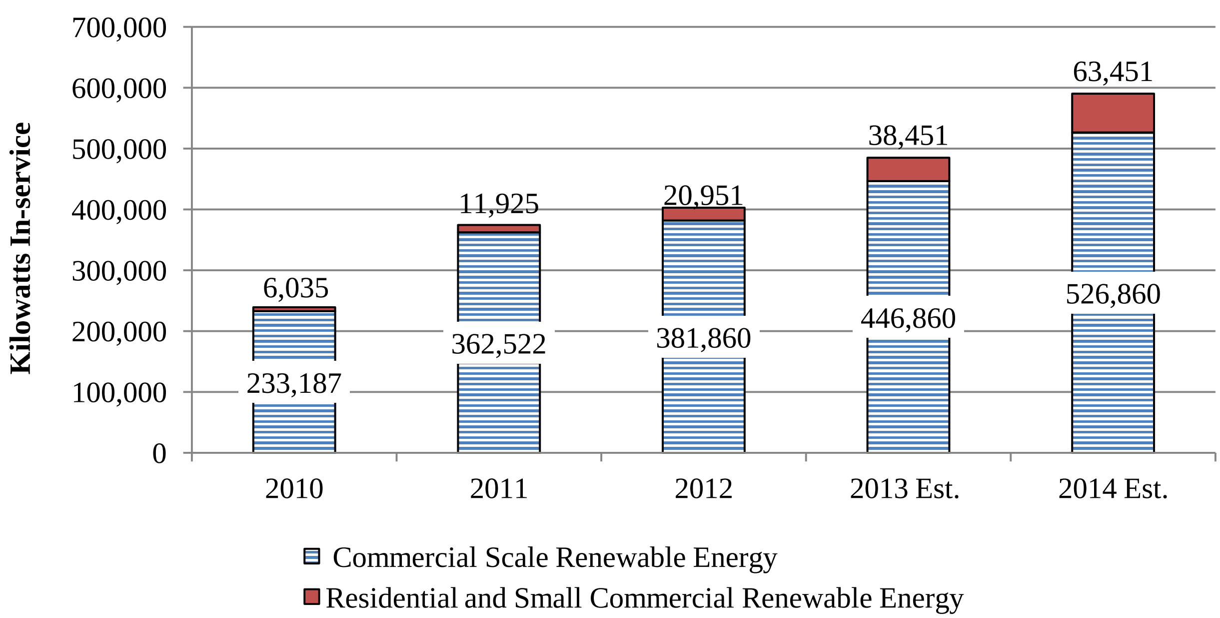
Source: Maryland Energy Administration; Governor's Budget Books

As a result of the actions taken to reduce peak demand and electricity consumption, Maryland avoided approximately $403 million in electricity costs in calendar 2011. As the progress continues in meeting these goals, the avoided electricity costs are expected to increase. If the State meets the anticipated level of reductions in calendar 2014, Maryland will have avoided electricity costs totaling $994 million.

2. Renewable Energy in Service

MEA has a goal of increasing electricity generation fuel diversity, improving air quality, and reducing greenhouse gas emissions through the increased use of renewable energy. As shown in **Exhibit 2**, after substantial growth in both residential and small commercial and commercial scale renewable energy in service between calendar 2010 and 2011, growth slowed in calendar 2012. Commercial scale renewable energy in-service increased by only 5.3% between calendar 2011 and 2012. Growth in residential and small commercial scale renewable energy in service, although slower than in the previous year, continued to be substantial in calendar 2012, an increase of 75.7%. Residential and small commercial scale renewable energy in service is expected to continue to grow at a rapid pace through calendar 2014. The funding available for residential renewable energy grants and commercial renewable grants (a combined $8.9 million) peaked in fiscal 2012. MEA continues to devote significant resources to these programs (a combined $5.5 million in fiscal 2014) and has adjusted the program in recent years to ensure more grants can be provided with fewer resources.

Exhibit 2
Renewable Energy in Service
Calendar 2010-2014 (Est.)



Source: Maryland Energy Administration; Governor's Budget Books

Proposed Budget

As shown in **Exhibit 3**, the fiscal 2014 allowance of MEA decreases by approximately $16 million, or 44.1%, compared to the fiscal 2013 working appropriation after accounting for a back of the bill reduction in health insurance due to favorable cost trends. Substantial decreases occur among all three fund sources primarily due to:

- the end of funding available from the American Recovery and Reinvestment Fund of 2009 (ARRA) ($8.1 million);
- lower than anticipated Regional Greenhouse Gas Initiative (RGGI) auction revenue and the use of the SEIF fund balance to support expenditures in fiscal 2013 ($5.1 million); and
- the end of memoranda of understanding (MOU) with the Maryland Department of Transportation (MDOT) and the Department of Housing and Community Development (DHCD) ($3.3 million).

Exhibit 3
Proposed Budget
Maryland Energy Administration
($ in Thousands)

How Much It Grows:	**Special Fund**	**Federal Fund**	**Reimb. Fund**	**Total**
2013 Working Appropriation	$23,471	$9,277	$3,489	$36,237
2014 Allowance	19,318	793	141	20,252
Amount Change	-$4,153	-$8,484	-$3,349	-$15,985
Percent Change	-17.7%	-91.4%	-96.0%	-44.1%
Contingent Reductions	-$3	-$1	$0	-$3
Adjusted Change	-$4,156	-$8,484	-$3,349	-$15,988
Adjusted Percent Change	-17.7%	-91.5%	-96.0%	-44.1%

Where It Goes:

Personnel Expenses	
Employee and retiree health insurance net of a back of the bill reduction in health insurance due to favorable cost trends	$81
Employee retirement	79
Annualization of the fiscal 2013 cost-of-living adjustment	28
Regular earnings	16
Social Security contributions and unemployment compensation	7
Turnover expectancy increases from 4.62 to 5.0%	-9
Payroll costs for temporary staff to administer programs associated with fiscal 2013 reimbursable fund agreements	-135
American Recovery and Reinvestment Act of 2009 Funding Fully Expended	
Multi-family housing energy efficiency and housing affordability program	-45
Home performance rebate program	-85
Technical assistance for energy-related building codes	-215
Clean energy economic development program	-260
Residential renewable energy grant program	-1,240
Energy Efficiency and Conservation Block Grant	-5,000
Grants or Agreements Ending in Fiscal 2013	
Federal Save Energy Now grant for commercial and industrial energy efficiency	-370
Agreement with Maryland Department of Transportation to administer the Electric Truck Voucher program for the incremental costs of all-electric medium or heavy duty truck purchases	-475
Agreement with Department of Housing and Community Development (DHCD) for an agricultural energy efficiency grant program	-885
Agreement with DHCD to support design activities associated with the Green Schools Initiative	-1,865
Other Program Changes Primarily Due to Funding Availability	
Offshore wind development activities	724
Technical assistance for energy related building codes	-44
Federal grant to advance energy efficiency in public buildings	-103
Clean energy grant programs for residential and commercial sectors	-649
Clean energy communities grant program to support energy efficiency activity for low- and moderate-income households	-1,199
Smart energy communities program	-2,855
Administrative Expenses	
New contractual full-time equivalents (FTE) (4.5) partially offset by the elimination of a 0.5 FTE due to the end of a grant from Virginia for commercial sector energy efficiency promotion	337
Maintenance agreement for the program management system	33
Travel primarily to support offshore wind development activities	32

Where It Goes:

Replacement of a vehicle	23
Consultant services to continue EmPower Maryland goal setting activities	8
Cost allocations	-16
Eliminate technical support for the program management system	-71
Energy planning and support activities largely due to the end of American Recovery and Reinvestment Act of 2009 (ARRA) and other federal funding	-335
Eliminate energy assurance contract activities primarily due to end of ARRA grant; activities are now conducted by a contractual FTE	-520
Evaluation, measurement, and verification activities due to end of ARRA funding and other reductions in program activity	-998
Other changes	19
Total	**-$15,988**

Note: Numbers may not sum to total due to rounding.

Smart Energy Communities

Following the 2012 session, MEA, as is typical, reprioritized program funding and launched a new program in fiscal 2013 (the Maryland Smart Energy Communities program). This program is expected to encourage county and municipal governments to adopt policies that promote clean and renewable energy and support the State's EmPower Maryland goals and Renewable Portfolio Standard. The local governments would be eligible for grant funding to complete energy efficiency, renewable/clean energy, or sustainable transportation programs if those types of policies are adopted. MEA modeled the concept on a program operating in Massachusetts.

The program is scheduled to be launched in February 2013. MEA is currently conducting outreach with local governments about the new program. Additional outreach activities will continue throughout the next several months. MEA will also conduct webinars to assist communities with the development of project proposals.

MEA's fiscal 2013 working appropriation includes $4.4 million for this program, which was funded through the SEIF fund balance and a realignment of fiscal 2013 funding. The program funding provided in fiscal 2013 was divided among each of MEA's program areas, with the largest portion included in the program for general energy efficiency activities ($2.8 million). MEA's fiscal 2014 allowance includes a total of $1.6 million to support this program split relatively evenly through the agency's three program areas, a decrease of $2.9 million compared to fiscal 2013. Funding may be transferred between programs as MEA receives proposals from local governments.

Offshore Wind Development Activities

One of the 40 conditions placed on the approval of the merger between Exelon Corporation and Constellation Energy Group by the Public Service Commission (PSC) was a $30 million contribution for offshore wind development. For budgeting purposes, the contribution is held in the SEIF but is accounted for separately and used only for offshore wind development activities.

The fiscal 2014 allowance of MEA includes $5.5 million to support offshore wind development activities from this contribution, an increase of $1.0 million compared to the fiscal 2013 working appropriation. A portion of these expenditures support MEA administrative activities, the remainder ($5.2 million) will support various surveying activities, including ecological and wind speed-related studies. Some activities will be specific to the area where the offshore wind farm would be built (therefore, dependent on the leasing process and developer), and some will cover the entire potential area for wind development (not dependent on the leasing process).

The Maryland Offshore Wind Energy Act of 2013 (SB 275/HB 226) would place a new fund in MEA, the Maryland Offshore Wind Business Development Fund. The purpose of the fund would be to provide financial assistance, business development assistance, and employee training opportunities for emerging businesses in the State to prepare and encourage those businesses to participate in the offshore wind industry. An advisory committee would be temporarily established to make recommendations on the use of the fund by December 31, 2013, and update the recommendations by December 31, 2014.

The Maryland Offshore Wind Business Development Fund would receive funds from (1) State appropriations; (2) money from federal programs or private contributions; (3) repayment of principal or payment of interest on loans made from the fund; (4) proceeds from the sale, disposition, lease, or rental of collateral related to financing provided through the fund; (5) investment earnings; and (6) any other money made available to the fund. The bill also provides several sources of seed money for the fund:

- transfers from the SEIF in fiscal 2014 ($1.5 million), fiscal 2015 ($1.5 million), and fiscal 2016 ($1.0 million); and

- payments by a qualified offshore wind project within 60 days of PSC approval of an application for the project ($2.0 million), one year after the first payment ($2.0 million), and two years after the first payment ($2.0 million).

The transfers from the SEIF come from the offshore wind contribution resulting from the Exelon Corporation and Constellation Energy Group merger. The fiscal 2014 transfer from the SEIF is expected to be in addition to the $5.5 million currently included in the fiscal 2014 allowance of MEA from the offshore wind development contribution.

Purchase of a Replacement Vehicle

MEA's fiscal 2014 allowance includes $22,512 for the purchase of a plug-in hybrid Chevrolet Volt to replace MEA's existing vehicle. The vehicle will be purchased through the State's existing master contract. In determining the type of replacement vehicle to purchase, MEA compared five types of vehicles:

- 2012 Chevrolet Volt plug-in hybrid;
- 2012 Honda Insight hybrid;
- 2012 Ford Fusion hybrid;
- 2012 Nissan Leaf all-electric vehicle; and
- 2005 Honda Civic hybrid (the existing vehicle).

MEA compared these vehicles based on annual fuel costs, operating costs, and emissions. The Nissan Leaf had the lowest fuel and operating costs and emissions of the five vehicles. The Chevrolet Volt had the second lowest fuel and operating costs and emissions; however, the cost differential between the Volt and the Leaf was limited (for example, a $37 annual fuel cost difference) with a 1.4 ton difference in emissions over an 8.88-year period.

MEA noted that the purchase of the Chevrolet Volt will allow the agency to lead by example, provide opportunities for electric vehicle marketing and education, assist the State in meeting a federal requirement that 75% of new State vehicle purchases be alternative fuel vehicles, and assist the State in meeting its greenhouse gas emissions reduction goal. **Given the lower operating costs and the fact that an all-electric vehicle might even better meet these purposes, MEA should explain why it plans to purchase a plug-in hybrid rather than an all-electric vehicle.**

Customer Investment Fund

Another condition of PSC's approval of the merger of Exelon Corporation and Constellation Energy Group required a contribution of a total of $113.5 million into a Customer Investment Fund (CIF) in three equal annual installments. PSC did not specify, in the initial order requiring the contribution, how the CIF would be used but noted it would determine the allocation later.

PSC issued a request for proposals for the use of the CIF. MEA/State of Maryland was one of 19 organizations submitting a proposal. In November 2012, PSC issued an order allocating the CIF. PSC approved allocations for five of the nine proposals of MEA/State of Maryland, providing a total allocation for these programs of $42.5 million, and stating that CIF could not be used to address State budget shortfalls. The programs for which MEA is expected to be the lead agency are:

- incremental funding of energy efficiency upgrades and renewable energy systems for the construction of three to five net-zero energy schools ($9.0 million);

- an energy efficiency program targeting industrial consumers under which the Regional Manufacturing Institute will provide training, consultation, information about financial incentives, and technical assistance to eliminate barriers to energy efficiency investments ($3.0 million); and

- an advance to support the 20% of the cost of energy efficiency upgrades not covered by BGE's Small Business Energy Solutions Program that would be repaid through a recovery charge (creating a revolving fund) ($2.5 million).

MEA is expected to work with the Public School Construction program on the net-zero energy schools program. The program related to BGE's Small Business Energy Solutions may actually be administered by BGE; however, definitive information on this is not yet available.

In the order allocating the CIF, PSC required the organizations receiving CIF allocations to work with PSC staff to develop a funding plan and the amount of the first allocation of CIF, which was to be submitted by February 1, 2013. The funding plan had not been submitted by the time of budget development, and, as a result, the fiscal 2014 allowance of MEA contains no funds from the CIF. Section 17 of the Budget Reconciliation and Financing Act (BRFA) of 2012 requires that funds received by the State as a result of conditions of an approved merger between Exelon Corporation and Constellation Energy Group be expended only as authorized by an act of the General Assembly or specifically authorized in the State budget bill, except that in fiscal 2013 only, funds may be brought in by budget amendment with the approval of the Legislative Policy Committee and the budget committees. **In light of the fact that no CIF has been brought in by budget amendment to date, the Department of Legislative Services (DLS) recommends any fiscal 2013 funds from the merger be provided through a deficiency appropriation. MEA should comment on when funds from the CIF for the programs are expected to be appropriated in MEA.**

Issues

1. Regional Greenhouse Gas Initiative Program Changes

Chapters 23 and 301 of 2006 (Healthy Air Act of 2006) required the Governor to include the State in RGGI, a coalition (currently nine states) created to design a regional cap-and-trade program to reduce carbon dioxide emissions from certain power plants in the region. The RGGI carbon dioxide emission allowance auctions began in September 2008, and 18 quarterly auctions have occurred since that time. RGGI determined that 97% of compliance entities met its compliance obligations in the first compliance period ending December 2011; all Maryland companies were determined to be in compliance in the first compliance period.

The RGGI program is undergoing a comprehensive program review, which began in calendar 2010, as required under the MOU signed by the participating states. As part of the review, the participating states have conducted stakeholder meetings on the program's design and potential program changes and have modeled the impact of potential changes. RGGI participating states have scheduled a webinar to review the final model rule for February 11, 2013, at which time more information about program changes resulting from the review will be available. Following the release of the final model rule, RGGI participating states are expected to begin to take action, either legislative or regulatory, to adjust state laws/rules to comply with the program changes. Although the final revisions to the model rule and program changes are not available as of this writing, a draft model rule (which may differ from the final model rule), including proposed changes, and scenarios for adjustments to the allowance cap level (the level of carbon dioxide emissions the entities must stay within) have been released for stakeholder comment.

Draft Model Rule

The draft model rule contains several changes to the RGGI program including:

- adjusting the amount of available allowances to account for banked allowances (those allowances purchased but not needed for the entity's compliance) during the first and second control period (essentially reducing the number of allowances over a set time period);

- establishing a limited cost containment reserve for auctions in which the allowance prices reach a pre-defined "high" level and eliminating options under the prior model rule for dealing with "high" allowance prices (such as extending the compliance period);

- establishing interim control periods at the end of each of the first two calendar years of a compliance period at which point compliance entities would be required to hold allowances equal to a set percentage of the entity's emissions; and

- setting the calendar 2014 minimum reserve price at $2 and increasing it by 2.5% each year, rather than adjusting the price based on the consumer price index.

Allowance Cap Level Scenarios

As part of the review, RGGI states have considered changes to the allowance cap level. During the first compliance period, the cap level was discovered to be higher than the level of carbon dioxide emissions of the compliance entities. The various scenarios under consideration would change the base year of carbon dioxide emissions used to set the amount of available allowances. The scenarios under consideration have included (from highest to lowest):

- the average carbon dioxide emissions during calendar 2009, 2010, and 2011;
- the calendar 2011 carbon dioxide emissions;
- the projected calendar 2014 carbon dioxide emissions; and
- the projected calendar 2012 carbon dioxide emissions.

Each scenario was modeled to determine the impact on the allowance price, among other outcomes. In the most recently presented modeling, which focused on the projected calendar 2014 and projected calendar 2012 emissions (and alternative assumptions related to these), the starting allowance price in calendar 2014 varied between $1.86 and $5.90. Under each scenario, the allowance price was forecasted to rise over time; the increase resulted in total allowance prices between $6.50 and $10.00 in 2020.

Next Steps

The 2012 *Joint Chairmen's Report* requested that MEA, in conjunction with PSC and the Maryland Department of the Environment (MDE), submit a report on the RGGI program changes and the carbon dioxide emission allowance auctions resulting from the program review and any regulatory or statutory changes required as a result of the program changes by October 1, 2012. Because the program review was not completed by that date, the budget committees granted MEA an extension until no later than one month after the completion of the program review for submission of the response. Based on the planned release of the final model rule on February 11, 2013, DLS anticipates the submission of the response no later than mid-March 2013. **MEA should comment when State-specific adjustments are expected to be initiated and what form (regulatory or legislative) such adjustments are expected to take.**

2. Strategic Energy Investment Fund Revenue and Distribution

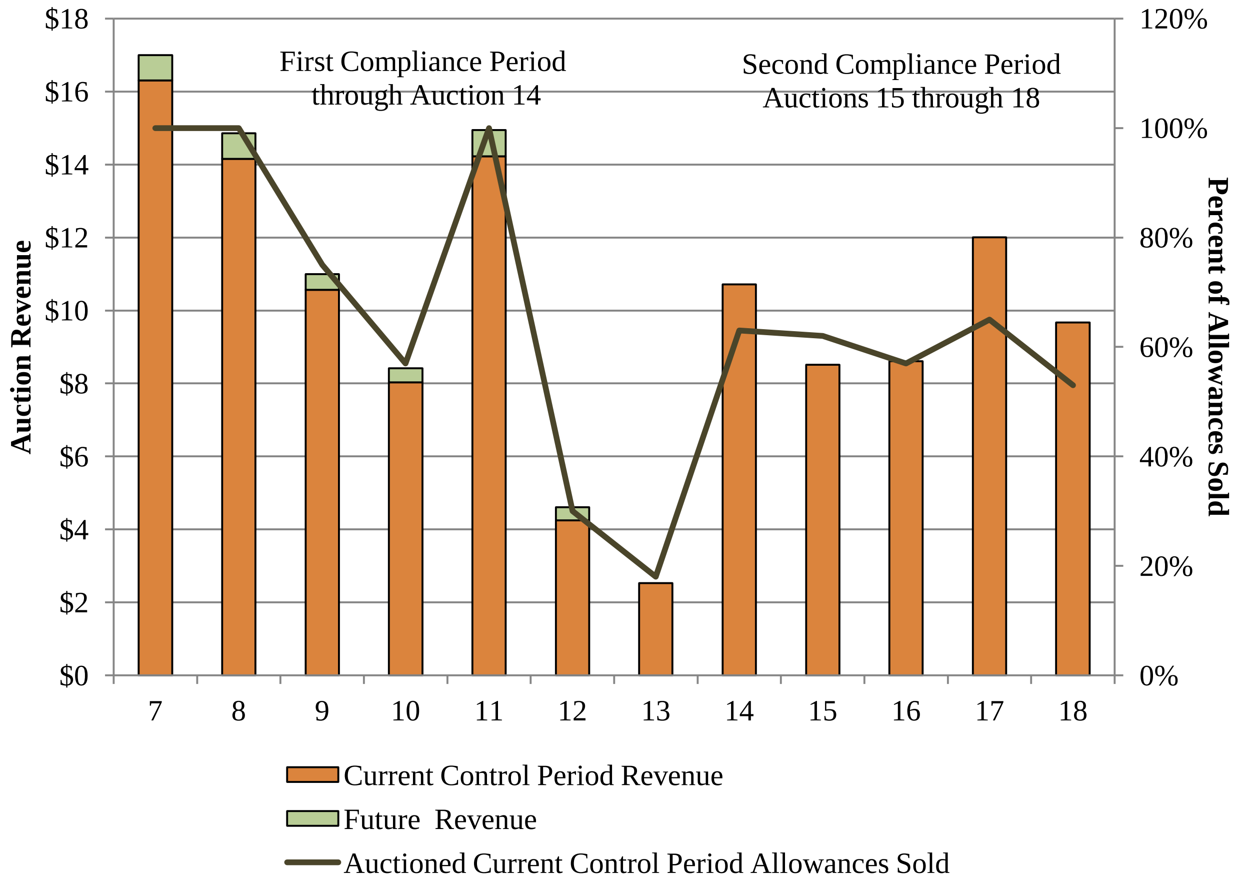
RGGI Revenue

In the 18 auctions held through December 2012, revenues totaling $1.1 billion were generated for RGGI states, of which Maryland's share was $219.1 million. RGGI auction revenue fluctuated substantially during the first compliance period, from a low of $2.5 million to a high of $19.9 million. In the early auctions, revenue fluctuations occurred primarily as a result of allowance prices, which after reaching a high of $3.51 in the third auction (in March 2009), fell in nearly every subsequent auction until equaling the minimum reserve price in the ninth auction (in September 2010). Since then, allowance price increases have resulted solely from annual adjustments to the minimum reserve price.

In most auctions since the ninth, allowances offered for sale have failed to sell. The percent of offered allowances that have sold has fluctuated and this has been the driving factor in the amount of auction revenue since that time, as shown in **Exhibit 4**. The percent of allowances offered for sale that have sold has been relatively stable in the second compliance period (auctions 15 to 18) compared to the prior auctions. The relative stability in the percent of allowances that have sold has led to some stability in the auction revenue. In addition, through the first two auctions held in fiscal 2013, the cumulative level of revenue received is in line with the amount assumed for those auctions in the fiscal 2013 budget.

The fiscal 2014 allowance assumes that the allowance price will remain at the minimum reserve price but that this price will increase due to annual adjustments. The fiscal 2014 allowance assumes the price in the two calendar 2013 auctions budgeted in that year will be $1.97, very near the minimum reserve price level recently announced by RGGI, Inc. The fiscal 2014 allowance assumes less revenue from RGGI auctions than was assumed for fiscal 2013 because MEA anticipates that fewer allowances will be needed by entities to meet compliance obligations based on recent data from RGGI, Inc. **MEA should comment on how the revenue estimates might be impacted by the outcome of the RGGI program review.**

Exhibit 4
RGGI Auction Results for Maryland
Auctions 7 through18
($ in Millions)



RGGI: Regional Greenhouse Gas Initiative

Source: Regional Greenhouse Gas Initiative, Inc.

RGGI Distribution

The fiscal 2014 allowance assumes $36.3 million of revenue will be generated from the four RGGI auctions held during that fiscal year. No changes are proposed to the RGGI revenue allocation for fiscal 2014. The fiscal 2014 allowance of the SEIF conforms to the revenue allocation approved in the BRFA of 2011, as shown in **Exhibit 5**, with the exception of the administrative allocation, due to a reliance on a small amount of fund balance.

Exhibit 5
RGGI Revenue Distributions
Fiscal 2014 Allowance

	Allocation	Distribution as Determined by Statute		Difference from Statutory Authority
Energy Assistance	**$17,675,000**	**50%**	**$17,675,000**	**$0**
Department of Human Resources	17,765,000			
Residential Rate Relief	$0	**0%**	**$0**	**$0**
Low- and Moderate-income Energy Efficiency	**$3,535,000**	**10%**	**$3,535,000**	**$0**
Maryland Energy Administration	3,035,000			
Department of Housing and Community Development	500,000			
Energy Efficiency in all Sectors	**$3,535,000**	**10%**	**$3,535,000**	**$0**
Maryland Energy Administration	629,136			
Department of General Services	420,619			
Department of Health and Mental Hygiene	2,485,245			
Renewable Energy, Climate Change	**$7,070,000**	**20%**	**$7,070,000**	**$0**
Maryland Energy Administration	6,015,777			
Maryland Department of the Environment	1,054,223			
Administration	**$3,574,735**	**10%**	**$3,535,000**	**$39,735***
Maryland Energy Administration	3,574,735			

RGGI: Regional Greenhouse Gas Initiative

*Expenditures will be supported by the Strategic Energy Investment Fund (SEIF) administrative fund balance.

Note: The table does not include the SEIF resulting from the offshore wind contribution ($5.2 million in the renewable and clean energy program and $279,160 in the administrative allocation), which is not subject to the RGGI auction revenue allocation and may only be used for offshore wind development purposes.

Source: Governor's Budget Books; Chapter 397 of 2011

The current allocation of RGGI auction proceeds is in effect through fiscal 2014. Absent action to modify the statutory allocation in either the 2013 or 2014 session, the allocation of RGGI proceeds will revert to the levels included in the legislation creating the SEIF, Chapters 127 and 128 of 2008. **Exhibit 6** compares the current allocation and the original allocation**.** For illustrative purposes, if the fiscal 2014 revenue was subject to the allocations established in Chapters 127 and 128 of 2008, the energy efficiency allocations would be $8.1 million each (rather than $3.5 million), the renewable energy and climate change program allocation would be $3.7 million

Exhibit 6
Statutory Allocation of RGGI Auction Proceeds

	BRFA of 2011 (Chapter 397 of 2011) In Effect for Fiscal 2012-2014	Chapters 127 and 128 of 2008 In Effect Beginning Fiscal 2015
Energy Assistance for the Electric Universal Service Program and Other Electricity Assistance	Up to 50%	17%
Residential Rate Relief	0%	23%
Energy Efficiency and Conservation (At Least One-half for Low- and Moderate-income Programs)	At least 20%	At least 46%
Renewable and Clean Energy Programs; Energy-related Public Education and Outreach; and Climate Change Programs	At least 20%	Up to 10.5%
Administrative Expenses (MEA)	Up to 10%, but no more than $4 million	Up to 3.5%, but no more than $4 million

BRFA: Budget Reconciliation and Financing Act
MEA: Maryland Energy Administration
RGGI: Regional Greenhouse Gas Initiative

Source: Chapters 127 and 128 of 2008; Chapter 397 of 2011

(rather than $7.1 million), and the administrative allocation would be $1.2 million (rather than $3.5 million). **MEA should comment on the impact of the anticipated change in allocation in fiscal 2015 on MEA's personnel and administrative activities.**

Fund Balance

The SEIF revenue and expenditures are tracked in separate accounts based on the required allocations, *i.e.*, Electric Universal Service Program, residential rate relief, low- and moderate-income energy efficiency, energy efficiency all other sectors, renewable and clean energy and climate change allocations, and administration. Alternative compliance payments from the renewable portfolio standard and the offshore wind contribution resulting from the Exelon Corporation and Constellation

Energy Group merger are also tracked separately. At the end of each year, many of the SEIF allocations have unencumbered fund balances, primarily due to:

- the timing of the auctions in the fiscal year;
- lower than expected program expenditures, in part, due to the availability of the ARRA in recent years; and
- interest of the fund that accrues in the administrative account but has not historically been budgeted.

The fund balances can serve to cushion revenue shortfalls in future years or provide a higher level of funding for program activities than could otherwise be supported with the available auction revenue. For example, a budget amendment in fiscal 2013 provided an additional $0.7 million for the Clean Energy Communities Grant program in fiscal 2013 from the Energy Efficiency and Conservation, Low- and Moderate-income fund balance. **Exhibit 7** provides information on the beginning and anticipated closing fiscal 2013 fund balances for each allocation. The estimated closing fiscal 2013 fund balance in the administrative account would be sufficient to support the small amount of fund balance used for MEA administrative expenses in the fiscal 2014 allowance.

In fiscal 2013, MEA transferred $3.9 million from the administrative account fund balance to the energy efficiency all other sectors account ($2.1 million) and renewable and clean energy and climate change programs account ($1.9 million). A portion of these funds ($2.5 million total) were added by budget amendment to MEA's fiscal 2013 budget to support programs in those two areas. The Office of Attorney General indicates transfers between accounts within one overall fund are permissible even without specific legislative authorization. As a result of the transfers, the administrative account fund balance in fiscal 2013 is not sufficient to support the $2.0 million transfer from the administrative account fund balance to the Office of Home Energy Programs in the Department of Human Resources for low-income energy assistance as authorized in the BRFA of 2012. It is the understanding of DLS that no transfer to the energy assistance program is planned.

Exhibit 7
Unencumbered SEIF Fund Balance
($ in Millions)

	EUSP	Rate Relief	Energy Efficiency and Conservation, Low-and Moderate-income Program	Energy Efficiency and Conservation All Other Sectors	Renewable and Clean Energy, Climate Change Programs	RPS	Offshore Wind	Admin.	Total
Unencumbered Fund Balance as of June 30, 2012	$3.9	$0	$2.4	$0.7	$0	$0	$30.0	$4.7	**$41.7**
Estimated Available Revenue for Auctions Held in Fiscal 2013*	20.3	0	4.1	4.1	8.1	n/a	0	4.1	**$40.5**
Fiscal 2013 Working Appropriation	19.9	0	5.4	5.8	8.9	0	4.5	4.0	**$48.5**
Transfer of Fund Balance	0	0	0	2.1	1.9	0	0	-3.9	**$0**
Estimated Closing Fiscal 2013 Fund Balance	4.2	0	1.1	1.2	1.1	0	25.5	0.9	**$33.8**

EUSP: Electric Universal Services Program
RPS: Renewable Portfolio Standard
SEIF: Strategic Energy Investment Fund

*Revenue is actual for September and December 2012 auctions and includes the estimates assumed in budget development for the March and June 2013 auction. Numbers may not sum to total due to rounding.

Source: Department of Legislative Services; Governor's Budget Books; Governor's Office

3. EmPower Maryland Reviews

Sections 4 and 5 of Chapter 131 of 2008 (the EmPower Maryland Energy Efficiency Act) required that MEA, in consultation with PSC, submit two reports to the Senate Finance Committee and House Economic Matters Committee by December 31, 2012:

- a review of the anticipated achievement under the initial EmPower Maryland 2015 goals to determine whether electricity consumption and peak demand targets should be set beyond 2015; and
- the feasibility of setting energy savings targets in 2015 and 2020 for natural gas companies.

The combined report was submitted on January 16, 2013. As part of this review, MEA examined energy efficiency and conservation programs in other states and received and reviewed stakeholder comments as required in Chapter 131. MEA also conducted and examined studies of the potential savings resulting from fuel switching and natural gas programs and the potential and market impact of combined heat and power programs.

Achievement of Current Goals

MEA reviewed the achievement of the existing goals through two lenses: (1) a top-down review based on actual and projected results; and (2) a bottom-up approach based on results from specific programs. Top-down results are influenced by factors other than energy efficiency programs, such as economic conditions and even the weather. Under Chapter 131 of 2008, the peak demand results are adjusted to account for weather variations but not other conditions; however, the energy consumption results are not adjusted for either.

Under both approaches, Maryland is expected to exceed the goal of a 15% reduction in per capita peak demand by the end of 2015. The substantial progress in meeting this goal is also evident in Exhibit 1 shown earlier. According to MEA, some of the peak demand savings have been included in the capacity market auctions held by PJM Interconnection, LLC (the regional transmission operator), resulting in $221 million in payments between 2009 and 2014 that appear as savings to customers by a reduced surcharge for the EmPower Maryland programs. The peak demand savings can be factored into these auctions because the reduced demand essentially reduces the need for additional plant capacity.

From a top-down view, Maryland’s performance in per capita energy reduction exceeded the trajectory needed to meet the 15.0% reduction goal in most years through 2011 (with 2010 as the exception); however, the out-year projections indicate Maryland will fall short of the goal. MEA acknowledges that the performance from 2007 to 2009 was largely related to weather and economic factors, which could also influence the 2012 results. When viewed through a bottom-up approach, Maryland is also expected to fall short of the energy reduction goal, achieving only an 8.3% reduction rather than the goal of 15.0%. This is consistent with the outcome that would be expected given the results shown in Exhibit 1.

MEA explained that, in general, Maryland utilities offer similar programs as those in other states, but that the programs in other states have differences in structure or detail that impact the savings achieved; these differences include the level of spending. In a comparison with better performing states, Maryland utilities have a relatively low level of per capita spending on energy efficiency programs. Maryland's programs are also relatively new, due to a period with no utility energy efficiency programs.

Recommendations

Although MEA noted that the conditions that existed in 2008, when the EmPower Maryland legislation was enacted, have changed (*e.g.*, a dramatic decrease in energy prices and the failure of forecasted reliability concerns to materialize due to energy consumption reductions resulting, in part, from the economic downturn) MEA recommended that Maryland continue to set these goals to reduce future consumption and its additional cost. MEA's recommendation stems from factors such as:

- the forecasted increases in natural gas prices, which tend to drive wholesale electricity prices during peak periods;
- the likelihood of energy demand rebounding as the economy improves;
- the importance of energy efficiency in achieving the State's greenhouse gas emissions reduction goal; and
- the anticipated reduction in carbon dioxide emission allowances available for auction in RGGI as part of the ongoing program review.

Other key recommendations of MEA were to:

- complete studies of the avoided cost of supply and the achievable potential of savings to inform the goal setting process;
- establish a planning group, replacing existing PSC workgroups, to assist in various planning activities, including developing standardized and unified energy efficiency programs and presenting information and options to the General Assembly on achievable energy savings;
- set goals that would serve as a floor amount of savings/reductions but authorizing PSC to approve programs that would achieve a higher level of savings;
- place in statute the type of cost effectiveness test by which PSC must measure programs and allow, as is now current practice, the cost effectiveness to be measured by the portfolio of programs for a customer class (rather than for individual programs);

- focus on energy efficiency programs rather than demand response;
- focus on commercial and industrial sectors rather than the residential sector;
- allow PSC to issue incentives or penalty payments;
- adjust the program surcharge for customers who qualify for low-income energy assistance;
- maintain funding for pilot programs; and
- develop a rate recovery process for natural gas utilities that are not decoupled.

MEA should comment on the expected timeline for the recommended studies and the establishment of the recommended planning group.

Recommended Actions

1. Add the following section:

SECTION XX. AND BE IT FURTHER ENACTED, That the Department of Budget and Management shall provide an annual report on the Strategic Energy Investment Fund (SEIF) to the General Assembly in conjunction with submission of the fiscal 2015 budget and annually thereafter as an appendix to the Governor's budget books. This report shall include information for the actual fiscal 2013 budget, fiscal 2014 working appropriation, and fiscal 2015 allowance. The report shall detail revenue assumptions used to calculate the available SEIF for each fiscal year including:

(1) the number of auctions;

(2) the number of allowances sold;

(3) the allowance price for both current and future (if offered) control period allowances sold in each auction;

(4) alternative compliance payments;

(5) contributions received as a result of the Exelon Corporation/Constellation Energy Group merger; and

(6) fund balance used to support the appropriation.

The report shall also include detail on the amount of the SEIF available to each agency that receives funding through each required allocation, separately identifying funds available as a result of the Exelon Corporation/Constellation Energy Group merger and Alternative Compliance Payments:

(1) energy assistance;

(2) residential rate relief;

(3) energy efficiency and conservation programs, low-and moderate-income sector;

(4) energy efficiency and conservation programs, all other sectors;

(5) renewable and clean energy programs and initiatives, education, and climate change programs;

(6) administrative expenditures;

(7) dues owed to the Regional Greenhouse Gas Initiative, Inc.; and

(8) transfers made to other funds.

Explanation: This language requires the Department of Budget and Management (DBM) to include as an appendix in the Governor's budget books for fiscal 2015 detail on the revenue assumptions used to determine the amount of the SEIF available for use in each year as well as how those revenues will be distributed to various agencies. This information increases transparency and the understanding of the use of the SEIF by the General Assembly. Similar language was first included in the fiscal 2012 budget bill.

Information Request	**Author**	**Due Date**
Report on revenue assumptions and use of the SEIF	DBM	With submission of the Governor's fiscal 2015 budget books and annually thereafter

Updates

1. Status of ARRA Spending

MEA was awarded $73.7 million from six separate programs through the ARRA. Some of these grants could only be used for specific purposes. For example, the Energy Efficiency and Conservation Block Grant (EECBG) funds were intended to provide funding for energy efficiency projects for local governments that did not receive these funds directly from the U.S. Department of Energy (DOE), and the Appliance Rebate funds could only be used for appliance rebates, although states had discretion over the specifics of the program. The State Energy Program funds could be used on a wider variety of projects as approved by DOE. MEA used these funds on activities including:

- additional capitalization for the State Agency Loan Program;
- residential renewable energy grants;
- renewable energy activities for local and State government agencies;
- multifamily housing energy efficiency, in conjunction with DHCD;
- the home performance rebate program; and
- programs in conjunction with the Maryland Clean Energy Center.

For each program, DOE provided a date by which all funds were required to be expended. MEA received extensions for the deadline for the State Energy Program, EECBG, and Energy Assurance funds. For each federal grant, **Exhibit 8** presents information on MEA's currently required program completion date, dollar amount available, dollar amount expended and encumbered, the unexpended and unencumbered balance, and percent expended or encumbered as of November 30, 2012. Through this date, MEA had encumbered or expended 97.4% of ARRA funds available from the six programs, with only $1.9 million left to spend. MEA fully encumbered or expended funding from four of the six programs. Although State Energy Program funds were not fully expended by November 30, 2012, MEA indicates that these funds were fully expended or encumbered prior to the program end date. MEA anticipates no difficulty in completing its expenditures for the EECBG program prior to the required deadline of March 13, 2013.

Exhibit 8
American Recovery and Reinvestment Act of 2009 Spending Status
As of November 30, 2012

ARRA Award	Completion Date	Dollar Value of Award	Expended	Encumbered	Percent Expended or Encumbered	Balance
State Energy Program	December 30, 2012	$51,746,000	$51,317,644	$191,204	99.5%	$237,152
Energy Efficiency and Conservation Block Grant	March 13, 2013	9,593,500	7,801,370	94,263	82.3%	1,697,867
Maryland Hybrid Truck Goods Movement Initiative	December 31, 2013	5,924,190	5,924,190	$0	100.0%	0
Appliance Rebate Program	February 17, 2012	5,405,000	5,405,000	$0	100.0%	0
Energy Assurance Grant	February 14, 2013	716,898	459,925	256,973	100.0%	0
Save Energy Now Grant	June 30, 2011	350,000	350,000	$0	100.0%	0
Total		**$73,735,588**	**$71,258,129**	**$542,440**	**97.4%**	**$1,935,019**

ARRA: American Recovery and Reinvestment Act of 2009

Source: Maryland Energy Administration

Appendix 1

Current and Prior Year Budgets

Current and Prior Year Budgets
Maryland Energy Administration
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2012					
Legislative Appropriation	$0	$14,124	$5,142	$129	$19,396
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	23	6,624	665	7,312
Reversions and Cancellations	0	-856	-1,239	-474	-2,569
Actual Expenditures	**$0**	**$13,291**	**$10,527**	**$320**	**$24,138**
Fiscal 2013					
Legislative Appropriation	$0	$19,184	$705	$129	$20,019
Budget Amendments	0	4,286	8,571	3,360	16,218
Working Appropriation	**$0**	**$23,471**	**$9,277**	**$3,489**	**$36,237**

Note: Numbers may not sum to total due to rounding.

Fiscal 2012

In total, MEA's expenditures were $4.7 million higher than the legislative appropriation.

An increase of $22,596 in MEA's special fund appropriation representing the special fund share of the $750 one-time employee bonus was more than offset by cancellations totaling $856,134. The cancellations were primarily due to lower than anticipated revenue from the RGGI auctions.

The federal fund fiscal 2012 expenditures of MEA were $5.4 million more than the legislative appropriation. Budget amendments increased the appropriation by a total of $6.6 million largely from ARRA funds that were unencumbered or unexpended in prior years. Increases occurred in the following areas:

- residential Clean Energy Grant Program from the State Energy Program ($4.0 million)
- the Maryland Hybrid Truck Goods Movement from the Clean Cities Grant ($823,000);
- administrative expenses related to EECBG and the Energy Assurance Grant ($762,000);
- realigning funds originally planned for administrative expenses to the Home Performance Program ($603,000);
- technical assistance and energy efficiency and renewable energy projects for local governments that did not receive EECBG funds directly through the ARRA ($591,000);
- a second phase of the Save Energy Now grant for energy efficiency projects in industrial and manufacturing facilities ($384,000); and
- a higher than anticipated base grant award from the State Energy Program ($338,000).

These increases are partially offset by decreases totaling $869,000 in the administration program of MEA which were instead used for energy efficiency programs. Cancellations totaling $1.2 million resulted primarily from:

- Clean Energy Grants that will not be finalized until fiscal 2013 ($620,311);
- a delay in the need for evaluation, measurement, and verification activities until fiscal 2013 ($495,061);
- lower than expected indirect expenses charged to federal grants ($76,401); and
- lower than expected administrative expenses ($46,925).

MEA's reimbursable fund expenditures were $191,115 higher than the fiscal 2012 legislative appropriation. Budget amendments increased the appropriation by $665,000 to support:

- the Maryland Electric Truck Voucher Program to offset the higher cost of electric, zero emission, medium- and heavy-duty trucks under an agreement with MDOT ($300,000);

- the Maryland Idle Reduction Technology Program providing funding for the installation of idle reduction technology on trucks under an agreement with MDE ($225,000); and

- start-up and program design costs for the green schools portion of the Public School Construction Program and an agricultural energy efficiency program under an agreement with DHCD ($140,000).

These increases are partially offset by cancellations totaling $473,885 primarily in the Maryland Idle Reduction Technology Program and Electric Truck Voucher Program for which assistance was not finalized in fiscal 2012 but is expected to be in fiscal 2013 ($455,000). The remainder of the cancellation was due to lower than anticipated personnel costs.

Fiscal 2013

The special fund appropriation of MEA has increased by $4.3 million in fiscal 2013. An increase of $2.5 million of the SEIF fund balance provides funding to begin a new program (the Maryland Smart Energy Communities program) which is designed to encourage municipal governments to adopt State energy goals and, if the governments adopt certain policies, allow them to be eligible for funding to implement energy efficiency, clean energy, and sustainable transportation programs. Other increases from the SEIF provide additional support for the Advanced Energy Upgrades program ($853,475), which provides funding to demonstrate best practices in energy efficiency activities, and the Clean Energy Communities Grants programs ($747,651). An increase of $94,090 from the Pepco/Connective Trust Fund, resulting from a 2003 settlement, will also provide additional support for the Advanced Energy Upgrades Program. The remainder of the increase supports MEA's activities under an agreement with Virginia (the Accelerating Commercial Efficiency Retrofits) and the special fund share of the 2% cost-of-living adjustment (COLA) provided to employees in January 2013.

The federal fund appropriation of MEA has increased by $8.6 million in fiscal 2013, including unspent balances of various ARRA and other federal grants to be used for various programs, including:

- EECBG ($4.8 million);

- the residential Clean Energy Grant Program ($1.2 million);

- administrative expenses including evaluation, measurement, and verification from EECBG, the State Energy Program, and the Clean Cities Grant ($856,377);
- energy assurance plan development from the Energy Assurance Grant ($375,000);
- the second phase of the Save Energy Now grant ($370,000);
- clean energy economic development programs ($260,000); and
- technical assistance and support for building codes from the State Energy Program ($215,000).

Other increases provide for the first year of funding of a competitive State Energy Program grant to support energy efficiency in State buildings including funding for 1 new position ($245,835), the unspent balance of the Priority Wind Outreach Strategy and Implementation Grant ($95,474), and the federal fund share of the 2% COLA provided to employees in January 2013 ($3,789).

The fiscal 2013 reimbursable fund appropriation of MEA has increased by $3.4 million. An increase of $2.9 million is available as a result of an agreement with DHCD and will be used to support an agricultural energy efficiency program ($1.7 million), the green schools energy efficiency program ($1.2 million), and the salaries of part-time contractual employees. The remainder of the increase ($500,000) is available from an agreement with MDOT for the Maryland Electric Truck Voucher Program to support vouchers and associated administrative expenses.

Object/Fund Difference Report
Maryland Energy Administration

Object/Fund	FY 12 Actual	FY 13 Working Appropriation	FY 14 Allowance	FY 13 - FY 14 Amount Change	Percent Change
Positions					
01 Regular	29.00	30.00	30.00	0.00	0%
02 Contractual	6.00	4.00	8.00	4.00	100.0%
Total Positions	**35.00**	**34.00**	**38.00**	**4.00**	**11.8%**
Objects					
01 Salaries and Wages	$ 2,878,498	$ 3,054,713	$ 3,124,870	$ 70,157	2.3%
02 Technical and Spec. Fees	455,292	302,982	639,974	336,992	111.2%
03 Communication	80,610	65,643	66,194	551	0.8%
04 Travel	70,255	39,780	71,882	32,102	80.7%
07 Motor Vehicles	2,553	4,970	27,082	22,112	444.9%
08 Contractual Services	4,411,573	18,186,150	3,261,486	-14,924,664	-82.1%
09 Supplies and Materials	21,449	18,900	19,900	1,000	5.3%
10 Equipment – Replacement	3,285	18,010	16,810	-1,200	-6.7%
11 Equipment – Additional	7,228	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	15,896,529	14,222,090	12,689,024	-1,533,066	-10.8%
13 Fixed Charges	310,753	323,545	334,486	10,941	3.4%
Total Objects	**$ 24,138,025**	**$ 36,236,783**	**$ 20,251,708**	**-$ 15,985,075**	**-44.1%**
Funds					
03 Special Fund	$ 13,290,812	$ 23,470,797	$ 19,317,808	-$ 4,152,989	-17.7%
05 Federal Fund	10,527,108	9,276,829	793,312	-8,483,517	-91.4%
09 Reimbursable Fund	320,105	3,489,157	140,588	-3,348,569	-96.0%
Total Funds	**$ 24,138,025**	**$ 36,236,783**	**$ 20,251,708**	**-$ 15,985,075**	**-44.1%**

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

Fiscal Summary
Maryland Energy Administration

Program/Unit	FY 12 Actual	FY 13 Wrk Approp	FY 14 Allowance	Change	FY 13 - FY 14 % Change
01 General Administration	$ 6,279,145	$ 6,617,598	$ 5,269,697	-$ 1,347,901	-20.4%
05 Residential Electricity Rate Relief Program	1,058,880	0	0	0	0%
06 Energy Efficiency and Conservation Programs, Low- and Moderate-income Residential Sector	2,984,997	4,478,951	3,035,000	-1,443,951	-32.2%
07 Energy Efficiency and Conservation Programs, All Other Sectors	3,478,800	11,600,377	707,234	-10,893,143	-93.9%
08 Renewable and Clean Energy Programs and Initiatives	10,336,203	13,539,857	11,239,777	-2,300,080	-17.0%
Total Expenditures	**$ 24,138,025**	**$ 36,236,783**	**$ 20,251,708**	**-$ 15,985,075**	**-44.1%**
Special Fund	$ 13,290,812	$ 23,470,797	$ 19,317,808	-$ 4,152,989	-17.7%
Federal Fund	10,527,108	9,276,829	793,312	-8,483,517	-91.4%
Total Appropriations	**$ 23,817,920**	**$ 32,747,626**	**$ 20,111,120**	**-$ 12,636,506**	**-38.6%**
Reimbursable Fund	$ 320,105	$ 3,489,157	$ 140,588	-$ 3,348,569	-96.0%
Total Funds	**$ 24,138,025**	**$ 36,236,783**	**$ 20,251,708**	**-$ 15,985,075**	**-44.1%**

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.