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By: **Delegates McIntosh, Barkley, Barve, Bobo, Bronrott, Cadden, Cane, Cardin, Conroy, Cryor, Feldman, Franchot, Frush, Goldwater, Hammen, Howard, Hubbard, Kirk, Krysiak, Lee, Love, Moe, Montgomery, Morhaim, Nathan-Pulliam, Stern, and Taylor Taylor, Burns, Petzold, Harrison, and McHale**

Introduced and read first time: February 2, 2005  
Assigned to: Economic Matters

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 27, 2005

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

1 AN ACT concerning

2 **Energy-Saving Investment Program**  
3 **Maryland Energy Administration - Energy Efficiency Programs**

4 FOR the purpose of ~~establishing an Energy-Saving Investment Program~~  
5 ~~administered by the Maryland Energy Administration and consisting of energy~~  
6 ~~efficiency programs; creating an Energy-Saving Investment Fund to provide~~  
7 ~~funding for certain purposes; requiring certain electric customers and certain~~  
8 ~~gas customers to contribute to the Fund through a certain energy saving~~  
9 ~~investment charge, to be set by the Public Service Commission in a certain~~  
10 ~~manner; providing for State matching funding for certain collections; requiring~~  
11 ~~the Maryland Energy Administration to develop, manage, supervise, and~~  
12 ~~administer~~ submit a plan containing certain energy efficiency programs to the  
13 Public Service Commission; authorizing interested persons to submit certain  
14 programs to the Commission including certain required information; requiring  
15 the Commission to review and approve certain plans or portions of plans using  
16 certain considerations; requiring the Administration to update the plan  
17 periodically; requiring the Commission to report periodically on certain matters  
18 to the General Assembly; providing for the preparation and submission of a plan  
19 for the disbursement of funds to implement certain energy efficiency programs  
20 throughout the State; establishing an Energy-Saving Investment Advisory  
21 Board with certain membership and duties; providing for the disposition of  
22 certain funds after a certain date; defining certain terms; providing for the  
23 termination of this Act; and generally relating to the Energy-Saving Investment  
24 Program Maryland Energy Administration, the Public Service Commission, and

1 energy efficiency programs.

2 BY ~~adding to repealing and reenacting, with amendments,~~

3 Article - Public Utility Companies

4 Section ~~7-801 through 7-809 to be under the new subtitle "Subtitle 8-~~

5 ~~Energy Saving Investment Program" 7-211~~

6 Annotated Code of Maryland

7 (1998 Volume and 2004 Supplement)

8 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

9 MARYLAND, That the Laws of Maryland read as follows:

10 **Article - Public Utility Companies**

11 **SUBTITLE 8. ENERGY SAVING INVESTMENT PROGRAM.**

12 ~~7-801.~~

13 (A) ~~IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS~~  
14 ~~INDICATED.~~

15 (B) ~~"ADMINISTRATION" MEANS THE MARYLAND ENERGY ADMINISTRATION.~~

16 (C) ~~"BOARD" MEANS THE ENERGY SAVING INVESTMENT ADVISORY BOARD~~  
17 ~~ESTABLISHED UNDER § 7-805 OF THIS SUBTITLE.~~

18 (D) ~~"CHARGE" MEANS THE ENERGY SAVING INVESTMENT CHARGE ASSESSED~~  
19 ~~UNDER THIS SUBTITLE.~~

20 (E) ~~"COST EFFECTIVE" MEANS THAT THE TOTAL RESOURCE BENEFITS OF A~~  
21 ~~PROGRAM EXCEED THE TOTAL RESOURCE COSTS ATTRIBUTABLE TO THE PROGRAM~~  
22 ~~FOR THE PROGRAM'S FULL DURATION AND THE LIFE OF MEASURES IMPLEMENTED~~  
23 ~~UNDER THE PROGRAM.~~

24 (F) ~~"ENERGY" MEANS ELECTRICITY AND NATURAL GAS.~~

25 (G) ~~"ENERGY PERFORMANCE CONTRACT" MEANS A CONTRACT CONSISTENT~~  
26 ~~WITH TITLE 12, SUBTITLE 3 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.~~

27 (H) ~~"FUND" MEANS THE ENERGY SAVING INVESTMENT FUND ESTABLISHED~~  
28 ~~UNDER § 7-802 OF THIS SUBTITLE.~~

29 (I) ~~"LOW INCOME CUSTOMER" MEANS A CUSTOMER WITH A HOUSEHOLD~~  
30 ~~INCOME NOT EXCEEDING 150% OF THE FEDERAL POVERTY LEVEL, IN THE~~  
31 ~~GUIDELINES FOR THE 48 CONTIGUOUS STATES PUBLISHED BY THE FEDERAL~~  
32 ~~DEPARTMENT OF HEALTH AND HUMAN SERVICES.~~

33 (J) ~~"PLAN" MEANS THE ENERGY SAVING INVESTMENT PLAN ESTABLISHED~~  
34 ~~UNDER § 7-804 OF THIS SUBTITLE.~~

1 ~~7-802.~~

2 (A) ~~THERE IS AN ENERGY SAVING INVESTMENT PROGRAM.~~

3 (B) ~~THE ENERGY SAVING INVESTMENT PROGRAM CONSISTS OF ENERGY~~  
4 ~~EFFICIENCY PROGRAMS.~~

5 ~~7-803.~~

6 (A) ~~THERE IS AN ENERGY SAVING INVESTMENT FUND.~~

7 (B) ~~THE PURPOSE OF THE FUND IS TO INCREASE THE OPPORTUNITIES FOR~~  
8 ~~ENERGY CONSUMERS THROUGHOUT MARYLAND TO:~~

9 (1) ~~SAVE ENERGY;~~

10 (2) ~~REDUCE CONSUMERS' TOTAL ENERGY COSTS; AND~~

11 (3) ~~REDUCE POLLUTION AND THREATS TO PUBLIC HEALTH ASSOCIATED~~  
12 ~~WITH ENERGY PRODUCTION AND CONSUMPTION.~~

13 (C) (1) ~~EACH RESIDENTIAL RETAIL ELECTRIC CUSTOMER AND EACH~~  
14 ~~RESIDENTIAL RETAIL GAS CUSTOMER SHALL CONTRIBUTE TO THE FUND THROUGH~~  
15 ~~AN ENERGY SAVING INVESTMENT CHARGE THAT EACH ELECTRIC COMPANY OR ITS~~  
16 ~~BILLING AGENT AND EACH GAS COMPANY OR ITS BILLING AGENT SHALL COLLECT~~  
17 ~~AND REMIT TO THE COMPTROLLER TO BE PLACED IN THE FUND.~~

18 (2) ~~A RESIDENTIAL RETAIL ELECTRIC CUSTOMER OR A RESIDENTIAL~~  
19 ~~RETAIL GAS CUSTOMER SHALL BE EXEMPT FROM THE CHARGE IN PARAGRAPH (1) OF~~  
20 ~~THIS SUBSECTION FOR ALL UTILITY BILLING PERIODS DURING ANY PART OF WHICH~~  
21 ~~THE RESIDENTIAL CUSTOMER IS RECEIVING BENEFITS FROM:~~

22 (I) ~~THE MARYLAND ENERGY ASSISTANCE PROGRAM UNDER~~  
23 ~~ARTICLE 41, § 6-406(2) AND ARTICLE 88A, § 15 OF THE CODE; OR~~

24 (II) ~~THE ELECTRIC UNIVERSAL SERVICE PROGRAM UNDER § 7-512.1~~  
25 ~~OF THIS TITLE.~~

26 (D) ~~THE FUND CONSISTS OF:~~

27 (1) ~~THE CHARGE COLLECTED UNDER THIS SUBTITLE;~~

28 (2) ~~FUNDS TO MATCH THE COLLECTED CHARGES, AS APPROPRIATED IN~~  
29 ~~THE STATE BUDGET AND SUBJECT TO THE AVAILABILITY OF FUNDS; AND~~

30 (3) ~~ANY ADDITIONAL FUNDS APPROPRIATED TO THE FUND.~~

31 (E) (1) ~~THE TREASURER SHALL HOLD THE FUND AND SHALL INVEST THE~~  
32 ~~MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE~~  
33 ~~INVESTED AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND IN~~  
34 ~~CONJUNCTION WITH THE ADMINISTRATION.~~

1           (2)     ~~THE COLLECTIONS FROM THE CHARGE SHALL ACCRUE TO THE~~  
2 ~~FUND.~~

3           (F)     ~~THE FUND IS A SPECIAL, CONTINUING, NONLAPSING FUND THAT IS NOT~~  
4 ~~SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.~~

5           (G)     (1)     ~~NOT MORE THAN 10% OF THE FUNDS PLACED IN THE FUND MAY BE~~  
6 ~~EXPENDED BY THE ADMINISTRATION ON MANAGEMENT AND SUPERVISION OF~~  
7 ~~ACTIVITIES UNDER THIS SUBTITLE.~~

8                     (2)     ~~THE COMMISSION MAY RETAIN 1% OF THE FUNDS PLACED IN THE~~  
9 ~~FUND TO OFFSET THE EXPENSES ASSOCIATED WITH THE ADMINISTRATION AND~~  
10 ~~OVERSIGHT OF THE ENERGY SAVING INVESTMENT PROGRAM.~~

11           (H)     ~~THE ADMINISTRATION SHALL DISBURSE FUNDS FROM THE FUND IN~~  
12 ~~ACCORDANCE WITH THIS SUBTITLE.~~

13 ~~7-804.~~

14           (A)     ~~THE COMMISSION SHALL SET THE LEVELS OF THE ENERGY SAVING~~  
15 ~~INVESTMENT CHARGE IN ACCORDANCE WITH THIS SECTION.~~

16           (B)     (1)     ~~THIS SUBSECTION DOES NOT APPLY TO A RETAIL RESIDENTIAL~~  
17 ~~ELECTRIC CUSTOMER WHO IS EXEMPTED UNDER § 7-803(C)(2) OF THIS SUBTITLE OR~~  
18 ~~SUBSECTION (D) OF THIS SECTION.~~

19                     (2)     ~~DURING THE PERIOD OCTOBER 1, 2005 THROUGH SEPTEMBER 30,~~  
20 ~~2006, THE CHARGE FOR A RESIDENTIAL RETAIL ELECTRIC CUSTOMER SHALL BE SET~~  
21 ~~TO RECOVER 0.025 CENT ON EACH KILOWATT HOUR OF ELECTRICITY DELIVERED TO~~  
22 ~~A RETAIL RESIDENTIAL ELECTRIC CUSTOMER IN THE STATE.~~

23                     (3)     (1)     ~~ON OR AFTER OCTOBER 1, 2006, THE CHARGE UNDER THIS~~  
24 ~~SUBSECTION MAY BE RESET IF THE COMMISSION DETERMINES THAT THE APPROVED~~  
25 ~~ENERGY EFFICIENCY PROGRAMS FOR RESIDENTIAL RETAIL ELECTRIC CUSTOMERS~~  
26 ~~UNDER § 7-805(I) OF THIS SUBTITLE REQUIRE A CHARGE THAT EXCEEDS 0.025 CENT~~  
27 ~~PER KILOWATT HOUR.~~

28                     (H)     ~~IF THE COMMISSION DETERMINES THAT THE APPROVED~~  
29 ~~ENERGY EFFICIENCY PROGRAMS FOR RESIDENTIAL RETAIL ELECTRIC CUSTOMERS~~  
30 ~~UNDER § 7-805(I) OF THIS SUBTITLE REQUIRE A CHARGE THAT EXCEEDS 0.025 CENT~~  
31 ~~PER KILOWATT HOUR, THE CHARGE UNDER THIS SUBSECTION SHALL BE SET AT 0.05~~  
32 ~~CENT PER KILOWATT HOUR.~~

33                     (4)     (1)     ~~ON OR AFTER SEPTEMBER 30 OF THE YEAR AFTER THE CHARGE~~  
34 ~~WAS SET AT 0.05 CENT PER KILOWATT HOUR, THE CHARGE UNDER THIS SUBSECTION~~  
35 ~~MAY BE RESET IF THE COMMISSION DETERMINES THAT THE APPROVED ENERGY~~  
36 ~~EFFICIENCY PROGRAMS FOR RESIDENTIAL RETAIL ELECTRIC CUSTOMERS UNDER §~~  
37 ~~7-805(I) OF THIS SUBTITLE REQUIRE A CHARGE THAT EXCEEDS 0.05 CENT PER~~  
38 ~~KILOWATT HOUR.~~

1                   (II)     IF THE COMMISSION DETERMINES THAT THE APPROVED  
2 ENERGY EFFICIENCY PROGRAMS FOR RESIDENTIAL RETAIL ELECTRIC CUSTOMERS  
3 UNDER § 7-805(I) OF THIS SUBTITLE REQUIRE A CHARGE THAT EXCEEDS 0.05 CENT  
4 PER KILOWATT HOUR, THE CHARGE UNDER THIS SUBSECTION SHALL BE SET AT 0.1  
5 CENT PER KILOWATT HOUR.

6                   (5)     ON OR AFTER SEPTEMBER 30 OF THE YEAR AFTER THE CHARGE  
7 UNDER THIS SUBSECTION WAS SET AT 0.05 CENT PER KILOWATT HOUR OR 0.1 CENT  
8 PER KILOWATT HOUR, THE CHARGE SHALL BE RESET TO A LOWER RATE, NOT LESS  
9 THAN 0.025 CENT PER KILOWATT HOUR, IF THE COMMISSION DETERMINES THAT  
10 THE APPROVED ENERGY EFFICIENCY PROGRAMS FOR RESIDENTIAL RETAIL  
11 ELECTRIC CUSTOMERS UNDER § 7-805(I) OF THIS SUBTITLE DO NOT REQUIRE A  
12 CHARGE THAT EXCEEDS THE LOWER RATE PER KILOWATT HOUR.

13                  (6)     THE CHARGE UNDER THIS SUBSECTION EXPIRES ON SEPTEMBER 30,  
14 2014.

15                  (C)     (1)     THIS SUBSECTION DOES NOT APPLY TO A RESIDENTIAL RETAIL GAS  
16 CUSTOMER WHO IS EXEMPTED UNDER § 7-803(C)(2) OF THIS SUBTITLE OR  
17 SUBSECTION (D) OF THIS SECTION.

18                  (2)     DURING THE PERIOD OCTOBER 1, 2005 THROUGH SEPTEMBER 30,  
19 2006, THE CHARGE FOR A RESIDENTIAL RETAIL GAS CUSTOMER SHALL BE SET BY  
20 THE COMMISSION AT AN AMOUNT ON EACH THERM OF GAS DELIVERED TO A  
21 RESIDENTIAL RETAIL GAS CUSTOMER IN THE STATE THAT THE COMMISSION FINDS  
22 TO HAVE THE SAME OR SUBSTANTIALLY SIMILAR EFFECT ON THE TOTAL YEARLY  
23 GAS BILL OF AN AVERAGE RESIDENTIAL RETAIL GAS CUSTOMER AS 0.025 CENT FOR  
24 EACH KILOWATT HOUR HAS ON THE TOTAL YEARLY ELECTRICITY BILL OF AN  
25 AVERAGE RESIDENTIAL RETAIL ELECTRIC CUSTOMER.

26                  (3)     SUBJECT TO PARAGRAPH (4) OF THIS SUBSECTION, ON OR AFTER  
27 OCTOBER 1, 2006, THE CHARGE UNDER THIS SUBSECTION SHALL BE RESET, IN A  
28 MANNER SIMILAR TO THE MANNER SET FORTH IN SUBSECTION (B) OF THIS SECTION  
29 FOR THE CHARGE FOR A RESIDENTIAL RETAIL ELECTRIC CUSTOMER, IF THE  
30 COMMISSION DETERMINES THAT THE APPROVED ENERGY EFFICIENCY PROGRAMS  
31 FOR RESIDENTIAL RETAIL GAS CUSTOMERS UNDER § 7-805(I) OF THIS SUBTITLE:

32                         (I)     REQUIRE A CHARGE THAT EXCEEDS THE RATE SET FOR THE  
33 PRECEDING FISCAL YEAR; OR

34                         (II)    DO NOT REQUIRE A CHARGE THAT EXCEEDS A RATE LOWER  
35 THAN THE RATE SET FOR THE PRECEDING FISCAL YEAR.

36                  (4)     THE CHARGE UNDER THIS SUBSECTION:

37                         (I)     MAY NOT BE LESS THAN THE AMOUNT DETERMINED BY THE  
38 COMMISSION UNDER PARAGRAPH (2) OF THIS SUBSECTION; AND

39                         (II)    MAY NOT EXCEED AN AMOUNT ON EACH THERM OF GAS  
40 DELIVERED TO A RESIDENTIAL RETAIL GAS CUSTOMER IN THE STATE THAT THE

1 COMMISSION FINDS TO HAVE THE SAME OR SUBSTANTIALLY SIMILAR EFFECT OF  
2 THE TOTAL YEARLY GAS BILL OF AN AVERAGE RESIDENTIAL RETAIL GAS CUSTOMER  
3 AS 0.1 CENT FOR EACH KILOWATT HOUR HAS ON THE TOTAL YEARLY ELECTRICITY  
4 BILL OF AN AVERAGE RESIDENTIAL RETAIL ELECTRIC CUSTOMER.

5 (5) THE CHARGE UNDER THIS SUBSECTION EXPIRES ON SEPTEMBER 30,  
6 2014.

7 (D) (1) A MUNICIPAL CORPORATION OR COOPERATIVE THAT PROVIDES  
8 RETAIL ELECTRIC OR GAS SERVICE TO CUSTOMERS MAY DECLINE TO COLLECT THE  
9 CHARGE FROM ITS CUSTOMERS AND TO REMIT THE PROCEEDS TO THE  
10 COMPTROLLER IF IT GIVES PRIOR WRITTEN NOTICE TO THE COMPTROLLER  
11 SPECIFYING THE DATE ON WHICH IT WILL DECLINE TO COLLECT AND REMIT THE  
12 CHARGE.

13 (2) A MUNICIPAL CORPORATION OR COOPERATIVE THAT NOTIFIES THE  
14 COMPTROLLER UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL SEND A SIMILAR  
15 NOTICE TO THE COMMISSION AND THE ADMINISTRATION.

16 (E) THE COMMISSION MAY SUSPEND THE COLLECTION OF THE CHARGE FOR  
17 UP TO 6 MONTHS IF THE COMMISSION FINDS THAT THE BALANCE IN THE FUND HAS  
18 EXCEEDED \$35,000,000 FOR TWO CONSECUTIVE FISCAL QUARTERS.

19 (F) TO THE EXTENT THAT ANY ELECTRIC OR GAS COMPANY INDEPENDENTLY  
20 RECEIVES APPROVAL UNDER § 7-211 OF THIS TITLE FROM THE COMMISSION FOR THE  
21 DIRECT IMPLEMENTATION OF A RESIDENTIAL ENERGY EFFICIENCY PROGRAM, ANY  
22 CUSTOMER CHARGE APPROVED BY THE COMMISSION TO SUPPORT THE PROGRAM  
23 SHALL BE SUBTRACTED FROM THE AMOUNT OF THE CHARGE TO BE COLLECTED  
24 FROM THAT COMPANY'S CUSTOMERS UNDER THIS SECTION.

25 (G) A CHARGE UNDER THIS SECTION MAY BE COMBINED WITH A CHARGE  
26 AUTHORIZED UNDER § 7-512.1 OF THIS TITLE INTO ONE CHARGE ON A CUSTOMER'S  
27 BILL.

28 7-805.

29 (A) (1) THE ADMINISTRATION SHALL PREPARE AND MAINTAIN AN  
30 ENERGY-SAVING INVESTMENT PLAN.

31 (2) ALL DISBURSEMENTS FROM THE FUND SHALL BE IN ACCORDANCE  
32 WITH THE PLAN.

33 (3) THE ADMINISTRATION SHALL SUBMIT THE INITIAL PLAN TO THE  
34 COMMISSION ON OR BEFORE MARCH 1, 2006.

35 (4) THE ADMINISTRATION SHALL PERIODICALLY UPDATE THE PLAN.  
36 THE ADMINISTRATION SHALL SUBMIT ITS FIRST UPDATED PLAN TO THE  
37 COMMISSION ON OR BEFORE MARCH 1, 2009.

1       (B)     ~~THE PLAN SHALL DESCRIBE, EVALUATE, AND RECOMMEND ENERGY~~  
2 ~~EFFICIENCY PROGRAMS THAT ARE DESIGNED TO ACCOMPLISH ONE OR MORE OF~~  
3 ~~THE FOLLOWING OBJECTIVES:~~

4           (1)     ~~TO TRANSFORM MARKETS, SO THAT ENERGY EFFICIENT PRODUCTS~~  
5 ~~AND SERVICES THAT ARE NOT BROADLY AVAILABLE AND USED BY MARYLAND~~  
6 ~~CONSUMERS BECOME STANDARD PRODUCT OFFERINGS;~~

7           (2)     ~~TO CAPTURE OPPORTUNITIES OTHERWISE LOST FOR~~  
8 ~~COST EFFECTIVE ENERGY EFFICIENT DESIGNS, MATERIALS, AND EQUIPMENT~~  
9 ~~WHEN HOMES AND BUILDINGS ARE BUILT, REMODELED, OR RENOVATED AND WHEN~~  
10 ~~EQUIPMENT IS REPLACED;~~

11          (3)     ~~TO REDUCE PEAK DEMAND FOR ELECTRICITY AND IMPROVE~~  
12 ~~SERVICE RELIABILITY FOR ALL CUSTOMERS THROUGH ENERGY EFFICIENCY~~  
13 ~~MEASURES THAT ARE ESPECIALLY EFFECTIVE AT REDUCING PEAK SYSTEM~~  
14 ~~DEMANDS;~~

15          (4)     ~~TO REDUCE PEAK DEMAND AND SEASONAL PRICE VOLATILITY FOR~~  
16 ~~NATURAL GAS;~~

17          (5)     ~~TO ENSURE THAT LOW INCOME CUSTOMERS CAN FULLY~~  
18 ~~PARTICIPATE IN OPPORTUNITIES TO SAVE ENERGY AND REDUCE THEIR ENERGY~~  
19 ~~COSTS; AND~~

20          (6)     ~~TO ENCOURAGE THE DEVELOPMENT OF COMMERCIALY VIABLE~~  
21 ~~RENEWABLE ENERGY RESOURCES IN THE STATE.~~

22       (C)     ~~THE PLAN SHALL CONTAIN:~~

23           (1)     ~~RELEVANT BASELINE INFORMATION AS MAY BE AVAILABLE~~  
24 ~~REGARDING ENERGY SALES AND CONSUMPTION, PATTERNS OF ENERGY USAGE, AND~~  
25 ~~PREVAILING PRACTICES IN THE MARYLAND MARKETPLACE FOR GOODS AND~~  
26 ~~SERVICES THAT INFLUENCE ENERGY CONSUMPTION, TOGETHER WITH PLANS FOR~~  
27 ~~SUPPLEMENTING AVAILABLE BASELINE INFORMATION WITH NEW DATA;~~

28           (2)     ~~COST EFFECTIVE ENERGY EFFICIENCY PROGRAMS RECOMMENDED~~  
29 ~~FOR IMPLEMENTATION, INCLUDING:~~

30           (I)     ~~MARKET TRANSFORMATION PROGRAMS AND~~  
31 ~~LOST OPPORTUNITY PROGRAMS IN AREAS SUCH AS RESIDENTIAL APPLIANCES,~~  
32 ~~LIGHTING, WINDOWS, INSULATION, HEATING, AIR CONDITIONING, AND NEW HOME~~  
33 ~~CONSTRUCTION;~~

34           (II)    ~~ENERGY PERFORMANCE CONTRACT PROGRAMS WITH OPEN~~  
35 ~~AND COMPETITIVE ACCESS TO ENERGY EFFICIENCY FUNDS; AND~~

36           (III)   ~~OTHER ENERGY EFFICIENCY PROGRAMS NECESSARY TO~~  
37 ~~ADDRESS THE SPECIALIZED NEEDS OF FARMERS, TENANTS, LOW INCOME~~  
38 ~~CONSUMERS, OR OTHER RESIDENTIAL CUSTOMER GROUPS;~~

1           (3)     GOALS, MILESTONES, PERFORMANCE INDICATORS, AND BUDGETS  
2 FOR EACH ENERGY EFFICIENCY PROGRAM RECOMMENDED FOR IMPLEMENTATION;

3           (4)     PROCEDURES FOR GATHERING INFORMATION ON THE EFFECTS OF  
4 EACH RECOMMENDED ENERGY EFFICIENCY PROGRAM;

5           (5)     AN EVALUATION OF EACH RECOMMENDED ENERGY EFFICIENCY  
6 PROGRAM, INCLUDING AN ASSESSMENT OF ITS COST EFFECTIVENESS;

7           (6)     THE VIEWS AND RECOMMENDATIONS, IF ANY, OF THE BOARD;

8           (7)     A LIST OF RESIDENTIAL ENERGY EFFICIENCY PROGRAMS  
9 INDEPENDENTLY UNDERTAKEN BY AN ELECTRIC OR GAS COMPANY WITH  
10 COMMISSION APPROVAL UNDER § 7-211 OF THIS TITLE; AND

11          (8)     A DEMONSTRATION THAT ANY ENERGY EFFICIENCY PROGRAM  
12 RECOMMENDED UNDER THIS SECTION DOES NOT DUPLICATE AND IS NOT  
13 INCONSISTENT WITH THE OBJECTIVES OF A RESIDENTIAL ENERGY EFFICIENCY  
14 PROGRAM APPROVED UNDER § 7-211 OF THIS TITLE.

15    (D)     THE PLAN SHALL PROVIDE THAT:

16          (1)     ENERGY EFFICIENCY PROGRAMS ARE OFFERED TO RESIDENTIAL  
17 RETAIL ELECTRIC CUSTOMERS AND RESIDENTIAL RETAIL GAS CUSTOMERS IN AREAS  
18 OF THE STATE WHERE THE CHARGE IS COLLECTED;

19          (2)     EACH RECOMMENDED ENERGY EFFICIENCY PROGRAM WILL YIELD  
20 NET SAVINGS OF ENERGY;

21          (3)     FUNDS DERIVED FROM RESIDENTIAL RETAIL ELECTRIC CUSTOMERS  
22 SHALL BE DISBURSED FOR ENERGY EFFICIENCY PROGRAMS TO SERVE THOSE  
23 CUSTOMERS AND FUNDS DERIVED FROM RESIDENTIAL RETAIL GAS CUSTOMERS  
24 SHALL BE DISBURSED FOR ENERGY EFFICIENCY PROGRAMS TO SERVE THOSE  
25 CUSTOMERS;

26          (4)     AT LEAST 5% OF EACH OF THE FUNDS DERIVED FROM RESIDENTIAL  
27 RETAIL ELECTRIC CUSTOMERS AND RESIDENTIAL RETAIL GAS CUSTOMERS,  
28 RESPECTIVELY, SHALL BE DIRECTED TOWARD ENERGY EFFICIENCY PROGRAMS TO  
29 SERVE LOW INCOME RESIDENTIAL ELECTRIC CUSTOMERS AND LOW INCOME  
30 RESIDENTIAL GAS CUSTOMERS, RESPECTIVELY;

31          (5)     ANY ENERGY EFFICIENCY PROGRAM FOUND TO BE NO LONGER  
32 COST EFFECTIVE SHALL NOT BE CONTINUED; AND

33          (6)     INVESTMENTS IN ENERGY EFFICIENCY PROGRAMS IN THE SERVICE  
34 AREA OF EACH ELECTRIC COMPANY, GAS COMPANY, AND PARTICIPATING MUNICIPAL  
35 CORPORATION OR COOPERATIVE WILL BEAR A REASONABLE RELATIONSHIP TO THE  
36 AMOUNT OF FUNDS DEPOSITED IN THE ENERGY SAVING INVESTMENT FUND BY THE  
37 COMPANY, MUNICIPAL CORPORATION, OR COOPERATIVE.



~~1 (E) FOR PURPOSES OF DETERMINING WHETHER AN ENERGY EFFICIENCY  
2 PROGRAM IS COST EFFECTIVE, BENEFITS OF THE ENERGY EFFICIENCY PROGRAM  
3 INCLUDE THE MONETARY VALUE OF ELECTRICITY, NATURAL GAS, AND WATER  
4 SAVED AS A RESULT OF THE ENERGY EFFICIENCY PROGRAM.~~

~~5 (F) FOR PURPOSES OF PRIORITIZING ENERGY EFFICIENCY PROGRAM  
6 IMPLEMENTATION:~~

~~7 (1) AN APPROPRIATE RANGE OF MONETARY VALUE SHALL BE ASSIGNED  
8 TO EACH EXTERNALITY ASSOCIATED WITH THE ENERGY EFFICIENCY PROGRAM; AND~~

~~9 (2) OTHER FACTORS BEING EQUAL, EMPHASIS SHALL BE GIVEN TO  
10 ENERGY EFFICIENCY PROGRAMS THAT REDUCE PEAK DEMANDS FOR ELECTRICITY  
11 OR NATURAL GAS.~~

~~12 (G) THE ADMINISTRATION SHALL ANNUALLY DETERMINE THE AMOUNT OF  
13 FUNDS NECESSARY TO IMPLEMENT ENERGY EFFICIENCY PROGRAMS APPROVED BY  
14 THE COMMISSION AND SHALL OBTAIN THE FUNDS FROM THE ENERGY SAVINGS  
15 INVESTMENT FUND ON REQUEST TO THE STATE TREASURER.~~

~~16 (H) (1) WHEN THE ADMINISTRATION SUBMITS THE PLAN OR UPDATE TO  
17 THE COMMISSION, THE COMMISSION SHALL REVIEW THE PLAN OR UPDATE, AND  
18 SHALL PROVIDE AN OPPORTUNITY FOR INTERESTED PARTIES TO COMMENT ON THE  
19 PLAN OR UPDATE. THE COMMISSION SHALL ISSUE A FINAL ORDER BASED ON ITS  
20 REVIEW WITHIN 90 DAYS AFTER RECEIVING THE PLAN OR UPDATE. IF THE  
21 COMMISSION DOES NOT ISSUE A FINAL ORDER ON THE PLAN, THE PLAN SHALL BE  
22 DEEMED APPROVED AS SUBMITTED ON THE 91ST DAY AFTER THE COMMISSION  
23 RECEIVES THE PLAN.~~

~~24 (2) THE COMMISSION SHALL APPROVE THE PLAN UNLESS IT FINDS  
25 THAT THE PLAN:~~

~~26 (I) IS INCONSISTENT WITH THE PURPOSES STATED IN § 7-802(B) OF  
27 THIS SUBTITLE;~~

~~28 (II) IS INCONSISTENT WITH THE OBJECTIVES STATED IN  
29 SUBSECTION (B) OF THIS SECTION; OR~~

~~30 (III) FAILS TO MEET THE PROVISIONS OF SUBSECTION (E) OF THIS  
31 SECTION.~~

~~32 (3) AS PART OF ITS FINAL ORDER, THE COMMISSION MAY MODIFY OR  
33 REJECT ANY ENERGY EFFICIENCY PROGRAM RECOMMENDED FOR  
34 IMPLEMENTATION IF IT FINDS THAT THE ENERGY EFFICIENCY PROGRAM IS NOT  
35 COST EFFECTIVE.~~

~~36 (4) WITHIN 60 DAYS AFTER ANY FINAL ORDER REJECTING OR  
37 MODIFYING THE PLAN OR UPDATE OR ANY ENERGY EFFICIENCY PROGRAM  
38 RECOMMENDED IN THE PLAN OR UPDATE, THE ADMINISTRATION MAY FILE WITH  
39 THE COMMISSION A SUPPLEMENT TO THE PLAN SEEKING TO REMEDY ANY DEFECT~~

1 IN THE PRIOR SUBMISSION IDENTIFIED IN THE ORDER OF THE COMMISSION. THE  
2 COMMISSION SHALL REVIEW THE SUPPLEMENT TO THE PLAN AND ISSUE A FINAL  
3 ORDER BASED ON ITS REVIEW WITHIN 60 DAYS AFTER RECEIVING THE SUPPLEMENT.  
4 IF THE COMMISSION DOES NOT ISSUE A FINAL ORDER ON THE SUPPLEMENT, THE  
5 SUPPLEMENT SHALL BE DEEMED APPROVED AS SUBMITTED ON THE 61ST DAY  
6 AFTER THE COMMISSION RECEIVES THE SUPPLEMENT.

7 ~~(F) THE ADMINISTRATION SHALL:~~

8 ~~(1) MANAGE, SUPERVISE, AND ADMINISTER THE ENERGY EFFICIENCY~~  
9 ~~PROGRAMS IMPLEMENTED UNDER THE APPROVED PLAN;~~

10 ~~(2) ADOPT REGULATIONS NECESSARY TO ENSURE THAT THE~~  
11 ~~IMPLEMENTED ENERGY EFFICIENCY PROGRAMS CARRY OUT THE PURPOSES OF THE~~  
12 ~~PLAN; AND~~

13 ~~(3) DEVELOP PROCEDURES FOR MONITORING AND ASSESSING ALL~~  
14 ~~ENERGY EFFICIENCY PROGRAMS IMPLEMENTED UNDER THE APPROVED PLAN.~~

15 ~~7-806.~~

16 ~~(A) ON OR BEFORE OCTOBER 1, 2005, THE DIRECTOR OF THE ADMINISTRATION~~  
17 ~~SHALL CONVENE AN ENERGY SAVING INVESTMENT ADVISORY BOARD.~~

18 ~~(B) THE BOARD SHALL CONSIST OF THE FOLLOWING MEMBERS APPOINTED~~  
19 ~~TO FIXED TERMS BY THE ADMINISTRATION, AND SHALL INCLUDE:~~

20 ~~(1) A REPRESENTATIVE OF THE OFFICE OF PEOPLE'S COUNSEL,~~  
21 ~~SELECTED BY THE PEOPLE'S COUNSEL;~~

22 ~~(2) A REPRESENTATIVE OF THE STAFF OF THE COMMISSION, SELECTED~~  
23 ~~BY THE CHAIRMAN OF THE COMMISSION;~~

24 ~~(3) ONE REPRESENTATIVE OF EACH PARTICIPATING ELECTRIC~~  
25 ~~COMPANY, INCLUDING ONE REPRESENTATIVE OF EACH PARTICIPATING MUNICIPAL~~  
26 ~~CORPORATION AND EACH PARTICIPATING COOPERATIVE, SELECTED BY THE~~  
27 ~~RESPECTIVE ELECTRIC COMPANY, MUNICIPAL CORPORATION, AND COOPERATIVE;~~

28 ~~(4) ONE REPRESENTATIVE OF EACH PARTICIPATING GAS COMPANY,~~  
29 ~~SELECTED BY THE RESPECTIVE GAS COMPANY;~~

30 ~~(5) ONE REPRESENTATIVE OF A UNIT OF STATE GOVERNMENT THAT~~  
31 ~~ADMINISTERS A WEATHERIZATION PROGRAM THAT SERVES LOW INCOME~~  
32 ~~RESIDENTS, SELECTED BY THE SECRETARY OF THAT UNIT OF STATE GOVERNMENT;~~  
33 ~~AND~~

34 ~~(6) TWO REPRESENTATIVES OF NOT FOR PROFIT ORGANIZATIONS~~  
35 ~~CONCERNED WITH ENERGY AND ENVIRONMENTAL POLICY AND ONE~~  
36 ~~REPRESENTATIVE OF A NOT FOR PROFIT ORGANIZATION THAT SERVES~~  
37 ~~LOW INCOME RESIDENTS.~~

1 ~~(C) NOTWITHSTANDING SUBSECTION (B)(3) AND (4) OF THIS SECTION, A GAS~~  
2 ~~AND ELECTRIC COMPANY SHALL ONLY HAVE ONE REPRESENTATIVE ON THE BOARD.~~

3 ~~(D) THE BOARD SHALL PROVIDE THE ADMINISTRATION WITH REVIEW AND~~  
4 ~~COMMENT ON:~~

5 ~~(1) DRAFT AND FINAL VERSIONS OF THE PLAN, PLAN UPDATES, AND~~  
6 ~~PLAN SUPPLEMENTS;~~

7 ~~(2) GOALS, MILESTONES, BUDGETS, AND PERFORMANCE INDICATORS~~  
8 ~~FOR EACH ENERGY EFFICIENCY PROGRAM IN THE PLAN, ON A SEMIANNUAL BASIS;~~

9 ~~(3) RECOMMENDATIONS FOR PROSPECTIVE ENERGY EFFICIENCY~~  
10 ~~PROGRAMS; AND~~

11 ~~(4) OTHER MATTERS CONCERNING THE ENERGY SAVING INVESTMENT~~  
12 ~~PROGRAM THAT THE BOARD CHOOSES TO ADDRESS.~~

13 ~~(E) NOTHING IN THIS SECTION AUTHORIZES THE BOARD TO APPROVE OR~~  
14 ~~DISAPPROVE ENERGY EFFICIENCY PROGRAMS, EXPENDITURES, THE SELECTION OF~~  
15 ~~CONTRACTORS, THE LEVEL OF THE CHARGE, OR ANY OTHER RESPONSIBILITY OF~~  
16 ~~THE ADMINISTRATION OR THE COMMISSION UNDER THIS SUBTITLE.~~

17 ~~7-807.~~

18 ~~THE ADMINISTRATION MAY CONTRACT WITH ONE OR MORE~~  
19 ~~NONGOVERNMENTAL ENTITIES FOR ASSISTANCE IN CARRYING OUT ITS~~  
20 ~~RESPONSIBILITIES UNDER THIS SUBTITLE.~~

21 ~~7-808.~~

22 ~~(A) ON OR BEFORE MARCH 30, 2007, AND MARCH 30 OF EACH SUCCEEDING~~  
23 ~~YEAR THROUGH 2014, THE ADMINISTRATION SHALL, IN COOPERATION WITH THE~~  
24 ~~COMPTROLLER, SUBMIT AN ANNUAL REPORT ON THE FUND TO THE GENERAL~~  
25 ~~ASSEMBLY, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE.~~

26 ~~(B) THE REPORT SHALL INCLUDE:~~

27 ~~(1) AN ACCOUNTING OF ALL FUNDS DEPOSITED TO AND DISBURSED~~  
28 ~~FROM THE FUND;~~

29 ~~(2) A DESCRIPTION OF ENERGY EFFICIENCY PROGRAMS PROPOSED,~~  
30 ~~UNDERWAY, OR COMPLETED; AND~~

31 ~~(3) A SUMMARY OF ENERGY EFFICIENCY PROGRAM RESULTS,~~  
32 ~~EXPRESSED, AS APPLICABLE, IN TERMS OF ENERGY SAVINGS, COST SAVINGS TO~~  
33 ~~CONSUMERS, POLLUTION PREVENTION, AND MARKET EFFECTS.~~

1 ~~7-809.~~

2 ~~ANY UNCOMMITTED FUNDS REMAINING IN THE FUND AT THE END OF~~  
3 ~~SEPTEMBER 30, 2015, SHALL BE RETURNED TO RESIDENTIAL ELECTRIC AND GAS~~  
4 ~~CONSUMERS IN A MANNER PRESCRIBED BY THE COMMISSION.~~

5 7-211.

6 (a) (1) ON OR BEFORE OCTOBER 1, 2005, THE MARYLAND ENERGY  
7 ADMINISTRATION SHALL DEVELOP AND SUBMIT TO THE COMMISSION A PLAN OF  
8 PROGRAMS AND SERVICES TO ENCOURAGE AND PROMOTE THE EFFICIENT USE AND  
9 CONSERVATION OF ENERGY BY CONSUMERS, GAS COMPANIES, AND ELECTRIC  
10 COMPANIES.

11 (2) EACH PLAN OR UPDATE TO THE PLAN SHALL CONTAIN  
12 COST-EFFECTIVE RESIDENTIAL ENERGY EFFICIENCY PROGRAMS SUFFICIENT TO  
13 ACHIEVE, IF IMPLEMENTED, ANNUAL ENERGY SAVINGS OF AT LEAST:

14 (I) 0.5% OF THE TOTAL RESIDENTIAL ELECTRICITY CONSUMPTION  
15 IN THE STATE IN THE YEAR IMMEDIATELY PRECEDING SUBMISSION OF THE PLAN OR  
16 UPDATE; AND

17 (II) 0.5% OF THE TOTAL RESIDENTIAL NATURAL GAS CONSUMPTION  
18 IN THE STATE IN THE YEAR IMMEDIATELY PRECEDING SUBMISSION OF THE PLAN OR  
19 UPDATE.

20 (3) FOR THE PURPOSES OF PARAGRAPH (2) OF THIS SUBSECTION ONLY,  
21 THE PROJECTED ENERGY SAVINGS ATTRIBUTED TO ALL ENERGY EFFICIENCY  
22 PROGRAMS CONTAINED IN THE PLAN SHALL CONSIST OF THE INCREMENTAL  
23 SAVINGS PRESENTED BY THE PROGRAMS WITHOUT CONSIDERING ENERGY SAVINGS  
24 FROM PREVIOUSLY IMPLEMENTED PROGRAMS.

25 (4) (I) WITHIN 120 DAYS AFTER RECEIVING A PLAN OR PLAN UPDATE,  
26 THE COMMISSION SHALL:

27 1. REVIEW THE PLAN OR PLAN UPDATE; AND

28 2. A. APPROVE OR DISAPPROVE ALL OF THE PLAN OR  
29 PLAN UPDATE; OR

30 B. APPROVE A PORTION OF THE PLAN OR PLAN UPDATE.

31 (II) FOR GOOD CAUSE, THE COMMISSION MAY EXTEND ITS PERIOD  
32 OF REVIEW AND APPROVAL OF A PLAN OR UPDATE FOR AN ADDITIONAL PERIOD NOT  
33 EXCEEDING 60 DAYS.

34 (5) EVERY 2 YEARS THE ADMINISTRATION SHALL:

35 (I) UPDATE THE PLAN; AND

1 (II) SUBMIT THE UPDATE TO THE COMMISSION FOR REVIEW AND  
2 APPROVAL ON OR BEFORE OCTOBER 1 OF EACH ODD-NUMBERED YEAR.

3 (B) Subject to review and approval by the Commission, each gas company and  
4 electric company shall develop and implement programs and services to encourage  
5 and promote the efficient use and conservation of energy by consumers, gas  
6 companies, and electric companies.

7 (C) AN INTERESTED PERSON MAY SUBMIT AN ENERGY EFFICIENCY PROGRAM  
8 FOR THE COMMISSION'S CONSIDERATION.

9 (D) ANY PROPOSAL FOR AN ENERGY EFFICIENCY PROGRAM SUBMITTED TO  
10 THE COMMISSION SHALL INCLUDE ONE OR MORE PROPOSED COST-EFFECTIVENESS  
11 TESTS AND INFORMATION ADDRESSING THE CONSIDERATIONS IN SUBSECTION (F)  
12 OF THIS SECTION.

13 [(b)] (E) The Commission shall:

14 (1) require each gas company and electric company to establish any  
15 program or service that the Commission deems appropriate and cost effective to  
16 encourage and promote the efficient use and conservation of energy;

17 (2) adopt rate-making policies that provide cost recovery and, in  
18 appropriate circumstances, reasonable financial incentives for gas companies and  
19 electric companies to establish programs and services that encourage and promote the  
20 efficient use and conservation of energy; and

21 (3) ensure that adoption of electric customer choice under Subtitle 5 of  
22 this title does not adversely impact the continuation of cost effective energy  
23 conservation and efficiency programs.

24 [(c)] (F) [(1) On or before February 1, 2001, the Commission, in consultation  
25 with the Maryland Energy Administration, shall report, subject to § 2-1246 of the  
26 State Government Article, to the General Assembly on:

27 (i) the status of programs and services to encourage and promote  
28 the efficient use and conservation of energy; and

29 (ii) a recommendation for the appropriate funding level to  
30 adequately fund these programs and services.

31 (2)] In determining whether a program or service encourages and  
32 promotes the efficient use and conservation of energy, the Commission shall consider,  
33 among other factors:

34 (i) the impact on jobs;

35 (ii) the impact on the environment;

36 (iii) THE IMPACT ON CONSUMER ENERGY BILLS;

1 (IV) the impact on rates; and

2 [(iv)] (V) [the] cost-effectiveness.

3 (G) (1) EVERY 2 YEARS BEGINNING IN 2006, ON OR BEFORE FEBRUARY 1, IN  
4 CONSULTATION WITH THE MARYLAND ENERGY ADMINISTRATION, THE COMMISSION  
5 SHALL PREPARE AND SUBMIT A REPORT TO THE GENERAL ASSEMBLY, IN  
6 ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE.

7 (2) THE REPORT SHALL INCLUDE:

8 (I) THE STATUS OF PROGRAMS AND SERVICES TO ENCOURAGE  
9 AND PROMOTE THE EFFICIENT USE AND CONSERVATION OF ENERGY;

10 (II) PLANS SUBMITTED AND APPROVED UNDER THIS SECTION,  
11 INCLUDING APPROVED PROGRAMS AND SERVICES;

12 (III) COST-EFFECTIVENESS TESTS USED BY THE COMMISSION; AND

13 (IV) A RECOMMENDATION FOR THE APPROPRIATE FUNDING LEVEL  
14 AND METHODS TO ADEQUATELY FUND APPROVED PROGRAMS AND SERVICES.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
16 effect July 1, 2005. ~~It shall remain effective for a period of 10 years and 9 months and,~~  
17 ~~at the end of March 31, 2016, with no further action required by the General~~  
18 ~~Assembly, this Act shall be abrogated and of no further force and effect.~~