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By: **Delegates Taylor, Barkley, Barve, Bobo, Bronrott, Burns, Cardin, Conroy, Feldman, Frush, Gilleland, Heller, Hubbard, Kaiser, Kirk, Krysiak, Lee, Madaleno, Mandel, McDonough, McHale, Moe, Morhaim, Murray, Niemann, Pugh, Ramirez, and Vaughn**

Introduced and read first time: January 30, 2006

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Community Energy and Economic Development Grant Program**

3 FOR the purpose of establishing the Community Energy and Economic Development  
4 Grant Program; providing for the purpose of the Program; requiring the  
5 Maryland Energy Administration to manage, supervise, and administer the  
6 Program; requiring the Administration to adopt certain regulations;  
7 establishing eligibility requirements, application procedures, and  
8 documentation requirements for grants from the Program; limiting the amount  
9 of grants from the Program; requiring the Secretary of Natural Resources, in  
10 consultation with the Director of the Administration, to coordinate the  
11 preparation of a budget to support the Program; establishing a Community  
12 Energy and Economic Development Grant Program Fund; limiting the uses of  
13 the Fund; establishing the composition of the Fund from sources including the  
14 environmental surcharge; providing for the investment of money in the Fund;  
15 requiring the Governor to make a certain appropriation to the Fund each year;  
16 providing for a certain transfer of money to the Fund; requiring the Public  
17 Service Commission to include certain funding for the Program in setting the  
18 level of the environmental surcharge; requiring the Administration to report to  
19 the General Assembly on or before a certain date; and generally relating to the  
20 Community Energy and Economic Development Grant Program.

21 BY repealing and reenacting, with amendments,  
22 Article - Natural Resources  
23 Section 3-302  
24 Annotated Code of Maryland  
25 (2005 Replacement Volume and 2005 Supplement)

26 BY repealing and reenacting, with amendments,  
27 Article - Public Utility Companies  
28 Section 7-203  
29 Annotated Code of Maryland

1 (1998 Volume and 2005 Supplement)

2 BY adding to

3 Article - State Government

4 Section 9-21A-01 through 9-21A-11, inclusive, to be under the new subtitle

5 "Subtitle 21A. Community Energy and Economic Development Grant

6 Program"

7 Annotated Code of Maryland

8 (2004 Replacement Volume and 2005 Supplement)

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

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

11 **Article - Natural Resources**

12 3-302.

13 (a) There is an Environmental Trust Fund. For the purpose of this subtitle,  
14 there is established as an added cost of electricity distributed to retail electric  
15 customers within the State, an environmental surcharge per kilowatt hour of electric  
16 energy distributed in the State to be paid by any electric company as defined in §  
17 1-101 of the Public Utility Companies Article. The Public Service Commission shall  
18 impose the surcharge per kilowatt hour of electric energy distributed to retail electric  
19 customers within the State and shall authorize the electric companies to add the full  
20 amount of the surcharge to retail electric customers' bills. To the extent that the  
21 surcharge is not collected from retail electric customers, the surcharge shall be  
22 deemed a cost of distribution and shall be allowed and computed as such, together  
23 with other allowable expenses, for rate-making purposes. Revenues from the  
24 surcharge shall be collected by the Comptroller and placed in the Fund.

25 (b) (1) The Secretary, in consultation with the Director of the Maryland  
26 Energy Administration, annually shall coordinate the preparation of a budget  
27 required to carry out the provisions of this subtitle AND TO SUPPORT THE  
28 COMMUNITY ENERGY AND ECONOMIC DEVELOPMENT GRANT PROGRAM UNDER  
29 TITLE 9, SUBTITLE 21A OF THE STATE GOVERNMENT ARTICLE. Upon approval of the  
30 budget by the General Assembly, the Public Service Commission shall establish the  
31 amount of the surcharge per kilowatt hour for the fiscal year beginning July 1, 1972,  
32 and for each subsequent fiscal year.

33 (2) Notwithstanding any other provisions of this subtitle, the amount of  
34 the surcharge for each account for each retail electric customer may not exceed the  
35 lesser of 0.15 mill per kilowatt hour or \$1,000 per month and the surcharge may not  
36 continue beyond fiscal year 2010.

37 (3) The Comptroller shall maintain the method of collection of the  
38 surcharge from the companies and the collections shall accrue to the Fund. The  
39 Department shall credit against the amount required to be paid into the  
40 Environmental Trust Fund by each electric company an amount equal to 0.75% of the

1 total surcharge attributed to each company on the basis of the electricity distributed  
2 within Maryland.

3 (c) (1) The Secretary shall administer the Fund. The Fund is subject to the  
4 provisions for financial management and budgeting established by the Department of  
5 Budget and Management. Any investment earnings of the Fund shall be credited to  
6 the General Fund of the State. The Fund is a special, nonlapsing fund that is not  
7 subject to § 7-302 of the State Finance and Procurement Article. Except as provided  
8 in paragraph (2) of this subsection, the moneys in the Fund shall be used to carry out  
9 the provisions of this subtitle as provided for in the budget, except that 10% of all  
10 moneys accruing to the Fund from July 1, 1978 through June 30, 1983 shall be used  
11 to supplement funds necessary to carry out the duties of the People's Counsel of the  
12 Public Service Commission. The People's Counsel shall submit an annual budget of  
13 necessary supplemental funds to the Department to be incorporated in the  
14 Department's budget. For the purposes of this subtitle, the Secretary, in consultation  
15 with the Director of the Maryland Energy Administration, may execute appropriate  
16 contracts with any State or federal agency, research organization, industry, or  
17 academic institution to conduct the necessary research, construct or acquire, or both,  
18 real property including physical predictive models, laboratories, buildings, land, and  
19 appurtenances, or support the technological development of extraordinary systems  
20 related to power plants designed to minimize environmental impact. The Secretary  
21 may utilize available expertise in any other State unit in the development, execution,  
22 and management of contracts and agreements on projects relating to their areas of  
23 prime responsibility.

24 (2) (I) Moneys in the Fund may be used for administrative costs  
25 calculated in accordance with § 1-103(b)(2) of this article.

26 (II) \$2,000,000 FROM THE FUND SHALL BE DEPOSITED EACH YEAR  
27 IN THE COMMUNITY ENERGY AND ECONOMIC DEVELOPMENT GRANT FUND.

28 (d) (1) The Maryland Energy Administration shall receive administrative  
29 and fiscal support from the Fund for studies relating to the conservation or  
30 production of electric energy.

31 (2) Fiscal support to the Maryland Energy Administration from the  
32 Fund may not exceed \$250,000 in any fiscal year.

33 (e) The Legislative Auditor shall conduct post audits of a fiscal and  
34 compliance nature of the Fund and of the appropriations and expenditures made for  
35 the purposes of this subtitle. The cost of the fiscal portion of the post audit  
36 examinations shall be an operating cost of the Fund.

### 37 **Article - Public Utility Companies**

38 7-203.

39 (a) (1) The Commission shall:

1 (i) impose an environmental surcharge per kilowatt hour of  
2 electricity distributed to retail electric customers within the State; and

3 (ii) authorize each electric company to add the full amount of the  
4 surcharge to its customers' bills.

5 (2) To the extent that an electric company fails to collect the surcharge  
6 from its customers, the amount uncollected shall be deemed a cost of power  
7 distribution and allowed and computed as such together with other allowable  
8 expenses for purposes of rate-making.

9 (b) (1) The Comptroller shall collect the revenue from the surcharge  
10 imposed under subsection (a) of this section and place the revenue into a special fund,  
11 the Environmental Trust Fund.

12 (2) The Comptroller shall maintain the method of collection of the  
13 surcharge from each electric company, and the money collected shall accrue to the  
14 Fund.

15 (c) (1) Each fiscal year, the Secretary of Natural Resources shall coordinate  
16 the preparation of the annual budget required to carry out the provisions of the Power  
17 Plant Research Program under Title 3, Subtitle 3 of the Natural Resources Article  
18 AND THE COMMUNITY ENERGY AND ECONOMIC DEVELOPMENT GRANT PROGRAM  
19 UNDER TITLE 9, SUBTITLE 21 OF THE STATE GOVERNMENT ARTICLE.

20 (2) Each fiscal year, on approval of the annual [budget] BUDGETS by the  
21 General Assembly for the Power Plant Research Program AND THE COMMUNITY  
22 ENERGY AND ECONOMIC DEVELOPMENT GRANT PROGRAM, the Commission shall  
23 establish the amount of the environmental surcharge per kilowatt hour of electric  
24 energy distributed in the State that is to be imposed on each electric company in  
25 accordance with subsection (a) of this section.

26 (d) (1) Notwithstanding any other provision of this subtitle, the amount of  
27 the surcharge for each account of each retail electric customer may not exceed the  
28 lesser of 0.15 mill per kilowatt hour or \$1,000 per month.

29 (2) The Department of Natural Resources shall credit against the  
30 amount the Commission requires each electric company to pay into the  
31 Environmental Trust Fund 0.75% of the total surcharge amount attributed to the  
32 electric company on the basis of the amount of the electricity distributed in the State.

33 (e) To the extent that the Commission requires an electric company to report  
34 the total estimated kilowatt hours of electricity distributed in the State in order to  
35 calculate the surcharge under subsection (a)(1) of this section, a small rural electric  
36 cooperative described in § 7-502(a) of this title may satisfy the requirement by  
37 submitting to the Commission an estimate made in accordance with a formula  
38 approved by the Commission from information that the small rural electric  
39 cooperative submits to the rural utilities service that includes the required  
40 information.

1 (f) The surcharge imposed under this subtitle shall terminate on June 30,  
2 2010.

3 **Article - State Government**

4 SUBTITLE 21A. COMMUNITY ENERGY AND ECONOMIC DEVELOPMENT GRANT  
5 PROGRAM.

6 9-21A-01.

7 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
8 INDICATED.

9 (B) "ADMINISTRATION" MEANS THE MARYLAND ENERGY ADMINISTRATION.

10 (C) "FUND" MEANS THE COMMUNITY ENERGY AND ECONOMIC DEVELOPMENT  
11 GRANT FUND.

12 (D) "LOCAL JURISDICTION" MEANS A COUNTY OR MUNICIPAL CORPORATION  
13 OF THE STATE.

14 (E) "MINORITY BUSINESS ENTERPRISE" MEANS A BUSINESS TO WHICH § 9-305  
15 OF THIS TITLE APPLIES.

16 (F) "NONPROFIT ORGANIZATION" MEANS A CORPORATION, FOUNDATION,  
17 SCHOOL, HOSPITAL, OR OTHER LEGAL ENTITY, NO PART OF THE NET EARNINGS OF  
18 WHICH BENEFIT ANY PRIVATE SHAREHOLDER OR INDIVIDUAL HOLDING AN  
19 INTEREST IN THE ORGANIZATION.

20 (G) "PROGRAM" MEANS THE COMMUNITY ENERGY AND ECONOMIC  
21 DEVELOPMENT GRANT PROGRAM.

22 (H) "RENEWABLE SOURCE" MEANS A TIER 1 RENEWABLE SOURCE OR TIER 2  
23 RENEWABLE SOURCE, AS DEFINED IN § 7-701 OF THE PUBLIC UTILITY COMPANIES  
24 ARTICLE.

25 9-21A-02.

26 THERE IS A COMMUNITY ENERGY AND ECONOMIC DEVELOPMENT GRANT  
27 PROGRAM IN THE ADMINISTRATION.

28 9-21A-03.

29 THE PURPOSE OF THE PROGRAM IS TO PROVIDE GRANTS TO NONPROFIT  
30 ORGANIZATIONS AND LOCAL JURISDICTIONS THAT OPERATE COMMUNITY ENERGY  
31 PROGRAMS PROMOTING ENERGY EFFICIENCY, RENEWABLE ENERGY, AND  
32 INCREASED MARKET COMPETITION FOR ELECTRICITY PRODUCTS.

1 9-21A-04.

2 THE ADMINISTRATION SHALL:

3 (1) MANAGE, SUPERVISE, AND ADMINISTER THE PROGRAM;

4 (2) ADOPT REGULATIONS TO ENSURE THAT GRANTS ARE PROVIDED  
5 ONLY TO PROJECTS THAT CARRY OUT THE PURPOSE OF THE PROGRAM; AND

6 (3) ATTACH THE SPECIFIC TERMS TO ANY GRANT THAT THE  
7 ADMINISTRATION CONSIDERS NECESSARY TO ENSURE THAT THE PURPOSE OF THE  
8 PROGRAM IS FULFILLED.

9 9-21A-05.

10 IN FULFILLING THE REQUIREMENTS OF THIS SUBTITLE, THE ADMINISTRATION  
11 SHALL RECOGNIZE THE IMPORTANCE TO THE STATE OF ASSISTING RESIDENTS OF  
12 MODERATE INCOME, MINORITY BUSINESS ENTERPRISES, AND FARMERS.

13 9-21A-06.

14 TO RECEIVE A GRANT UNDER THIS SUBTITLE, A NONPROFIT ORGANIZATION OR  
15 LOCAL JURISDICTION SHALL DEMONSTRATE TO THE ADMINISTRATION THAT THE  
16 PROPOSED COMMUNITY ENERGY PROGRAM WILL:

17 (1) SELL ELECTRICITY FROM A RENEWABLE SOURCE TO RESIDENTS  
18 AND BUSINESSES IN A LOCAL JURISDICTION;

19 (2) OFFER ELECTRIC CUSTOMERS IN A LOCAL JURISDICTION AN  
20 OPPORTUNITY TO PURCHASE ELECTRICITY COLLECTIVELY;

21 (3) MAKE LOW-INTEREST LOANS TO RESIDENTS FOR THE  
22 INSTALLATION OF SOLAR OR GEOTHERMAL ELECTRIC GENERATORS ON THEIR  
23 PROPERTY;

24 (4) PROVIDE A CENTRALIZED INFORMATION SOURCE ON ENERGY  
25 ISSUES;

26 (5) PUBLICIZE THE ACTIONS OF BUSINESSES THAT PURCHASE  
27 ELECTRICITY FROM A RENEWABLE SOURCE;

28 (6) PROVIDE LOW-COST ENERGY EFFICIENCY CONSULTATION TO  
29 ELECTRIC CUSTOMERS;

30 (7) PROVIDE REBATES TO ELECTRIC CUSTOMERS FOR THE PURCHASE  
31 OF ENERGY-EFFICIENT APPLIANCES AND WINDOWS;

32 (8) FUND TRAINING PROGRAMS FOR TECHNICIANS OF RENEWABLE  
33 SOURCE POWER SYSTEMS;

1 (9) PROVIDE GRANTS FOR MINORITY BUSINESS ENTERPRISES AND  
2 MODERATE-INCOME RESIDENTS TO PURCHASE RENEWABLE SOURCE POWER  
3 SYSTEMS;

4 (10) PROVIDE GRANTS FOR MODERATE-INCOME RESIDENTS TO IMPROVE  
5 HOME ENERGY EFFICIENCY;

6 (11) PROVIDE GRANTS OR LOW-INTEREST LOANS TO FARMERS FOR THE  
7 INSTALLATION ON FARMS OF GENERATORS THAT PRODUCE ELECTRICITY FROM A  
8 RENEWABLE SOURCE; OR

9 (12) CARRY OUT THE PURPOSE OF THE PROGRAM IN A MANNER  
10 APPROVED BY THE ADMINISTRATION.

11 9-21A-07.

12 (A) (1) TO RECEIVE A GRANT UNDER THE PROGRAM, A NONPROFIT  
13 ORGANIZATION OR LOCAL JURISDICTION SHALL FILE AN APPLICATION WITH THE  
14 ADMINISTRATION.

15 (2) IF AN APPLICANT IS A LOCAL JURISDICTION, THE APPLICATION  
16 MUST BE SIGNED BY THE CHIEF ELECTED OFFICER OR, IF NONE, BY THE GOVERNING  
17 BODY OF THE LOCAL JURISDICTION.

18 (B) THE APPLICATION SHALL CONTAIN:

19 (1) A DESCRIPTION OF THE PROPOSED COMMUNITY ENERGY PROGRAM;

20 (2) THE PROJECTED COST OF THE PROPOSED COMMUNITY ENERGY  
21 PROGRAM;

22 (3) THE AMOUNT OF ENERGY, IF ANY, A PROPOSED COMMUNITY ENERGY  
23 PROGRAM IS EXPECTED TO SAVE OVER A DEFINED PERIOD OF TIME;

24 (4) THE AMOUNT OF ENERGY COST SAVINGS, IF ANY, A PROPOSED  
25 COMMUNITY ENERGY PROGRAM IS EXPECTED TO PRODUCE OVER A DEFINED  
26 PERIOD OF TIME;

27 (5) A DESCRIPTION OF THE APPLICANT'S CONTRIBUTION TO A  
28 PROPOSED COMMUNITY ENERGY PROGRAM AS REQUIRED BY § 9-21A-08 OF THIS  
29 SUBTITLE; AND

30 (6) ANY OTHER INFORMATION THE ADMINISTRATION CONSIDERS  
31 NECESSARY.

32 (C) THE ADMINISTRATION SHALL NOTIFY EACH APPLICANT OF ITS DECISION  
33 ON WHETHER TO AWARD A GRANT WITHIN 90 DAYS AFTER RECEIVING THE  
34 APPLICATION.

35 (D) A NONPROFIT ORGANIZATION OR LOCAL JURISDICTION RECEIVING A  
36 GRANT UNDER THIS SUBTITLE SHALL BEGIN THE COMMUNITY ENERGY PROGRAM

1 FOR WHICH THE GRANT IS AWARDED WITHIN 6 MONTHS AFTER RECEIVING THE  
2 GRANT.

3 9-21A-08.

4 (A) A GRANT AWARDED UNDER THE PROGRAM MAY NOT EXCEED \$1,000,000  
5 FOR THE DURATION OF THE GRANT.

6 (B) (1) TO RECEIVE A GRANT, A LOCAL JURISDICTION SHALL MAKE A  
7 MATCHING CONTRIBUTION TO THE COMMUNITY ENERGY PROGRAM BEING FUNDED  
8 BY THE GRANT.

9 (2) A GRANT TO A LOCAL JURISDICTION MAY NOT EXCEED FOUR TIMES  
10 THE AMOUNT OF THE MATCHING CONTRIBUTION BY THE LOCAL JURISDICTION.

11 9-21A-09.

12 THE ADMINISTRATION MAY REQUIRE A NONPROFIT ORGANIZATION OR LOCAL  
13 JURISDICTION RECEIVING A GRANT UNDER THIS SUBTITLE, BEFORE A DATE  
14 DETERMINED BY THE ADMINISTRATION WHEN AWARDING THE GRANT, TO  
15 DOCUMENT FOR THE ADMINISTRATION:

16 (1) THE COST OF THE COMMUNITY ENERGY PROGRAM;

17 (2) THE AMOUNT OF ENERGY THE COMMUNITY ENERGY PROGRAM HAS  
18 SAVED;

19 (3) THE AMOUNT OF ENERGY COST SAVINGS THE COMMUNITY ENERGY  
20 PROGRAM HAS PRODUCED; AND

21 (4) ANY OTHER INFORMATION THE ADMINISTRATION CONSIDERS  
22 NECESSARY.

23 9-21A-10.

24 (A) THERE IS A COMMUNITY ENERGY AND ECONOMIC DEVELOPMENT GRANT  
25 FUND.

26 (B) THE FUND MAY BE USED ONLY TO PAY THE EXPENSES OF THE PROGRAM  
27 AND TO PROVIDE GRANTS UNDER THE PROGRAM TO ELIGIBLE LOCAL  
28 JURISDICTIONS AND NONPROFIT ORGANIZATIONS.

29 (C) THE ADMINISTRATION SHALL ADMINISTER THE FUND.

30 (D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT  
31 TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

32 (2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND  
33 THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

34 (E) THE FUND CONSISTS OF:

1 (1) MONEY TRANSFERRED TO THE FUND FROM THE ENVIRONMENTAL  
2 TRUST FUND IN ACCORDANCE WITH § 3-302 OF THE NATURAL RESOURCES ARTICLE  
3 AND § 7-203 OF THE PUBLIC UTILITY COMPANIES ARTICLE;

4 (2) INVESTMENT EARNINGS OF THE FUND; AND

5 (3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE  
6 BENEFIT OF THE FUND.

7 (F) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN  
8 THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

9 (2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE PAID INTO  
10 THE FUND.

11 (G) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE  
12 WITH THE STATE BUDGET.

13 9-21A-11.

14 EACH YEAR THE GOVERNOR SHALL INCLUDE IN THE STATE BUDGET AN  
15 APPROPRIATION OF \$2,000,000 FOR THE FUND TO BE PAID FROM THE  
16 ENVIRONMENTAL SURCHARGE UNDER § 3-302 OF THE NATURAL RESOURCES  
17 ARTICLE AND § 7-203 OF THE PUBLIC UTILITY COMPANIES ARTICLE.

18 SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding §  
19 3-302(c)(2)(ii) of the Natural Resources Article, as enacted by this Act, for the fiscal  
20 year beginning July 1, 2006, \$1,000,000 shall be transferred from the Environmental  
21 Trust Fund to the Community Energy and Economic Development Grant Fund.

22 SECTION 3. AND BE IT FURTHER ENACTED, That the Maryland Energy  
23 Administration shall report to the General Assembly on or before January 1, 2009, in  
24 accordance with § 2-1246 of the State Government Article, on the implementation of  
25 this Act, including the number of grants that have been awarded, the amount of  
26 money that has been awarded, and the success of the programs awarded grants at  
27 fulfilling the purpose of the Community Energy and Economic Development Grant  
28 Program.

29 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
30 June 1, 2006.