

# HOUSE BILL 368

C5, M3

(8lr0230)

## **ENROLLED BILL**

*—Economic Matters / Finance—*

Introduced by **The Speaker (By Request - Administration) and Delegates McHale, Hecht, Mathias, Ali, Aumann, Barve, Bobo, Bronrott, Cardin, Carr, G. Clagett, Conway, Doory, Dumais, Eckardt, Elmore, Gilchrist, Haynes, Healey, Hixson, Howard, Hucker, James, Jones, Kaiser, Krebs, Lee, Love, Manno, Mizeur, Montgomery, Morhaim, Pena-Melnyk, Riley, Rosenberg, Shewell, Sophocleus, Stein, Tarrant, ~~and F. Turner~~ F. Turner, Burns, Feldman, Haddaway, Harrison, Kirk, and Krysiak**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.  
\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.  
\_\_\_\_\_  
Speaker.

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

- 1 AN ACT concerning
- 2 **Regional Greenhouse Gas Initiative - Maryland Strategic Energy Investment**
- 3 **Program**
- 4 FOR the purpose of repealing the Maryland Renewable Energy Fund and establishing
- 5 the Maryland Strategic Energy Investment Program in the Maryland Energy
- 6 Administration; establishing the purpose of the Program; establishing the
- 7 duties of the Administration under the Program; establishing the Maryland
- 8 Strategic Energy Investment Fund; providing that the Fund is a special,
- 9 nonlapsing fund not subject to a certain law; requiring the Treasurer to hold the

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

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

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

*Italics indicate opposite chamber / conference committee amendments.*



1 Fund and the Comptroller to account for the Fund; providing for the funding of  
2 the Fund; requiring the Administration to use the Fund for certain purposes,  
3 according to certain allocations; limiting the use of funds from certain  
4 compliance fees to certain purposes; requiring the Fund to be invested in a  
5 certain manner; requiring the investment earnings from the Fund and the  
6 repayment of principal and interest on loans made from the Fund to be paid to  
7 the Fund; requiring expenditures from the Fund to be made by certain  
8 appropriations or budget amendments; requiring that an expenditure from the  
9 Fund by budget amendment may be made only under certain circumstances;  
10 establishing the Strategic Energy Investment Advisory Board; providing for the  
11 membership and charge of the Board; requiring the Administration to disclose  
12 certain information regarding certain contracts in a certain manner; requiring  
13 the Administration to develop certain plans for expenditures from the Fund;  
14 requiring the Administration to hold certain public meetings; requiring the  
15 Administration to submit certain reports to the General Assembly; authorizing  
16 the Administration to enter into certain contracts with certain parties for  
17 certain purposes; prohibiting a person from knowingly making or causing to be  
18 made certain false statements; establishing that a certain violation is a  
19 misdemeanor; establishing certain penalties; requiring that certain proceeds  
20 from the sale of certain allowances be deposited in the Fund; providing for the  
21 transfer of certain moneys from the Maryland Renewable Energy Fund to the  
22 Maryland Strategic Energy Investment Fund; defining certain terms; providing  
23 for the initial terms of members of the Strategic Energy Investment Advisory  
24 Board; and generally relating to the Maryland Strategic Energy Investment  
25 Program.

26 BY repealing and reenacting, without amendments,  
27 Article – Public Utility Companies  
28 Section 7–701(a)  
29 Annotated Code of Maryland  
30 (1998 Volume and 2007 Supplement)

31 BY repealing and reenacting, with amendments,  
32 Article – Public Utility Companies  
33 Section 7–701(c) and 7–705(b)  
34 Annotated Code of Maryland  
35 (1998 Volume and 2007 Supplement)

36 BY repealing  
37 Article – Public Utility Companies  
38 Section 7–707  
39 Annotated Code of Maryland  
40 (1998 Volume and 2007 Supplement)

41 BY adding to  
42 Article – State Government

1 Section 9-20B-01 through ~~9-20B-07~~ ~~9-20B-10~~ ~~9-20B-12~~ to be under the new  
2 subtitle “Subtitle 20B. Maryland Strategic Energy Investment Program”  
3 Annotated Code of Maryland  
4 (2004 Replacement Volume and 2007 Supplement)

5 BY repealing and reenacting, without amendments,  
6 Article – Environment  
7 Section 2-107(a)  
8 Annotated Code of Maryland  
9 (2007 Replacement Volume and 2007 Supplement)

10 BY repealing and reenacting, with amendments,  
11 Article – Environment  
12 Section 2-107(b) and (c)(4) and 2-1002(g)  
13 Annotated Code of Maryland  
14 (2007 Replacement Volume and 2007 Supplement)

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

17 **Article – Public Utility Companies**

18 7-701.

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

20 (c) “Fund” means the [Maryland Renewable Energy Fund established under  
21 § 7-707 of this subtitle] **MARYLAND STRATEGIC ENERGY INVESTMENT FUND**  
22 **ESTABLISHED UNDER § 9-20B-05 OF THE STATE GOVERNMENT ARTICLE.**

23 7-705.

24 (b) If an electricity supplier fails to comply with the renewable energy  
25 portfolio standard for the applicable year, the electricity supplier shall pay into the  
26 [Maryland Renewable Energy Fund established under § 7-707 of this subtitle]  
27 **MARYLAND STRATEGIC ENERGY INVESTMENT FUND ESTABLISHED UNDER §**  
28 **9-20B-05 OF THE STATE GOVERNMENT ARTICLE:**

29 (1) except as provided in item (2) of this subsection, a compliance fee  
30 of:

31 (i) 2 cents for each kilowatt-hour of shortfall from required  
32 Tier 1 renewable sources other than the shortfall from the required Tier 1 renewable  
33 sources that is to be derived from solar energy;

1 (ii) the following amounts for each kilowatt-hour of shortfall  
2 from required Tier 1 renewable sources that is to be derived from solar energy:

- 3 1. 45 cents in 2008;
- 4 2. 40 cents in 2009 and 2010;
- 5 3. 35 cents in 2011 and 2012;
- 6 4. 30 cents in 2013 and 2014;
- 7 5. 25 cents in 2015 and 2016;
- 8 6. 20 cents in 2017 and 2018;
- 9 7. 15 cents in 2019 and 2020;
- 10 8. 10 cents in 2021 and 2022; and
- 11 9. 5 cents in 2023 and later; and

12 (iii) 1.5 cents for each kilowatt-hour of shortfall from required  
13 Tier 2 renewable sources; or

14 (2) for industrial process load:

15 (i) for each kilowatt-hour of shortfall from required Tier 1  
16 renewable sources, a compliance fee of:

- 17 1. 0.8 cents in 2006, 2007, and 2008;
- 18 2. 0.5 cents in 2009 and 2010;
- 19 3. 0.4 cents in 2011 and 2012;
- 20 4. 0.3 cents in 2013 and 2014;
- 21 5. 0.25 cents in 2015 and 2016; and
- 22 6. 0.2 cents in 2017 and later; and

23 (ii) nothing for any shortfall from required Tier 2 renewable  
24 sources.

25 [7-707.

26 (a) There is a Maryland Renewable Energy Fund.

1           (b)    The purpose of the Fund is to encourage the development of resources to  
2 generate renewable energy in the State.

3           (c)    Subject to oversight by the Commission, the Administration shall  
4 administer the Fund.

5           (d)    (1)   The Fund is a special, nonlapsing fund that is not subject to §  
6 7–302 of the State Finance and Procurement Article.

7                   (2)   The Treasurer shall hold the Fund separately and the Comptroller  
8 shall account for the Fund.

9           (e)    The Fund consists of:

10                   (1)   compliance fees paid under § 7–705 of this subtitle;

11                   (2)   payments received in repayment of a loan;

12                   (3)   investment earnings of the Fund; and

13                   (4)   any other money from any other source accepted for the benefit of  
14 the Fund.

15           (f)    (1)   (i)   Subject to subparagraph (ii) of this paragraph, the Fund  
16 may be used only to make loans and grants to support the creation of new Tier 1  
17 renewable sources in the State.

18                           (ii)   Compliance fees paid under § 7–705(b)(1)(ii) of this subtitle  
19 shall be accounted for separately within the Fund and may be used only to make loans  
20 and grants to support the creation of new solar energy sources in the State.

21                   (2)   By regulation the Commission shall adopt eligibility criteria for  
22 projects supported by the Fund.

23                   (3)   (i)   The Administration shall receive and review applications for  
24 loans and grants for eligible projects.

25                           (ii)   The Administration shall approve or disapprove applications  
26 for loans and grants from the Fund.

27                   (4)   (i)   Subject to subparagraph (ii) of this paragraph, the  
28 Commission may allow the use of money of the Fund for administrative expenses  
29 related to the Fund and project review and oversight.

30                           (ii)   The Administration and the Commission may not spend  
31 more than 10% of the funds placed in the Fund for administrative expenses.

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

3 (2) Any investment earnings of the Fund shall be credited to the Fund.

4 (h) (1) On or before February 1 of each year, the Administration, in  
5 consultation with the Commission, shall report to the Governor and, in accordance  
6 with § 2-1246 of the State Government Article, the General Assembly, on the status of  
7 the Fund.

8 (2) The report shall include:

9 (i) all amounts received by and disbursed from the Fund;

10 (ii) all amounts used by the Administration and the Commission  
11 for administrative purposes;

12 (iii) the evaluation criteria used by the Administration in  
13 making loans and grants from the Fund and in selecting recipients of those loans and  
14 grants;

15 (iv) the number and amounts of loans and grants made in the  
16 preceding calendar year;

17 (v) the status of loans pending as of the end of the preceding  
18 calendar year;

19 (vi) the allocation of disbursements for development of new solar  
20 and other Tier 1 renewable sources;

21 (vii) the projected receipts of the Fund in the current calendar  
22 year; and

23 (viii) plans for the use of resources of the Fund in the current  
24 calendar year.]

## 25 Article – State Government

### 26 SUBTITLE 20B. MARYLAND STRATEGIC ENERGY INVESTMENT PROGRAM.

#### 27 9-20B-01.

28 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
29 INDICATED.

1           (B) “ADMINISTRATION” MEANS THE MARYLAND ENERGY  
2 ADMINISTRATION.

3           (C) “BOARD” MEANS THE STRATEGIC ENERGY INVESTMENT ADVISORY  
4 BOARD ESTABLISHED UNDER § 9-20B-07 OF THIS SUBTITLE.

5           (D) “FUND” MEANS THE MARYLAND STRATEGIC ENERGY INVESTMENT  
6 FUND.

7           ~~(D)~~ (E) “PROGRAM” MEANS THE MARYLAND STRATEGIC ENERGY  
8 INVESTMENT PROGRAM.

9 9-20B-02.

10           THERE IS A MARYLAND STRATEGIC ENERGY INVESTMENT PROGRAM IN  
11 THE MARYLAND ENERGY ADMINISTRATION.

12 9-20B-03.

13           THE PURPOSE OF THE PROGRAM IS TO DECREASE ENERGY DEMAND AND  
14 INCREASE ENERGY SUPPLY TO PROMOTE AFFORDABLE, RELIABLE, AND CLEAN  
15 ENERGY TO FUEL MARYLAND’S FUTURE PROSPERITY.

16 9-20B-04.

17           THE ADMINISTRATION SHALL:

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

19                   (2) ADOPT REGULATIONS TO IMPLEMENT THE PROGRAM AND TO  
20 ENSURE THAT FUND RESOURCES ARE UTILIZED ONLY TO CARRY OUT THE  
21 PURPOSES OF THE PROGRAM;

22                   (3) ATTACH SPECIFIC TERMS AND CONDITIONS TO ANY GRANT,  
23 LOAN, OR OTHER FORM OF ASSISTANCE THAT ARE DETERMINED BY THE  
24 ADMINISTRATION AS NECESSARY TO ENSURE THAT THE PURPOSES OF THE  
25 PROGRAM ARE FULFILLED;

26                   (4) DEVELOP PROCEDURES FOR MONITORING ~~PROJECTS~~  
27 PROGRAMS, PROJECTS, ACTIVITIES, AND INVESTMENTS TO VERIFY THAT FUND  
28 RESOURCES ARE BEING USED TO MEET THE PURPOSES OF THE PROGRAM; AND

29                   (5) PROVIDE MONEYS ANNUALLY OR AS NEEDED TO THE CLEAN  
30 AIR FUND MANAGED BY THE DEPARTMENT OF THE ENVIRONMENT TO FUND

1 THE COSTS OF THE DEPARTMENT'S PROGRAMS TO REDUCE OR MITIGATE THE  
2 EFFECTS OF CLIMATE CHANGE.

3 **9-20B-05.**

4 (A) THERE IS A MARYLAND STRATEGIC ENERGY INVESTMENT FUND.

5 (B) THE PURPOSE OF THE FUND IS TO IMPLEMENT THE STRATEGIC  
6 ENERGY INVESTMENT PROGRAM.

7 (C) THE ADMINISTRATION SHALL ADMINISTER THE FUND.

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

10 (2) THE TREASURER SHALL HOLD THE FUND SEPARATELY AND  
11 THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

12 (E) THE FUND CONSISTS OF:

13 (1) ALL OF THE PROCEEDS FROM THE SALE OF ALLOWANCES  
14 UNDER § 2-1002(G) OF THE ENVIRONMENT ARTICLE;

15 (2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE  
16 PROGRAM;

17 (3) REPAYMENTS AND PREPAYMENTS OF PRINCIPAL AND  
18 INTEREST ON LOANS MADE FROM THE FUND;

19 (4) INTEREST AND INVESTMENT EARNINGS ON THE FUND;

20 (5) COMPLIANCE FEES PAID UNDER § 7-705 OF THE PUBLIC  
21 UTILITY COMPANIES ARTICLE; AND

22 (6) MONEY RECEIVED FROM ANY PUBLIC OR PRIVATE SOURCE  
23 FOR THE BENEFIT OF THE FUND.

24 (F) THE ADMINISTRATION SHALL USE THE FUND:

25 (1) TO INVEST IN THE PROMOTION, DEVELOPMENT, AND  
26 IMPLEMENTATION OF:



1 (I) COST-EFFECTIVE ENERGY EFFICIENCY AND  
 2 CONSERVATION PROGRAMS, PROJECTS, OR ACTIVITIES, INCLUDING  
 3 MEASUREMENT AND VERIFICATION OF ENERGY SAVINGS;

4 (II) RENEWABLE AND CLEAN ENERGY RESOURCES; AND

5 (III) CLIMATE CHANGE ~~RESEARCH AND OTHER~~ PROGRAMS  
 6 DIRECTLY RELATED TO REDUCING OR MITIGATING THE EFFECTS OF CLIMATE  
 7 CHANGE; AND

8 (IV) DEMAND RESPONSE PROGRAMS THAT ARE DESIGNED TO  
 9 PROMOTE CHANGES IN ELECTRIC USAGE BY CUSTOMERS IN RESPONSE TO:

10 1. CHANGES IN THE PRICE OF ELECTRICITY OVER  
 11 TIME; OR

12 2. INCENTIVES DESIGNED TO INDUCE LOWER  
 13 ELECTRICITY USE AT TIMES OF HIGH WHOLESALE MARKET PRICES OR WHEN  
 14 SYSTEM RELIABILITY IS JEOPARDIZED;

15 (2) TO PROVIDE TARGETED PROGRAMS, PROJECTS, ACTIVITIES,  
 16 AND INVESTMENTS TO REDUCE ELECTRICITY CONSUMPTION BY CUSTOMERS IN  
 17 THE LOW-INCOME AND MODERATE-INCOME RESIDENTIAL SECTORS;

18 ~~(2) (3)~~ TO PROVIDE SUPPLEMENTAL ~~TARGETED~~  
 19 ~~PROGRAMS TO REDUCE ELECTRICITY CONSUMPTION BY CUSTOMERS IN THE~~  
 20 ~~LOW-INCOME AND MODERATE-INCOME RESIDENTIAL SECTOR; FUNDS FOR~~  
 21 ~~LOW-INCOME ENERGY ASSISTANCE THROUGH THE ELECTRIC UNIVERSAL~~  
 22 ~~SERVICE PROGRAM ESTABLISHED UNDER § 7-512.1 OF THE PUBLIC UTILITIES~~  
 23 ~~COMPANY UTILITY COMPANIES ARTICLE AND OTHER ELECTRIC ASSISTANCE~~  
 24 ~~PROGRAMS IN THE DEPARTMENT OF HUMAN RESOURCES;~~

25 ~~(3) (4)~~ TO PROVIDE RATE RELIEF BY OFFSETTING ELECTRICITY  
 26 RATES OF RESIDENTIAL CUSTOMERS, INCLUDING AN OFFSET OF SURCHARGES  
 27 IMPOSED ON RATEPAYERS UNDER § 7-211 OF THE PUBLIC UTILITY COMPANIES  
 28 ARTICLE;

29 ~~(3) (4) (5)~~ TO PROVIDE GRANTS, LOANS, AND OTHER ASSISTANCE  
 30 AND INVESTMENT AS NECESSARY AND APPROPRIATE TO IMPLEMENT THE  
 31 PURPOSES OF THE PROGRAM AS SET FORTH IN § 9-20B-03 OF THIS SUBTITLE;

32 ~~(5) (6)~~ TO IMPLEMENT ENERGY-RELATED PUBLIC EDUCATION  
 33 AND OUTREACH INITIATIVES REGARDING REDUCING ENERGY CONSUMPTION  
 34 AND GREENHOUSE GAS EMISSIONS; AND

1           ~~(4) (6) (7)~~ TO PAY THE EXPENSES OF THE PROGRAM.

2           ~~(C) MONEYS RECEIVED EACH YEAR BY THE FUND FROM THE SALE OF~~  
3 ~~ALLOWANCES UNDER § 2-1002(G) OF THE ENVIRONMENT ARTICLE SHALL BE~~  
4 ~~ALLOCATED AS FOLLOWS:~~

5           ~~(1) \$10,000,000 SHALL BE TRANSFERRED TO THE ELECTRIC~~  
6 ~~UNIVERSAL SERVICE PROGRAM FUND UNDER § 7-512.1 OF THE PUBLIC~~  
7 ~~UTILITY COMPANIES ARTICLE, TO BE USED FOR BILL ASSISTANCE AND~~  
8 ~~ARREARAGE RETIREMENT;~~

9           ~~(2) OF ALL AMOUNTS ABOVE \$10,000,000 UP TO \$100,000,000:~~

10           ~~(I) AT LEAST 70% SHALL BE SPENT ON ENERGY EFFICIENCY~~  
11 ~~AND ENERGY CONSERVATION PROGRAMS;~~

12           ~~(H) 20% MAY BE ALLOCATED TO ENERGY EDUCATION AND~~  
13 ~~RENEWABLE ENERGY DEVELOPMENT;~~

14           ~~(HH) 5% MAY BE ALLOCATED TO CLIMATE CHANGE~~  
15 ~~PROGRAMS; AND~~

16           ~~(IV) UP TO 4% MAY BE USED FOR ADMINISTRATIVE~~  
17 ~~EXPENSES;~~

18           ~~(3) OF ALL AMOUNTS ABOVE \$100,000,000 UP TO \$140,000,000:~~

19           ~~(I) 25% SHALL BE USED TO PROVIDE FOR RESIDENTIAL~~  
20 ~~ELECTRICITY RATE RELIEF THROUGH THE ENERGY ASSISTANCE PROGRAMS~~  
21 ~~UNDER THE OFFICE OF HOME ENERGY PROGRAMS IN THE DEPARTMENT OF~~  
22 ~~HUMAN RESOURCES; AND~~

23           ~~(H) 75% SHALL BE RETURNED TO RESIDENTIAL~~  
24 ~~RATEPAYERS, IN A MANNER DETERMINED BY THE PUBLIC SERVICE~~  
25 ~~COMMISSION, TO OFFSET COSTS IMPOSED ON RATEPAYERS FROM ENERGY~~  
26 ~~EFFICIENCY AND CONSERVATION MEASURES AND SERVICES AND DEMAND~~  
27 ~~RESPONSE PROGRAMS APPROVED BY THE COMMISSION; AND~~

28           ~~(4) ALL AMOUNTS IN EXCESS OF \$140,000,000 SHALL BE USED AS~~  
29 ~~FOLLOWS:~~

30           ~~(I) PROCEEDS FROM THE SALE OF ALLOWANCES AT~~  
31 ~~AUCTIONS OCCURRING BEFORE JANUARY 1, 2011 SHALL BE RETURNED TO~~

~~RESIDENTIAL RATEPAYERS, IN A MANNER DETERMINED BY THE PUBLIC SERVICE COMMISSION;~~

~~1. TO OFFSET COSTS IMPOSED ON RATEPAYERS FROM ENERGY EFFICIENCY AND CONSERVATION MEASURES AND SERVICES AND DEMAND RESPONSE PROGRAMS APPROVED BY THE COMMISSION; AND~~

~~2. FOR OTHER APPROPRIATE RATE RELIEF; AND~~

~~(H) PROCEEDS FROM THE SALE OF ALLOWANCES AT AUCTIONS OCCURRING ON OR AFTER JANUARY 1, 2011 SHALL BE DIVIDED PROPORTIONALLY AMONG THE USES SPECIFIED IN ITEMS (2) AND (3) OF THIS SUBSECTION;~~

(G) MONEYS RECEIVED EACH YEAR BY THE FUND SHALL BE ALLOCATED EACH YEAR AS FOLLOWS:

(1) 17% SHALL BE TRANSFERRED TO THE DEPARTMENT OF HUMAN RESOURCES TO BE USED FOR THE ELECTRIC UNIVERSAL SERVICE PROGRAM AND OTHER ELECTRICITY ASSISTANCE PROGRAMS IN THE DEPARTMENT OF HUMAN RESOURCES;

(2) 23% TO PROVIDE RATE RELIEF BY OFFSETTING ELECTRICITY RATES OF RESIDENTIAL CUSTOMERS, INCLUDING AN OFFSET OF SURCHARGES IMPOSED ON RATEPAYERS UNDER § 7-211 OF THE PUBLIC UTILITY COMPANIES ARTICLE, ON A PER CUSTOMER BASIS AND IN A MANNER PRESCRIBED BY THE PUBLIC SERVICE COMMISSION;

(3) AT LEAST 46% FOR ENERGY EFFICIENCY AND CONSERVATION PROGRAMS, PROJECTS, OR ACTIVITIES AND DEMAND RESPONSE PROGRAMS, OF WHICH AT LEAST ONE-HALF SHALL BE TARGETED TO:

(I) THE LOW-INCOME RESIDENTIAL SECTOR AT NO COST TO THE PARTICIPANTS OF THE PROGRAMS, PROJECTS, OR ACTIVITIES; AND

(II) THE MODERATE-INCOME RESIDENTIAL SECTOR;

(4) UP TO 10.5% FOR:

(I) SUBJECT TO SUBSECTION (I) OF THIS SECTION, RENEWABLE AND CLEAN ENERGY PROGRAMS AND INITIATIVES;

(II) ENERGY-RELATED PUBLIC EDUCATION AND OUTREACH;

AND

1 (III) CLIMATE CHANGE PROGRAMS; AND

2 (5) UP TO 3.5%, BUT NOT MORE THAN \$4,000,000, FOR COSTS  
 3 RELATED TO THE ADMINISTRATION OF THE FUND, INCLUDING THE REVIEW OF  
 4 ELECTRIC COMPANY PLANS FOR ACHIEVING ELECTRICITY SAVINGS AND DEMAND  
 5 REDUCTIONS THAT THE ELECTRIC COMPANIES ARE REQUIRED UNDER LAW TO  
 6 SUBMIT TO THE ADMINISTRATION.

7 (H) (1) ENERGY EFFICIENCY AND ~~ENERGY~~ CONSERVATION  
 8 PROGRAMS UNDER SUBSECTION ~~(G)(2)(I)~~ (G)(3) OF THIS SECTION INCLUDE:

9 (I) LOW-INCOME ENERGY EFFICIENCY PROGRAMS;

10 (II) RESIDENTIAL AND SMALL BUSINESS ENERGY  
 11 EFFICIENCY PROGRAMS;

12 (III) COMMERCIAL AND INDUSTRIAL ENERGY EFFICIENCY  
 13 PROGRAMS;

14 (IV) STATE AND LOCAL ENERGY EFFICIENCY PROGRAMS;

15 (V) DEMAND RESPONSE PROGRAMS; AND

16 (VI) LOAN PROGRAMS AND ALTERNATIVE FINANCING  
 17 MECHANISMS; AND

18 ~~(VI)~~ (VII) GRANTS TO TRAINING FUNDS AND OTHER  
 19 ORGANIZATIONS SUPPORTING JOB TRAINING FOR DEPLOYMENT OF ENERGY  
 20 EFFICIENCY AND ENERGY CONSERVATION TECHNOLOGY AND EQUIPMENT.

21 (2) ~~ENERGY~~ ENERGY-RELATED PUBLIC EDUCATION AND  
 22 OUTREACH AND RENEWABLE AND CLEAN ENERGY ~~DEVELOPMENT~~ PROGRAMS  
 23 AND INITIATIVES UNDER SUBSECTION ~~(G)(2)(H)~~ (G)(4)(I) AND (II) OF THIS  
 24 SECTION INCLUDE:

25 (I) PRODUCTION INCENTIVES FOR SPECIFIED RENEWABLE  
 26 ENERGY SOURCES;

27 (II) EXPANSION OF EXISTING GRANT PROGRAMS FOR  
 28 SOLAR, GEOTHERMAL, AND WIND PROGRAMS;

29 (III) LOAN PROGRAMS AND ALTERNATIVE FINANCING  
 30 MECHANISMS; AND

1                    (IV) CONSUMER EDUCATION AND OUTREACH PROGRAMS  
2 THAT ARE DESIGNED TO REACH LOW-INCOME COMMUNITIES.

3            ~~(G)~~ (I)        (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS  
4 SUBSECTION, COMPLIANCE FEES PAID UNDER § 7-705(B) OF THE PUBLIC  
5 UTILITY COMPANIES ARTICLE MAY BE USED ONLY TO MAKE LOANS AND  
6 GRANTS TO SUPPORT THE CREATION OF NEW TIER 1 RENEWABLE ENERGY  
7 SOURCES IN THE STATE.

8                    (2) COMPLIANCE FEES PAID UNDER § 7-705(B)(1)(II) OF THE  
9 PUBLIC UTILITY COMPANIES ARTICLE SHALL BE ACCOUNTED FOR  
10 SEPARATELY WITHIN THE FUND AND MAY BE USED ONLY TO MAKE LOANS AND  
11 GRANTS TO SUPPORT THE CREATION OF NEW SOLAR ENERGY SOURCES IN THE  
12 STATE.

13            ~~(H)~~ (J)        (1) THE TREASURER SHALL INVEST THE MONEY OF THE  
14 FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

15                    (2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE PAID  
16 INTO THE FUND.

17                    (3) ANY REPAYMENT OF PRINCIPAL AND INTEREST ON LOANS  
18 MADE FROM THE FUND SHALL BE PAID INTO THE FUND.

19                    (4) BALANCES IN THE FUND SHALL BE HELD FOR THE BENEFIT  
20 OF THE PROGRAM, SHALL BE EXPENDED SOLELY FOR THE PURPOSES OF THE  
21 PROGRAM, AND MAY NOT BE USED FOR THE GENERAL OBLIGATIONS OF  
22 GOVERNMENT.

23            ~~(I)~~ (K)            EXPENDITURES FROM THE FUND SHALL BE MADE BY:

24                    (1) AN APPROPRIATION IN THE ANNUAL STATE BUDGET; OR

25                    (2) A BUDGET AMENDMENT IN ACCORDANCE WITH § 7-209 OF  
26 THE STATE FINANCE AND PROCUREMENT ARTICLE.

27            (L) AN EXPENDITURE BY BUDGET AMENDMENT MAY BE MADE UNDER  
28 SUBSECTION (K) OF THIS SECTION ONLY AFTER:

29                    (1) THE ADMINISTRATION HAS SUBMITTED THE PROPOSED  
30 BUDGET AMENDMENT AND SUPPORTING DOCUMENTATION TO THE SENATE  
31 BUDGET AND TAXATION COMMITTEE, SENATE FINANCE COMMITTEE, HOUSE

1 APPROPRIATIONS COMMITTEE, AND HOUSE ECONOMIC MATTERS COMMITTEE;  
2 AND

3 (2) THE COMMITTEES HAVE HAD 45 DAYS FOR REVIEW AND  
4 COMMENT.

5 ~~(M) (1) THE ADMINISTRATION REGULARLY SHALL DISCLOSE~~  
6 ~~SUMMARY INFORMATION REGARDING ANY CONTRACT ENTERED INTO BY THE~~  
7 ~~ADMINISTRATION THAT ENCUMBERS \$100,000 OR MORE FROM THE FUND.~~

8 ~~(2) FOR EACH OF THE CONTRACTS SPECIFIED UNDER~~  
9 ~~PARAGRAPH (1) OF THIS SUBSECTION, THE FOLLOWING INFORMATION SHALL~~  
10 ~~BE POSTED ON THE ADMINISTRATION'S WEBSITE ON A QUARTERLY BASIS:~~

11 ~~(I) THE NAME AND BUSINESS ADDRESS OF THE PARTIES OF~~  
12 ~~THE CONTRACT;~~

13 ~~(II) A SUMMARY OF THE GOODS AND SERVICES TO BE~~  
14 ~~PROVIDED UNDER THE CONTRACT; AND~~

15 ~~(III) THE MAXIMUM AMOUNT OF MONEYS FROM THE FUND~~  
16 ~~THAT MAY BE OBLIGATED BY THE CONTRACT.~~

17 9-20B-06.

18 (A) ON OR BEFORE DECEMBER 15, 2008, THE ADMINISTRATION SHALL  
19 DEVELOP A PLAN FOR EXPENDITURES FROM THE FUND FOR FISCAL YEAR 2009  
20 AND FISCAL YEAR 2010.

21 (B) ON OR BEFORE SEPTEMBER 1, 2009, AND EVERY 3 YEARS  
22 THEREAFTER, THE ADMINISTRATION SHALL DEVELOP A PLAN FOR  
23 EXPENDITURES COVERING THE NEXT 3 FISCAL YEARS.

24 (C) (1) THE ADMINISTRATION SHALL HOLD ONE OR MORE PUBLIC  
25 MEETINGS IN CONJUNCTION WITH THE DEVELOPMENT OF A PLAN.

26 (2) THE ADMINISTRATION:

27 (I) SHALL HOLD AT LEAST FOUR PUBLIC MEETINGS ACROSS  
28 THE STATE DURING THE DEVELOPMENT OF THE INITIAL PLAN UNDER  
29 SUBSECTION (A) OF THIS SECTION, IN THE EASTERN, SOUTHERN, CENTRAL, AND  
30 WESTERN PARTS OF THE STATE, RESPECTIVELY; AND

1                    (II) IS ENCOURAGED TO SOLICIT INPUT FROM ALL REGIONS  
2 OF THE STATE IN DEVELOPING SUBSEQUENT PLANS UNDER THIS SECTION.

3                    (3) THE ADMINISTRATION SHALL SUBMIT A PLAN TO THE BOARD  
4 FOR REVIEW.

5 ~~9-20B-06.~~ 9-20B-07.

6            (A) THERE IS A STRATEGIC ENERGY INVESTMENT ADVISORY BOARD.

7            (B) (1) THE BOARD SHALL REVIEW THE PROGRAM AND THE  
8 ADMINISTRATION'S PROPOSED USES OF AND EXPENDITURES FROM THE FUND  
9 AND MAKE RECOMMENDATIONS TO THE ADMINISTRATION CONCERNING ANY  
10 PROPOSED USE OR EXPENDITURE.

11            (2) THE ADMINISTRATION SHALL CONSIDER THE BOARD'S  
12 RECOMMENDATIONS WHEN MAKING DECISIONS ABOUT USES AND  
13 EXPENDITURES FROM THE FUND.

14            (C) THE BOARD CONSISTS OF THE FOLLOWING MEMBERS:

15            (1) ONE MEMBER OF THE SENATE, APPOINTED BY THE  
16 PRESIDENT OF THE SENATE;

17            (2) ONE MEMBER OF THE HOUSE OF DELEGATES, APPOINTED BY  
18 THE SPEAKER OF THE HOUSE OF DELEGATES;

19            (3) THE FOLLOWING MEMBERS APPOINTED BY THE GOVERNOR:

20            (I) TWO REPRESENTATIVES OF MARYLAND RESIDENTIAL  
21 CUSTOMERS;

22            (II) A REPRESENTATIVE OF MARYLAND COMMERCIAL  
23 CUSTOMERS;

24            (III) A REPRESENTATIVE OF LARGE ELECTRICITY USERS IN  
25 THE STATE;

26            (IV) A REPRESENTATIVE OF AN ELECTRIC COMPANY;

27            (V) A REPRESENTATIVE OF AN ELECTRIC COOPERATIVE;

28            (VI) A REPRESENTATIVE OF ELECTRICITY SUPPLIERS;

1                   **(VII) A REPRESENTATIVE OF A MARYLAND ENVIRONMENTAL**  
2 **GROUP; AND**

3                   **(VIII) A REPRESENTATIVE OF A RENEWABLE ELECTRICITY**  
4 **INDUSTRY; AND**

5                   **(4) THE FOLLOWING NONVOTING EX OFFICIO MEMBERS:**

6                   **(I) THE CHAIRMAN OF THE PUBLIC SERVICE COMMISSION**  
7 **OR THE CHAIRMAN'S DESIGNEE;**

8                   **(II) THE PEOPLE'S COUNSEL OR THE DESIGNEE OF THE**  
9 **PEOPLE'S COUNSEL; AND**

10                   **(III) THE SECRETARY OF THE ENVIRONMENT OR THE**  
11 **SECRETARY'S DESIGNEE.**

12                   **(D) IF A REGULATED LOBBYIST IS APPOINTED TO SERVE AS A MEMBER**  
13 **OF THE BOARD, THE LOBBYIST:**

14                   **(1) IS NOT SUBJECT TO § 15-504(D) OF THIS ARTICLE WITH**  
15 **RESPECT TO THAT SERVICE; AND**

16                   **(2) IS NOT SUBJECT TO § 15-703(F)(3) OF THIS ARTICLE AS A**  
17 **RESULT OF THAT SERVICE.**

18                   **(E) (1) THE TERM OF A MEMBER APPOINTED BY THE GOVERNOR IS 3**  
19 **YEARS.**

20                   **(2) THE TERMS OF THE MEMBERS APPOINTED BY THE GOVERNOR**  
21 **ARE STAGGERED AS REQUIRED BY THE TERMS PROVIDED FOR MEMBERS OF THE**  
22 **BOARD ON JUNE 1, 2008.**

23                   **(3) THE BOARD SHALL MEET AT LEAST ~~TWO~~ 2 TIMES EACH YEAR.**

24                   **(4) THE BOARD MAY ACT ONLY BY THE AFFIRMATIVE VOTE OF AT**  
25 **LEAST SIX VOTING MEMBERS.**

26                   **(5) A MEMBER OF THE BOARD:**

27                   **(I) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF**  
28 **THE BOARD; BUT**



1                    (II) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES  
2 UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE  
3 STATE BUDGET.

4            (F) THE ADMINISTRATION SHALL PROVIDE STAFF SUPPORT FOR THE  
5 BOARD.

6 9-20B-08.

7            (A) THE ADMINISTRATION REGULARLY SHALL DISCLOSE SUMMARY  
8 INFORMATION REGARDING ANY CONTRACT ENTERED INTO BY THE  
9 ADMINISTRATION THAT ENCUMBERS \$100,000 OR MORE FROM THE FUND.

10           (B) FOR EACH OF THE CONTRACTS SPECIFIED UNDER SUBSECTION (A)  
11 OF THIS SECTION, THE FOLLOWING INFORMATION SHALL BE POSTED ON THE  
12 ADMINISTRATION'S WEBSITE ON A QUARTERLY BASIS:

13                    (1) THE NAME AND BUSINESS ADDRESS OF THE PARTIES OF THE  
14 CONTRACT;

15                    (2) A SUMMARY OF THE GOODS AND SERVICES TO BE PROVIDED  
16 UNDER THE CONTRACT; AND

17                    (3) THE MAXIMUM AMOUNT OF MONEYS FROM THE FUND THAT  
18 MAY BE OBLIGATED BY THE CONTRACT.

19 9-20B-09.

20            (A) THE ADMINISTRATION SHALL MONITOR AND ANALYZE THE IMPACT  
21 OF EACH PROGRAM, PROJECT, ACTIVITY, AND INVESTMENT TO ENSURE THAT  
22 THE OUTCOME OF EACH PROGRAM, PROJECT, ACTIVITY, OR INVESTMENT  
23 ACHIEVES THE PURPOSES OF THE PROGRAM.

24            (B) IN MONITORING AND ANALYZING THE IMPACT OF A PROGRAM,  
25 PROJECT, ACTIVITY, OR INVESTMENT UNDER SUBSECTION (A) OF THIS SECTION,  
26 IF THE ADMINISTRATION FINDS THAT THE OUTCOME OF THE PROGRAM,  
27 PROJECT, ACTIVITY, OR INVESTMENT IS NOT ACHIEVING THE PURPOSES OF THE  
28 PROGRAM, THE ADMINISTRATION SHALL TAKE SPECIFIC MEASURES TO  
29 ADDRESS THE FINDINGS.

30 ~~9-20B-07.~~ 9-20B-10.

31            THE ADMINISTRATION MAY ENTER INTO CONTRACTS WITH THIRD  
32 PARTIES TO ASSIST IN THE DEVELOPMENT AND IMPLEMENTATION OF

1 PROGRAMS AND PROJECTS THAT WILL ADVANCE THE PURPOSES OF THE  
2 PROGRAM OR TO ADMINISTER THE PROGRAM, INCLUDING CONTRACTS WITH  
3 THIRD PARTIES TO MAKE, SERVICE, OR SETTLE LOANS AND OTHER ASSISTANCE  
4 OR INVESTMENTS MADE THROUGH THE PROGRAM.

5 ~~9-20B-07, 9-20B-08, 9-20B-11.~~

6 (A) A PERSON MAY NOT KNOWINGLY MAKE OR CAUSE TO BE MADE ANY  
7 FALSE STATEMENT OR REPORT IN ANY DOCUMENT REQUIRED TO BE FURNISHED  
8 TO THE ADMINISTRATION BY ANY AGREEMENT RELATING TO A GRANT, LOAN,  
9 OR OTHER FINANCIAL ASSISTANCE.

10 (B) A PERSON APPLYING FOR A GRANT, LOAN, OR OTHER FINANCIAL  
11 ASSISTANCE THROUGH THE PROGRAM MAY NOT KNOWINGLY MAKE OR CAUSE  
12 TO BE MADE ANY FALSE STATEMENTS FOR THE PURPOSE OF INFLUENCING ANY  
13 ACTION OF THE ADMINISTRATION ON AN APPLICATION OR FOR THE PURPOSE  
14 OF INFLUENCING ANY ACTION OF THE ADMINISTRATION AFFECTING ANY  
15 GRANT, LOAN, OR OTHER FINANCIAL ASSISTANCE ALREADY PROVIDED.

16 (C) A PERSON WHO VIOLATES THIS SECTION IS GUILTY OF A  
17 MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING  
18 \$50,000 OR IMPRISONMENT NOT EXCEEDING 1 YEAR OR BOTH.

19 ~~9-20B-09.~~

20 ~~(A) ON OR BEFORE SEPTEMBER 1, 2008, THE ADMINISTRATION SHALL~~  
21 ~~DEVELOP A PLAN FOR EXPENDITURES FROM THE FUND FOR FISCAL YEAR 2009~~  
22 ~~AND FISCAL YEAR 2010.~~

23 ~~(B) ON OR BEFORE SEPTEMBER 1, 2009, AND EVERY 3 YEARS~~  
24 ~~THEREAFTER, THE ADMINISTRATION SHALL DEVELOP A PLAN FOR~~  
25 ~~EXPENDITURES COVERING THE NEXT 3 FISCAL YEARS.~~

26 ~~(C) (1) THE ADMINISTRATION SHALL HOLD ONE OR MORE PUBLIC~~  
27 ~~MEETINGS IN CONJUNCTION WITH THE DEVELOPMENT OF A PLAN.~~

28 ~~(2) THE ADMINISTRATION:~~

29 ~~(1) SHALL HOLD AT LEAST FOUR PUBLIC MEETINGS ACROSS~~  
30 ~~THE STATE DURING THE DEVELOPMENT OF THE INITIAL PLAN THAT IS DUE ON~~  
31 ~~SEPTEMBER 1, 2008, IN THE EASTERN, SOUTHERN, CENTRAL, AND WESTERN~~  
32 ~~PARTS OF THE STATE, RESPECTIVELY; AND~~

1 ~~(H) IS ENCOURAGED TO SOLICIT INPUT FROM ALL REGIONS~~  
2 ~~OF THE STATE IN DEVELOPING SUBSEQUENT PLANS UNDER THIS SECTION.~~

3 ~~9-20B-10, 9-20B-12.~~

4 (A) ON OR BEFORE ~~NOVEMBER~~ JANUARY 1 OF EACH YEAR, THE  
5 ADMINISTRATION SHALL REPORT TO THE GOVERNOR AND, IN ACCORDANCE  
6 WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL  
7 ASSEMBLY ON THE USES AND EXPENDITURES OF THE FUND FROM THE PRIOR  
8 FISCAL YEAR.

9 (B) THE REPORT SHALL INCLUDE:

10 (1) A DETAILED ACCOUNTING OF ALL AMOUNTS RECEIVED BY  
11 AND DISBURSED FROM THE FUND;

12 (2) ALL AMOUNTS USED BY THE ADMINISTRATION FOR  
13 ADMINISTRATIVE PURPOSES;

14 (3) PROGRAMS, PROJECTS, AND ACTIVITIES INCLUDED IN EACH  
15 CATEGORY UNDER § 9-20B-05(G) OF THIS SUBTITLE;

16 ~~(4) PROGRAMS IMPLEMENTED WITH THE FUND~~ THE STATUS OF  
17 PROGRAMS, PROJECTS, ACTIVITIES, AND INVESTMENTS IMPLEMENTED WITH  
18 FUNDS FROM THE FUND, INCLUDING AN EVALUATION OF THE IMPACT OF THE  
19 PROGRAMS, PROJECTS, ACTIVITIES, AND INVESTMENTS THAT ARE DIRECTED TO  
20 LOW-INCOME OR MODERATE-INCOME RESIDENTIAL SECTORS OR TO OTHER  
21 PARTICULAR CLASSES OF RATEPAYERS;

22 ~~(4) (5)~~ AN ESTIMATE OF ELECTRICITY SAVINGS FROM THE  
23 PROGRAMS, PROJECTS, ACTIVITIES, AND INVESTMENTS;

24 ~~(5) (6)~~ THE NUMBER OF ALLOWANCES SOLD IN EACH AUCTION;

25 ~~(6) (7)~~ THE AVERAGE ALLOWANCE PRICE FROM EACH  
26 AUCTION; AND

27 ~~(7) (8)~~ AN ESTIMATE OF REVENUE FROM FUTURE AUCTIONS;  
28 AND

29 (9) RECOMMENDATIONS FOR CHANGES TO THE ALLOCATION OF  
30 FUNDS UNDER § 9-20B-05(G) OF THIS SUBTITLE.

31 Article - Environment

1 2-107.

2 (a) There is a Maryland Clean Air Fund.

3 (b) [All] EXCEPT AS PROVIDED IN § 2-1002(G) OF THIS TITLE, ALL  
4 application fees, permit fees, renewal fees, and funds collected by the Department  
5 under this title ~~or~~, Title 6, Subtitle 4 of this article, OR RECEIVED FROM THE  
6 MARYLAND STRATEGIC ENERGY INVESTMENT FUND UNDER § 9-20B-  
7 05(G)(4)(III) OF THE STATE GOVERNMENT ARTICLE, including any civil or  
8 administrative penalty or any fine imposed by a court under these provisions, shall be  
9 paid into the Maryland Clean Air Fund.

10 (c) (4) When the Fund equals or exceeds a maximum limit of [\$750,000]  
11 \$2,000,000, additional moneys received for the Fund by the Department shall be  
12 deposited to the General Fund.

13 2-1002.

14 (g) (1) IN THIS SUBSECTION, "ALLOWANCE" MEANS ONE ~~SHORT~~ TON  
15 OF CARBON DIOXIDE THAT MAY BE BOUGHT, SOLD, TRADED, OR BANKED FOR  
16 USE UNDER THE REGIONAL GREENHOUSE GAS INITIATIVE.

17 (2) Not later than June 30, 2007, the Governor shall include the State  
18 as a full participant in the Regional Greenhouse Gas Initiative among Mid-Atlantic  
19 and Northeast states.

20 [(2)] (3) The State may withdraw from the Initiative, as provided in  
21 the December 20, 2005 memorandum of understanding of the Initiative, at any time  
22 after January 1, 2009.

23 [(3)] (4) If the Regional Greenhouse Gas Initiative expires and there  
24 is a successor organization with the same purposes and goals, the Governor is  
25 encouraged to join the State in the successor organization.

26 (5) NOTWITHSTANDING § 2-107 OF THIS TITLE, ALL OF THE  
27 PROCEEDS FROM THE SALE OF MARYLAND ALLOWANCES UNDER THE  
28 REGIONAL GREENHOUSE GAS INITIATIVE SHALL BE DEPOSITED IN THE  
29 MARYLAND STRATEGIC ENERGY INVESTMENT FUND UNDER § 9-20B-05 OF  
30 THE STATE GOVERNMENT ARTICLE.

31 [(4)] (6) If the State's participation in the Regional Greenhouse Gas  
32 Initiative ceases for any reason, the Governor shall report to the General Assembly, in  
33 accordance with § 2-1246 of the State Government Article, regarding:

1                   (i)     Why participation ceased; and

2                   (ii)    A plan to reduce carbon dioxide emissions from power plants  
3 in the State that considers the use of Maryland grown, native, warm season grasses as  
4 a possible method of reducing carbon emissions.

5           SECTION 2. AND BE IT FURTHER ENACTED, That the Maryland Strategic  
6 Energy Investment Fund is the successor to the Maryland Renewable Energy Fund  
7 and any moneys remaining in the Maryland Renewable Energy Fund on the effective  
8 date of this Act shall be transferred by the State Treasurer to the Maryland Strategic  
9 Energy Investment Fund.

10           SECTION 3. AND BE IT FURTHER ENACTED, That the initial terms of  
11 members of the Strategic Energy Investment Advisory Board appointed by the  
12 Governor under § 9-20B-06(c)(3) of the State Government Article, as enacted by this  
13 Act, expire as follows:

14                   (1)     3 members on June 30, 2010;

15                   (2)     3 members on June 30, 2011; and

16                   (3)     3 members on June 30, 2012.

17           SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take  
18 effect ~~July~~ June 1, 2008.

Approved:

---

Governor.

---

Speaker of the House of Delegates.

---

President of the Senate.