

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 910
Economic Matters

(Delegate McComas, *et al.*)

Maryland Strategic Energy Investment Fund - Energy Efficiency and
Conservation Programs - Seniors

This bill requires the Maryland Energy Administration (MEA) to consider the needs of low-income and moderate-income seniors when developing and implementing energy efficiency and conservation programs targeted to the low-income and moderate-income residential sectors under the Maryland Strategic Energy Investment Program.

Fiscal Summary

State Effect: MEA can comply with the bill's requirements with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Maryland Strategic Energy Investment Program was created by Chapters 127 and 128 of 2008 to decrease energy demand and increase energy supply to promote affordable, reliable, and clean energy. The Maryland Strategic Energy Investment Fund was also created, to implement the program. The program and fund are administered by MEA.

Percentage requirements and limits for allocation of the money received each year by the fund, for different purposes, are included in statute. Among those requirements and limits, at least 46% of the money must be allocated for energy efficiency and

conservation programs, projects, or activities and demand response programs, of which at least one-half must be targeted to the low-income residential sector (at no cost to participants) and moderate-income residential sector.

The Governor's proposed Budget Reconciliation and Financing Act of 2009 (HB 101/SB 166) would reduce the allocation requirement for energy efficiency and conservation programs, projects, and activities and demand response programs, requiring instead that at least 17.5% of proceeds from the sale of carbon dioxide (CO₂) allowances under the Regional Greenhouse Gas Initiative (RGGI), the current primary source of revenue for the Maryland Strategic Energy Investment Fund, be allocated for those programs, projects, and activities.

MEA was required to develop a plan for expenditures from the fund for fiscal 2009 and 2010 by December 15, 2008. In addition, MEA must develop a plan for expenditures covering the next three fiscal years by September 1, 2009, and every three years thereafter.

Background: A budget amendment for fiscal 2009 was processed to use money in the Maryland Strategic Energy Investment Fund to increase the overall special fund appropriation in four agencies by \$26.4 million. A significant portion of the funding went to MEA for energy efficiency programs. As mentioned above, revenue for the Maryland Strategic Energy Investment Fund is generated from CO₂ allowance auctions under RGGI (a cooperative effort by 10 northeastern and Mid-Atlantic states to reduce CO₂ emissions from electricity generating plants). The proposed fiscal 2010 State budget includes \$106.3 million for the Maryland Strategic Energy Investment Fund.

The low-income and moderate-income energy efficiency programs in the fiscal 2009 and 2010 plans developed by MEA for the use of the fund include:

- funding for no- or low-cost energy efficiency home improvements for families (through the existing Assisted Home Performance program run in cooperation with the Department of Housing and Community Development and the department's Weatherization Assistance Program);
- grants to local government and community organizations with close ties to low-to-moderate income communities in Maryland, for energy efficiency projects; and
- below market loans to local housing authorities, affordable housing providers, nonprofits, and others serving the low-to-moderate income community for energy related projects.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Energy Administration, Department of Aging,
Department of Legislative Services

Fiscal Note History: First Reader - February 24, 2009
mcp/rhh

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