Department of Legislative Services

Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 52 (Chair, Finance Committee)(By Request - Departmental - Maryland Energy Administration)

Finance Economic Matters

State Government - Strategic Energy Investment Program - Reporting

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This departmental bill (1) eliminates a requirement that the Maryland Energy Administration (MEA) develop a plan every three years for expenditures under the Strategic Energy Investment Program (SEIP); (2) requires specified expenditure plans to be developed by December 31, 2019, with specified public meetings held during the development of the plans; and (3) requires that information on the status of current programs and expenditures supported by the Strategic Energy Investment Fund (SEIF), and possible or expected program initiatives and changes, be included in an existing annual report.

Fiscal Summary

State Effect: None. The bill does not directly affect State finances.

Local Effect: None.

Small Business Effect: MEA has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: The bill eliminates a requirement that MEA develop a plan every three years for expenditures under SEIP, covering the next three fiscal years. The bill also eliminates related requirements that MEA (1) submit each plan to the Strategic Energy Investment Advisory Board (SEIAB) for review in a plan development year and (2) submit a report to the board on the implementation of the plan during years other than plan development years.

The bill requires MEA to develop, by December 31, 2019, a plan for expenditures for fiscal 2020 and a plan for expenditures covering the next three fiscal years. MEA must hold one or more public meetings in conjunction with the development of a plan. MEA also (1) must hold at least four public meetings across the State during the development of the initial plan, in the eastern, southern, central, and western parts of the State, respectively, and (2) is encouraged to solicit input from all regions of the State in developing subsequent plans.

The bill includes SEIAB among those whom MEA must report to annually on the uses and expenditures of SEIF from the prior fiscal year. The bill also adds the following to what must be included in the annual report: (1) the status of programs and expenditures in the current fiscal year; and (2) possible or expected program initiatives and changes in later years.

Current Law:

Expenditures Plan

Every three years, MEA must develop a plan for expenditures under SEIP covering the next three fiscal years. MEA must hold one or more public meetings in conjunction with the development of a plan. During the development of the initial plan (developed prior to September 1, 2009), MEA was required to hold at least four public meetings across the State, in the eastern, southern, central, and western parts of the State, respectively, and is encouraged to solicit input from all regions of the State in developing subsequent plans.

MEA must submit each plan to SEIAB for review in a plan development year and must submit a report to the board on the implementation of the plan during years other than plan development years.

Annual Report

By January 1 of each year, MEA must report to the Governor, the General Assembly, the Senate Finance Committee, and the House Economic Matters Committee specified information relating to the uses and expenditures of SEIF from the prior fiscal year, including:

- a detailed accounting of all amounts received by and disbursed from SEIF;
- all amounts used by MEA for administrative purposes;

- programs, projects, and activities included in specified statutory categories of expenditures of proceeds from the sale of allowances under the Regional Greenhouse Gas Initiative (RGGI) (a significant revenue source of SEIF);
- the status of programs, projects, activities, and investments implemented with funds from SEIF;
- an estimate of electricity savings from the programs, projects, activities, and investments;
- the number of allowances sold in each RGGI auction;
- the average allowance price from each auction;
- an estimate of revenue from future auctions;
- an accounting of all amounts received or disbursed by SEIF from all other sources; and
- recommendations for changes to the allocation of funds under the statutory categories of expenditures of RGGI auction proceeds.

Background: SEIP has the stated purpose of decreasing energy demand and increasing energy supply to promote affordable, reliable, and clean energy to fuel Maryland's future prosperity. The program is supported by SEIF, which receives, among other funding, proceeds from the auction of carbon allowances to power plants and other market participants under RGGI.

MEA indicates that SEIP and SEIF are affected by several factors that are subject to a high level of volatility, particularly the varying levels of RGGI auction proceeds, making an annual process of reporting and prospective planning more appropriate than a three-year planning cycle. In addition, MEA indicates that the bill's elimination of the ongoing expenditure plan requirement (every three years) and inclusion of information on current programs and expenditures and prospective program initiatives and changes in the existing annual report streamlines its administration of SEIP and SEIF, allowing for a consolidated annual reporting process that includes prospective information.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 25, 2019
mag/lgc Third Reader - March 26, 2019
Revised - Amendment(s) - March 26, 2019

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: State Government - Strategic Energy Investment Program - Reporting

BILL NUMBER: SB 52

PREPARED BY: Landon Fahrig – Policy Manager

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

_X_ WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

___ WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

Maryland Energy Administration does not anticipate that the proposed legislation will have an impact on Maryland small businesses.