

SENATE BILL 740

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CF 0lr1839

By: **Senator Feldman**

Introduced and read first time: February 3, 2020

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Public Utilities – Low–Income and Middle–Income Housing – Energy**
3 **Performance Targets**

4 FOR the purpose of requiring the Public Service Commission to require the Department of
5 Housing and Community Development to procure or provide for electricity customers
6 certain programs and services designed to achieve a certain target starting in a
7 certain year and calculated in a certain manner under certain circumstances;
8 requiring the gross retail sales against which the savings are measured to reflect
9 certain sales and to be updated by the Commission for each of a certain type of
10 submitted plan; requiring the target annual incremental gross energy savings to be
11 achieved based on an average of Department plans; requiring the Department, on or
12 before a certain date, to submit a certain plan to the Commission; providing for the
13 contents of certain plans; requiring the Department to provide the Commission with
14 certain regular updates on plan implementation and progress toward achieving
15 certain electricity savings and a demand reduction target; requiring the Commission
16 to review a certain plan for adequacy; requiring the Commission to work with the
17 Department to establish certain procedures; requiring proceeds received by the
18 Strategic Energy Investment Fund from a certain merger to be used, beginning in a
19 certain fiscal year, exclusively for a certain purpose; defining certain terms; and
20 generally relating to energy performance targets for low– and middle–income
21 housing.

22 BY adding to
23 Article – Public Utilities
24 Section 7–211.1
25 Annotated Code of Maryland
26 (2010 Replacement Volume and 2019 Supplement)

27 BY repealing and reenacting, with amendments,
28 Article – State Government
29 Section 9–20B–05

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (2014 Replacement Volume and 2019 Supplement)

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

5 **Article – Public Utilities**

6 **7–211.1.**

7 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
8 **INDICATED.**

9 **(2) “DEPARTMENT” MEANS THE DEPARTMENT OF HOUSING AND**
10 **COMMUNITY DEVELOPMENT.**

11 **(3) “LOW-INCOME PROGRAM” MEANS A PROGRAM THAT DELIVERS**
12 **ENERGY EFFICIENCY MEASURES TO BUILDING OWNERS, MANAGERS, AND TENANTS**
13 **IN HOUSING WITH RESIDENTS WHO HAVE AN INCOME BELOW 200% OF THE FEDERAL**
14 **POVERTY LEVEL, INCLUDING THE FOLLOWING PROGRAMS OF THE DEPARTMENT:**

15 **(I) THE EMPOWER MARYLAND LOW INCOME ENERGY**
16 **EFFICIENCY PROGRAM;**

17 **(II) THE MULTIFAMILY ENERGY EFFICIENCY AND HOUSING**
18 **AFFORDABILITY PROGRAM; AND**

19 **(III) THE WEATHERIZATION ASSISTANCE PROGRAM.**

20 **(4) “LOW-INCOME RESIDENTIAL” MEANS A HOUSEHOLD WITH**
21 **RESIDENTS WHO HAVE AN INCOME BELOW 200% OF THE FEDERAL POVERTY LEVEL.**

22 **(B) (1) FOR THE 2021–2023 PROGRAM CYCLE, BY REGULATION OR**
23 **ORDER, THE COMMISSION SHALL, TO THE EXTENT THAT THE COMMISSION**
24 **DETERMINES THAT LOW-INCOME PROGRAMS ARE AVAILABLE, REQUIRE THE**
25 **DEPARTMENT TO PROCURE OR PROVIDE FOR ELECTRICITY CUSTOMERS ENERGY**
26 **EFFICIENCY AND CONSERVATION PROGRAMS AND SERVICES.**

27 **(2) THE PROGRAMS AND SERVICES REQUIRED UNDER PARAGRAPH**
28 **(1) OF THIS SUBSECTION SHALL BE DESIGNED TO ACHIEVE A TARGET ANNUAL**
29 **INCREMENTAL GROSS ENERGY SAVINGS OF AT LEAST 1% PER YEAR STARTING IN**
30 **2021.**

31 **(3) THE ENERGY SAVINGS DESCRIBED IN PARAGRAPH (2) OF THIS**

1 SUBSECTION SHALL BE CALCULATED AS A PERCENTAGE OF THE 2019
2 WEATHER-NORMALIZED GROSS LOW-INCOME RESIDENTIAL RETAIL SALES FOR ALL
3 ELECTRIC COMPANIES.

4 (C) THE GROSS RETAIL SALES AGAINST WHICH THE SAVINGS ARE
5 MEASURED SHALL:

6 (1) REFLECT SALES ASSOCIATED WITH THE LOW-INCOME
7 RESIDENTIAL CUSTOMER CLASS SERVED BY PROGRAMS ADMINISTERED BY THE
8 DEPARTMENT; AND

9 (2) BE UPDATED BY THE COMMISSION FOR EACH PLAN SUBMITTED
10 UNDER SUBSECTION (E) OF THIS SECTION.

11 (D) THE TARGET ANNUAL INCREMENTAL GROSS ENERGY SAVINGS SHALL BE
12 ACHIEVED BASED ON THE 3-YEAR AVERAGE OF DEPARTMENT PLANS SUBMITTED IN
13 ACCORDANCE WITH SUBSECTION (E) OF THIS SECTION.

14 (E) (1) ON OR BEFORE SEPTEMBER 1, 2020, THE DEPARTMENT SHALL
15 SUBMIT A PLAN TO THE COMMISSION THAT DETAILS PROPOSALS FOR ACHIEVING
16 THE ELECTRICITY SAVINGS AND DEMAND REDUCTION TARGET UNDER SUBSECTION
17 (B) OF THIS SECTION FOR THE 3 SUBSEQUENT CALENDAR YEARS.

18 (2) THE PLANS SHALL INCLUDE:

19 (I) A DESCRIPTION OF THE PROPOSED ENERGY EFFICIENCY
20 AND CONSERVATION PROGRAMS AND SERVICES;

21 (II) ANTICIPATED COSTS;

22 (III) PROJECTED ELECTRICITY SAVINGS; AND

23 (IV) ANY OTHER INFORMATION THAT THE COMMISSION
24 REQUESTS.

25 (3) THE DEPARTMENT SHALL PROVIDE THE COMMISSION WITH AN
26 UPDATE EVERY 6 MONTHS ON PLAN IMPLEMENTATION AND PROGRESS TOWARD
27 ACHIEVING THE ELECTRICITY SAVINGS AND DEMAND REDUCTION TARGET UNDER
28 SUBSECTION (B) OF THIS SECTION.

29 (4) THE COMMISSION SHALL REVIEW A PLAN TO DETERMINE IF THE
30 PLAN IS ADEQUATE FOR ACHIEVING THE TARGET.

- 1 (4) interest and investment earnings on the Fund;
- 2 (5) compliance fees paid under § 7–705 of the Public Utilities Article;
- 3 (6) money received from any public or private source for the benefit of the
4 Fund; and
- 5 (7) money transferred from the Public Service Commission under §
6 7–207.2(c)(3) of the Public Utilities Article.
- 7 (f) The Administration shall use the Fund:
- 8 (1) to invest in the promotion, development, and implementation of:
- 9 (i) cost-effective energy efficiency and conservation programs,
10 projects, or activities, including measurement and verification of energy savings;
- 11 (ii) renewable and clean energy resources;
- 12 (iii) climate change programs directly related to reducing or
13 mitigating the effects of climate change; and
- 14 (iv) demand response programs that are designed to promote
15 changes in electric usage by customers in response to:
- 16 1. changes in the price of electricity over time; or
- 17 2. incentives designed to induce lower electricity use at times
18 of high wholesale market prices or when system reliability is jeopardized;
- 19 (2) to provide targeted programs, projects, activities, and investments to
20 reduce electricity consumption by customers in the low-income and moderate-income
21 residential sectors;
- 22 (3) to provide supplemental funds for low-income energy assistance
23 through the Electric Universal Service Program established under § 7–512.1 of the Public
24 Utilities Article and other electric assistance programs in the Department of Human
25 Services;
- 26 (4) to provide rate relief by offsetting electricity rates of residential
27 customers, including an offset of surcharges imposed on ratepayers under § 7–211 of the
28 Public Utilities Article;
- 29 (5) to provide grants, loans, and other assistance and investment as
30 necessary and appropriate to implement the purposes of the Program as set forth in §
31 9–20B–03 of this subtitle;

1 (6) to implement energy-related public education and outreach initiatives
2 regarding reducing energy consumption and greenhouse gas emissions;

3 (7) to provide rebates under the Electric Vehicle Recharging Equipment
4 Rebate Program established under § 9-2009 of this title;

5 (8) to provide grants to encourage combined heat and power projects at
6 industrial facilities;

7 (9) subject to subsections (f-1) and (f-3) of this section, to provide
8 \$7,000,000 in funding for access to capital for small, minority, women-owned, and
9 veteran-owned businesses in the clean energy industry under § 5-1501 of the Economic
10 Development Article, allocated in annual increments as follows:

11 (i) \$200,000 in fiscal year 2021;

12 (ii) \$500,000 in fiscal year 2022;

13 (iii) \$500,000 in fiscal year 2023;

14 (iv) \$1,000,000 in fiscal year 2024; and

15 (v) \$1,200,000 in each fiscal year from 2025 through 2028;

16 (10) subject to subsections (f-2) and (f-3) of this section, to invest in
17 pre-apprenticeship, youth apprenticeship, and registered apprenticeship programs to
18 establish career paths in the clean energy industry under § 11-708.1 of the Labor and
19 Employment Article, as follows:

20 (i) \$1,500,000 for grants to pre-apprenticeship jobs training
21 programs under § 11-708.1(c)(2) of the Labor and Employment Article starting in fiscal
22 year 2021 until all amounts are spent; and

23 (ii) \$6,500,000 for grants to youth apprenticeship jobs training
24 programs and registered apprenticeship jobs training programs under § 11-708.1(c)(4) of
25 the Labor and Employment Article starting in fiscal year 2021 until all amounts are spent;
26 and

27 (11) to pay the expenses of the Program.

28 (f-1) (1) Any funding provided under subsection (f)(9) of this section that is not
29 spent in a given fiscal year shall revert to the Fund in the following fiscal year.

30 (2) Funding that is provided for access to capital for small, minority,
31 women-owned, and veteran-owned businesses under subsection (f)(9) of this section shall
32 be used to provide grants to eligible fund managers to provide investment capital, including
33 equity and similar investments, and loans to small, minority, women-owned, and

1 veteran-owned businesses in the State in the clean energy industry.

2 (3) Eligible fund managers receiving grants under subsection (f)(9) of this
3 section may use a portion of the money received to pay ordinary and reasonable expenses
4 for administrative, actuarial, legal, marketing, and technical services and management
5 fees.

6 (4) The Administration may provide additional funding for the purposes
7 stated in subsection (f)(9) of this section.

8 (f-2) An \$8,000,000 payment for workforce development programs under
9 subsection (f)(10) of this section starting in fiscal year 2021 shall be derived from the
10 Renewable Energy, Climate Change account of the Fund.

11 (f-3) Funding under subsection (f)(9) and (10) of this section for access to capital,
12 investment, promotion, or implementation should be directed only to businesses that agree
13 to create and maintain jobs that promote family-sustaining wages, employer-provided
14 health care with affordable deductibles and co-pays, career advancement training, fair
15 scheduling, employer-paid workers' compensation and unemployment insurance, a
16 retirement plan, paid time off, and the right to bargain collectively for wages and benefits.

17 (g) Proceeds received by the Fund from the sale of allowances under § 2-1002(g)
18 of the Environment Article shall be allocated as follows:

19 (1) at least 50% shall be credited to an energy assistance account to be used
20 for the Electric Universal Service Program and other electricity assistance programs in the
21 Department of Human Services;

22 (2) at least 20% shall be credited to a low and moderate income efficiency
23 and conservation programs account and to a general efficiency and conservation programs
24 account for energy efficiency and conservation programs, projects, or activities and demand
25 response programs, of which at least one-half shall be targeted to the low and moderate
26 income efficiency and conservation programs account for:

27 (i) the low-income residential sector at no cost to the participants
28 of the programs, projects, or activities; and

29 (ii) the moderate-income residential sector;

30 (3) at least 20% shall be credited to a renewable and clean energy programs
31 account for:

32 (i) renewable and clean energy programs and initiatives;

33 (ii) energy-related public education and outreach; and

34 (iii) climate change and resiliency programs; and

1 (4) up to 10%, but not more than \$5,000,000, shall be credited to an
2 administrative expense account for costs related to the administration of the Fund,
3 including the review of electric company plans for achieving electricity savings and demand
4 reductions that the electric companies are required under law to submit to the
5 Administration.

6 (h) (1) Energy efficiency and conservation programs under subsection (g)(2) of
7 this section include:

8 (i) low-income energy efficiency programs;

9 (ii) residential and small business energy efficiency programs;

10 (iii) commercial and industrial energy efficiency programs;

11 (iv) State and local energy efficiency programs;

12 (v) demand response programs;

13 (vi) loan programs and alternative financing mechanisms; and

14 (vii) grants to training funds and other organizations supporting job
15 training for deployment of energy efficiency and energy conservation technology and
16 equipment.

17 (2) Energy-related public education and outreach and renewable and clean
18 energy programs and initiatives under subsection (g)(3)(i) and (ii) of this section include:

19 (i) production incentives for specified renewable energy sources;

20 (ii) expansion of existing grant programs for solar, geothermal, and
21 wind programs;

22 (iii) loan programs and alternative financing mechanisms; and

23 (iv) consumer education and outreach programs that are designed to
24 reach low-income communities.

25 (i) (1) In this subsection, "low-income" means having an annual household
26 income that is at or below 175% of the federal poverty level.

27 (2) Except as provided in paragraph (3) of this subsection, compliance fees
28 paid under § 7-705(b) of the Public Utilities Article may be used only to make loans and
29 grants to support the creation of new Tier 1 renewable energy sources in the State that are
30 owned by or directly benefit low-income residents of the State.

1 (3) Compliance fees paid under § 7–705(b)(2)(i)2 of the Public Utilities
2 Article shall be accounted for separately within the Fund and may be used only to make
3 loans and grants to support the creation of new solar energy sources in the State that are
4 owned by or directly benefit low–income residents of the State.

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

7 (2) Any investment earnings of the Fund shall be paid into the Fund.

8 (3) Any repayment of principal and interest on loans made from the Fund
9 shall be paid into the Fund.

10 (4) Balances in the Fund shall be held for the benefit of the Program, shall
11 be expended solely for the purposes of the Program, and may not be used for the general
12 obligations of government.

13 (k) Expenditures from the Fund shall be made by:

14 (1) an appropriation in the annual State budget; or

15 (2) a budget amendment in accordance with § 7–209 of the State Finance
16 and Procurement Article.

17 (l) An expenditure by budget amendment may be made under subsection (k) of
18 this section only after:

19 (1) the Administration has submitted the proposed budget amendment and
20 supporting documentation to the Senate Budget and Taxation Committee, Senate Finance
21 Committee, House Appropriations Committee, and House Economic Matters Committee;
22 and

23 (2) the committees have had 45 days for review and comment.

24 (m) (1) A loan or grant made available from the Fund to a unit of State or local
25 government shall comply with §§ 14–416 and 17–303 of the State Finance and Procurement
26 Article.

27 (2) At least 80% of workers participating in a project or program that
28 receives money from the Fund must reside within 50 miles of the project or program, or
29 another distance defined by the local jurisdiction where the project or program is located.

30 **(N) PROCEEDS THAT ARE RECEIVED BY THE FUND FROM THE MERGER OF**
31 **ALTAGAS LTD. AND WGL HOLDINGS, INC. APPROVED BY THE PUBLIC SERVICE**
32 **COMMISSION IN ORDER NO. 88631 IN CASE NO. 9449 ON APRIL 4, 2018, AND THAT**
33 **REMAIN UNSPENT OR UNENCUMBERED AS OF JUNE 30, 2020, SHALL BE USED,**
34 **BEGINNING IN FISCAL YEAR 2021, EXCLUSIVELY FOR THE DEPARTMENT OF**

1 **HOUSING AND COMMUNITY DEVELOPMENT TO PROVIDE LOW-INCOME**
2 **RESIDENTIAL WEATHERIZATION AS PART OF THE ELECTRIC UNIVERSAL SERVICE**
3 **PROGRAM UNDER § 7-512.1 OF THE PUBLIC UTILITIES ARTICLE.**

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
5 1, 2020.