

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 31
 Economic Matters

(Delegate Charkoudian)

Finance

Maryland Energy Administration – Resiliency Hub Grant Program and Fund

This bill establishes, in statute, a Resiliency Hub Grant Program in the Maryland Energy Administration (MEA) to develop resiliency hubs that provide electricity to low- and moderate-income households during extended electric grid outages at no cost to the households. To provide grants under the program, the bill establishes the Resiliency Hub Grant Program Fund (RHGPF), which is funded in part by at least \$500,000 annually from the Strategic Energy Investment Fund (SEIF) and by fines and penalties collected by the Public Service Commission (PSC).

Fiscal Summary

State Effect: General fund revenues decrease by approximately \$51,000 in FY 2023 and by approximately \$68,000 annually thereafter, and special fund revenues and expenditures correspondingly increase by approximately \$51,000 in FY 2023 and by approximately \$68,000 annually thereafter (reflecting estimated average annual impacts).

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
GF Revenue	(\$51,000)	(\$68,000)	(\$68,000)	(\$68,000)	(\$68,000)
SF Revenue	51,000	68,000	68,000	68,000	68,000
SF Expenditure	51,000	68,000	68,000	68,000	68,000
Net Effect	(\$51,000)	(\$68,000)	(\$68,000)	(\$68,000)	(\$68,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill is not expected to materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Resiliency Hub Grant Program

The purpose of the program is to develop resiliency hubs that serve low- and moderate-income households at no cost to the households. “Resiliency hub” means a location where solar photovoltaic and battery energy storage are designed to provide electricity to meet community needs during extended grid outages, including providing (1) emergency heating and cooling; (2) refrigeration of temperature-sensitive medications; (3) outlets or other plug power options for charging cell phone and computer batteries; and (4) ventilation and emergency lighting.

“Low-income” means a household with an annual adjusted gross income at or below 175% of the federal poverty level. “Moderate-income” means a household with an annual adjusted gross income at or below 80% of the local median income, as specified.

MEA must adopt regulations governing the issuance of grants under the program. MEA’s regulations must include (1) a competitive application process for the program and (2) criteria and procedures for awarding grants to eligible recipients that give priority to awarding grants to projects for microgrids that use a community solar energy generating system and provide more than 30% of the system’s kilowatt output to low- and moderate-income subscribers. “Microgrid” means technology that combines clean, distributed power generation with advanced control equipment and enables portions of the electric grid to remain online when the wider grid is down.

Businesses, nonprofit entities, units of State government, and local governments are eligible for grants under the program. A project is eligible for a grant under the program if it (1) proposes to develop a resiliency hub; (2) will operate the resiliency hub for at least 5 years; and (3) will serve a community of majority low- or moderate-income households.

A grant recipient must acquire a written attestation that all installation contractors and subcontractors working on the project (1) pay at least 150% of the State minimum wage; (2) afford employees the right to collectively bargain for wages and benefits; (3) provide paid leave; (4) are considered covered employment for purposes of unemployment insurance benefits; (5) entitle the employees to workers’ compensation benefits; (6) have been in compliance with federal and State wage and hour laws for specified time periods; and (7) offer employer-provided health insurance benefits with monthly premiums that do not exceed 8.5% of the employee’s net monthly earnings. Additionally, a grant recipient must provide to MEA each year a progress report by January 10, April 10, July 10, and October 10.

MEA must coordinate administration of the program with the Maryland Department of Emergency Management (MDEM) and provide information to grant applicants on other sources of assistance that may benefit the project.

Resiliency Hub Grant Program Fund

The bill establishes RHGPF as a special, nonlapsing fund administered by MEA. It consists of funds distributed from SEIF (at least \$500,000 each year), fines and penalties collected by PSC, money appropriated in the State budget, any grant funding obtained, interest earnings, and any other money from any other source accepted for the benefit of the fund. MEA and MDEM must identify and apply for grant funding, including federal grant funding, to support the program.

The fund may only be used for grants awarded under the program and costs associated with administering the program and the fund. Expenditures from the fund may be made only in accordance with the State budget, and money expended from the fund for the program is supplemental to and not intended to take the place of funding that otherwise would be appropriated for the program.

Public Safety Commission Fines and Penalties

The bill requires fines and penalties collected by PSC, with the exception of specified civil penalties paid into the Electric Reliability Remediation Fund and the Retail Choice Customer Education and Protection Fund, to be paid into RHGPF.

Current Law:

Resiliency Hub Grant Program

Although it is not established in statute, MEA currently operates a Resiliency Hub Grant Program to provide funding for solar plus energy storage systems to serve as no-cost resiliency hubs for low- and moderate-income residents during grid outages. The program currently administered by MEA is similar, but not identical, to the program established under the bill. For example, MEA's current program does not have the wage and labor requirements for contractors and subcontractors that are established under the bill.

In fiscal 2022, MEA made \$500,000 in SEIF funding available for grants under the program, in the fall of calendar 2021, and announced an additional round of funding of up to \$646,000 in February 2022.

Strategic Energy Investment Fund

Chapters 127 and 128 of 2008 established SEIF primarily to contain revenue generated from the sale of carbon dioxide emission allowances under the Regional Greenhouse Gas Initiative. The allocation of revenue has been altered several times in budget reconciliation legislation. The current allocation of revenue generated from the sale of emissions allowances requires (1) at least 50% for energy assistance; (2) at least 20% for energy efficiency and conservation (at least one-half for low- and moderate-income programs); (3) at least 20% for renewable and clean energy, energy-related education and outreach, resiliency, and climate change programs; and (4) up to 10% but no more than \$5.0 million for administrative expenses.

Public Service Commission Fines and Penalties

Statute requires PSC to pay all fines and penalties it collects under the Public Utilities Article of the Annotated Code of Maryland into the general fund, but also separately directs certain civil penalties into the Electric Reliability Remediation Fund and the Retail Choice Customer Education and Protection Fund.

State Fiscal Effect: General fund revenues decrease by an average of approximately \$68,000 annually (\$51,000 in fiscal 2023, reflecting the bill's October 1, 2022 effective date), and MEA special fund revenues and expenditures correspondingly increase by an average of approximately \$68,000 annually (\$51,000 in fiscal 2023). This estimate reflects the redirection of PSC fines and penalties from the general fund to RHGPF and use of those funds for the Resiliency Hub Grant Program. It is based on the fines and penalties PSC collected that were paid into the general fund from fiscal 2017 to 2020.

The bill also shifts at least \$500,000 annually in special fund spending under the Resiliency Hub Grant Program, from SEIF to RHGPF, which has no net effect on MEA's overall special fund revenues and expenditures.

Special fund revenues and expenditures further increase from any grant funding (*e.g.*, federal funding), interest earnings, or other funding paid into RHGPF and used for the program.

MDEM indicates that it can coordinate with MEA as necessary under the bill with existing budgeted resources.

Additional Comments: For more information about MEA's current Resiliency Hub Grant Program, please see MEA's [website](#).

Additional Information

Prior Introductions: None.

Designated Cross File: SB 256 (Senator Beidle) - Finance.

Information Source(s): Baltimore, Cecil, Harford, Montgomery, and St. Mary's counties; Maryland Department of Emergency Management; towns of Bel Air and Leonardtown; Department of Budget and Management; Department of Housing and Community Development; Maryland Energy Administration; Public Service Commission; Department of Legislative Services

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