

SENATE BILL 771

01, M5

6lr2432
CF 6lr2724

By: **Senator Ferguson**

Introduced and read first time: February 6, 2026

Assigned to: Education, Energy, and the Environment

A BILL ENTITLED

1 AN ACT concerning

2 **Human Services – Energy Assistance Programs – Administration and Funding**

3 FOR the purpose of transferring the administration of the electric universal service
4 program from the Public Service Commission to the Office of Home Energy Programs
5 in the Department of Human Services; altering the authorized uses of the Strategic
6 Energy Investment Fund to include fuel assistance programs; and generally relating
7 to the administration and funding of energy assistance programs.

8 BY renumbering

9 Article – Human Services

10 Section 5–5A–08 through 5–5A–10

11 to be Section 5–5A–09 through 5–5A–11, respectively

12 Annotated Code of Maryland

13 (2019 Replacement Volume and 2025 Supplement)

14 BY transferring

15 Article – Public Utilities

16 Section 7–512.1

17 Annotated Code of Maryland

18 (2025 Replacement Volume and 2025 Supplement)

19 to be

20 Article – Human Services

21 Section 5–5A–08

22 Annotated Code of Maryland

23 (2019 Replacement Volume and 2025 Supplement)

24 BY repealing and reenacting, with amendments,

25 Article – Housing and Community Development

26 Section 2–102(a)(10)

27 Annotated Code of Maryland

28 (2019 Replacement Volume and 2025 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, without amendments,
2 Article – Human Services
3 Section 5–101(a), (b), and (c), 5–5A–02 and 5–5A–03
4 Annotated Code of Maryland
5 (2019 Replacement Volume and 2025 Supplement)

6 BY repealing and reenacting, with amendments,
7 Article – Human Services
8 Section 5–5A–01
9 Annotated Code of Maryland
10 (2019 Replacement Volume and 2025 Supplement)

11 BY repealing and reenacting, with amendments,
12 Article – Human Services
13 Section 5–5A–08
14 Annotated Code of Maryland
15 (2019 Replacement Volume and 2025 Supplement)
16 (As enacted by Section 2 of this Act)

17 BY repealing and reenacting, without amendments,
18 Article – Public Utilities
19 Section 7–505(b)(1)
20 Annotated Code of Maryland
21 (2025 Replacement Volume and 2025 Supplement)

22 BY repealing and reenacting, with amendments,
23 Article – Public Utilities
24 Section 7–505(b)(2) and 7–510.3(o)
25 Annotated Code of Maryland
26 (2025 Replacement Volume and 2025 Supplement)

27 BY repealing and reenacting, without amendments,
28 Article – State Government
29 Section 9–20B–01(a) and (b) and 9–20B–05(a)
30 Annotated Code of Maryland
31 (2021 Replacement Volume and 2025 Supplement)

32 BY repealing and reenacting, with amendments,
33 Article – State Government
34 Section 9–20B–05(f)(3) and (g)(1)
35 Annotated Code of Maryland
36 (2021 Replacement Volume and 2025 Supplement)

37 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
38 That Section(s) 5–5A–08 through 5–5A–10 of Article – Human Services of the Annotated
39 Code of Maryland be renumbered to be Section(s) 5–5A–09 through 5–5A–11, respectively.

SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 7–512.1 of Article – Public Utilities of the Annotated Code of Maryland be transferred to be Section(s) 5–5A–08 of Article – Human Services of the Annotated Code of Maryland.

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Housing and Community Development

2–102.

(a) The Department shall:

(10) develop and implement a weatherization program in accordance with Title 4 of this article and administer the low-income weatherization component of the electric universal service program in accordance with [§ 7–512.1 of the Public Utilities Article] **§ 5–5A–08 OF THE HUMAN SERVICES ARTICLE.**

Article – Human Services

5–101.

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

(b) “Administration” means the Family Investment Administration.

(c) “Department” means the Department of Human Services.

5–5A–01.

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

(B) “COMMISSION” MEANS THE PUBLIC SERVICE COMMISSION.

[(b)] (C) “Energy emergency” means a lack of fuel or the imminent discontinuation of energy services supplied by a fuel vendor or utility vendor that will endanger health, safety, or welfare.

[(c)] (D) “Fuel vendor” means a person that distributes, transports, produces, or offers for sale coal products, fuel oil, kerosene, bottled gas, propane, or wood for fuel use or consumption in the State.

[(d)] (E) “Office” means the Office of Home Energy Programs.

[(e)] (F) “Program” means the Energy Assistance Program.

1 **[(f)] (G)** “Utility vendor” means a person that distributes, transports, or
2 produces natural gas or electricity for use or consumption in the State.

3 5–5A–02.

4 There is an Office of Home Energy Programs in the Administration.

5 5–5A–03.

6 The purpose of the Office is to carry out this subtitle.

7 5–5A–08.

8 (a) (1) **(I)** [The Commission shall establish] **THERE IS** an electric
9 universal service program [to assist electric customers with annual incomes at or below
10 200% of the federal poverty level] **IN THE OFFICE.**

11 **(II) THE OFFICE SHALL IMPLEMENT AND ADMINISTER THE**
12 **ELECTRIC UNIVERSAL SERVICE PROGRAM.**

13 **(III) THE PURPOSE OF THE ELECTRIC UNIVERSAL SERVICE**
14 **PROGRAM IS TO ASSIST ELECTRIC CUSTOMERS WITH ANNUAL INCOMES AT OR**
15 **BELOW 200% OF THE FEDERAL POVERTY LEVEL.**

16 (2) The components of the electric universal service program shall include:

17 (i) bill assistance;

18 (ii) low-income residential weatherization; and

19 (iii) the retirement of arrearages for electric customers who have not
20 received assistance in retiring arrearages under the **ELECTRIC** universal service program
21 within the preceding 5 fiscal years.

22 (3) The Department of Housing and Community Development is
23 responsible for administering the low-income residential weatherization component of the
24 electric universal service program.

25 (4) **[(i)]** The Department of Human Services, through the Office of Home
26 Energy Programs, is responsible for administering the bill assistance and the arrearage
27 retirement components of the electric universal service program.

28 **(ii)]** The **[Department of Human Services]** **OFFICE** may:

1 [1.] (I) establish minimum and maximum benefits
2 available to an electric customer under the bill assistance and arrearage retirement
3 components; and

4 [2.] (II) coordinate benefits under the electric universal
5 service program with benefits under the Maryland Energy Assistance Program and other
6 available energy assistance programs.

7 (5) The [Department of Human Services] **OFFICE** may, with input from a
8 panel or roundtable of interested parties, contract to assist in administering the bill
9 assistance and the arrearage retirement components of the electric universal service
10 program.

11 (6) The Commission has oversight responsibility for the bill assistance and
12 the arrearage retirement components of the electric universal service program and any
13 other funds expended under this section.

14 (7) In a specific case, the electric universal service program may waive the
15 income eligibility limitation under paragraph (1) of this subsection in order to provide
16 assistance to an electric customer who would qualify for a similar waiver under [the
17 Maryland Energy Assistance Program established under Title 5, Subtitle 5A of the Human
18 Services Article] **ANOTHER PROGRAM ESTABLISHED UNDER THIS SUBTITLE**.

19 (8) (i) If an applicant for bill assistance or arrearage retirement is to be
20 denied due to deficient documentation, the [Department of Human Services] **OFFICE** shall:

21 1. promptly provide notice of the deficiency to the applicant;
22 and

23 2. afford the applicant ample opportunity of not less than 3
24 months to cure the deficiency.

25 (ii) An electric company may not begin the process to terminate
26 service to an applicant while the applicant is curing a deficiency under this paragraph.

27 (9) Notwithstanding paragraph (2)(iii) of this subsection, any assistance
28 received for arrearage retirement by a customer in calendar years 2020 and 2021 may not
29 be counted toward the limitation on the number of times the customer may receive
30 assistance for arrearage retirement.

31 (b) (1) All customers shall contribute to the funding of the electric universal
32 service program through a charge collected by each electric company.

33 (2) The Commission shall determine a fair and equitable allocation for
34 collecting the charges among all customer classes pursuant to subsection (e) of this section.

(3) Except as provided in paragraph (4) of this subsection, in accordance with subsection (f)(6) of this section, any unexpended bill assistance and arrearage retirement funds returned to customers under subsection (f) of this section shall be returned to each customer class as a credit in the same proportion that the customer class contributed charges to the fund.

(4) The Department [of Human Services] shall expend any unexpended bill assistance and arrearage funds that were collected in fiscal years 2010 through 2017, in excess of the total amount authorized under subsection (e) of this section, for one or more of the following purposes:

(i) bill assistance and the retirement of arrearages for customers who are eligible to receive assistance at the time services are provided;

(ii) targeted and enhanced low-income residential weatherization designed to remediate households that are considered ineligible to participate in other State energy efficiency programs due to significant health and safety hazards;

(iii) an arrearage management program for low-income customers in arrears, including providing credits or matching payments for customers who make timely payments on current bills; or

(iv) an arrearage prevention program for low-income customers.

(5) An electric company shall recover electric universal service program costs in accordance with § 7–512 of [this subtitle] **THE PUBLIC UTILITIES ARTICLE**.

(6) As determined by the Office [of Home Energy Programs], bill assistance payments to an electric company may be on a monthly basis for each customer.

(7) The Commission shall determine the allocation of the electric universal service charge among the generation, transmission, and distribution rate components of all classes.

(8) The Commission may not assess the electric universal service surcharge on a per kilowatt-hour basis.

(c) (1) On or before January 1 of each year, the Commission shall report, subject to § 2–1257 of the State Government Article, to the General Assembly on the electric universal service program, including:

(i) subject to subsection (e) of this section, a recommendation on the total amount of funds for the **ELECTRIC UNIVERSAL SERVICE** program for the following fiscal year based on:

1. the level of participation in and the amounts expended on bill assistance and arrearage retirement during the preceding fiscal year;

2. how bill assistance and arrearage retirement payments were calculated during the preceding fiscal year;

3. the projected needs for the bill assistance and the arrearage retirement components for the next fiscal year; and

4. the amount of any bill assistance or arrearage retirement surplus carried over in the electric universal service program fund under subsection (f)(6)(i) of this section;

(ii) for bill assistance, the total amount of need, as determined by the Commission, for electric customers with annual incomes at or below 175% of the federal poverty level and the basis for this determination;

(iii) the amount of funds needed, as determined by the Commission, to retire arrearages for electric customers who have not received assistance in retiring arrearages under the electric universal service program within the preceding 7 fiscal years, and the basis for this determination;

(iv) the amount of funds needed, as determined by the Commission, for bill assistance and arrearage retirement, respectively, for customers for whom income limitations may be waived under subsection (a)(7) of this section, and the basis for each determination;

(v) the impact on customers' rates, including the allocation among customer classes, from collecting the total amount recommended by the Commission under item (i) of this paragraph; and

(vi) the impact of using other federal poverty level benchmarks on costs and the effectiveness of the electric universal service program.

(2) (i) To assist the Commission in preparing its recommendations under paragraph (1) of this subsection, the Office [of Home Energy Programs] shall report to the Commission each year on:

1. the number of customers and the amount of distributions made to fuel customers under the Maryland Energy Assistance Program established under [Title 5, Subtitle 5A of the Human Services Article] **THIS SUBTITLE**, identified by funding source and fuel source;

2. the cost of outreach and education materials provided by the Office [of Home Energy Programs] for the electric universal service program; and

3. the amount of money that the Department [of Human Services] receives, and is projected to receive, for low-income energy assistance from:

1 A. the Maryland Strategic Energy Investment Fund under §
2 9–20B–05 of the State Government Article;

3 B. with respect to electric customers only, the Maryland
4 Energy Assistance Program; and

5 C. any other federal, State, local, or private source.

6 (ii) The Office [of Home Energy Programs] may satisfy the reporting
7 requirement of subparagraph (i)1 of this paragraph by providing the Commission with a
8 copy of material that contains the required information and that the Office [of Home
9 Energy Programs] submits to the federal government.

10 (iii) The Commission shall include the information provided by the
11 Office [of Home Energy Programs] under subparagraph (i) of this paragraph in its report
12 to the General Assembly under paragraph (1) of this subsection.

13 (3) Subject to subsection (d)(2) of this section, the Commission shall include
14 the information provided by the Department of Housing and Community Development
15 under subsection (d)(1) of this section in its report to the General Assembly under
16 paragraph (1) of this subsection.

17 (4) The electric universal service program shall be subject to audit by the
18 Office of Legislative Audits in accordance with §§ 2–1220 through 2–1227 of the State
19 Government Article.

20 (d) (1) On or before January 1 of each year, the Department of Housing and
21 Community Development shall report, in accordance with § 2–1257 of the State
22 Government Article, to the General Assembly on the low-income residential
23 weatherization component of the electric universal service program, including:

24 (i) the amount of funds expended during the preceding fiscal year;

25 (ii) the level of participation during the preceding fiscal year,
26 including the number of households served in each area of the State; and

27 (iii) the types of projects, including the average cost per unit,
28 provided to households during the preceding fiscal year.

29 (2) The Department of Housing and Community Development may satisfy
30 the reporting requirement under paragraph (1) of this subsection by requesting the
31 Commission to include the information in the Commission's report required under
32 subsection (c) of this section and providing the information to the Commission by the date
33 specified by the Commission.

34 (e) The total amount of funds to be collected for the electric universal service
35 program each year shall be \$37 million, allocated in the following manner:

1 (1) \$27.4 million shall be collected from the industrial and commercial
2 classes; and

3 (2) \$9.6 million shall be collected from the residential class.

4 (f) (1) In this subsection, “fund” means the electric universal service program
5 fund.

6 (2) There is an electric universal service program fund.

7 (3) (i) 1. The Comptroller shall collect the revenue collected by
8 electric companies under subsection (b) of this section and place the revenue into the fund.

9 2. The General Assembly may appropriate funds
10 supplemental to the funds collected under subsubparagraph 1 of this subparagraph.

11 (ii) The fund is a continuing, nonlapsing fund that is not subject to §
12 7–302 of the State Finance and Procurement Article.

13 (iii) The purpose of the fund is to assist electric customers as provided
14 in subsection (a)(1) of this section.

15 (4) The Department [of Human Services], with oversight by the
16 Commission, shall disburse the bill assistance and arrearage retirement funds in
17 accordance with the provisions of this section.

18 (5) The Comptroller annually shall disburse up to \$1,000,000 of
19 low-income residential weatherization funds to the Department of Housing and
20 Community Development, as provided in the State budget.

21 (6) (i) At the end of a given fiscal year, any unexpended bill assistance
22 and arrearage retirement funds that were collected for that fiscal year shall be retained in
23 the fund and shall be made available for disbursement through the first 6 months of the
24 next fiscal year to customers who:

25 1. qualify for assistance from the fund during the given fiscal
26 year;

27 2. apply for assistance from the fund before the end of the
28 given fiscal year; and

29 3. remain eligible for assistance at the time services are
30 provided.

31 (ii) If the Commission determines that an extension is needed, the
32 Commission may extend up to an additional 6 months the period in which unexpended bill

1 assistance and arrearage retirement funds may be made available for disbursement under
2 subparagraph (i) of this paragraph.

3 (iii) 1. Any bill assistance and arrearage retirement funds
4 collected for a given fiscal year that are retained under subparagraph (i) of this paragraph
5 and that remain unexpended at the end of the period allowed under subparagraphs (i) and
6 (ii) of this paragraph shall be returned to each customer class in the proportion that the
7 customer class contributed charges to the fund for the given fiscal year in the form of a
8 credit toward the charge assessed in the following fiscal year.

9 2. If the Commission determines that it is impractical to
10 establish a rate credit for the amount to be returned for a given fiscal year to customers
11 under subsubparagraph 1 of this subparagraph, the Commission:

12 A. may defer the return for not more than 2 additional fiscal
13 years; and

14 B. shall combine the returned amount for that fiscal year
15 with amounts to be returned for the following fiscal years when calculating the rate credit
16 for the final fiscal year of the period.

17 (g) (1) If a party to a merger or acquisition of an electric company or an affiliate
18 of an electric company is required to distribute a credit to the customers in the electric
19 company's service territory under an agreement with the Commission in connection with
20 the merger or acquisition, the Commission shall consider the adequacy of the current
21 funding of the electric universal service program in providing assistance to customers who
22 qualify under this section.

23 (2) Any funds deposited into the electric universal service program fund as
24 a result of an agreement with the Commission in connection with a merger or acquisition
25 of an electric company or an affiliate of an electric company are in addition to, and may not
26 substitute for, funds collected under subsection (e) of this section.

27 (h) (1) An arrearage prevention program under subsection (b)(4)(iv) of this
28 section is intended to prevent or reduce arrearages for low-income customers who have
29 participated in a low-income residential weatherization program.

30 (2) (i) The **ARREARAGE PREVENTION** program is intended as a
31 one-time grant of money to establish ongoing arrearage prevention activities in the State.

32 (ii) The Department [of Human Services], in consultation with the
33 Commission, will select for the **ARREARAGE PREVENTION** program up to two public or
34 private entities as program recipients to administer the program.

35 (iii) At least one **ARREARAGE PREVENTION** program recipient must
36 primarily serve customers in a major urban area of the State.

(3) [A] AN ARREARAGE PREVENTION program recipient must demonstrate significant efforts to:

(i) secure additional private investment in rooftop solar installation, including the use of ARREARAGE PREVENTION program money for credit enhancement, direct project support, or support for program recipients and customers; and

(ii) provide employment in solar installation to unemployed and underemployed individuals, with preference for those who reside in the local jurisdiction where the installations will occur.

(4) The ARREARAGE PREVENTION program may include the installation of rooftop solar electricity generation equipment after energy efficiency measures at the residential property have been completed.

Article – Public Utilities

7–505.

(b) (1) The Commission shall issue the orders or adopt the regulations required under this subsection before the implementation of customer choice.

(2) The Commission shall order a universal service program, to be made available on a statewide basis, to benefit low-income customers, in accordance with [§ 7–512.1 of this subtitle] **§ 5–5A–08 OF THE HUMAN SERVICES ARTICLE**.

7–510.3.

(c) The Commission shall establish procedures for an electric customer that is receiving electricity supply through a community choice aggregator to receive any bill assistance credit or arrearage assistance to which the customer may be entitled under [§ 7–512.1 of this subtitle] **§ 5–5A–08 OF THE HUMAN SERVICES ARTICLE** or any other federal or State bill and arrearage assistance administered by the Office of Home Energy Programs.

Article – State Government

9–20B–01.

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

(b) “Administration” means the Maryland Energy Administration.

9–20B–05.

(a) There is a Maryland Strategic Energy Investment Fund.

(f) The Administration shall use the Fund:

(3) to provide supplemental funds for low-income energy assistance through [the Electric Universal Service Program established under § 7-512.1 of the Public Utilities Article and other] electric **AND FUEL** assistance programs in the Department of Human Services;

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

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

SECTION 4. AND BE IT FURTHER ENACTED, That the publisher of the Annotated Code of Maryland, in consultation with and subject to the approval of the Department of Legislative Services, shall correct, with no further action required by the General Assembly, cross-references and terminology rendered incorrect by this Act. The publisher shall adequately describe any correction that is made in an editor's note following the section affected.

SECTION 5. AND BE IT FURTHER ENACTED, That all employees who are transferred to the Department of Human Services as a result of this Act shall be transferred without diminution of their rights, benefits, employment, or retirement status.

SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2026.