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OFFICE OF DESIGN, CONSTRUCTION & ENERGY

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**BILL:** House Bill 419 – Economic Development – Advanced Clean Energy and Clean Energy Innovation Investments and Initiatives  
**COMMITTEE:** House Economic Matters  
**DATE:** February 4, 2021  
**POSITION:** Letter of Information

Upon review of House Bill 419 – Economic Development – Advanced Clean Energy and Clean Energy Innovation Investments and Initiatives, the Department of General Services (DGS) provides these comments.

House Bill 419 will allow State agencies to borrow money from The Maryland Clean Energy Center for energy projects, thus opening another funding avenue for State agencies to finance energy projects as we address Governor Hogan’s Executive Order 01.01.2019.08. House Bill 662, enacted in 2020 incorporates Governor Hogan’s Executive Order 01.01.2019.08, which sets new energy savings goals for State-owned buildings and calls for 10% savings by 2029 over a fiscal year 2018 baseline. House Bill 662 also requires that all energy performance contracts (EPC) undertaken by State agencies receive final approval by DGS before proceeding to the Board of Public Works and for DGS to review all annual Measurement and Verification Reports for all EPCs.

House Bill 419 requires DGS and the Department of Budget and Management (DBM) to work with MCEC to ensure that the loans are “efficient and cost effective”. This will not be particularly burdensome for DGS since we already are, by statute, required to review EPCs. Reviewing non-EPC energy projects for simple payback is fairly routine and not time consuming.

The following concerns with House Bill 419 should be noted:

- The bill does not limit loans to projects with a defined payback period based on energy savings. Typically, loans for energy projects will state the maximum allowable simple payback period to be financed.
- House Bill 419 does not give either DGS or DBM authority to disallow a loan for a project that does not meet our standards and does not provide guidance for what those standards should be.
- The bill does not limit loans to energy projects but simply allows MCEC to enter into financing transactions with State agencies. Further, the bill should state whether the loans will be allowed for renewable energy as well as energy efficiency projects.

For additional information, contact Ellen Robertson at 410-260-2908

