



Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Mary Beth Tung, Director

TO: Members, House Economic Matters Committee
FROM: Mary Beth Tung – Director, MEA
SUBJECT: HB0419 (SB0460) – Economic Development - Advanced Clean Energy and Clean Energy Innovation Investments and Initiatives
DATE: February 4, 2021

MEA POSITION: Letter of Concern

The proposed legislation will have a significant impact on Strategic Energy Investment Fund (SEIF) programs operated by the Maryland Energy Administration (MEA). The bill requires an annual transfer of \$2,100,000 from the SEIF in perpetuity.

MEA FY20 programs will help garner over 43.9 million kWh of generated or avoided electricity, 159,000 therms of natural gas savings, 28,000 kW of new solar photovoltaic capacity, 1,100 tons of new ground source heat pump capacity, 14,000 gallons of gasoline saved and an additional 1,250 gallons of diesel saved.¹

Fiscal Impacts For FY22 and beyond:

- \$1.05 million less per year will be available for the Department of Human Services energy bill assistance program;
- \$420K less will be available for energy efficiency programs, of which at least \$210K is for low-to-moderate income energy efficiency;
- \$420K less will be available for renewable and clean energy programs.

MEA also notes that the SEIF resources being diverted from bill assistance and low-to-moderate income (LMI) programs by this bill will be used instead to subsidize MCEC and MEII within the A. James Clark School of Engineering within the University of Maryland at College Park. These initiatives are highly speculative and, though they may have value, are more properly funded through other means. MEA notes that if either MCEC or MEII are able to profit from their respective endeavors (as both are designed to do), there is no return guaranteed for the State or the SEIF to replenish those losses to LMI programs. The funds would presumably be retained by the A. James Clark School of Engineering and the University of Maryland at College Park.

Funds diverted from DHS and MEA are funds diverted from agencies with existing infrastructure to deploy resources in an effective and cost-efficient manner while ensuring, documenting, and reporting tangible results.

¹ FY20 programs total estimated benefits.

Lastly, the bill would add the Director of MEII to the MCEC board. MEII and MCEC have different goals and purposes, and this may lead to the codifying of a permanent conflict of interest. MEA notes that there is other legislation this session aimed at limiting the involvement and powers of the Maryland Environmental Service officers; a semi-governmental agency that operates under authorizing statute similar to that of MCEC.

We ask the Members to consider the information provided above while deliberating the merits of House Bill 419.