

# **SB0223\_Starzmann\_FAV.pdf**

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## WRITTEN TESTIMONY IN SUPPORT OF SB0223

### Maryland Energy Administration - Jane E. Lawton Conservation Loan Program and Maryland Clean Energy Center

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**Submitted to:**

Senate Education, Energy, and Environment Committee  
Maryland General Assembly

**Submitted by:**

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ESG Strategy & Corporate Data Ethics Authority  
Expert in Infrastructure Development, Energy Systems & Public-Private Partnerships  
New York, New York

**Date:** February 5, 2026

**Position:** FAVORABLE (SUPPORT)

## SUMMARY

I respectfully submit this testimony in *strong support of* SB0223—the Senate companion to HB0245—which transfers oversight of the Jane E. Lawton Conservation Loan Program from the Maryland Energy Administration (MEA) to the Maryland Clean Energy Center (MCEC). With the critical amendments developed collaboratively by MCEC and MEA staff, this bill represents an essential institutional realignment that will significantly improve the program's effectiveness as a revolving clean energy financing tool.

My support is informed by more than three decades of experience in infrastructure financing, public-private partnership design, and capital management—including fourteen years managing complex development projects with the World Bank and Inter-American Development Bank. I have directly observed how institutional design determines whether financing programs achieve their potential or remain constrained by structural misalignment.

SB0223, with its agreed-upon amendments, addresses precisely such a structural constraint by placing the Lawton Program within an entity designed to manage revolving capital effectively.

## PURPOSE AND CONTEXT

The Jane E. Lawton Conservation Loan Program currently represents approximately \$15 million in capital dedicated to financing building energy performance and conservation projects for:—

- *State agencies*
- *Local governments*
- *Nonprofit organizations*
- *Businesses*

This program has evolved from a grant-oriented policy tool into a *financial instrument*—specifically, a revolving loan fund designed to recycle capital over time, amplifying the impact of the initial public investment. However, its effectiveness has been constrained not by lack of demand, but by institutional limitations in its current administrative home.

### THE CORE ISSUE: INSTITUTIONAL FIT FOR REVOLVING LOAN FUND OPERATIONS

The Jane E. Lawton Program functions—or should function—as a *statewide green bank-style revolving loan fund*. As such, its effectiveness depends on:—

- **Active capital management:** This involves continuous oversight of loan portfolio performance, repayment schedules, and capital availability.
- **Timely reinvestment of repayments:** Maximizing the value of the program requires recycling returned capital into new loans without administrative delays.
- **Flexible financial structuring:** This means tailoring loan terms, interest rates, and repayment schedules to accommodate the diverse range of institutional borrowers.
- **Long-term portfolio performance optimization:** In other words, implementing subject-matter expertise to manage risk, ensure repayment discipline, and maximize capital velocity.

These are fundamentally *financial management functions*, not policy development or grant administration tasks.

While the Maryland Energy Administration plays a critical role in policy development, program oversight, and grant administration, it is not structurally designed to function as a *capital management or lending entity*. MEA’s organizational mission, staffing, and operational processes are optimized for policy implementation and regulatory oversight—not for the continuous financial operations required of an effective revolving loan fund.

As a result, the Lawton Program’s impact has been constrained by institutional limitations rather than lack of need or market demand. This is not a criticism of MEA—it simply reflects the reality that revolving loan fund management requires a different organizational capability than policy administration.

### HOW SB0223 IMPROVES PROGRAM EFFECTIVENESS

#### Transfer to MCEC

SB0223 places the Lawton Program within MCEC, an entity specifically designed to:—

- **Operate at the intersection of public policy and clean energy finance:** MCEC understands both public-sector objectives and financial market dynamics.

- ***Manage and recycle capital over time:*** MCEC’s organizational structure supports active capital management and portfolio operations.
- ***Coordinate with public, nonprofit, and private-sector participants:*** Revolving loan funds require engagement across diverse institutional contexts—MCEC’s operational model accommodates this complexity.
- ***Function in alignment with green bank best practices:*** MCEC’s quasi-public structure mirrors successful green bank models deployed nationally and internationally.

This transfer aligns ***program function with institutional capability***, creating the structural conditions for the Lawton Program to achieve its full potential as a revolving financing tool.

### **Importance of the Collaborative Amendment**

The amendment developed jointly by MCEC and MEA staff is ***absolutely critical*** to this bill’s effectiveness. It explicitly authorizes MCEC to:—

- ***Hold the Lawton fund.***
- ***Manage and invest the fund*** in accordance with prudent financial practices.
- ***Reinvest repayments*** into new loans without administrative barriers.
- ***Preserve the revolving nature of the capital***—over time.

***Without this explicit authority, the program would continue to behave more like a static funding source rather than a scalable financing tool.*** The amendment removes ambiguity about MCEC’s authority to actively manage the fund, ensuring that returned capital can be efficiently recycled into new loans.

In my experience with multilateral development finance, clear institutional authority over capital management is the single most important determinant of revolving fund success. Ambiguous mandates create risk aversion, administrative delays, and underutilization of available capital—***precisely the problems this amendment prevents.***

## **WHY THIS MATTERS FOR BUILDING ENERGY PERFORMANCE**

From an operational perspective, access to ***well-managed, revolving capital*** is essential for:—

- ***Energy performance contracts:*** Providing bridge financing or gap funding that enables projects to achieve financial close.
- ***Comprehensive building retrofits:*** Financing upfront costs that deliver long-term energy savings.
- ***Electrification and efficiency upgrades:*** Supporting capital-intensive transitions with favorable repayment terms.

- ***Long-lived infrastructure investments:*** Matching loan terms to asset lifespans, making projects financially viable.

***When capital can be efficiently recycled, a \$15 million fund can support multiples of that amount in project deployment over time.*** If the average loan term is 10 years and capital is continuously reinvested, the cumulative project value financed could reach \$30-50 million or more over the fund's operational life—increasing both fiscal and climate returns for the State significantly beyond the initial appropriation.

By contrast, if the fund is managed as a static pool with slow reinvestment cycles, its impact remains constrained to the initial \$15 million capitalization. ***The difference between these outcomes is entirely a function of institutional capacity for active capital management***—which is precisely what SB0223 enables.

## **RELATIONSHIP TO BROADER STATE ENERGY GOALS**

SB0223 complements Maryland's broader clean energy and decarbonization strategy by:—

- ***Improving capital efficiency rather than increasing appropriations:*** This bill maximizes the impact of existing public investment without requiring new funding.
- ***Strengthening the state's clean energy financing infrastructure:*** Maryland benefits from having a robust quasi-public financing entity capable of deploying diverse financial tools.
- ***Supporting public, nonprofit, and private-sector participation:*** The Lawton Program serves diverse institutional borrowers; effective management ensures equitable access.
- ***Reducing transaction friction for building energy projects:*** When financing is reliably available through a well-managed program, project developers and building owners can plan with confidence.

Importantly, ***this bill represents a structural improvement, not a policy expansion.*** It does not change program eligibility, create new mandates, or impose additional regulatory requirements. It simply places an existing financing tool in the institutional home where it can function most effectively.

## **ALIGNMENT WITH GREEN BANK BEST PRACTICES**

Nationally and internationally, the most successful public clean energy financing programs operate through dedicated entities with explicit capital management authority. Examples include:—

- ***Connecticut Green Bank:*** Nation's first green bank, managing revolving funds and leveraging private capital.

- ***New York Green Bank***: Operates within New York State Energy Research and Development Authority (NYSERDA) with clear financial management mandate.
- ***Montgomery County Green Bank (Maryland)***: Local model demonstrating effectiveness of dedicated financing entities.

These institutions share common characteristics:—

- *Organizational structures designed for financial operations*
- *Staff expertise in lending, credit analysis, and portfolio management*
- *Clear legal authority to manage and invest capital*
- *Ability to coordinate with both public policy objectives and market participants*

SB0223 moves Maryland's Lawton Program toward this proven institutional model, positioning it for greater effectiveness and impact.

## **OPERATIONAL AND FISCAL BENEFITS**

This transfer creates several tangible benefits:—

***For MCEC:—***

- *Expands financing tools available to support Maryland's clean energy goals*
- *Creates synergies with other MCEC programs and services*
- *Strengthens MCEC's role as Maryland's comprehensive clean energy financing platform*

***For MEA:—***

- *Allows MEA to focus organizational resources on policy development and grant administration—its core competencies*
- *Removes capital management functions that do not align with MEA's organizational mission*
- *Maintains MEA's critical policy leadership role in Maryland's energy strategy*

***For Program Beneficiaries—:***

- *Faster loan processing and approval through dedicated financial operations capacity*
- *More responsive capital availability as repayments are efficiently recycled*
- *Improved loan product design tailored to diverse institutional needs*

***For the State:—***

- *Maximizes return on existing public investment through improved capital velocity*
- *Supports climate and energy goals without additional appropriations*
- *Strengthens Maryland's competitive position in clean energy finance*

## CONCLUSION AND RECOMMENDATION

With the agreed-upon amendment, SB0223 ensures that the Jane E. Lawton Conservation Loan Program is administered by an entity equipped to manage it as the *revolving* clean energy financing tool *it was intended to be*.

By aligning the program with MCEC's financing mission, the bill:—

- *Increases the long-term impact of existing public capital* through efficient recycling and active management.
- *Improves support for building energy performance projects* across state government, local jurisdictions, nonprofits, and businesses.
- *Strengthens Maryland's clean energy financing ecosystem* by consolidating financing tools within a dedicated, capable institution.
- *Represents sound institutional design* that aligns program function with organizational capability.

Based on my extensive experience with infrastructure financing and revolving fund management in both multilateral development contexts and private-sector environments, I can attest that SB0223 addresses a genuine structural constraint. This is precisely the type of institutional realignment that unlocks latent program potential.

I respectfully urge the Committee to *report SB0223 favorably* with the agreed-upon amendments and support its advancement.

Thank you for the opportunity to provide this testimony. I am available to serve as a resource to the Committee on technical questions related to revolving loan fund operations, green bank structures, or clean energy financing mechanisms.

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**EEE\_SB0223\_FWA\_MCEC\_2026\_02\_05.pdf**

Uploaded by: Katherine Magruder

Position: FWA



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*Maryland Clean Energy Center (MCEC) was created as a not-for-profit corporate instrumentality of state in 2008 through an act of the Maryland General Assembly.*

*MCEC focuses on an economic development mission to advance the adoption of clean energy and energy efficiency products, services, and technologies with associated jobs, wages, and tax revenue for Maryland. MCEC leverages private capital and private sector capabilities; facilitates the commercialization of innovative advanced energy technologies; implements climate justice initiatives, strives to reduce energy costs for consumers, and drives reductions in greenhouse gas emissions associated with the use of fossil fuels.*

**SB0223 – Maryland Energy Administration - Jane E. Lawton Conservation Loan Program and Maryland Strategic Energy Investment Fund**

**Hearing Date:** Thursday, February 5, 2026  
**Committee:** Senate Education, Energy, and the Environment Committee  
**Recommendation:** FAVORABLE WITH AMENDMENT REPORT

**MCEC supports the intent and purpose of this legislation and is aligned in efforts to seek solutions to provide access to affordable capital for businesses, nonprofits, and government entities.** The loan program offers low interest or zero interest loans to fund energy efficiency upgrades, reducing energy consumption and costs. As a state green bank, MCEC holds, manages, accounts for while investing and reinvesting funds.

**The program proposed in SB0223 could be successfully and efficiently served by MCEC and aligns well with existing programs offered by the Center. As MCEC is audited independently of the state, funds must flow directly to the Center for management. MCEC respectfully requests the legislation be amended to allow the funds to flow directly to MCEC to be held, managed, invested, and reinvested as the Center invests money.**

MCEC has demonstrated experience managing loan programs, including the Clean Energy Advantage Loan Program for homeowners, the Maryland Property Assessed Clean Energy (PACE) loan program serving commercial and nonprofit entities, and the Maryland Clean Energy Capital Program (MCAP) financing projects for municipal and institutional entities. The Climate Catalytic Capital Fund (C3) leverages public funds to attract private capital for projects designed to mitigate the effects of climate change through greenhouse gas emission reduction and climate adaptation. **MCEC proactively pursues federal and philanthropic grant resources that could be effectively incorporated into the various programs offered through the center.**

**MCEC supports SB0223 with an amendment allowing the Maryland Clean Energy Center to administer the fund while holding, managing, investing, and reinvesting the fund as intended as a statewide green bank.**

**MCEC urges a favorable with amendment report and thanks Chair Feldman for his leadership in sponsoring this legislation.**

**SB0223 (HB0245) - FWA - Maryland Energy Administr**

Uploaded by: Landon Fahrig

Position: FWA



# Maryland Energy Administration

**TO:** Chair Feldman, Vice Chair Kagan, and Members of the Energy, Education, and the Environment Committee

**FROM:** MEA

**SUBJECT:** SB 223 - Maryland Energy Administration - Jane E. Lawton Conservation Loan Program and Maryland Strategic Energy Investment Fund

**DATE:** February 5, 2026

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## **MEA Position: FAVORABLE WITH AMENDMENT**

This bill is about aligning programs with the missions of two state agencies, the Maryland Energy Administration (“MEA”) and the Maryland Clean Energy Center (“MCEC”). For years the MEA has operated the Statutory Jane E. Lawton Conservation Loan Program (“Lawton”). However, Lawton is currently MEA’s only loan program. MEA’s programs are generally limited to grants and rebates that help deploy energy efficiency efforts and renewable energy projects, bringing clean generation online for the State to reach its energy and environmental goals.

As a state ‘green bank’ MCEC is the appropriate entity to administer Lawton. MCEC already offers several loan programs including commercial property financing through MDPACE and the Clean Energy Advantage Loan Program offering homeowners a 0% APR loan for the first 24 months for residential energy improvements. This bill transfers Lawton to be under the umbrella of MCEC and their existing bevy of loan programs; offering MCEC the ability to extend its reach while better aligning State programs with the missions of MCEC and MEA.

Separately, HB 245 modifies reporting requirements for MEA. The legislation would limit the individual grants reported under the annual Strategic Energy Investment Fund (“SEIF”) to those equal to or exceeding \$10,000 and remove the need to report on persons who receive multiple awards. The current report averages well over 150 pages in appendices alone, identifying even the smallest of MEA grants or rebates individually and those who receive multiple awards. This creates an unduly burdensome reporting requirement that detracts from the big picture of SEIF activities. By reporting on the larger grants made by MEA, the report’s readability will increase while still highlighting the majority of MEA activity. **Grants in excess of \$10,000 totaled 89% of the total SEIF award expenditures in FY24 and 91% in FY25.**

Finally, the report will be modified to highlight greenhouse gas reductions as a single metric for all MEA programming. Currently, the statute requires that the annual SEIF report reflect “electricity savings”. However, as reducing climate emissions has gained importance, particularly after the passage

of the Climate Solutions Now Act, electricity savings are no longer the best way to evaluate MEA programming. By making greenhouse gas emissions reductions the single metric for success of MEA programming, readers of the annual SEIF report will be able to make apples-to-apples comparisons of MEA programming as well as progress towards meeting the state's climate goals.

MEA offers the amendment below to make necessary corrections to the Lawton statute to ensure that MCEC may continue to operate in its normal course while administering Lawton in the future. MEA asks the committee to adopt the amendment offered and to issue a **favorable report as amended**.

#### Amendment No. 1

On page 9, in line 16, strike "State Treasurer" and substitute "Center", on page 9, strike beginning with "and" in line 16 down through "Fund" in line 17, on page 10, in line 8, strike "State Treasurer" and substitute "Center", and on page 10, in line 9, strike "other State money may be invested" and substitute "the Center would invest money".

**2026-02-03 SB0223 Favorable Testimony.pdf**

Uploaded by: Lynn Heller

Position: FWA



Social Equity through Clean Energy  
[www.solar4us.energy](http://www.solar4us.energy) // [solar4us@climateaccessfund.org](mailto:solar4us@climateaccessfund.org)

Senate Education, Energy, and the Environment  
Favorable with Amendment - SB 0223  
February 3, 2026

Dear Chair Feldman,

I am writing to request your favorable with amendment support for SB 0223 - Maryland Energy Administration - Jane E. Lawton Conservation Loan Program and Maryland Strategic Energy Investment Fund.

The Climate Access Fund is a fellow statewide green bank in Maryland focused on low-income access to community solar. We are longtime partners of the Maryland Clean Energy Center (MCEC) and firmly believe in the power of flexible, recyclable capital to accelerate our state's energy efficiency and clean energy goals.

In particular, this bill is important to my organization because we believe economic growth plays a critical role in accelerating solutions to the energy-demand crisis in Maryland and is an important step toward improving energy affordability – particularly for those who can least afford the dramatic increases in energy prices we are experiencing. The State's investment in the Maryland Clean Energy Center (MCEC) supports the adoption of clean energy generation, energy efficiency measures, and innovative emerging energy technologies. Given its history and experience as a green bank, MCEC is just the right entity to implement the Jane E. Lawton Conservation Loan Program, as provided for in SB 0223.

As an instrumentality, MCEC provides significant value to the State by supporting economic growth and energy affordability through clean energy and energy efficiency initiatives. In leveraging capital to achieve its mission, MCEC has the capability and flexibility to do what the public sector cannot, and the private sector will not. MCEC successfully facilitates partnerships and relationships to create business and employment opportunities.

Since 2009, MCEC has achieved a greater than 10-to-1 return on investment, with over \$238 million in private capital invested against just over \$23 million in public funding spent with and through MCEC. A recent analysis by BEACON at Salisbury University values MCEC's economic impact over the same period at \$621.5 million, supporting over 3,000 jobs and generating \$82.2 million in tax revenue.

For this success to continue, MCEC must have a stable, definitive commitment of revenue to help support its operation and signal to project partners and capital providers that they can predictably count on MCEC for investment transactions. This legislation calls for such a commitment, which the Climate Access Fund believes is a worthy investment for economic growth and energy affordability.

Your consideration and favorable with amendment support of SB 0223 is much appreciated.

Sincerely,

Lynn Heller, CEO

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