



P.O. Box 278
Riverdale, MD 20738

Committee: Environment and Transportation

Testimony on: HB1040 - Maryland Strategic Energy Investment Fund - Mandated Uses -
Climate Change Programs

Position: Favorable

Hearing Date: March 3, 2026

The Sierra Club strongly supports HB1040, which mandates that a minimum amount of funds from the Strategic Energy Investment Fund (SEIF) be used each year from FY2028-32 for climate programs. We thank Delegate Stein for his leadership on this issue, and continued leadership on climate issues. One of the Sierra Club's top priorities this year is securing SEIF funding for key climate priorities in the FY2027 budget; this bill would build upon this goal and ensure that this funding is secure in future years. As such, we urge a favorable report.

Background on the SEIF

For two decades, the SEIF has helped families and businesses save money while powering the expansion of clean energy, serving as an engine of Maryland's climate goals while reducing the strain of high energy bills. As a dedicated-use fund, its appropriate uses are described in statute¹—in short, renewable energy, energy efficiency, and low-income bill support.

Funding comes primarily from the Regional Greenhouse Gas Initiative (RGGI), and Alternative Compliance Payments (ACPs) paid by utility companies when they fail to meet the targets for renewable energy purchases as prescribed by the state's Renewable Portfolio Standard (RPS). In recent years, funding levels in the SEIF have increased significantly as utilities have paid ACPs at higher rates and RGGI funds also increased. The SEIF serves as the primary source of funding for the MEA, which administers a wide range of programs to advance energy efficiency, expand clean energy, provide assistance with energy bills, and more.

Diversions from the SEIF

The SEIF statute is clear: funding is to be used for programs that equitably support the expansion of clean energy, promote energy efficiency, and reduce the bills of low-income ratepayers. However, last year, the legislature diverted nearly \$500 million from the SEIF, moving \$295 million to the general fund, and distributing \$200 million in untargeted energy bill rebates to all ratepayers, totalling \$80 per household. This year, the Governor's budget proposes major diversions again: \$292 million to the general fund and \$100 million in untargeted rebates. The Sierra Club opposes any such diversions of SEIF funding to non-intended purposes, as they threaten the statutory goals of the fund and underinvest in Maryland's clean energy goals and long-term energy affordability.

¹ §9–20B–05, paragraph (f): “cost-effective energy efficiency and conservation programs, renewable and clean energy resources, climate change programs directly related to reducing or mitigating the effects of climate change, demand response programs, programs, projects, activities, and investments to reduce electricity consumption by customers in the low-income and moderate-income residential sectors; supplemental funds for low-income energy assistance; rebates under the Electric Vehicle Recharging Equipment Rebate Program.”



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HB1040 - Reaffirming Maryland's Commitment to Energy Efficiency and Clean Energy

This bill would reaffirm the statutory commitments of the SEIF by mandating level funding in FY2028-32 for programs that meet our renewable energy, affordability, and climate goals, to ensure that a minimum funding level for such programs is protected. Level funding for at least the next four fiscal years provides certainty for existing programs, as well as the flexibility to accommodate new programs that may serve to meet the goals of advancing renewable energy, reducing pollution, and building resilience, while considering the impact to ratepayers.

Amidst skyrocketing energy prices, a deepening climate crisis, and rollbacks in federal funding for clean energy and energy efficiency, the SEIF is a crucial tool to advance our clean energy goals and expand long-term energy affordability for Marylanders. This bill would secure SEIF funding for key programs for future years, ensuring that SEIF continues to power our State's efficient, clean energy future. We urge a favorable report.

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