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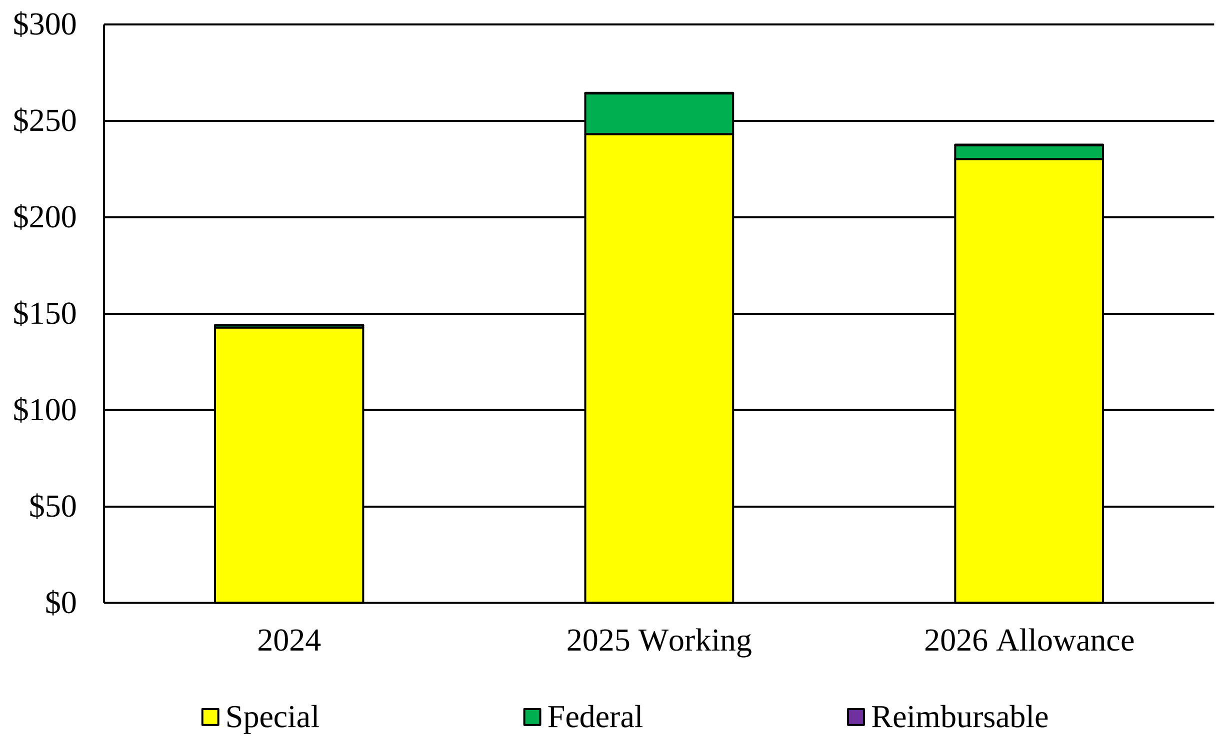
Maryland Energy Administration

Executive Summary

The Maryland Energy Administration (MEA) conducts energy policy planning activities and administers a suite of programs that advance the agency's mission of promoting clean, affordable, and reliable energy while also pursuing the State's overall energy policy goals. In addition, MEA administers Maryland's Strategic Energy Investment Fund (SEIF), which supports the majority of MEA programming as well as SEIF-funded programs implemented by other State agencies.

Operating Budget Summary

Fiscal 2026 Budget Decreases $26.8 Million, or 10.1%, to $237.6 Million
($ in Millions)



Note: Numbers may not sum due to rounding. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency's budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

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- $114.1 million or 48% of the fiscal 2026 allowance consists of revenues from Regional Greenhouse Gas Initiative (RGGI)-sourced SEIF and $101.8 million or 43% of the fiscal 2026 allowance is sourced from Alternative Compliance Payments (ACP) deposited to the SEIF under the State's Renewable Portfolio Standard (RPS) program.

- The total fiscal 2026 allowance ($237.6 million) is about 64.9% more than total fiscal 2024 actual spending ($144.1 million). Compared to fiscal 2025 working appropriation, the fiscal 2026 allowance decreases by 10.1%.

Key Observations

- ***RGGI Auction Revenue Levels Remain Elevated:*** In fiscal 2024, Maryland received a total of $214.2 million in revenues from RGGI program auctions, the highest yearly total. In Auction 65 in September 2024, the highest auction clearing price in the history of the RGGI program was achieved at $25.75 per allowance, resulting in the highest amount of revenues from a single auction by Maryland ($71.6 million). Through the first half of fiscal 2025, Maryland received a total of $127.4 million in revenues from RGGI auctions.

- ***SEIF Revenue Sourced from ACPs:*** The fiscal 2026 allowance for MEA includes over $101.8 million in ACP-sourced SEIF, a decrease of $750,000 from the ACP-sourced SEIF budgeted in fiscal 2025. However, this excludes $180 million of ACP-sourced SEIF included in the fiscal 2026 allowance for the Dedicated Purpose Account (DPA).

- ***Current and Future Federal Funding Is Available from the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA):*** The fiscal 2026 allowance includes an initial portion of federal funding available to MEA through the U.S. Department of Energy (DOE) based on funds available from the IIJA. Specifically, $6.7 million in federal funding is available from the State Energy Program (SEP) including both the regular funding and IIJA additional funding and the Preventing Outages and Enhancing Resilience of the Electric Grid program. MEA also anticipates funding from the Energy Efficiency and Conservation Block Grant, which was awarded in August 2024. The fiscal 2026 allowance includes $365,190 from this program for general administration. IIJA funding is also anticipated by MEA from one additional program that is not yet reflected in the budget. Through the IRA, MEA has applied for access to $136.8 million in formula funding for two home energy rebate programs.

Operating Budget Recommended Actions

		Funds	Positions
1.	Reduce funds allocated for reclassification.	-$ 116,518	
2.	Adopt committee narrative requesting annual reporting on Strategic Energy Investment Fund revenue, spending, and fund balance.		
3.	Adopt committee narrative requesting a report on federal funding available from the Infrastructure Investment and Jobs Act and the Inflation Reduction Act.		
4.	Adopt committee narrative requesting annual data on Maryland Energy Administration's funding by program and source.		
5.	Adopt committee narrative requesting a report on revenues transferred from the Strategic Energy Investment Fund to the Dedicated Purpose Account.		
	Total Net Change	**-$ 116,518**	

Budget Reconciliation and Financing Act Recommended Actions

1. Amend a provision authorizing a transfer of $150 million from the Renewable Portfolio Standard/Alternative Compliance Payment Account of the Strategic Energy Investment Fund to transfer $180 million.
2. Authorize a transfer to the General Fund of $30,000,000 from the Administration Account of the Strategic Energy Investment Fund.

Operating Budget Analysis

Program Description

MEA conducts energy policy planning activities for a variety of energy sources and advises the Governor's Office on energy policy matters. MEA administers a suite of programs targeting energy efficiency, resiliency, and growth in clean energy that is affordable and reliable. MEA programming supports the State's overall clean energy and greenhouse gas emission reduction goals while benefiting Maryland residents in an equitable manner. MEA programs are targeted toward State and local governments, nonprofit organizations, residential consumers, businesses, and industrial consumers. Certain MEA programming specifically targets low- and moderate-income (LMI) residents and disadvantaged or underserved communities. Some of the agency's key goals include:

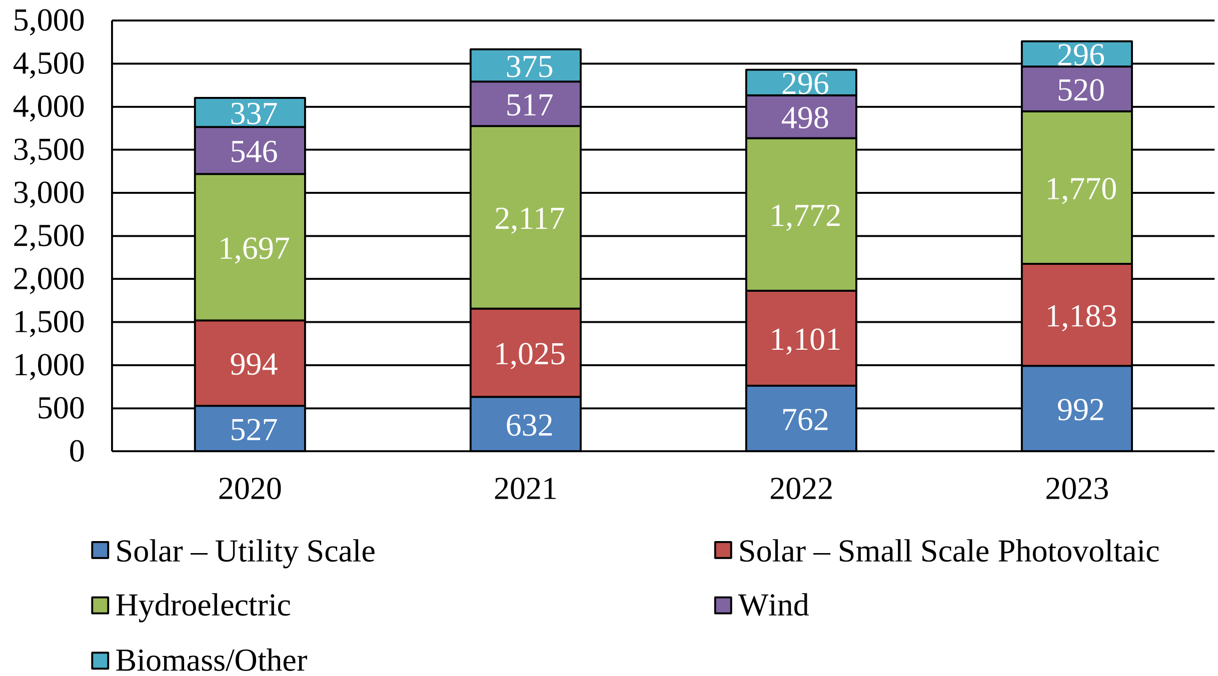
- promoting energy efficiency and energy conservation to reduce overall energy demand;
- providing incentives to cost-effective projects that result in energy savings and greenhouse gas emission reductions;
- promoting the development and expansion of in-state renewable energy generation to increase electric generation fuel diversity; and
- supporting the diversification of Maryland's transportation network by encouraging the adoption of alternative fuel and electric vehicles (EV).

Performance Analysis: Managing for Results

1. In-state Renewable Energy Generation and Energy Usage Trends

According to the U.S. Energy Information Agency, in calendar 2023, a total of 89% of Maryland's in-state electricity generation was generated from nonrenewable sources, including nuclear (42%), natural gas (43%), and coal (5%). Coal-fired generation has declined significantly over the past decade, while natural gas-fired generation more than tripled between calendar 2015 and 2022. Almost all new electric generation since calendar 2015 has come from either natural gas-fired generation or solar-powered generation. In calendar 2023, the most recent actual data available, 12% of in-state electricity generation was sourced from renewable energy sources. As shown in **Exhibit 1**, in calendar 2023, in-state renewable energy generation totaled 4,761 megawatt hours (MWh), an increase of approximately 332 MWh (7.5%) from the previous year. The overall increase in calendar 2023 was primarily due to an increase in utility scale solar generation of 230 MWh. Total solar energy generation (both utility scale and small scale photovoltaic) increased by 312 MWh from 1,863 MWh to 2,175 MWh during calendar 2023 and accounted for the largest share of in-state renewable energy generation.

Exhibit 1
In-state Renewable Energy Generation
Calendar 2020-2023
(in Megawatt Hours)

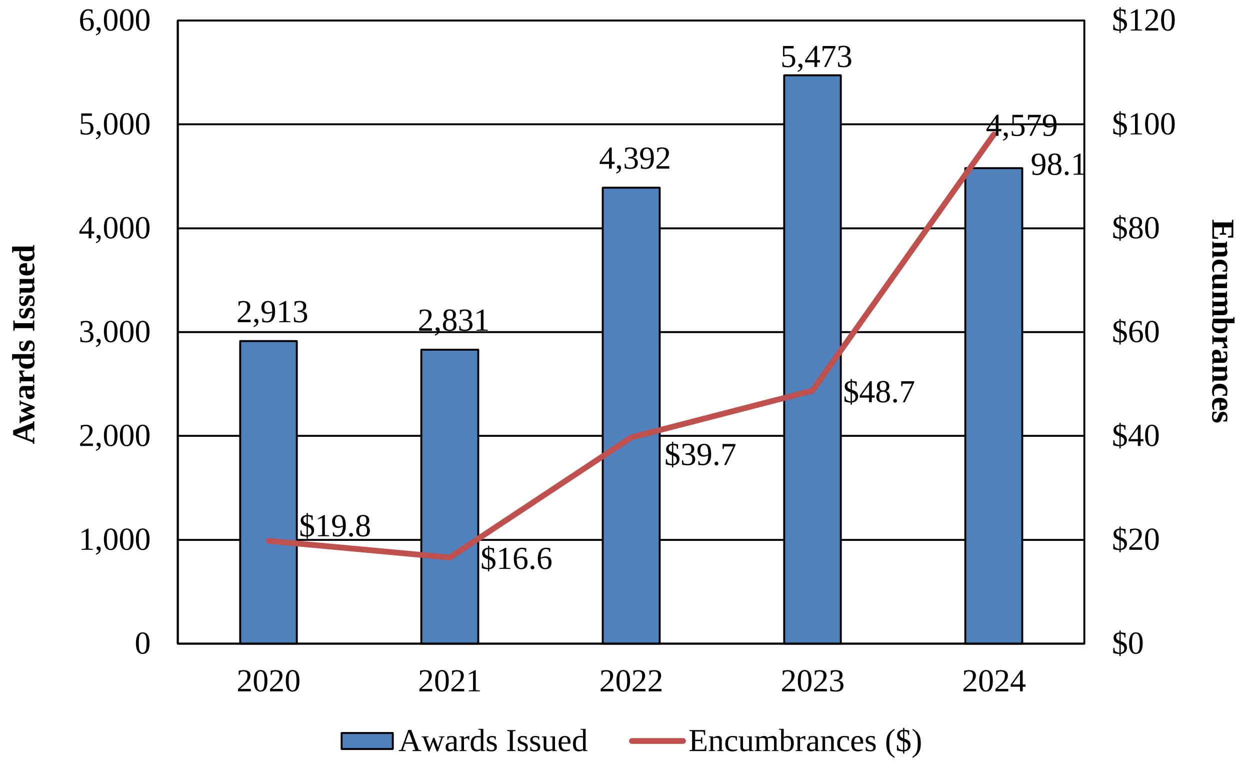


Source: Maryland Energy Administration; U.S. Energy Information Agency

2. Awards Issued to Incentivize In-state Renewable Energy Generation

In recent years, MEA spending on renewable and clean energy programs and initiatives has made up the largest share of the MEA budget and the greatest number of individual programs and awards offered. Funding budgeted for renewable and clean energy programs and initiatives has increased significantly since fiscal 2021 due to increased availability of SEIF revenues. As shown in **Exhibit 2**, total encumbrances increased by $49.4 million in fiscal 2024 compared to fiscal 2023 to a total of $98.1 million. In fiscal 2024, MEA awarded a total of 4,579 grants to individuals, businesses, local governments, and other entities to incentivize in-state renewable energy generation from a variety of sources, a decrease of 894 grants, or 16.3%, from the total number of grants awarded in fiscal 2023. Between fiscal 2020 and 2024, the total number of grants awarded has increased by 57.2% (1,666 grants). MEA notes that the majority of individual grants awarded are made under the Clean Energy Rebate Program, which includes dual tracks for residential and commercial applicants, providing rebates for the purchase and installation of eligible renewable energy generating systems, including solar photovoltaic systems, solar thermal water heating systems, and geothermal heat pump systems.

Exhibit 2
Awards Issued to Promote Renewable and Clean Energy
Fiscal 2020-2024
($ in Millions)



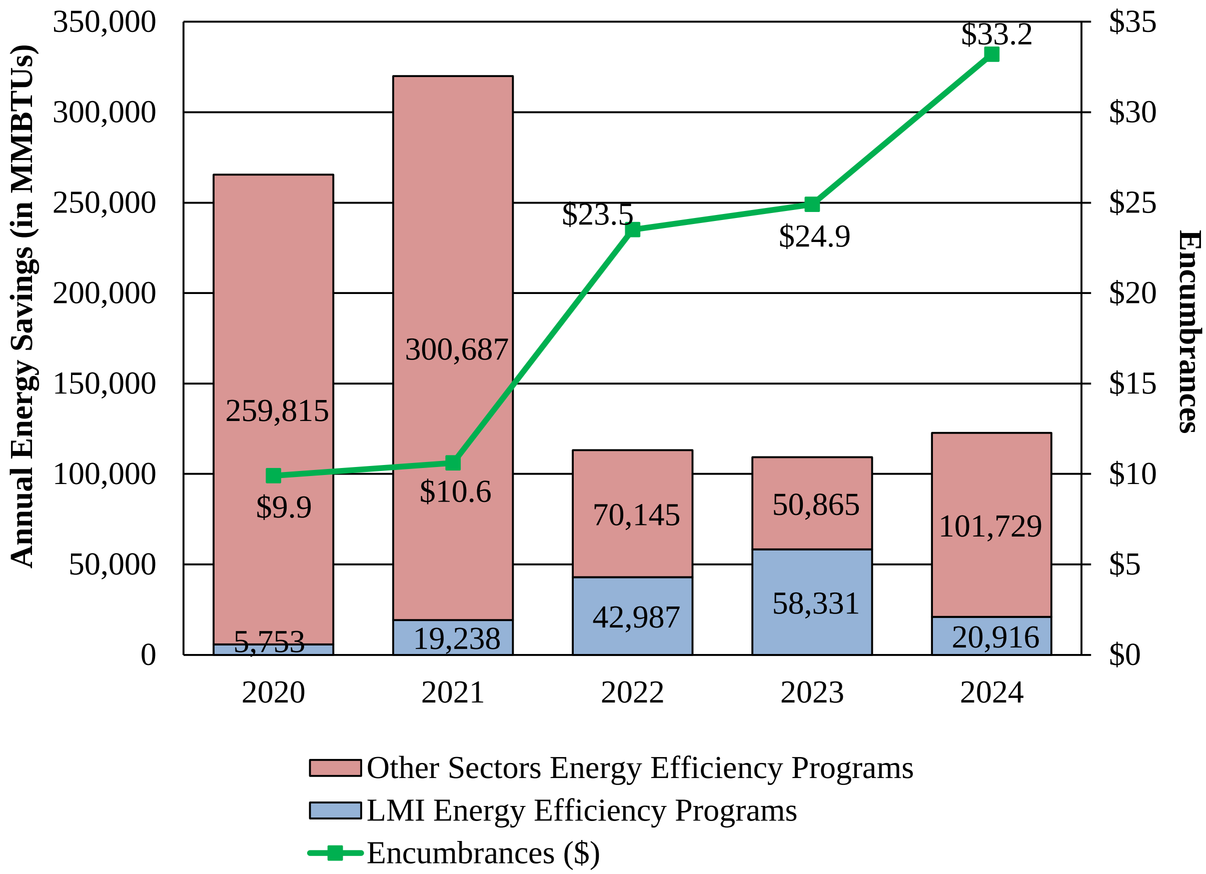
Source: Department of Budget and Management; Maryland Energy Administration

3. Energy Savings from Energy Efficiency Programs

MEA reports data on annual energy savings achieved through its energy efficiency programs as part of its annual Managing for Results submission. Due to the timing of completion of projects funded in a given year, actual energy savings are not generally known for the most recent fiscal year. As a result, MEA provides an estimate for energy savings for the most recent completed fiscal year.

Total encumbrances for energy efficiency programs across both the LMI and non-LMI sectors increased by $8.3 million in fiscal 2024 compared to fiscal 2023 to $33.2 million. As shown in **Exhibit 3**, MEA anticipates a slight increase in overall energy savings in fiscal 2024 from projects funded that year. MEA notes that in recent years, energy efficiency programs like Commercial, Industrial, and Agricultural (CI&A) Energy Efficiency Program have focused more on electric and zero direct emissions technologies rather than energy efficiency upgrades involving fossil fuel technologies, which causes the relative type and magnitude of energy savings for programs to be less certain. The largest programs in the energy efficiency sector offered by MEA in fiscal 2024 include the Decarbonizing Communities Program, the CI&A Grant Program, Regional Manufacturing Institute outreach expansion, and the Maryland Smart Energy Communities Program.

Exhibit 3
Energy Savings from Energy Efficiency Programs
Fiscal 2020-2024
($ in Millions)



LMI: low- and moderate-income
MMBTU: Metric Million British Thermal Units

Note: Fiscal 2024 encumbrances reflect actuals, while energy savings are estimates.

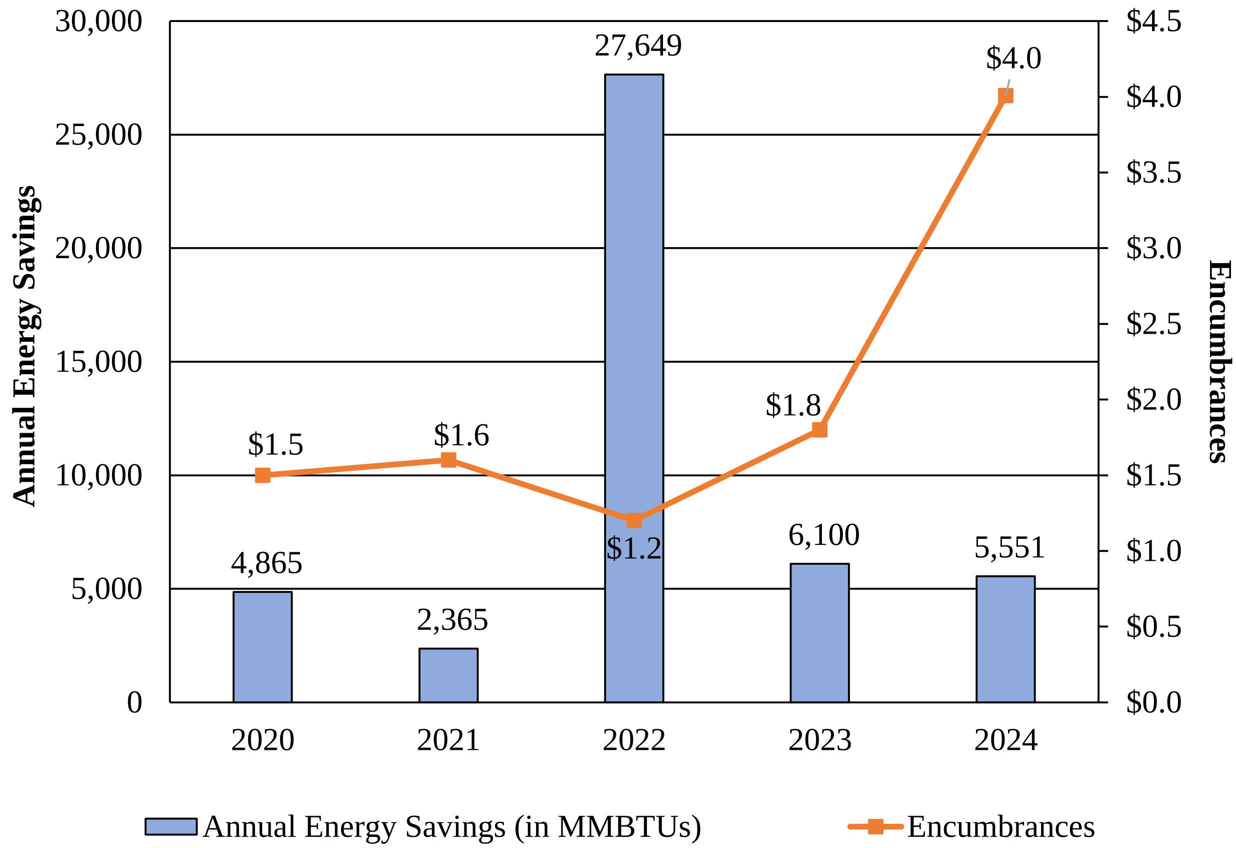
Source: Department of Budget and Management; Maryland Energy Administration

4. Energy Savings from Jane E. Lawton Conservation Loan Program

The Jane E. Lawton Conservation Loan Program (JELLP) provides loans to Maryland nonprofit organizations, units of local government, businesses, and State agencies to fund the implementation of cost-effective energy efficiency and conservation improvements at existing facilities or as part of new construction. In fiscal 2025, interest rates are 0% for all units of State and local government and their instrumentalities; 2% for a traditional loan; and 3% for a microloan for all commercial, nonprofit, or nonpublic facilities applicants. Loans are generally offered on a first-come, first-served basis for qualifying borrowers subject to funding availability. However, due to the historically higher demand from State agencies for loans compared to demand from non-State and local government entities, the current structure of the JELLP initially sets aside a larger portion of funds for State agencies during the first half of the fiscal year. In fiscal 2025, $2.0 million of the funds are specifically reserved for State agencies during the first half of the fiscal year. The remaining portion of funding not reserved for State agencies during the first half of the fiscal year is reserved for eligible businesses and local governments during this time. After the first half of the fiscal year, these restrictions are lifted, and available funding is made available to all qualified applicants. This structure ensures that funding is efficiently utilized by ensuring that a portion of funding is initially reserved for non-State entities but also allowing for additional funding to be made available to State agencies during the second half of the fiscal year if non-State demand does not materialize.

Exhibit 4 presents data on annual energy savings and spending for the JELLP. In fiscal 2022, the notably higher energy savings achieved compared to other fiscal years was achieved primarily due to a single large indoor agricultural project with high energy savings that also received a grant under the CI&A Grant Program that year. In fiscal 2024, all of the JELLP loan funds were awarded to State agencies including the University of Maryland, College Park campus (UMCP) and the Department of General Services. To date in fiscal 2025, MEA has received six applications, including both State agencies and private entities.

Exhibit 4
JELLP Energy Savings
Fiscal 2020-2024
($ in Millions)



JELLP: Jane E. Lawton Conservation Loan Program
MMBTU: Metric Million British Thermal Unit

Source: Department of Budget and Management; Maryland Energy Administration

Fiscal 2024

At fiscal 2024 closeout, MEA canceled a total of $26.6 million. Of these cancellations, about $25.0 million were in special funds, $1.6 million were in federal funds, and $18,427 were in reimbursable funds. MEA reports these cancellations were associated with appropriations carried forward from fiscal 2018 through 2023 that were not expended or encumbered. **MEA should discuss why these funds were not expended or encumbered.**

Fiscal 2025

Use of $90 Million Transferred from the SEIF to the DPA

The fiscal 2025 budget transferred $90 million of SEIF fund balance to the DPA to be used for implementation of provisions of Chapter 38 of 2022 (the Climate Solutions Now Act (CSNA)) and Maryland's Climate Pollution Reduction Plan. Committee narrative in the 2024 *Joint Chairmen's Report* (JCR) requested that the Department of Budget and Management (DBM), MEA, and the Maryland Department of the Environment (MDE) jointly submit a report outlining the sources and planned uses of this funding. According to the report, the funds were transferred from the SEIF in accordance with the Budget Reconciliation and Financing Act (BRFA) of 2024 (Chapter 717) from following accounts:

- $43.1 million from the RPS ACP Account;
- $40.0 million from the Administration Account;
- $2.3 million from the LMI Energy Efficiency Account;
- $2.3 million from the Energy Efficiency in all Sectors Account; and
- $2.3 million from the Renewable Energy and Climate Change Account.

Of the $90 million, a budget amendment has transferred $53.7 million to MEA leaving a remaining balance of $36.3 million in SEIF RGGI special funds in the DPA for this purpose. As part of the budget amendment, the $53.7 million was described as being provided for grants for capital investment, planning, and technical assistance for the following three programs.

- ***Community Electric Vehicle Supply and Equipment (EVSE) Program:*** $11.6 million in grants will be provided to cover the costs of 200 EV charging stations at multifamily and community buildings. MEA has announced the program and is currently accepting comments. MEA anticipates providing awards to eligible applicants before the end of fiscal 2025. MEA plans to partner with the Department of Housing and Community Development (DHCD) to identify eligible LMI multifamily properties.

- ***Electric School Buses:*** $16.5 million in grants will be provided for the acquisition of electric school buses by local education agencies. School systems are required to purchase (or lease) electric school buses beginning in fiscal 2025. MEA has requested the applications be submitted by February 14, 2025. MEA anticipates awarding $16.5 million to acquire at least 40 electric school buses and charging equipment.

- ***Building Electrification:*** MEA will provide grants for the electrification of hospitals, multifamily buildings, schools, and other community-facing buildings in LMI communities. Approximately $24.1 million will be used to support energy efficiency projects at hospitals, schools, multifamily housing, and other community buildings in low- and moderate-income communities.

Approximately $1.5 million will be used to support necessary staff, such as program managers and specialists, to implement, monitor, and promote the programs. A portion of the $1.5 million will support travel, advertisement, equipment, and indirect administrative costs necessary to implement the programs.

MEA plans to use the remaining $36.3 million in the DPA as follows:

- approximately $11.4 million for the EVSE program; and

- approximately $25.9 million for building electrification.

MEA should discuss how much of the $53.7 million transferred from the DPA in fiscal 2025 for grants has been awarded and when it plans to complete the award process. MEA should also discuss when it expects to request access to the remaining $36.3 million in the DPA.

Fiscal 2026 Overview of Agency Spending

The fiscal 2026 allowance for MEA totals $237.6 million. As shown in **Exhibit 5**, the largest share of the fiscal 2026 allowance consists of renewable and clean energy programs and initiatives at $159.9 million (68%) of the total budget. Within this program, the largest area of spending is for solar energy-related programs, which total $93.8 million. The remainder of the fiscal 2026 allowance for renewable and clean energy programs and initiatives includes:

- $18.0 million for Resilient Maryland Program that provides funds to communities and organizations to offset the costs of planning; designing; and constructing microgrids, resilient facility power systems, and resiliency hubs;

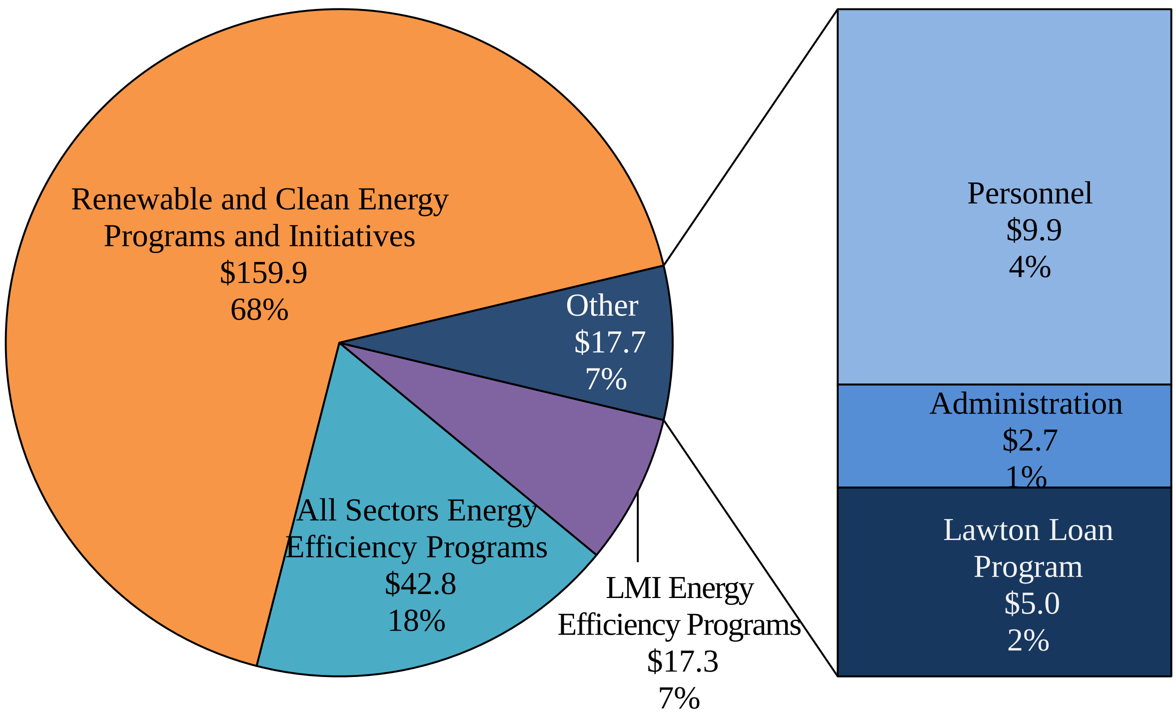
- $15.0 million for the OPEN Energy Innovation Grant Program, a competitive grant that aims to foster innovative energy projects and initiatives;

- $12.0 million for transportation programs, including $10.0 million budgeted for the Medium-Duty and Heavy-Duty Zero Emission Grant Program and $2.0 million for the Maryland School Bus program;

- $9.9 million for technical assistance, studies, planning, and other grant program administrative expenses. A portion of this funding is budgeted for program marketing and communications;

- $7.0 million budgeted for offshore wind-related programs; and
- $4.1 million in federal funds available through the IIJA from the Preventing Outages and Enhancing the Resilience of the Electric Grid program.

Exhibit 5
Overview of Agency Spending
Fiscal 2026 Allowance
($ in Thousands)



LMI: low- and moderate-income

Note: The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Governor's Fiscal 2026 Budget Books

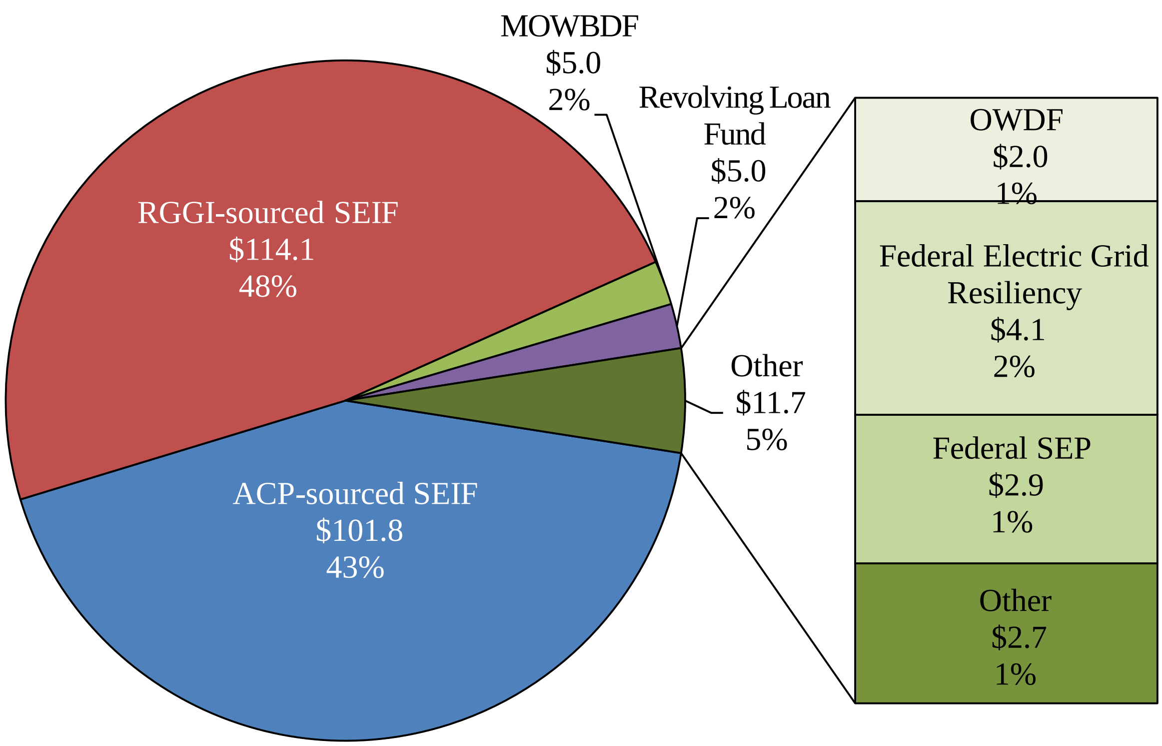
Outside of renewable and clean energy programs and initiatives, energy efficiency programs (LMI and all sectors) total $60.1 million (25%) of the fiscal 2026 allowance. Of this total, $17.3 million supports LMI energy efficiency grants through the Energy Efficiency Equity Grant Program, and $42.8 million supports energy efficiency programs in all other sectors. The all other sectors program includes funding for grants made under programs including the CI&A Grant

Program; the Maryland Smart Energy Communities Program; and a portion of school decarbonization grants.

Agency Spending by Source

As shown in **Exhibit 6**, SEIF sourced from RGGI program revenues is the largest source of funding in the fiscal 2026 allowance, totaling $114.1 million (48%). SEIF sourced from ACPs required under the State's RPS program totals $101.8 million (43%) of the fiscal 2026 allowance.

Exhibit 6
Spending by Source
Fiscal 2026 Allowance
($ in Millions)



ACP: Alternative Compliance Payment
MOWBDF: Maryland Offshore Wind Business Development Fund
RGGI: Regional Greenhouse Gas Initiative
OWDF: Offshore Wind Development Fund
SEIF: Strategic Energy Investment Fund
SEP: State Energy Program

Note: The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Governor's Fiscal 2026 Budget Books

The non-RGGI-sourced special fund revenues budgeted in fiscal 2026 must be used as directed in statute or the Public Service Commission (PSC) order creating the source.

- ***RPS ACP:*** Under the State's RPS program, electric utilities and other electricity suppliers must demonstrate compliance with requirements for sourcing percentages of electricity sold in Maryland from renewable sources. Electricity suppliers are required to submit Renewable Energy Credits (REC) equal to the percentages specified in statute each year or pay an ACP equivalent to their shortfall, deposited to the SEIF.

- ***Maryland Offshore Wind Business Development Fund (MOWBDF):*** Created through the Offshore Wind Energy Act of 2013 (Chapter 3), MOWBDF is a separate special fund that received seed funds from the Offshore Wind Development Fund (OWDF) and also receives required contributions ($2 million annually for three years) from approved applications of Offshore Wind Renewable Energy Credits (OREC). The first two rounds of $2 million deposits ($8 million total) were made by Skipjack Offshore Energy, LLC and MarWin II, LLC, which were each awarded ORECs in December 2021. On January 25, 2024, Orsted, the parent company of Skipjack Offshore Energy, LLC announced its withdrawal from its agreement with the State of Maryland to fund its offshore wind projects through ORECs previously approved by PSC, reducing future deposits to MOWBDF. MEA reports that all deposits from MarWin II, LLC have been received. The fiscal 2026 allowance includes $5.0 million from this fund. As of December 31, 2024, the balance of MOWBDF was $22.6 million, not accounting for encumbrances and expenditures for fiscal 2025.

- ***OWDF:*** A contribution to the SEIF of $30 million for offshore wind development activities (such as technical studies or consortium memberships) was required under the terms of the Exelon and Constellation merger. The fiscal 2026 allowance includes $2.0 million from this fund.

Proposed Budget Change

As shown in **Exhibit 7**, the fiscal 2026 allowance for MEA decreases by $26.8 million (10.1%) compared to the fiscal 2025 working appropriation. The primary area of decrease is in funding for renewable and clean energy programs and initiatives, which decreases by $40.3 million, and LMI energy efficiency and conservation programs, which decrease by $18.4 million. These decreases are partially offset by an increase of $29.2 million for energy efficiency and conservation programs (all sectors).

Exhibit 7
Proposed Budget
Maryland Energy Administration
($ in Thousands)

How Much It Grows:	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2024 Actual	$142,873	$1,091	$180	$144,144
Fiscal 2025 Working Appropriation	243,150	21,071	229	264,450
Fiscal 2026 Allowance	230,232	7,160	239	237,631
Fiscal 2025-2026 Amount Change	-$12,918	-$13,911	$9	-$26,819
Fiscal 2025-2026 Percent Change	-5.3%	-66.0%	4.0%	-10.1%

Where It Goes:	Change
Personnel Expenses	
Salary increases and associated fringe benefits including fiscal 2025 cost-of-living adjustment and increments	$863
Cost of 6 new positions	632
Reclassification, related to 3 contractual conversions	117
Turnover expectancy increases from 0.81% to 1.69%	-60
Programmatic Changes	
Partnership programs with local government, including funding for clean energy initiatives and Maryland Smart Energy Communities Program	73,359
Partnerships with State agencies to install clean energy on government buildings	20,000
Funding to builders for adoption of solar and/or geothermal in new construction at scale for affordable housing/homes in overburdened/underserved census tracts	14,000
Open Energy Grant Program (grants for proposals outside of other MEA programs)	17,000
School Decarbonization Grants, including technical and contractual support	13,000
Mechanical Insulation Program to provide grants for insulation of heating, cooling, and central plan circulation lines and ducts	11,600
Commercial, Industrial, and Agricultural Grants	9,699
Resilient Maryland	8,700
Grants to residents and businesses to install energy storage	3,500
Jane E. Lawton Conservation Loan Program	2,000
Energy Assurance and Energy Emergency Management Planning Grants	-100
Medium/heavy duty zero-emission vehicles (onroad and offroad)	-750
Higher Education Green Energy Initiatives	-1,600
Clean Energy Grant Program	-2,383

Where It Goes:	**Change**
Electric Vehicle Supply Equipment rebate program	-2,500
Preventing Outages and Enhancing the Resilience of the Electric Grid	-4,653
State Energy Program	-4,981
Offshore Wind Business Development grants	-5,000
Resiliency Program for Public Schools and Social Service Facilities Serving Disadvantaged Communities	-10,000
Multi-family and Community Charging Grant Program	-12,390
Funding to offset the incremental cost of zero-emission school buses and support associated electric charging infrastructure	-14,490
Low- to Moderate-income Community Energy Efficiency Grants	-18,362
Solar	
Maryland Solar Access Program	16,000
Solar Energy Equity Program	15,000
Additional capital for financing solar for moderate- and lower/moderate-income households	10,000
Community solar grants	7,000
Grants for solar on public schools under MEA's Decarbonizing Public Schools Program	-3,000
Photovoltaics in Parking Lots Grants	-4,799
Solar Initiatives (Tier 1 ACP)	-11,201
Large Scale Low Income Community Solar Program	-15,000
Low Income Solar Program (Residential and Multi-Family)	-15,000
Other Changes	
Outside contractual services, to provide assistance related to administration, outreach, engagement and analysis	7,164
Technical studies on various clean and renewable energy programs	3,000
Support for Clean Buildings Hub	2,358
Communications and Marketing Program to promote State energy policies, programs, and initiatives	1,350
Reduction of 12 contractual positions, including 3 contractual conversions	-698
Lower spending of special funds from ACPs; unspecified reduction	-138,000
Other	1,806
Total	**-$26,819**

ACP: Alternative Compliance Payments MEA: Maryland Energy Administration

Note: Numbers may not sum to total due to rounding. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency's budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

The $73.4 million increase for partnership programs, as shown in the proposed budget, includes formula funding to local governments for clean energy initiatives, the Maryland Smart Energy Communities (MSEC) program, and funding for local government-administered partnership programs. Of this amount, $10.8 million is specifically allocated for MSEC to incentivize local governments to adopt energy policies.

MEA did not provide complete additional budget data in time to be included in this analysis. Although typically, MEA has provided detail on programmatic activity that reconciles to the actual, working appropriation, and allowance. Detail provided by MEA did not reconcile for all years and therefore could not be used in the development of this budget analysis. In addition, the sources of funds used to support the appropriations were not always consistent across data reported in the Governor's Budget Books, detail on contract and grant spending provided as part of the budget, and as provided by MEA. For instance, in the Governor's Fiscal 2026 Budget Books, there is $5.0 million from MOWBDF listed as a source of spending in fiscal 2026. However, the contracts file does not show any funding for fiscal 2026 under this program. **MEA should comment on the cause of discrepancies and efforts that it will undertake to ensure consistent reporting of its budget. MEA should also comment on the programs that will be impacted by the unspecified reduction of $138.0 million related to ACP spending. The Department of Legislative Services (DLS) recommends adopting committee narrative requesting that MEA provide annual data on MEA's funding by programmatic activity and source.**

Budget Reconciliation and Financing Act

The fiscal 2026 BFRA as introduced includes three provisions impacting the SEIF, though none directly impact spending in MEA in fiscal 2026.

- One provision authorizes the Governor to transfer up to $150.0 million from the ACP account of the SEIF to the General Fund.

- A second set of provisions removes the SEIF from the list of special funds exempted from having interest directed to the General Fund. In addition, it repeals the authorization for interest and investment earnings to be held in the SEIF. The Governor's Fiscal 2026 Budget Plan assumes general fund revenue of $65 million between fiscal 2025 and 2026 due to this provision.

- The fiscal 2026 budget as introduced includes a $6.6 million special fund appropriation in fiscal 2025 and a $6.1 million special fund appropriation in fiscal 2026, contingent on legislation to allow RGGI auction revenues deposited into the SEIF to be used for general expenses within MDE, which replace general fund expenditures.

Additional discussion on the interest and investment earnings transfer and costs associated with MDE can be found in Issue 1 of this analysis.

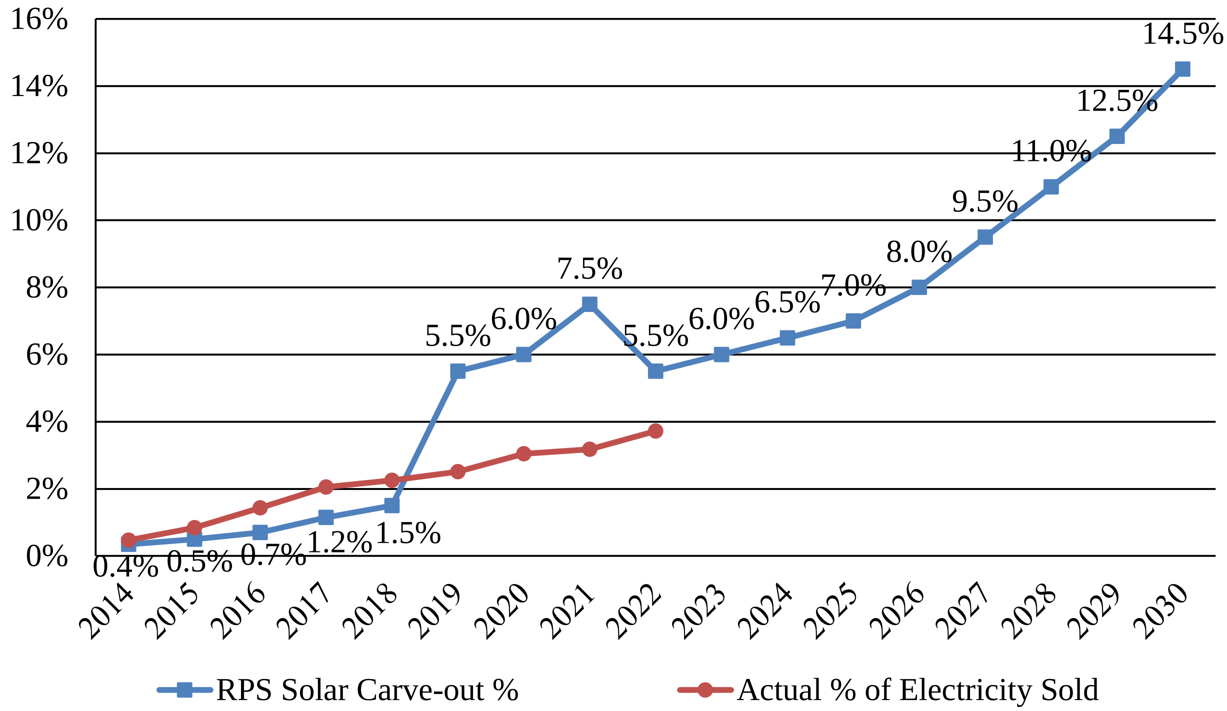
ACPs Made under the RPS Program

Reason for Growth in Revenue

Maryland's RPS program was enacted in calendar 2004 to facilitate a gradual transition to renewable energy. As required by RPS statute, Maryland electricity suppliers, including both electric utilities and competitive retail suppliers, are required to annually demonstrate compliance to PSC with the renewable energy requirements outlined in the escalating renewable energy portfolio standard percentages for each tier of renewable energy sources. There are specified eligible "Tier 1" sources as well as carve-outs for solar, offshore wind energy, and geothermal. To comply with RPS program requirements, electricity suppliers are required to acquire RECs derived from eligible fuel sources. A REC constitutes the renewable energy attributes associated with the production of 1 MWh of electricity generated using renewable energy sources. RECs are tradeable commodities between electric generators and suppliers and have a three-year lifespan during which they may be transferred, sold, or redeemed. Each supplier must annually document the retirement of RECs equal to the percentages specified by the RPS statute or pay an ACP equal to the shortfalls. RPS percentage requirements were increased to the current levels in Chapter 757 of 2019 (the Clean Energy Jobs Act) and were further modified by Chapter 673 of 2021. Currently, the RPS requires that by calendar 2030, at least 52.5% of electricity sold in Maryland is sourced from renewable sources. In calendar 2024, the total percentage requirement is 38.0%, which will continue to escalate each year through the remainder of the decade. The RPS solar carve-out percentage requirement is 7.0% in calendar 2025 and will continue to escalate each year until reaching 14.5% in calendar 2030.

Historically, electricity suppliers generally met all requirements for compliance with RPS percentage requirements through retirements of RECs due to renewable energy generation levels that met or exceeded RPS requirements. However, due to the increase in the RPS solar carve-out percentage requirement in calendar 2019 from 1.5% to 5.5%, RPS compliance through ACPs increased. As shown in **Exhibit 8**, the actual percentage of solar energy as a percentage of total electricity sold has remained below the RPS percentage requirement each year since. As a result, once excess existing solar renewable energy credits (SREC) were retired between calendar 2020 and 2021, the SREC price quickly increased during calendar 2022 and ultimately reached the level of the ACP payment schedule for solar energy. ACP revenue subsequently increased significantly beginning in calendar 2021. According to annual PSC reporting on the RPS program, total ACP of $320.4 million in calendar 2023 was required to meet program compliance. In comparison, total annual required ACP payments were $77.1 million in calendar 2021 and $86.6 million in calendar 2022. Prior to calendar 2021, total annual required ACP payments exceeded $1 million in only three years throughout the history of the RPS program with the largest single year total being $7.7 million in calendar 2019. It is anticipated that ACP revenue will continue to remain elevated in the near term unless the amount of in-state solar capacity increases to meet the RPS solar carve-out percentage requirements that continue to escalate each year through 2030. The growth in the ACP revenue has led to the growth in MEA's funding from this source in in recent years.

Exhibit 8
RPS Solar Carve-out and Actual Solar Percentage of Electricity Sold
Calendar 2014-2030



RPS: Renewable Portfolio Standard

Source: Maryland Energy Administration

Uses of Funds

Allowable uses of ACP-sourced SEIF revenues are defined in Section 90-20B-05 of the State Government Article. Use of the funds is further designated for ACP-sourced SEIF revenues generated from ACP made specifically in relation to the solar carve-out. In particular, these revenues are required to be used to make grants and loans to support the creation of new solar energy sources in the State that are owned or directly benefit:

- LMI communities located in a census tract with an average median income (AMI) at or below 80% of AMI for the State;
- overburdened or underserved communities; or
- households with LMI.

Chapter 98 of 2023 modified the definitions used to specify who may own or benefit from new solar energy sources to their current definitions. Previously, statute required that grants and loans made through ACP-sourced SEIF revenues only be used to support the creation of new solar energy sources in the State that are owned or directly benefit “low income residents of the State” in general.

Chapter 595 of 2024 (Brighter Tomorrow Act) established the Customer-Sited Solar Program in MEA, which required at least 20% of solar ACP-sourced SEIF revenues to be used to provide grants to support the installation of new solar energy generating systems. Chapter 595 also authorized MEA to use up to 10% of solar ACP sourced SEIF revenues for costs of administering the SEIF. The provisions of Chapter 595 took effect on July 1, 2024, and will terminate on June 30, 2027.

In the fiscal 2026 allowance, ACP-sourced SEIF revenues support approximately $72.8 million of solar programming, including community solar, solar resiliency hubs, and other low-income solar programs, and $18.0 million from ACP-sourced SEIF support the OPEN Energy Innovation Program and the Resilient Maryland program. The remaining $11.0 million of ACP-sourced SEIF funds support Net Zero/Resiliency Program for Public Schools and Social Service Facilities Serving Disadvantaged Communities, which provides funding to construct or renovate schools to be net zero in economically challenged communities. At least 20% of the solar ACP is required to be used to support the installation of new solar energy generating systems under the Customer-Sited Solar Program. MEA reports to have exceeded the required 20% through the Maryland Solar Access Program.

Funds from ACP Revenues Supporting DPA Appropriations

The fiscal 2026 allowance of the DPA includes $180 million in special funds from the SEIF from ACP revenues to support implementation of the State’s Climate Pollution Reduction Plan. While the BRFA of 2024 included language defining the authorization, source, and purposes for fiscal 2025 funding, the BRFA of 2025 does not contain any authorization for the fiscal 2026 funding uses. As required under Section 9-20B-05 of the State Government Article, ACP funds are limited in use for purposes specified above. According to the fiscal 2026 budget highlights, the $180 million in Maryland Clean Energy Jobs Act ACP SEIF funding is allocated as follows:

- $80 million to support solar and geothermal development on public facilities and municipal landfills as well as landfill methane emissions capture improvements that enable energy projects;

- $50 million for solar development on State property, starting with Maryland Department of Transportation (MDOT) facilities; and

- $50 million to support block grants to school districts to support solar and geothermal heat pumps on existing schools and the construction of net-zero schools.

Although DBM advises that it is the intent that the projects be located within eligible communities, DLS is concerned that these projects would not be considered as directly benefiting the communities as required in statute. Uses of funds from the prior transfer were described in more alignment with the notion of benefiting the communities such as multifamily buildings, hospitals, schools, and other community-facing buildings. While schools are one of the uses announced for these funds, the other $130 million are not at what would typically be considered community-facing buildings. Absent an authorization to alter the uses of the funds, it is not clear that these are eligible uses.

HB 1273 of 2025, as introduced, would make changes to update the definition of LMI households to include households with an annual income at or below 150% of the area median income instead. Additionally, the bill expands the use of the SEIF to include loans and grants for building electrification and transportation electrification, particularly from the energy efficiency distribution.

In the analysis for Y01A – State Reserve Fund, DLS recommended adding budget bill language making the appropriation of the $180.0 million contingent on legislation authorizing the use of SEIF funds for the disclosed purposes. HB 1273, as introduced, does add building electrification and transportation as allowable uses of the SEIF more broadly but not from the specific source identified for the DPA appropriation. As a result, there is still a question about whether as specified the uses would be allowable. DLS notes HB 1273 could be amended to clarify these activities as eligible uses from the ACP revenue to meet the contingency in the language.

SEIF Balance for Non-RGGI-sourced Subaccounts

As shown in **Exhibit 9**, at the close of fiscal 2024, the balance of non-RGGI-sourced SEIF subaccounts totaled $433.1 million, representing reported cash balances at the end of the fiscal year. The cash balances do not take into account any funds that may already be committed through encumbrances. Fiscal 2025 and 2026 estimates do account for encumbrances and assume full utilization of appropriated funds.

Exhibit 9
Estimated non-RGGI Sourced SEIF Fund Balance
Fiscal 2024-2026
($ in Millions)

	2024	2025	2026
Offshore Wind Development	$3.2	$1.2	$0
Exelon Animal Waste to Energy ACP	3.8	0	0
Renewable Portfolio Standard ACP	414.2	408.8	141.6
Pepco/Exelon Merger Most Favored Nation Provision	1.0	1.0	1.0
AltaGas/WGL Settlement (Maryland Gas Expansion Fund)	10.9	1.6	1.6
Subtotal Non-RGGI-sourced Subaccounts	**$433.1**	**$412.6**	**$144.3**

ACP: Alternative Compliance Payment
RGGI: Regional Greenhouse Gas Initiative
SEIF: Strategic Energy Investment Fund

Note: Fiscal 2024 end-of-year reported balances are cash balances. Fiscal 2025 and 2026 estimated balances are the net of encumbrances and assume the full utilization of the fiscal 2025 and 2026 appropriation.

Source: Governor's Fiscal 2026 Budget Books

Accounting for the proposed transfer to the General Fund, the fiscal 2025 ending balance for non-RGGI-sourced subaccounts is estimated to total $412.6 million. The fiscal 2026 ending balance is estimated to total $144.3 million. The decrease in fiscal 2026 is driven by planned spending in the fiscal 2026 allowance, including both funds spent in MEA and the DPA. **Given the significant fund balance estimated at the close of fiscal 2025 and 2026, DLS recommends amending the provision of the BRFA as introduced to increase the transfer of this balance to the General Fund by $30 million.**

Other SEIF Sources

The fiscal 2026 allowance includes $2.0 million from the OWDF. However, SEIF end-of-year fund balances as shown in Appendix K of the Budget Book reflect a balance of $1.2 million for offshore wind development at the close of fiscal 2025. In addition, the Governor's Fiscal 2026 Budget Books identify $2.0 million of spending from SEIF – Other, which is typically used for non-RGGI-sourced SEIF revenue excluding the ACP; however, of these funds, only OWDF is shown to have a decrease in balance between fiscal 2025 and 2026. **MEA should comment on how the additional $0.8 million appropriated from OWDF and $2 million of SEIF – Other in the fiscal 2026 allowance will be supported.**

IIJA and IRA Funding

In its role as Maryland's State energy office, MEA is the designated applicant and recipient of federal funds available to the State through several energy-related formula grant programs included in both the federal IIJA and the IRA. The fiscal 2026 allowance for MEA includes federal funding available to the State through the IIJA from two programs:

- ***Preventing Outages and Enhancing Resilience of the Electric Grid (Also Known as Grid Resilience State and Tribal Formula Grants):*** This program provides federal funding for electric grid modernization improvements to improve grid resiliency and reliability and to reduce the impacts of climate-driven extreme weather and natural disasters. Maryland is expected to be awarded $22.0 million in total funding under this program between federal fiscal 2023 and 2027, and funds will remain available for use through June 30, 2033. In federal fiscal 2023, MEA received $8.8 million from this grant. The fiscal 2026 allowance includes $4.1 million of this amount, representing the total amount allocated by DOE to Maryland for federal fiscal 2024. MEA plans to use these funds to implement the Resilient Infrastructure for Sustainable Energy Program (Maryland RISE Program), which will provide grants to help fund improvements to electricity and related power. (Additional discussion of competitive grant funding available to utilities for electric grid infrastructure projects is included in the operating analysis for C90G00 – PSC).

- ***SEP (Expanded Use):*** Through the SEP, DOE provides annual formula grant funding, competitive grant funding, and technical assistance to state energy offices to support a variety of energy planning activities. Annual formula grant funding provided through the SEP is available to be allocated across eligible programs by state energy offices through their discretion as part of individual state energy goals. In addition to annual SEP formula funding allocations, the IIJA appropriated supplemental SEP funding for expanded uses. Previously identified potential uses of supplemental SEP funding include the streamlining of permitting for building solar-based arrays by local governments, the evaluation of low-carbon alternatives for current and past fossil fuel generation sites, and the development of a long-term energy program plan. Maryland has previously received a one-time supplemental funding allocation of $7.1 million for the SEP through the IIJA, which is available for use through March 31, 2028. The fiscal 2026 allowance includes $2.6 million from this program for administrative expenses, including salary and benefits, accounting for both IIJA and regular SEP funding.

- ***Energy Efficiency and Conservation Block Grant:*** This program assists states and local governments in implementing strategies to reduce energy use and fossil fuel emissions and improve efficiency in transportation, buildings, and other sectors. In August 2024, Maryland was awarded $2.1 million. Additionally, this program will provide formula grant totaling $5.0 million directly to local governments, including the 10 largest counties and cities in Maryland. The fiscal 2026 allowance includes $365,190 from this program for general administration.

Future Anticipated IIJA and IRA Funding

In addition, MEA will also be the applicant for formula funding available from one additional IIJA program for which funding allocations has been announced by DOE, but funding has not yet been awarded:

- ***Energy Efficiency Revolving Loan Capitalization Program:*** This program enables the creation of revolving loan funds to finance energy efficiency audits and improvements for residential, commercial, and public buildings. An allocation of $1.7 million under this program was announced in October 2023.

In addition to federal funding available through the IIJA, MEA has submitted applications for formula grant funding available to the State through the IRA for two home energy rebate programs. MEA has also applied for a related program for contractor training and plans to resubmit its application. Additional discussion of the IRA home energy rebate programs and the current status of program planning and implementation by MEA and the training program can be found in Issue 2 of this analysis.

Transportation Programs

The fiscal 2026 allowance includes $12.0 million for transportation programs, including $10.0 million budgeted for the Medium-Duty and Heavy-Duty Zero Emission Grant Program and $2.0 million for Maryland School Bus Program. Spending on transportation programs decreases by $1.3 million compared to the fiscal 2025 allowance. Chapter 98 mandated that the Governor include $10.0 million annually in the budget bill through fiscal 2027 from the SEIF for grants under the Medium-Duty and Heavy-Duty Zero Emission Grant program, which is met in the fiscal 2026 allowance. MEA reports to have funding in the fiscal 2026 allowance of $2.5 million for rebates under the EVSE rebate program in the fiscal allowance; however, the data provided by DBM does not include this.

Administration

The fiscal 2026 allowance includes a total of $12.7 million budgeted for MEA administrative expenses, which include personnel expenses and other agency operating expenses. Compared to fiscal 2025, administrative expenses increase by $0.6 million. Administrative expenses are funded through a combination of RGGI-sourced SEIF and federal and reimbursable funds, including federal funds awarded annually as part of the SEP. Chapter 98 increased the cap on the amount of RGGI program revenues that may be credited to the Administration subaccount within the SEIF from $5.0 million to $7.5 million.

Personnel Data

	FY 24 Actual	FY 25 Working	FY 26 Allowance	FY 25-26 Change
Regular Positions	44.00	49.00	55.00	6.00
Contractual FTEs	9.00	26.00	14.00	-12.00
Total Personnel	**53.00**	**75.00**	**69.00**	**-6.00**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.78	1.69%
Positions and Percentage Vacant as of 12/31/24	2.00	4.08%
Vacancies Above Turnover	1.22	

- The fiscal 2026 allowance includes funding for an additional 6 regular positions. The new positions include 1 financial clerk, 1 budget analyst, 1 administrative officer, and 3 administrators.

- The fiscal 2026 allowance reflects a net reduction of 12 contractual FTE positions, of which 3 are contractual conversions.

- The number of authorized regular positions has increased by 11 since fiscal 2024 from 44 to 55. In addition to the new positions in fiscal 2026, 3 positions were created through the Board of Public Works in fiscal 2025 for MEA, including 1 administrative officer and 2 administrators.

Issues

1. RGGI Program Auction Revenues during Calendar 2024

The RGGI program is a regional market-based carbon dioxide emission cap-and-invest program designed to reduce emissions from fossil fuel-based power generating plants. Under RGGI program regulations, fossil fuel power generators with a capacity of 25 megawatts or greater are required to hold allowances equal to their carbon dioxide emissions over a three-year control period. Currently, Maryland is 1 of 10 member states in the northeastern U.S. region participating in quarterly RGGI program auctions held for the sale of carbon dioxide emissions allowances authorized under the RGGI emissions cap. The RGGI emissions cap is based on the combined size of the power sector of the individual member states and is designed to decrease over time to create a planned pathway for decreases in overall carbon dioxide emissions.

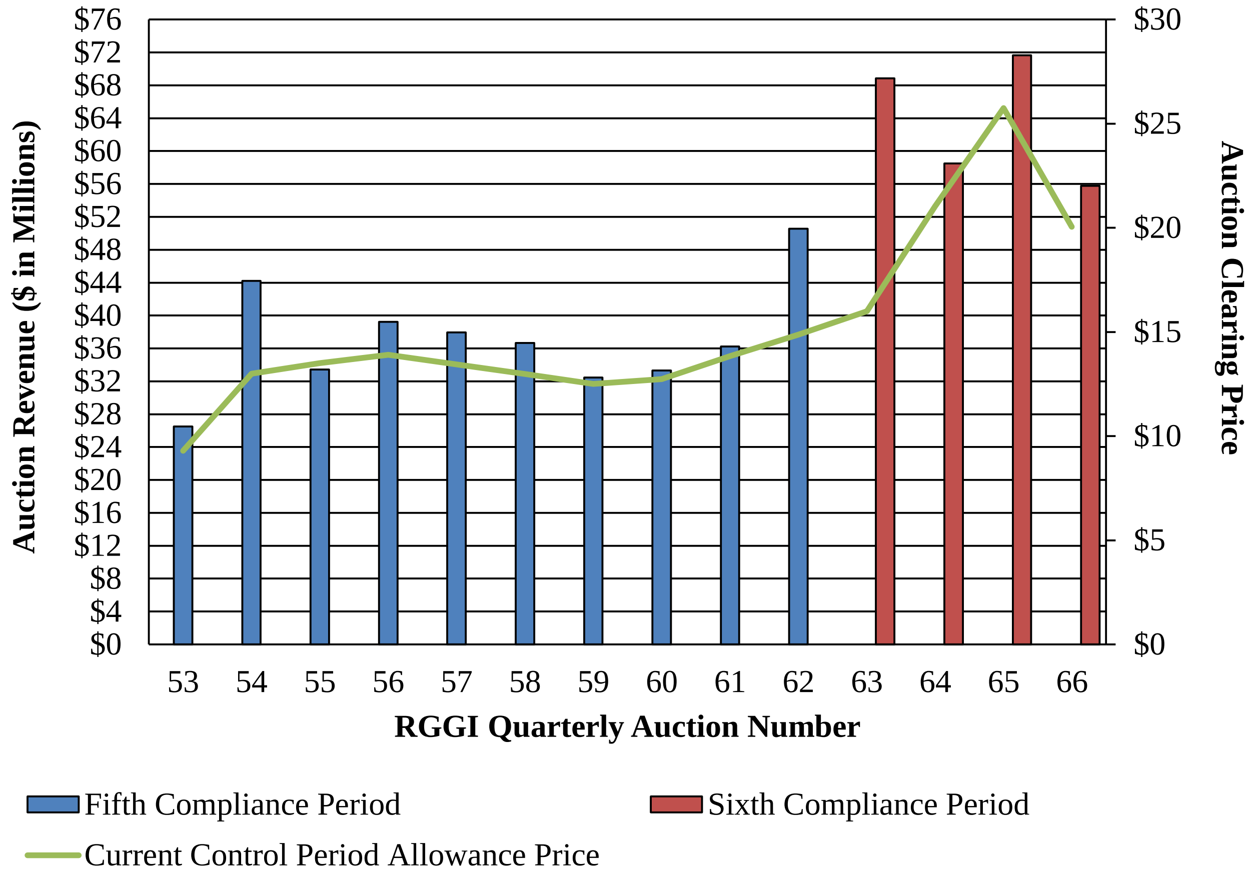
Over the 66 total program auctions held since the first auction in September 2008, RGGI auction revenue has shown substantial variation, primarily driven by changes in auction clearing price in reaction to changes in market demand. Market demand for RGGI allowances is driven by both changes in the number of allowances available under the program cap and market conditions in the energy market, such as supply and demand for electricity (which can increase demand for electricity generated by fossil fuels). Additionally, demand has been impacted due to more ambitious greenhouse gas reduction goals implemented by Maryland and other RGGI-member states. However, the total number of allowances offered decreased in Auction 63 by 6.1 million following the withdrawal of Virginia and has remained at the same level for recent auctions. In future auctions, demand for allowances and the supply of allowances available for sale may be impacted by potential future participation of Pennsylvania as well as annual reductions associated with any changes in the cap level from year to year. Maryland's specific allowances have remained relatively stable, though slightly increased for recent auctions compared to the prior year (except for auctions in which cost containment reserve (CCR) allowances were sold).

At the conclusion of calendar 2023, Virginia formally withdrew from RGGI following a June 2023 vote by the state's Air Pollution Control Board to approve a withdrawal plan initiated by Virginia Governor Glenn A. Youngkin. Accordingly, Virginia participated in its final RGGI program auction in December 2023 (Auction 62). Virginia began its participation in RGGI in calendar 2021 as the most recent state to join the program. One other state had previously withdrawn from the program effective at the end of calendar 2011 (New Jersey). New Jersey subsequently rejoined RGGI effective January 1, 2020.

In April 2022, Pennsylvania published regulations to join RGGI as its newest member state effective July 1, 2022. However, due to ongoing legal challenges that have effectively paused the implementation of the state's RGGI regulations, Pennsylvania has not participated in any RGGI auctions and is not yet a full participant in the program. On November 1, 2023, the Commonwealth Court of Pennsylvania ruled that the state's participation in RGGI was unconstitutional, adding further uncertainty to the future of the state's participation in RGGI. The ruling has been appealed to the state's Supreme Court.

Exhibit 10 presents RGGI auction clearing prices and the total auction revenues received by Maryland for individual auctions held since the beginning of fiscal 2022 (Auctions 53 through 66). Auction 65 resulted in the highest auction clearing price in the history of the RGGI program ($25.75 per allowance), surpassing the previous highest auction clearing price of $14.88 achieved in Auction 62 (December 2023). The clearing price in the most recent auction, Auction 66, was $20.05. Since Auction 54 (December 2021), clearing prices have exceeded $12.99 per allowance and are substantially higher than those achieved in any auction held prior to that point.

Exhibit 10
Maryland RGGI Program Revenues and Auction Clearing Price
Fiscal 2022-2025 (through December)



RGGI: Regional Greenhouse Gas Initiative

Source: Regional Greenhouse Gas Initiative, Inc.

As the RGGI program is currently structured, the RGGI program's CCR consists of a quantity of allowances in addition to the quantity available under the program cap that are held in reserve and only sold if allowance prices exceed a certain price level. (in calendar 2024, this price was $15.92). The size of the CCR is 10% of the regional cap each year. The mechanism of the CCR attempts to stabilize clearing prices if demand for allowances is high by allowing additional allowances to be sold. Throughout program history, the CCR has only been triggered in four auctions. The high auction hearing price attained in recent auctions did not trigger the CCR due to the lack of availability of CCR allowances for sale. All CCR allowances set aside for calendar 2024 were sold in Auction 63 (March 2024). The CCR allowance is replenished at the start of each calendar year. Auction 65 resulted in Maryland's highest level of proceeds from a single auction at $71.6 million. In all auctions held since Auction 62, revenue proceeds have exceeded $50 million per auction.

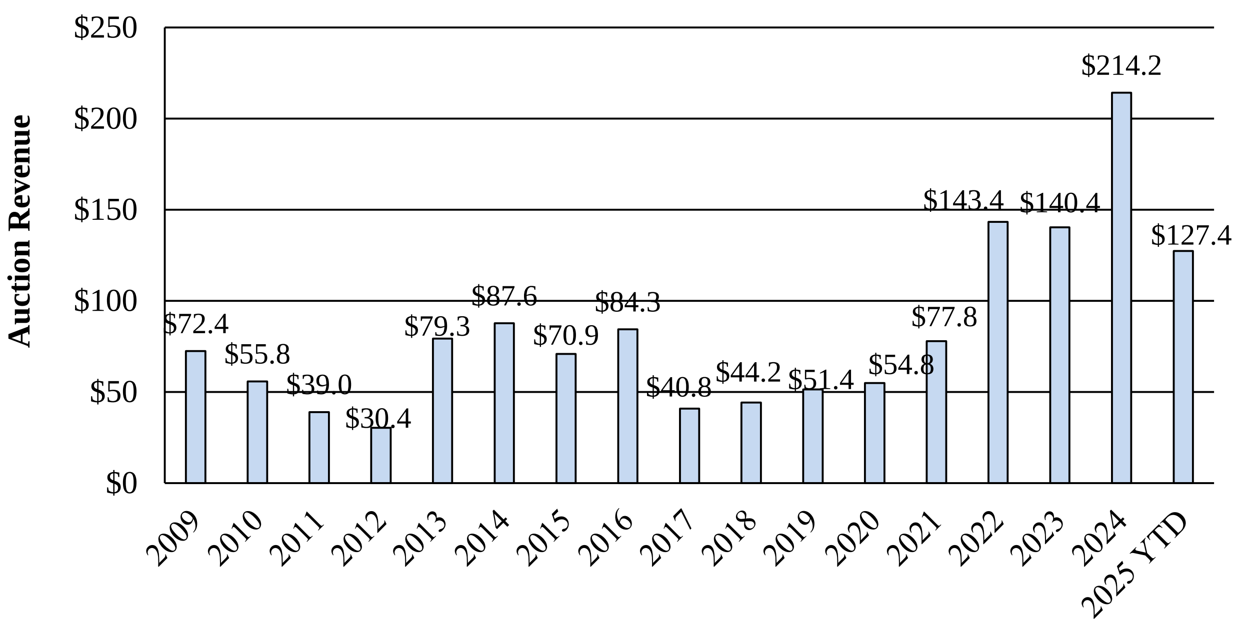
As shown in **Exhibit 11**, total RGGI program revenues received by Maryland from all auctions held during fiscal 2024 totaled $214.2 million, which is the highest yearly revenue in program history. Fiscal 2024 revenue increased by $73.8, or 52.6%, from fiscal 2023 revenue. In comparison, the highest revenue total for a single fiscal year prior to fiscal 2024 was $143.4 million in fiscal 2022. Through the first two quarterly auctions held in fiscal 2025, Maryland RGGI program revenues have totaled $127.4 million, which puts the State on pace to exceed fiscal 2024 revenue levels.

Exhibit 11

Regional Greenhouse Gas Initiative Program Revenue by Fiscal Year

Fiscal 2009-2025 (through December)

($ in Millions)



YTD: year to date

Source: Regional Greenhouse Gas Initiative, Inc.

Throughout the entirety of its participation in the RGGI program, Maryland has received over $1.4 billion from the sale of RGGI allowances that have been reinvested in energy efficiency, renewable energy, and climate change mitigation programs administered by MEA and other State agencies as well as low-income energy assistance programs administered by the Department of Human Services (DHS).

Forecasting RGGI-sourced SEIF revenues over multiple years can be challenging due to the dynamic nature of auction clearing prices. Historically, due to variations in auction clearing prices and revenues attained from RGGI auctions, the amount of revenues budgeted in many years did not generally align well with actual auction revenues attained. As a result, these year-to-year variations led to a buildup of fund balance in some years but resulted in mid-year program reductions in others. To stabilize program funding, MEA began estimating revenue for the budget using the minimum auction clearing prices with any overattainment of revenue compared to that minimum budgeted in the following year. While this conservative method of projecting revenues helped to avoid mid-year contraction or eliminating of programming, this method of budgeting resulted in large fund balances accruing in the SEIF while awaiting allocation in the subsequent budget cycle.

Beginning with the fiscal 2023 budget, MEA altered its revenue projection method used for budget development by raising the estimated auction clearing price amount used for these projections from the minimum auction clearing price to a rolling average of the actual clearing prices of auctions held during the two most recent prior fiscal years with any overattainment of revenue compared to the estimated auction clearing price continuing to be allocated during the subsequent budget cycle (for example, overattainment above the estimated clearing price from auctions held during fiscal 2024 is available for the fiscal 2026 budget). In the development of the fiscal 2025 budget, MEA deviated from this practice by using the average of only the most recent 7 auctions. In development of the fiscal 2026 budget, MEA used an estimated clearing price of $17.10 per allowance to estimate revenues from future auctions, which represents the average of the actual auction clearing prices for 8 most recent auctions (Auctions 59 through 66) returning to the prior practice.

RGGI Allocation and Fund Balance

Chapters 127 and 128 of 2008 established the SEIF primarily to receive revenue attained through the State's participation in the RGGI program auctions. The Acts also established an allocation method to distribute revenues from RGGI auctions across various categories of spending. The allocations were subsequently changed several times with the current allocation set as part of the BRFA of 2014. Other revenues deposited to the SEIF that are available from non-RGGI sources (such as ACPs received under the terms of the State's RPS program and other funds available from PSC orders) are not subject to the statutory allocation of revenues that applies to RGGI-sourced funds but follow other statutory requirements or requirements from PSC orders that resulted in that revenue source. **Exhibit 12** provides the current statutory allocation of RGGI auction revenues as required by Section 9-20B-05 of the State Government Article. The administration subaccount is limited by statute to a maximum distribution of up to 10% of total revenue but no more than $7.5 million. The cap on the administrative subaccount results in the availability of additional revenues to be distributed to the other subaccounts if 10% of total revenues exceed $7.5 million.

Exhibit 12
RGGI Revenue Distribution as Determined by Statute
Fiscal 2025

SEIF Subaccount	Revenue Distribution as Determined by Statute
Energy Assistance	At Least 50%
Energy Efficiency and Conservation Programs – LMI Sector	At Least 10%
Energy Efficiency and Conservation Programs – All Sectors	At Least 10%
Renewable and Clean Energy Programs and Initiatives	At Least 20%
Administration	Up to 10% but No More Than $7.5 million

LMI: low- and moderate-income
RGGI: Regional Greenhouse Gas Initiative
SEIF: Strategic Energy Investment Fund

Source: State Government Article 9-20B-05

Statutorily Required Distributions

The allocation of RGGI auction revenues to the various SEIF subaccounts as required by statute occurs following the distribution of certain transfers required by statute and accounting for the payment of annual dues for RGGI, Inc. for costs associated with participation in the program. In fiscal 2026, these transfers include the following:

- $400,000 is transferred for RGGI, Inc. annual dues;

- $2.1 million is transferred to the Maryland Energy Innovation Fund (MEIF) as mandated by Chapters 13 and 24 of the 2021 special session. MEIF funds support the administrative costs of the Maryland Energy Innovation Institute (MEII) within the James A. Clark School of Engineering at UMCP and the Maryland Clean Energy Center (MCEC). Out of the $2.1 million total transfer, $0.9 million annually is apportioned to MEII, and $1.2 million is annually apportioned to MCEC. In addition to this fund transfer, MCEC also receives a grant of $5 million annually from outside of the SEIF between fiscal 2024 and 2026 as mandated by Chapter 38 of 2022 (CSNA); and

- $8.25 million is transferred to the Transportation Trust Fund to reimburse revenue lost due to tax credits under the Zero Emission Vehicle Excise Tax Credit program as mandated by Chapter 234 of 2022 (the Clean Cars Act).

Chapter 474 of 2024 repealed other statutorily required allocations under Chapter 757 (the Clean Energy Jobs Act), which allocated funds to the Small, Minority and Women-Owned Business Account within the Maryland Department of Commerce and Clean Energy Workforce Account in the Maryland Employment Advancement Right Now program within the Maryland Department of Labor. Instead, Chapter 474 established the Climate Technology Founder's Fund (CTFF) within MCEC and required $1.2 million to be transferred from the SEIF to the CTFF annually from fiscal 2025 through 2028. The fiscal 2026 allocation includes $1.2 million for the CTFF.

Fiscal 2025 Allowance Comparison

As shown in **Exhibit 13**, the fiscal 2026 allowance includes a total of $291.8 million in RGGI-sourced SEIF spending. RGGI-sourced SEIF spending by State agencies increases by $50.2 million in fiscal 2026 primarily due to increases in DHS for energy assistance of $56.0 million and increases of $25.5 million in energy efficiency and conservation programs. Decreases in RGGI-sourced SEIF spending of $38.0 million within MEA for programming offsets the increase in DHS and energy efficiency programs.

Exhibit 13
RGGI-sourced SEIF Appropriations
Fiscal 2024-2026
($ in Millions)

	2024	Working 2025	Allowance 2026	Change 2025-2026
Energy Assistance	**$90.4**	**$94.0**	**$150.0**	**$56.0**
Department of Human Services	90.4	94.0	150.0	56.0
LMI Energy Efficiency and Conservation Programs	**$19.4**	**$13.8**	**$17.2**	**$3.4**
MEA	19.4	13.8	17.2	3.4
Energy Efficiency and Conservation Programs in All Sectors	**$16.8**	**$15.4**	**$43.8**	**$28.4**
MEA	11.8	11.6	40.8	29.2
DGS	5.0	3.9	3.0	-0.8

	2024	Working 2025	Allowance 2026	Change 2025-2026
Renewable and Clean Energy Programs and Initiatives	**$36.2**	**$ 66.5**	**$71.6**	**$5.1**
MEA	21.0	34.0	35.8	1.8
Executive Department – Chief Sustainability Officer	0.1	0.2	0.2	0.0
Maryland Department of the Environment	3.3	10.4	9.9	-0.5
Maryland Department of Commerce (SMWOBA)	0.5	0.0	0.0	0.0
Maryland Department of Labor (EARN)	1.0	1.0	0.0	-1.0
State Fleet Electric Vehicle Program – DBM	1.5	1.3	1.3	0.0
State Fleet Electric Vehicle Chargers – DGS	1.0	1.0	2.0	1.0
Decarbonization Planning – DGS	0.0	0.0	1.2	1.2
Tree Solutions Now Act	0.0	7.5	10.0	2.5
Medium and Heavy Duty Zero Emission Vehicle Grants	7.8	10.0	10.0	0.0
Maryland Clean Energy Center – Climate Technology Founder’s Fund	0.0	1.2	1.2	0.0
Administration	**$7.3**	**$7.1**	**$ 9.1**	**$2.0**
MEA	7.3	7.1	9.1	2.0
Total RGGI-Sourced in the Budget	**$170.1**	**$196.9**	**$291.8**	**$94.8**
Total RGGI-sourced SEIF in MEA Budget	**$59.51**	**$66.44**	**$102.93**	**$36.49**

DBM: Department of Budget and Management
DGS: Department of General Services
EARN: Employment Advancement Right Now
LMI: low- and moderate-income
MEA: Maryland Energy Administration
RGGI: Regional Greenhouse Gas Initiative
SEIF: Strategic Energy Investment Fund
SMWOBA: Small, Minority, and Women-Owned Business Account

Note: The fiscal 2025 appropriation includes deficiency appropriation for Tree solution Now Act. The fiscal 2026 allowance includes contingent appropriation for the Maryland Department of the Environment.

Source: Governor’s Fiscal 2026 Budget Books

SEIF Fund Balance

As shown in **Exhibit 14**, at the close of fiscal 2024, the balance of the RGGI-sourced SEIF totaled $532.2 million. The cash balance for fiscal 2024 does not take into account any funds that may already be committed through encumbrances. Fiscal 2025 and 2026 estimates do account for encumbrances and assume full utilization of appropriated funds. Due to the difference between cash balances and encumbrances, the fund balances between fiscal 2024 and 2025 cannot be compared. **MEA should provide information on the fiscal 2024 balances after taking into account encumbrances to reflect only the available balance.**

Exhibit 14
Estimated RGGI-sourced SEIF Fund Balance
Fiscal 2024-2026
($ in Millions)

	2024	2025	2026
Energy Assistance	$115.5	$76.3	$59.1
LMI Energy Efficiency and Conservation Programs	63.5	26.1	35.4
Energy Efficiency and Conservation Programs in All Sectors	73.7	44.7	27.4
Renewable and Clean Energy Programs	196.1	27.4	8.9
Administration	83.4	46.4	63.9
Subtotal RGGI-sourced Subaccounts	**$532.2**	**$220.8**	**$194.9**

LMI: low- and moderate-income
RGGI: Regional Greenhouse Gas Initiative
SEIF: Strategic Energy Investment Fund

Note: Fiscal 2024 end-of-year reported balances are cash balances. Fiscal 2025 and 2026 estimated balances are the net of encumbrances and assume the full utilization of the fiscal 2025 and 2026 appropriation.

Source: Governor's Fiscal 2026 Budget Books

The BRFA of 2025 as introduced includes language repealing the authorization for interest and investment earnings on the SEIF to be held in the fund and directs the interest to the general fund. The Governor's Fiscal 2026 Budget Plan assumes that $35.0 million in fiscal 2025 and $30.0 million in fiscal 2026 in interest earnings from the SEIF are redirected to the General Fund. The fiscal 2025 ending balance for RGGI-sourced subaccounts, after accounting for the of interest and investment earnings to the General Fund, is estimated to total $220.8 million.

The fiscal 2026 ending balance for RGGI-sourced subaccounts, after accounting for the redirection of $30.0 million of interest and investment earnings on SEIF to the General Fund, is projected to total $194.9 million. Balances for RGGI-sourced subaccounts decline by $26.0 million overall but vary by individual subaccount. For example, the renewable and clean energy programs subaccount declines from $27.4 million to $8.9 million, while the Administration subaccount increases from $46.4 million to $63.9 million. **MEA should comment on the reasons for the accrual of such a large balance in the Administration subaccount. DLS recommends adding a provision to the BRFA to transfer $30 million of this balance to the General Fund.**

The BRFA also includes language to expand the allowable uses of the SEIF to include costs associated with MDE's Air and Radiation Administration. The fiscal 2026 budget as introduced includes a $6.6 million fiscal 2025 special fund appropriation and a $6.1 million fiscal 2026 special fund appropriation, contingent on legislation to allow RGGI auction revenues deposited into the SEIF to be used for the general expenses within the Air and Radiation Administration, replacing general fund expenditures. Previously MDE received approximately $3 million of the SEIF to support climate change activities. The costs associated with MDE in fiscal 2025 and 2026 are incorporated in the balance projections.

There are a number of activities and projects funded in the Maryland Consolidated Capital Bond Loan of 2025 that support CSNA activities, addressing energy efficiency or other types of renewable projects related to State government and public higher education institutions. In particular, certain projects in the State's facility renewal program are related to these types of activities. Some of these activities that support Climate Solutions Now implementation would be eligible uses of SEIF funds, including the estimated balance of $27.4 million at the close of fiscal 2026 from the energy efficiency account. **DLS will make recommendations related to the use of the SEIF balance for certain projects and programs containing Climate Solutions Now implementation elements in lieu of general obligation bonds in forthcoming capital analyses.**

2. Federal Inflation Reduction Act Home Energy Rebate Programs

The 2024 JCR included committee narrative requesting that MEA provide an update on all IIJA and IRA programs for which it has submitted or anticipates submitting an application, the amount of funding available from each program, the status of each application submitted, or date funding was awarded, and the planned uses for funding from each program. The report submitted by MEA provided updates on the following programs.

- ***The Home Energy Performance Based, Whole House Rebate Program (Also Known as the Home Owner Managing Energy Savings (HOMES) Home Efficiency Rebates Program):*** This program will provide rebates to both single-family and multifamily homes for eligible energy efficiency projects that achieve a minimum overall reduction in whole home energy usage. Maryland's formula funding allocation is $68.5 million for this program. MEA received early administration funding of $721,176 in July 2024, which was used to hire a program manager to continue the design and ultimately oversee the implementation of the program. MEA submitted full application for the Home Efficiency Rebates Program on December 18, 2024, which was conditionally approved by DOE.

- ***The High-Efficiency Electric Home Rebate Program (Also Known as the Home Electrification and Appliance Rebate Program):*** This program will provide rebate incentives for qualifying home appliance replacements as well as some qualifying associated building improvements that enable electrification for eligible households and multifamily buildings that meet income requirements. Maryland's formula funding allocation is $68.2 million for this program. MEA received early administration funding of

$721,176 in July 2024, which was used to hire a program manager to continue the design and ultimately oversee the implementation of the program. MEA submitted full application on October 31, 2024, which was conditionally approved by DOE.

- ***State-based Home Energy Efficiency Contractor Training Grant Program (Also Known as the Training for Residential Energy Contractors Program):*** This program provides states the ability to develop and implement a state workforce energy program that prepares workers to deliver energy efficiency, electrification, and clean energy improvements, including improvements covered under the IRA home energy rebate programs. MEA's application for this program was denied. MEA plans to resubmit application for this program.

MEA should comment on the status of the applications for the Home Energy Performance Based, Whole House Rebate Program, and the High-Efficiency Electric Home Rebate Program.

HOMES Home Efficiency Rebate Program

MEA will utilize two deployment pathways to distribute the Home Efficiency Rebates.

- Under the first Home Efficiency Rebates Program deployment pathway, MEA will partner with DHCD for rebate distribution to low-income households. This approach will allow DHCD to combine Home Efficiency Rebates with the low-income energy programs currently administered by DHCD in order to maximize benefits provided.

- The second deployment pathway will serve homes not served by EmPOWER Maryland programs, which helps households and businesses save energy and money through a variety of incentives, such as free or discounted energy audits, weatherization, and efficient appliances. MEA will partner with the Maryland Environmental Service to procure an implementation contractor to assist with rebate processing, income verification, and other programmatic requirements.

In addition to these program requirements, DOE also requires that each heating, cooling, and water heating products installed as part of a project be ENERGY STAR certified in order to be considered as a qualified upgrade. Separate from rebates provided to single-family and multifamily households, contractors and aggregators will also be provided separate rebates of up to $200 per dwelling unit for each project completed in a disadvantaged community.

Home Electrification and Appliance Rebate Program

The Home Electrification and Appliance Rebate Program will provide rebate incentives for qualifying home appliance replacements; in addition, some qualifying associated building improvements enabling electrification are also eligible. Program guidelines limit rebates to be provided only for qualifying appliance purchases made as part of new construction or the replacement of a nonelectric appliance or the first-time purchase of a heat pump. Rebates for electric to electric appliance replacements are not eligible. DOE has also specified that qualifying appliances, systems, equipment, and components must be ENERGY STAR certified in order to be eligible for a rebate. Additionally, program income eligibility limits apply, which limit individual household recipients to no more than 150% of AMI. For for owners of multifamily buildings, at least 50% of residents must have incomes of under 150% of AMI.

Maximum rebate amounts per qualified appliance or building material purchase are established and include the following amounts as shown in **Exhibit 15**.

Exhibit 15
Maximum Rebate Amounts for Qualified Products

	Maximum Rebate Amount
Qualifying Appliance Upgrades	
Heat Pump Water Heater	$1,750
Heat Pump for Space Heating or Cooling	8,000
Electric Stove, Cooktop, Range, Oven, or Heat Pump Clothes Dryer	840
Qualifying Building Materials	
Electric Load Service Center	4,000
Insulation, Air Sealing, and Ventilation	1,600
Electric Wiring	2,500
Maximum Rebate Per Dwelling Unit	**$14,000**

Source: U.S. Department of Energy; Maryland Energy Administration

In addition to rebates provided to households or multifamily buildings, MEA has proposed an incentive to contractors that includes $300 for installation of qualifying technology.

Forecast of Potential Future Rebate Recipients in Maryland

MEA was asked to provide estimates for the number of households that will be eligible to receive benefits. MEA estimated that for the HOMES Home Efficiency Rebates program about 10,060 households in total could be provided rebates. DHCD estimates that the program will serve

5,036 low-income households. Similarly, MEA estimates that for the Home Electrification and Appliance Rebate Program, 4,175 households could be provided benefits. The rebates will benefit LMI households, with at least 52% of these rebates estimated to benefit households with income less than 80% AMI.

3. EV Charging Infrastructure Funding through the IIJA and MEA Transportation Programs Incentivizing EV Adoption

The IIJA contained a total of $7.5 billion in federal funding for EV charging infrastructure across two federal programs:

- the National Electric Vehicle Infrastructure (NEVI) Formula Program, which allocates $5.0 billion of formula funding to each state and U.S. territory to strategically deploy EV charging infrastructure along highways designated as alternative fuel corridors; and

- the Discretionary Grant Program for Charging and Fueling Infrastructure (CFI), which provides $2.5 billion in competitive grant funding for charging and alternative fueling infrastructure projects both along alternative fuel corridors and in communities including rural, disadvantaged, and hard-to-reach communities.

Under the NEVI program, Maryland will be allocated a total of approximately $63.0 million over five years. Although NEVI funding is administered by MDOT, MEA collaborated with MDOT and other partners and stakeholders to develop the initial *2022 Maryland State Plan for NEVI Formula Funding Deployment* and the calendar 2023 annual State plan update. Under the terms of the NEVI program, each state was required to submit an EV infrastructure deployment plan along with annual plan updates outlining each state's approach for using funding to deploy charging infrastructure and achieving goals of the NEVI program. Maryland's initial State plan was submitted to the Joint Office of Energy and Transportation in July 2022 and was approved in September 2022, unlocking the first portion of Maryland federal NEVI program funding. The 2023 annual update was submitted in August 2023 and approved in September 2023. In December 2024, MDOT announced the release of a request for proposals for design-build contracts to design, construct, operate, and maintain EV charging stations through the second round of NEVI program funding. Previously, MDOT had announced $12.1 million as part of the first round of NEVI.

In addition to federal funding available to Maryland through the NEVI program, competitive grant funding through the CFI discretionary grant program is available to eligible applicants including state, tribal, and local governments and state-owned or affiliated entities. The CFI program provides federal funding to individual projects in two categories: (1) community charging and fueling grants; and (2) alternative fuel corridor grants to support the build out of EV charging infrastructure.

On January 10, 2025, the Joseph R. Biden Administration announced the release of $635 million in grants under the second round of awards made through the CFI program, which supports 49 EV charging and alternative fueling infrastructure projects in 27 states and territories. Among the second round of CFI program grants was a $18.6 million award to MDOT in partnership with the Pennsylvania Department of Transportation, the New Jersey Department of Environmental Protection, and the West Virginia Department of Transportation to deploy alternative fueling infrastructure along the I-81 and I-78 corridors in Maryland, New Jersey, and Pennsylvania. The project includes installation of six fast charging stations in locations that will serve local fleet needs and build out connections to a regional network of freight truck charging infrastructure.

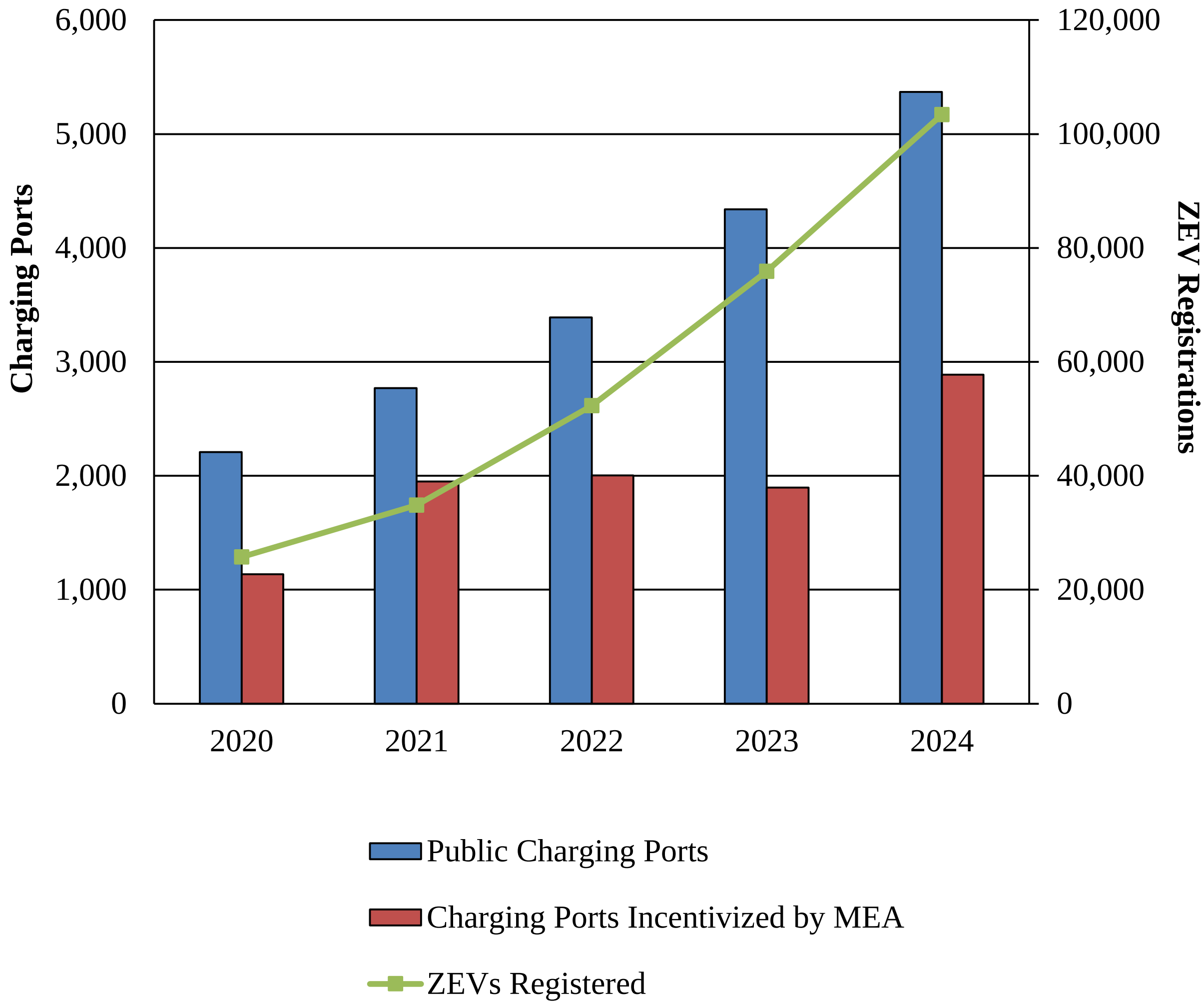
MEA Transportation Programs Incentivizing EV Adoption

In addition to federal IIJA funding, a variety of programs administered by MEA and other State agencies, including PSC and MDE, incentivize the adoption of EVs and the development of EV charging infrastructure. As part of a suite of transportation programs, MEA administers the EVSE rebate program and the Medium-Duty and Heavy-Duty Zero Emission Vehicle Grant Program. The EVSE program provides rebates to residential and commercial applicants of up to 50% of the eligible costs incurred acquiring and installing qualified EV supply equipment (charging stations). Rebates are awarded on a noncompetitive basis until funding is exhausted. Maximum rebates per charging station are limited to $700 for residential customers and $5,000 for commercial customers.

The Medium-Duty and Heavy-Duty Zero Emission Vehicle Grant Program was established by Chapter 234 (the Clean Cars Act) and allows an individual or unit of local government to apply for a grant of up to 20% of the cost of qualified vehicles, vehicle supply equipment, and heavy-duty equipment property. Medium- and heavy-duty vehicles are generally rated at over 8,500 pounds unloaded gross weight and intended for commercial or industrial use and may include school buses or other fleet vehicles owned and operated by units of local government.

The State also offers a Zero Emission Vehicle Excise Tax Credit that allows individuals to claim a one-time excise tax credit of up to $3,000 following the purchase of a qualifying zero-emission plug-in electric or fuel cell EV. The tax credit was reestablished by Chapter 234 and is currently available through fiscal 2027. **Exhibit 16** presents data on total annual registration of zero-emission vehicles (ZEV) in Maryland and the total number of publicly accessible charging stations statewide, including those incentivized through MEA programming. Deployment of EV charging infrastructure and EV ownership has grown steadily over the past five years. As of fiscal 2024, there were a total of 103,400 ZEVs registered in Maryland, and a total of 5,370 publicly available vehicle charging ports. Through its programming, MEA incentivized a total of 2,887 charging stations as of fiscal 2024.

Exhibit 16
Electric Vehicle Registrations and Charging Stations
Fiscal 2020-2024



MEA: Maryland Energy Administration
ZEV: zero-emission vehicle

Source: Maryland Energy Administration

Operating Budget Recommended Actions

	Amount Change		Position Change
1. Reduce funds allocated for reclassification, which are double budgeted. The Maryland Energy Administration (MEA) indicates that funds within the reclassification subobject account for the conversion of the contractual positions that took place in fiscal 2024. However, this expense is also accounted within regular earnings subobject in MEA.	-$ 116,518	SF	

2. Adopt the following narrative:

Strategic Energy Investment Fund (SEIF) Revenue, Spending, and Fund Balance: The committees are interested in ensuring transparency in Regional Greenhouse Gas Initiative (RGGI) revenue assumptions and spending included in the budget as well as available fund balance and planned usages of revenues. The committees request that the Department of Budget and Management provide an annual report on the revenue from RGGI carbon dioxide emissions allowance auctions, set-aside allowances, and interest income in conjunction with the submission of the fiscal 2027 budget as an appendix to the Governor's Fiscal 2027 Budget Books. The report shall include information on the actual fiscal 2025 budget, the fiscal 2026 working appropriation, and the fiscal 2027 allowance. The report shall detail:

- revenue assumptions used to calculate the available SEIF from RGGI auctions for each fiscal year, including the number of auctions, the number of allowances sold, the allowance price in each auction, and the anticipated revenue from set-aside allowances;
- interest income received on the SEIF;
- amount of the SEIF from RGGI auction revenue available to each agency that receives funding through each required statutory allocation, dues owed to RGGI, Inc, and transfers or diversions made to other funds; and
- fund balances for each SEIF subaccount, reflecting funds available to spend for the fiscal 2024 actual accounting for encumbered funds, the fiscal 2025 working appropriation, and the fiscal 2026 allowance.

Information Request	Author	Due Date
Report on revenue assumptions, fund balance, and usage of SEIF revenues sourced from RGGI program auctions	Department of Budget and Management	With submission of the Governor's Fiscal 2027 Budget Books

3. Adopt the following narrative:

Federal Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA) Funding for Energy-related Purposes: The committees are interested in tracking federal funds available to the Maryland Energy Administration (MEA) from the IIJA and the IRA for energy-related purposes and the status of implementation of programming using these funds. The committees request that MEA submit a report that includes a list of all IIJA and IRA programs for which it has submitted or anticipates submitting an application, the amount of funding available from each program (if funding allocations have been announced), the status of each application submitted or date funding was awarded, and the planned uses for funding from each program.

Additionally, the committees request that MEA provide an update on the implementation of the two home energy rebate programs through IRA funding, the Home Energy Performance-Based, Whole-House Rebate Program and the High-Efficiency Electric Home Rebate Program. The report should include the status of approval of MEA's application for funding by the U.S. Department of Energy; program design and implementation activities completed, including outreach to the contractor community, and, if initial rebate awards have been made at the time of report submission; the number of rebates awarded under both programs; the average amount per rebate; and the total amount of rebates awarded. If initial rebate awards have not yet been made at the time of report submission, the report should include an anticipated timeline of when rebates under both programs will be available to the public.

Information Request	Author	Due Date
Report on federal IIJA and IRA funding and implementation of home energy rebate programs	MEA	December 31, 2025

4. Adopt the following narrative:

Maryland Energy Administration (MEA) Funding in Detail: The committees request that MEA provide a report with details on the department's funding with submission of the fiscal 2027 budget. The report should include information on the actual fiscal 2025 budget, the fiscal 2026 working appropriation, and the fiscal 2027 allowance. The report should detail for each budgetary program the programmatic activities by fund source within MEA.

Information Request	**Author**	**Due Date**
Report on MEA funding	MEA	With the submission of fiscal 2027 budget

5. Adopt the following narrative:

Usage of Strategic Energy Investment Fund (SEIF) Revenues Transferred to the Dedicated Purpose Account (DPA): The fiscal 2026 allowance reflects the transfer of $180 million of SEIF fund balance to the DPA to be used for implementation of the State's Climate Pollution Reduction Plan. The committees request that the Department of Budget and Management and the Maryland Energy Administration (MEA) jointly submit a report outlining the sources, uses and planned uses of this funding.

The committees also request MEA to submit a report outlining the uses and planned uses of the remainder of the $90 million of SEIF fund balance transferred to the DPA in fiscal 2025.

Information Request	**Author**	**Due Date**
Report on the usage of SEIF revenues transferred to the DPA	Department of Budget and Management MEA	December 31, 2025

Total Special Fund Net Change **-$ 116,518**

Budget Reconciliation and Financing Act Recommended Actions

1. Amend a provision authorizing a transfer of $150 million from the Renewable Portfolio Standard/Alternative Compliance Payment Account of the Strategic Energy Investment Fund to transfer $180 million.

2. Authorize a transfer to the General Fund of $30,000,000 from the Administration Account of the Strategic Energy Investment Fund.

Appendix 1
2024 *Joint Chairmen's Report* Responses from Agency

The 2024 JCR requested that MEA prepare two reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Federal IIJA and IRA Funding for Energy-related Purposes:*** A report was submitted with information on federal funds available to MEA from the IIJA and the IRA for energy-related purposes. The report also provided an update on the implementation of the Home Energy Performance-Based, Whole-House Rebate Program and the High-Efficiency Electric Home Rebate Program through IRA funding. Further discussion of IIJA programs can be found in Proposed Budget section and IRA programs can be found in Issue 2 of this analysis.

- ***Usage of SEIF Revenues Transferred to the DPA:*** A report was submitted jointly by DBM, MEA and MDE outlining the sources and planned uses of the $90 million of SEIF fund balance that was transferred to the DPA in fiscal 2025. Further discussion of this report can be found in the Fiscal 2025 section of this analysis.

Appendix 2
Object/Fund Difference Report
Maryland Energy Administration

Object/Fund	FY 24 Actual	FY 25 Working Appropriation	FY 26 Allowance	FY 25 - FY 26 Amount Change	Percent Change
Positions					
01 Regular	44.00	49.00	55.00	6.00	12.2%
02 Contractual	9.00	26.00	14.00	-12.00	-46.2%
Total Positions	**53.00**	**75.00**	**69.00**	**-6.00**	**-8.0%**
Objects					
01 Salaries and Wages	$ 6,092,501	$ 6,983,799	$ 8,535,163	$ 1,551,364	22.2%
02 Technical and Special Fees	734,765	2,100,516	1,402,233	-698,283	-33.2%
03 Communication	38,447	62,930	71,913	8,983	14.3%
04 Travel	135,228	192,057	184,560	-7,497	-3.9%
08 Contractual Services	4,763,939	7,443,016	52,019,925	44,576,909	598.9%
09 Supplies and Materials	44,373	10,000	12,500	2,500	25.0%
10 Equipment – Replacement	24,517	32,500	40,625	8,125	25.0%
11 Equipment – Additional	21,119	30,450	21,188	-9,262	-30.4%
12 Grants, Subsidies, and Contributions	127,345,746	243,859,176	169,581,689	-74,277,487	-30.5%
13 Fixed Charges	936,338	735,523	760,796	25,273	3.4%
14 Land and Structures	4,006,564	3,000,000	5,000,000	2,000,000	66.7%
Total Objects	**$ 144,143,537**	**$ 264,449,967**	**$ 237,630,592**	**-$ 26,819,375**	**-10.1%**
Funds					
03 Special Fund	$ 142,873,330	$ 243,149,807	$ 230,231,664	-$ 12,918,143	-5.3%
05 Federal Fund	1,090,651	21,070,679	7,160,177	-13,910,502	-66.0%
09 Reimbursable Fund	179,556	229,481	238,751	9,270	4.0%
Total Funds	**$ 144,143,537**	**$ 264,449,967**	**$ 237,630,592**	**-$ 26,819,375**	**-10.1%**

Note: The fiscal 2026 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.

Appendix 3
Fiscal Summary
Maryland Energy Administration

Program/Unit	FY 24 Actual	FY 25 Wrk Approp	FY 26 Allowance	Change	FY 25 - FY 26 % Change
01 General Administration	$ 8,867,046	$ 12,067,500	$ 12,670,969	$ 603,469	5.0%
02 The Jane E. Lawton Conservation Loan	4,006,564	3,000,000	5,000,000	2,000,000	66.7%
06 Energy Efficiency and Conservation Programs,	19,367,847	35,608,450	17,246,905	-18,361,545	-51.6%
07 Energy Efficiency and Conservation Programs, All Other Sectors	13,828,347	13,550,000	42,799,085	29,249,085	215.9%
08 Renewable and Clean Energy Programs and	98,073,733	200,224,017	159,913,633	-40,310,384	-20.1%
Total Expenditures	**$ 144,143,537**	**$ 264,449,967**	**$ 237,630,592**	**-$ 26,819,375**	**-10.1%**
Special Fund	$ 142,873,330	$ 243,149,807	$ 230,231,664	-$ 12,918,143	-5.3%
Federal Fund	1,090,651	21,070,679	7,160,177	-13,910,502	-66.0%
Total Appropriations	**$ 143,963,981**	**$ 264,220,486**	**$ 237,391,841**	**-$ 26,828,645**	**-10.2%**
Reimbursable Fund	$ 179,556	$ 229,481	$ 238,751	$ 9,270	4.0%
Total Funds	**$ 144,143,537**	**$ 264,449,967**	**$ 237,630,592**	**-$ 26,819,375**	**-10.1%**

Note: The fiscal 2026 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.