

HOUSE BILL 1273

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By: **Chair, Economic Matters Committee (By Request – Departmental – Maryland Energy Administration)**

Introduced and read first time: February 7, 2025

Assigned to: Economic Matters and Environment and Transportation

Committee Report: Favorable

House action: Adopted

Read second time: March 7, 2025

CHAPTER _____

1 AN ACT concerning

2 **Maryland Strategic Energy Investment Fund and Customer-Sited Solar**
3 **Program – Alterations**

4 FOR the purpose of authorizing the use of the Maryland Strategic Energy Investment Fund
5 for certain grants and loans; altering the allowed uses of the Regional Greenhouse
6 Gas Initiative auction revenue and certain compliance fee revenue; altering certain
7 reporting requirements for the Fund; altering the definition of “low to moderate
8 income” for purposes of the Customer-Sited Solar Program; and generally relating
9 to the Maryland Strategic Energy Investment Fund and the Customer-Sited Solar
10 Program.

11 BY repealing and reenacting, without amendments,
12 Article – State Government
13 Section 9–2016(a)(1) and (b)
14 Annotated Code of Maryland
15 (2021 Replacement Volume and 2024 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – State Government
18 Section 9–2016(a)(3), 9–20B–05, and 9–20B–12
19 Annotated Code of Maryland
20 (2021 Replacement Volume and 2024 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – State Government

9–2016.

(a) (1) In this section the following words have the meanings indicated.

(3) “Low to moderate income” means a household with an annual household income at or below 150% of the [average] AREA median income [for the State].

(b) There is a Customer–Sited Solar Program in the Administration.

9–20B–05.

(a) **IN THIS SECTION, “HOUSEHOLDS WITH LOW TO MODERATE INCOME” MEANS A HOUSEHOLD WITH AN ANNUAL HOUSEHOLD INCOME AT OR BELOW 150% OF THE AREA MEDIAN INCOME.**

(A–1) There is a Maryland Strategic Energy Investment Fund.

(b) The purpose of the Fund is to implement the Strategic Energy Investment Program.

(c) The Administration shall administer the Fund.

(d) (1) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of the State Finance and Procurement Article.

(2) The Treasurer shall hold the Fund separately and the Comptroller shall account for the Fund.

(e) The Fund consists of:

(1) all of the proceeds from the sale of allowances under § 2–1002(g) of the Environment Article;

(2) money appropriated in the State budget to the Program;

(3) repayments and prepayments of principal and interest on loans made from the Fund;

(4) interest and investment earnings on the Fund;

(5) compliance fees paid under § 7–705 of the Public Utilities Article;

1 (6) money received from any public or private source for the benefit of the
2 Fund;

3 (7) money transferred from the Public Service Commission under §
4 7–207.2(c)(3) of the Public Utilities Article; and

5 (8) money distributed under § 2–614.1 of the Tax – General Article.

6 (f) The Administration shall use the Fund:

7 (1) to invest in the promotion, development, and implementation of:

8 (i) cost–effective energy efficiency and conservation programs,
9 projects, or activities, including measurement and verification of energy savings;

10 (ii) renewable and clean energy resources;

11 (iii) climate change programs directly related to reducing or
12 mitigating the effects of climate change; and

13 (iv) demand response programs that are designed to promote
14 changes in electric usage by customers in response to:

15 1. changes in the price of electricity over time; or

16 2. incentives designed to induce lower electricity use at times
17 of high wholesale market prices or when system reliability is jeopardized;

18 (2) to provide targeted programs, projects, activities, and investments to
19 reduce electricity consumption by customers in the low–income and moderate–income
20 residential sectors;

21 (3) to provide supplemental funds for low–income energy assistance
22 through the Electric Universal Service Program established under § 7–512.1 of the Public
23 Utilities Article and other electric assistance programs in the Department of Human
24 Services;

25 (4) to provide rate relief by offsetting electricity rates of residential
26 customers, including an offset of surcharges imposed on ratepayers under Title 7, Subtitle
27 2, Part II of the Public Utilities Article;

28 (5) to provide grants, loans, and other assistance and investment as
29 necessary and appropriate to implement the purposes of the Program as set forth in §
30 9–20B–03 of this subtitle;

31 (6) to implement energy–related public education and outreach initiatives
32 regarding reducing energy consumption and greenhouse gas emissions;

(7) to provide rebates under the Electric Vehicle Recharging Equipment Rebate Program established under § 9–2009 of this title;

(8) to provide grants to encourage combined heat and power projects at industrial facilities;

(9) to provide at least \$1,200,000 in each fiscal year for fiscal year 2025 through fiscal year 2028 to the Climate Technology Founder’s Fund established under § 10–858 of the Economic Development Article;

(10) subject to subsection (f–2) of this section, to provide at least \$2,100,000 in funding each fiscal year to the Maryland Energy Innovation Fund established under § 10–835 of the Economic Development Article;

(11) to provide at least \$500,000 each year to the Resiliency Hub Grant Program Fund under § 9–2011 of this title;

(12) to provide grants through the Customer–Sited Solar Program under § 9–2016 of this title; [and]

(13) TO PROVIDE LOANS AND GRANTS FOR BUILDING ELECTRIFICATION AND TRANSPORTATION ELECTRIFICATION; AND

(14) to pay the expenses of the Program.

(f–1) (1) Any funding provided under subsection (f)(9) of this section that is not spent in a given fiscal year shall revert to the Fund in the following fiscal year.

(2) The Administration may provide additional funding for the purposes stated in subsection (f)(9) of this section.

(f–2) Of the funds transferred to the Maryland Energy Innovation Fund under subsection (f)(10) of this section:

(1) at least \$1,200,000 may be used to fund the Maryland Clean Energy Center established under § 10–806 of the Economic Development Article; and

(2) at least \$900,000 may be used to fund the Maryland Energy Innovation Institute established under § 10–829 of the Economic Development Article.

(g) Proceeds received by the Fund from the sale of allowances under § 2–1002(g) of the Environment Article shall be allocated as follows:

(1) at least 50% shall be credited to an energy assistance account to be used for the Electric Universal Service Program and other electricity assistance programs in the Department of Human Services;

(2) at least 20% shall be credited to a low and moderate income **ELECTRIFICATION**, efficiency, and conservation programs account and to a general **ELECTRIFICATION**, efficiency, and conservation programs account for **ELECTRIFICATION**, energy efficiency, and conservation programs, projects, or activities and demand response programs, of which at least one-half shall be targeted to the low and moderate income **ELECTRIFICATION**, efficiency, and conservation programs account for:

(i) the low-income residential sector at no cost to the participants of the programs, projects, or activities; and

(ii) the moderate-income residential sector;

(3) at least 20% shall be credited to a renewable and clean energy programs account for:

(i) renewable and clean energy programs and initiatives;

(ii) energy-related public education and outreach; and

(iii) climate change and resiliency programs; and

(4) up to 10%, but not more than \$7,500,000, shall be credited to an administrative expense account for costs related to the administration of the Fund, including the review of electric company plans for achieving electricity savings and demand reductions that the electric companies are required under law to submit to the Administration.

(g-1) Proceeds received by the Fund from compliance fees under § 7-705(b)(2)(i)2 of the Public Utilities Article shall be allocated as follows:

(1) beginning in fiscal year 2025, at least 20% of the proceeds shall be used to provide grants to support the installation of new solar energy generating systems under the Customer-Sited Solar Program;

(2) up to 10% of the proceeds shall be credited to an administrative expense account for costs related to the administration of the Fund;

(3) proceeds collected but unused from a previous year shall be used before proceeds allocated for the current year; and

(4) the Administration shall reallocate to other authorized uses any proceeds that are not used within 3 fiscal years after collection.

(h) (1) [Energy] **ELECTRIFICATION**, **ENERGY** efficiency, and conservation programs under subsection (g)(2) of this section include:

- (i) low-income energy efficiency programs;
- (ii) residential and small business energy efficiency programs;
- (iii) commercial and industrial energy efficiency programs;
- (iv) State and local energy efficiency programs;
- (v) demand response programs;
- (vi) loan programs and alternative financing mechanisms; and
- (vii) grants to training funds and other organizations supporting job training for deployment of energy efficiency and energy conservation technology and equipment.

(2) Energy-related public education and outreach and renewable and clean energy programs and initiatives under subsection (g)(3)(i) and (ii) of this section include:

- (i) production incentives for specified renewable energy sources;
- (ii) expansion of existing grant programs for solar, geothermal, and wind programs;
- (iii) loan programs and alternative financing mechanisms; and
- (iv) consumer education and outreach programs that are designed to reach low-income communities.

(i) (1) Except as provided in paragraph (2) of this subsection, compliance fees paid under § 7-705(b) of the Public Utilities Article may be used only to make loans and grants to support the creation of new Tier 1 renewable energy sources in the State that are owned by or directly benefit:

- (i) low- to moderate-income communities located in a census tract with [an average] A median income at or below 80% of the [average] median income for the State; [or]
- (ii) overburdened or underserved communities, as defined in § 1-701 of the Environment Article; **OR**

(III) HOUSEHOLDS WITH LOW TO MODERATE INCOME.

(2) Compliance fees paid under § 7-705(b)(2)(i)2 of the Public Utilities Article shall be accounted for separately within the Fund and may be used only to make loans and grants to support the creation of new solar energy sources in the State that are owned by or directly benefit:

1 (i) low- to moderate-income communities located in a census tract
2 with [an average] A median income at or below 80% of the [average] median income for the
3 State;

4 (ii) overburdened or underserved communities, as defined in § 1-701
5 of the Environment Article; or

6 (iii) households with low to moderate income[, as defined in § 9-2016
7 of this title].

8 [(i-1) (1) (i) In this subsection the following words have the meanings
9 indicated.

10 (ii) "Area median income" has the meaning stated in § 4-1801 of the
11 Housing and Community Development Article.

12 (iii) "Low and moderate income" means having an annual household
13 income that is at or below 120% of the area median income.

14 (2)] (3) Compliance fees paid under § 7-705(b-1) of the Public Utilities
15 Article shall be accounted for separately within the Fund and may be used only to make
16 loans and grants to promote increased opportunities for the growth and development of
17 small, minority, women-owned, and veteran-owned businesses in the State that install
18 geothermal systems in the State.

19 (j) (1) The Treasurer shall invest the money of the Fund in the same manner
20 as other State money may be invested.

21 (2) Any investment earnings of the Fund shall be paid into the Fund.

22 (3) Any repayment of principal and interest on loans made from the Fund
23 shall be paid into the Fund.

24 (4) Balances in the Fund shall be held for the benefit of the Program, shall
25 be expended solely for the purposes of the Program, and may not be used for the general
26 obligations of government.

27 (k) Expenditures from the Fund shall be made by:

28 (1) an appropriation in the annual State budget; or

29 (2) a budget amendment in accordance with § 7-209 of the State Finance
30 and Procurement Article.

31 (l) An expenditure by budget amendment may be made under subsection (k) of
32 this section only after:

(1) the Administration has submitted the proposed budget amendment and supporting documentation to the Senate Budget and Taxation Committee, Senate Education, Energy, and the Environment Committee, House Appropriations Committee, and House Economic Matters Committee; and

(2) the committees have had 45 days for review and comment.

(m) (1) A loan or grant made available from the Fund to a unit of State or local government shall comply with §§ 14–416 and 17–303 of the State Finance and Procurement Article.

(2) At least 80% of workers participating in a project or program that receives money from the Fund must reside within 50 miles of the project or program, or another distance defined by the local jurisdiction where the project or program is located.

9–20B–12.

(a) On or before January 1 each year, the Administration shall report to the Governor, to the Board, and, in accordance with § 2–1257 of this article, to the General Assembly and the members of the Senate Finance Committee and the House Economic Matters Committee on the uses and expenditures of the Fund from the prior fiscal year.

(b) The report shall include:

(1) a detailed accounting of all amounts **IN EXCESS OF \$10,000** received by and disbursed from the Fund, including the amount and recipient of each grant awarded by the Administration[, and identifying multiple grants awarded to the same person or the same address];

(2) all amounts used by the Administration for administrative purposes, including the funding source from which each amount was obtained;

(3) programs, projects, and activities included in each category under § 9–20B–05(g) of this subtitle;

(4) the status of programs, projects, activities, and investments implemented with funds from the Fund, including an evaluation of the impact of the programs, projects, activities, and investments that are directed to low-income or moderate-income residential sectors or to other particular classes of ratepayers;

(5) an estimate of [electricity] **GREENHOUSE GAS** savings from the programs, projects, activities, and investments;

(6) the number of allowances sold in each auction;

(7) the average allowance price from each auction;

(8) an estimate of revenue from future auctions;

(9) an accounting of all amounts received or disbursed by the Fund from all other sources, including money received in accordance with orders issued and settlement agreements approved by the Public Service Commission;

(10) recommendations for changes to the allocation of funds under § 9–20B–05(g) of this subtitle;

(11) the status of programs and expenditures in the current fiscal year; and

(12) possible or expected program initiatives and changes in later years.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2025.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.