

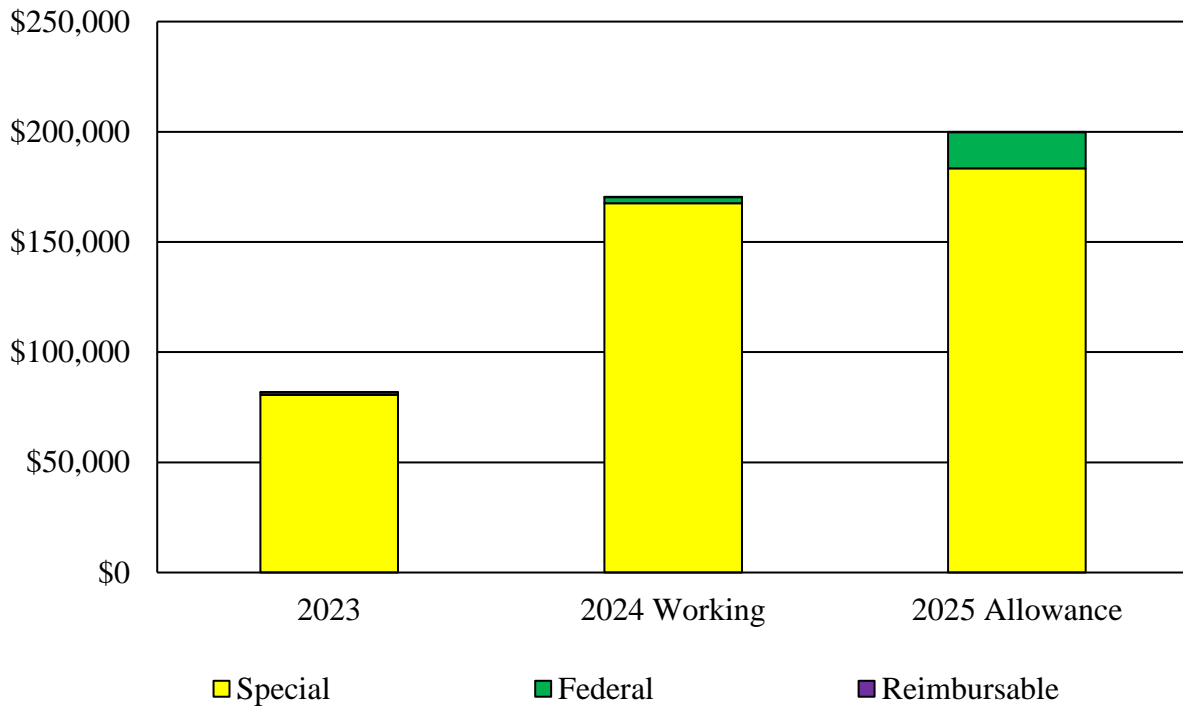
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Maryland Energy Administration

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 2025 Budget Increases \$29.5 Million, or 17.3%, to \$200.0 Million
(\$ in Thousands)**



Note: Numbers may not sum due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustment appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

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- Over half (51%) of the fiscal 2025 allowance consists of revenues sourced from Alternative Compliance Payments (ACP) deposited to the SEIF under the State’s Renewable Portfolio Standard (RPS) program.
- The total fiscal 2025 allowance (\$200 million) is more than double the total fiscal 2023 actual spending (\$82.0 million) and is a 17.3% increase over the fiscal 2024 working appropriation after accounting for proposed deficiency appropriations. The increase represents ongoing growth in Regional Greenhouse Gas Initiative (RGGI) sourced SEIF revenues, ACP-sourced SEIF revenues, and federal funding available through the Infrastructure Investment and Jobs Act (IIJA).

Key Observations

- ***RGGI Auction Revenue Levels Remain Elevated:*** In fiscal 2023, Maryland received a total of \$140.4 million in revenues from RGGI program auctions, the second highest yearly total behind fiscal 2022 when Maryland received \$143.4 million in revenues. In the most recent RGGI auction held, Auction 62 in December 2023, the highest auction clearing price in the history of the RGGI program was achieved at \$14.88 per allowance, resulting in the highest amount of revenues from a single auction by Maryland (\$50.6 million). Through the first half of fiscal 2024, Maryland received a total of \$86.8 million in revenues from RGGI auctions.
- ***SEIF Revenue Sourced from ACP Grows:*** Fiscal 2024 was the first year that significant revenues from ACP-sourced SEIF were budgeted due to a growth in ACPs required under the State’s RPS program. The fiscal 2025 allowance for MEA includes over \$100 million in ACP-sourced SEIF, more than doubling the total ACP-source SEIF budgeted in fiscal 2024.
- ***Current and Future Federal Funding Is Available from the IIJA and the Inflation Reduction Act (IRA):*** The fiscal 2025 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, \$16.2 million in federal funding is available from the State Energy Program (SEP) and the Preventing Outages and Enhancing Resilience of the Electric Grid program. IIJA funding is also anticipated by MEA from two additional programs that are not yet reflected in the budget. Through the IRA, MEA is currently in the process of applying for access to \$136.8 million in formula funding for two home energy rebate programs.

Operating Budget Recommended Actions

1. Adopt committee narrative requesting annual reporting on the Strategic Energy Investment Fund revenue, spending, and fund balance.
2. Adopt committee narrative requesting a report on federal funding available from the Infrastructure Investment and Jobs Act and the Inflation Reduction Act.
3. Adopt committee narrative requesting a report on revenues transferred from the Strategic Energy Investment Fund to the Dedicated Purpose Account.

Updates

- During calendar 2023, MEA led the Task Force to Study Solar Incentives to study the current landscape of solar energy in Maryland and potential incentives and their impacts on expanding the State’s solar energy industry. A final report including findings and recommendations of the task force is expected to be submitted to the General Assembly in the coming weeks.

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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).

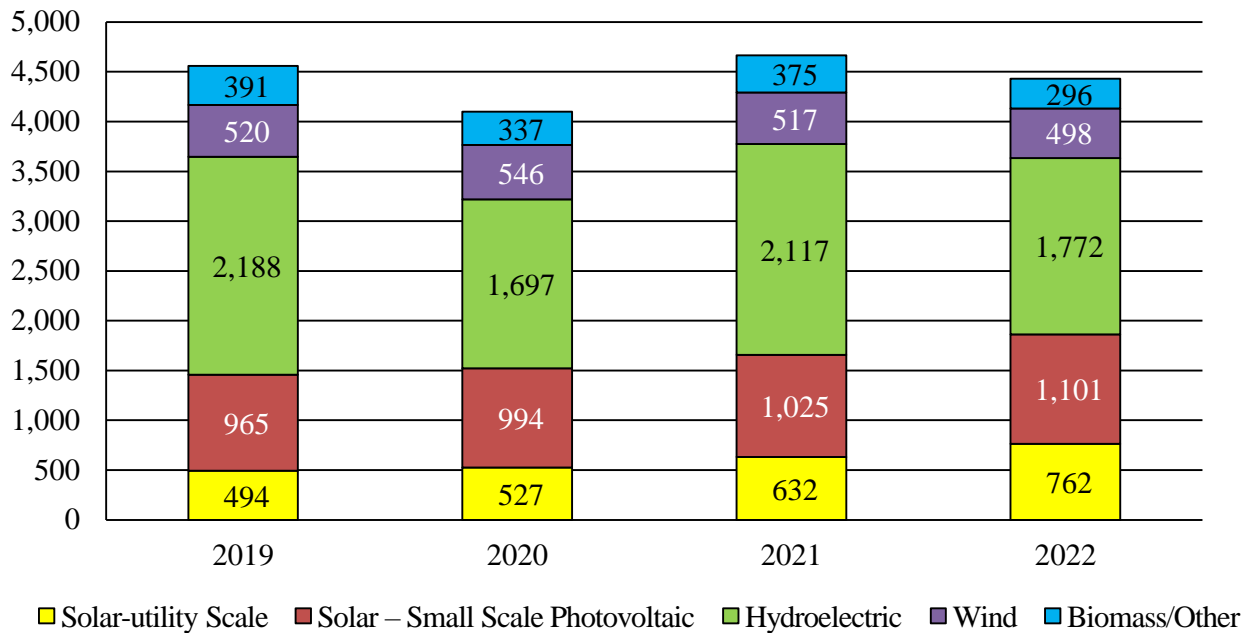
Performance Analysis: Managing for Results

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

According to the U.S. Energy Information Agency, in calendar 2022, a total of 87% of Maryland’s in-state electricity generation was generated from nonrenewable sources, including nuclear (39%), natural gas (36%), and coal (12%). In calendar 2022, nuclear energy supplied by the Calvert Cliffs nuclear power plant in Calvert County was the largest single overall source of in-state electricity generation. Coal-fired generation has declined significantly over the past decade, while natural gas-fired generation more than tripled between calendar 2015 and 2021. Almost all new electric generation since calendar 2015 has come from either natural gas-fired generation or solar-powered generation. In calendar 2022, the most recent actual data available, 13% of in-state electricity generation was sourced from renewable energy sources. As shown in **Exhibit 1**, in calendar 2022, in-state renewable energy generation totaled 4,429 megawatt hours (MWh), a decrease of approximately 237 MWh (5%) from the previous year. The overall decrease

in calendar 2022 was primarily due to a decrease in hydroelectric generation of 345 MWh. Total solar energy generation (both utility scale and small scale photovoltaic) increased by 206 MWh from 1,657 MWh to 1,863 MWh during calendar 2022 and for the first time accounted for the largest share of in-state renewable energy generation, surpassing hydroelectric.

Exhibit 1
In-state Renewable Energy Generation
Fiscal 2019-2022
(in Megawatt Hours)



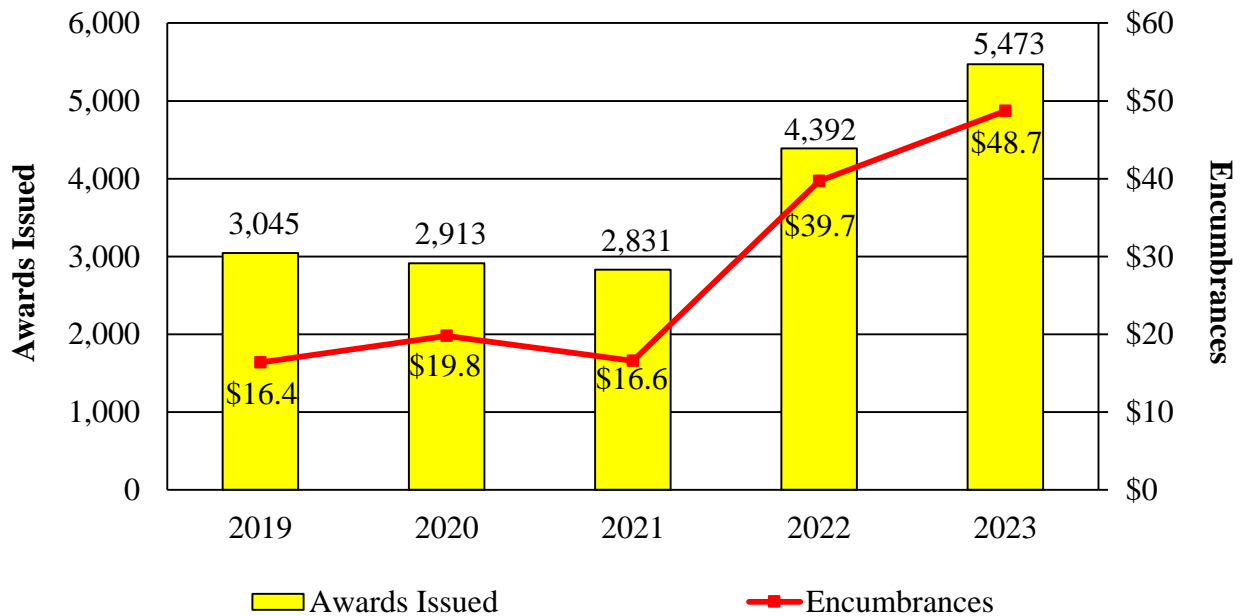
Source: Maryland Energy Administration; U.S. Energy Information Agency

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 \$9.0 million in fiscal 2023 compared to fiscal 2022 to a total of \$48.7 million. In fiscal 2023, MEA awarded a total of 5,473 grants to individuals, businesses, local governments, and other entities to incentivize in-state renewable energy generation from a variety of sources, an increase of 1,081, or 24.6% from the total number of grants awarded in fiscal 2022. Reflective of increases in funds available for renewable and clean

energy programs and initiatives, between fiscal 2021 and 2023, the total number of grants awarded nearly doubled, increasing by 93.3%. 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 2019-2023
(\$ in Millions)



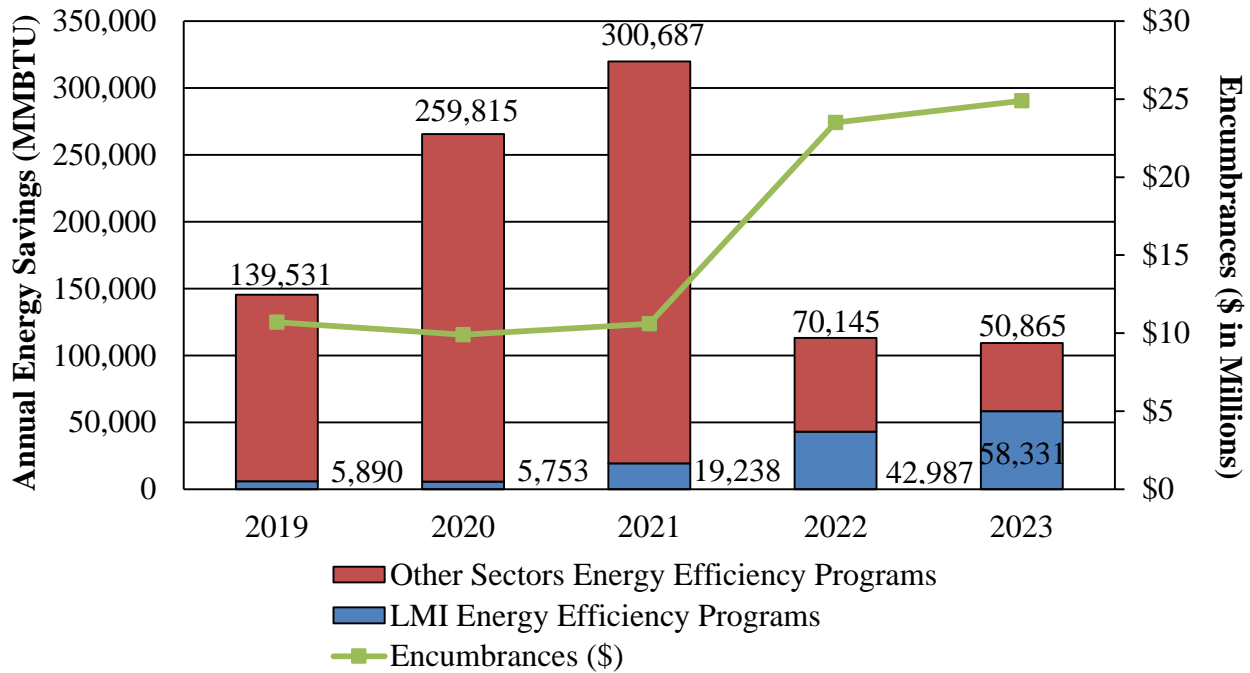
Source: Department of Budget and Management; Maryland Energy Administration

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 \$1.4 million in fiscal 2023 compared to fiscal 2022 to \$24.9 million after more than doubling in the prior fiscal year. As shown in **Exhibit 3**, MEA anticipates a slight decrease in overall energy savings in fiscal 2023 from projects funded that year. MEA notes that in recent years, energy efficiency programs have focused more on electric and zero direct emissions technologies rather than energy efficiency upgrades involving fossil fuel technologies, which will cause the relative type and magnitude of energy savings for programs to be less certain. Some programs financed in fiscal 2022 and 2023 are also part of long-term investments and may not always result in a direct, quantifiable energy savings in the year in which the project was funded. The largest programs in the energy efficiency sector offered by MEA in fiscal 2023 include the Commercial, Industrial, and Agricultural Grant Program; the Maryland Smart Energy Communities Program; the Street and Outdoor Lighting Program; and the Combined Heat and Power Program.

Exhibit 3
Energy Savings from Energy Efficiency Programs
Fiscal 2019-2023



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

Note: Fiscal 2023 encumbrances reflect actuals, while energy savings are estimates.

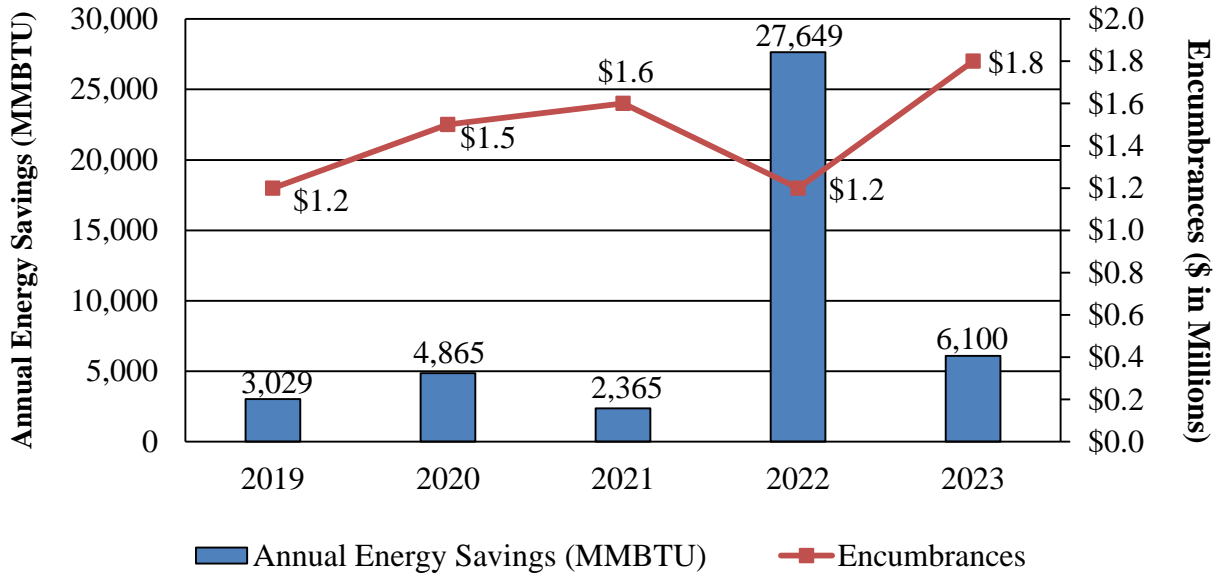
Source: Department of Budget and Management; Maryland Energy Administration

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 2024, 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 2024, a portion of funds are also specifically reserved for the Department of General Services 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 nonprofits during this time period. 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 Commercial, Industrial, and Agricultural Grant Program that year. In fiscal 2023, approximately 48% of JELLP loan funds were awarded to State agency projects, and 52% of loan funds were awarded to commercial projects.

**Exhibit 4
JELLP Energy Savings
Fiscal 2019-2023**



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

Source: Department of Budget and Management; Maryland Energy Administration

Fiscal 2024

A reimbursable fund budget amendment was processed, allocating \$180,000 in special funds from the SEIF from MEA to the Executive Department – Office of the Governor to establish and fund a new State chief sustainability officer position. Under the terms of a memorandum of understanding between the two agencies, MEA will fund 100% of the salary and fringe benefit costs of the position through the remainder of fiscal 2024. The chief sustainability officer will be responsible for ensuring that the State’s climate and environmental goals are met and will work with the State’s new chief resilience officer to address the current and future effects of climate change. In the fiscal 2025 allowance, special funds from the SEIF are budgeted under the Executive Department to fund this position.

Legislative Priorities

Language in Section 19 of the fiscal 2024 Budget Bill added \$9.25 million in special funds from the Maryland Gas Expansion Fund within the SEIF to be used for the restricted purpose of

repairing existing natural gas infrastructure in the Washington Gas service territory. A corresponding reduction of the same amount through language in the fiscal 2024 Budget Bill reduced funding from this source that was originally budgeted for the Maryland Energy Infrastructure Program, which in prior years has awarded grants to support natural gas infrastructure expansion projects across the State. **MEA should comment on the use or planned uses of these funds in fiscal 2024.**

The fiscal 2025 allowance does not include funding budgeted from this source; however, an estimated balance of \$1.6 million is projected after accounting for fiscal 2024 spending. **MEA should comment on planned uses in future fiscal years for the remaining funds.**

Proposed Deficiency

The fiscal 2025 budget contains proposed deficiency appropriations for fiscal 2024 for MEA totaling \$3.1 million, including \$1.9 million in special funds and \$1.2 million in federal funds. These proposed deficiencies include:

- \$2.0 million in special funds from the Maryland Offshore Wind Business Development Fund (MOWBDF);
- \$1.1 million in federal funds to support programs funded through the SEP grant, which is partially offset by a decrease of \$0.1 million in special funds;
- \$75,384 in federal funds through the SEP grant to support increases in agency travel expenses; and
- \$46,529 (\$19,187 in special funds and \$27,342 in federal funds) for personnel costs associated with converting 3 contractual personnel to regular positions during fiscal 2024. Regular personnel expenses increase by \$273,493, which are partially offset by a corresponding decrease of \$226,964 for contractual personnel expenses.

Fiscal 2025 Overview of Agency Spending

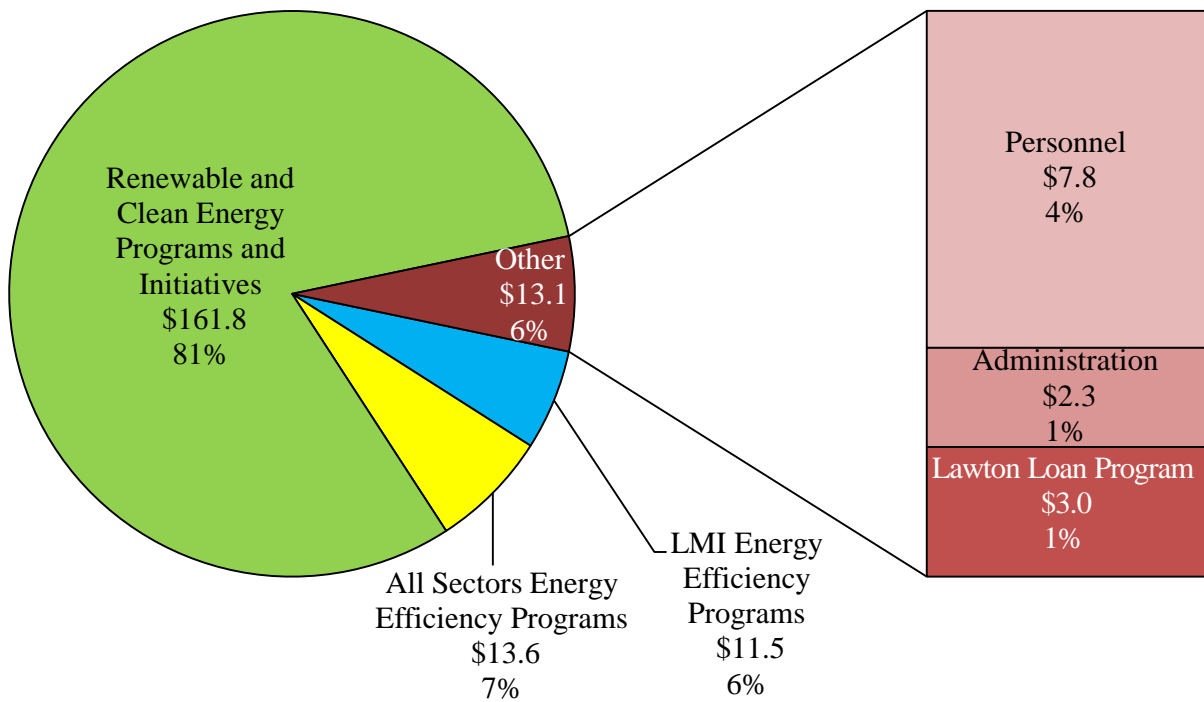
The fiscal 2025 allowance for MEA totals \$200.0 million. As shown in **Exhibit 5**, the largest share of the fiscal 2025 allowance consists of renewable and clean energy programs and initiatives at \$161.8 million (81%) of the total budget. Within this program, the largest area of spending is for solar energy-related programs, which total \$100.3 million. The remainder of the fiscal 2025 allowance for renewable and clean energy programs and initiatives includes:

- \$13.9 million in federal funds available through the IJA from the SEP and the Preventing Outages and Enhancing the Resilience of the Electric Grid program;

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- \$13.3 million for transportation programs, including \$10.8 million budgeted for the Medium-Duty and Heavy-Duty Zero Emission Grant Program and \$2.5 million budgeted for the Electric Vehicle Supply Equipment (EVSE) Rebate Program;
- \$7.0 million budgeted for offshore wind-related programs;
- \$4.5 million for technical assistance, studies, planning, and other grant program administrative expenses. A portion of this funding is budgeted for program marketing and communications,

Exhibit 5
Overview of Agency Spending
Fiscal 2025 Allowance
(\$ in Millions)



LMI: low- and moderate-income

Note: The fiscal 2025 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

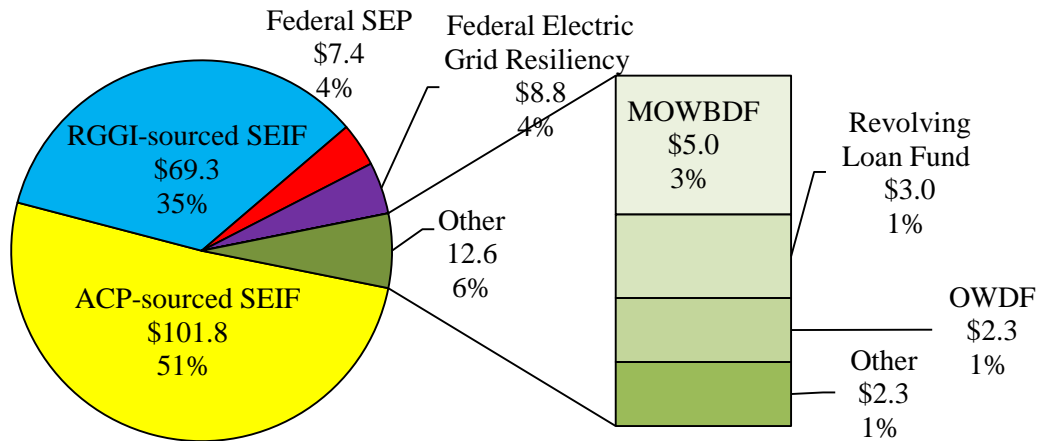
Source: Governor’s Fiscal 2025 Budget Books

Outside of renewable and clean energy programs and initiatives, energy efficiency programs (LMI and all sectors) total \$25.1 million (13%) of the fiscal 2025 allowance. Of this total, \$11.5 million supports LMI energy efficiency grants through the Energy Efficiency Equity Grant Program, and \$13.6 million supports energy efficiency programs in all other sectors. The all other sectors program includes funding for grants made under programs including the Commercial, Industrial, and Agricultural 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 ACPs required under the State’s RPS program is the largest source of funding in the fiscal 2025 allowance, totaling \$101.8 million (51%). SEIF sourced from RGGI program revenues totals \$69.3 million (35%) of the fiscal 2025 allowance. Although RGGI-sourced SEIF has generally been the primary ongoing source of MEA funding, the growth in ACP-sourced SEIF results in the smaller share of the SEIF in the fiscal 2025 allowance.

Exhibit 6
Spending by Source
Fiscal 2025 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 2025 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 2025 Budget Books

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The non-RGGI-sourced special fund revenues budgeted in fiscal 2025 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.
- **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). In February 2022, PSC notified MEA that initial deposits of \$2 million each (\$4 million total) were made by Skipjack Offshore Energy, LLC and MarWin II, LLC, which were each awarded ORECs in December 2021. In May 2023, MEA confirmed the deposit of the second round of \$2 million deposits from both companies. The third and final round of deposits is due in calendar 2024. 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. As a result of this withdrawal, future deposits to MOWBDF are reduced. The fiscal 2025 allowance includes \$5.0 million from this fund. **MEA should comment on the impact of this announcement on planned activities from the fund.**
- **OWDF:** A contribution to the SEIF of \$30 million for offshore wind development activities (such as technical studies or consortium memberships) was required under terms of the Exelon and Constellation merger. The fiscal 2025 allowance includes \$2.3 million from this fund.

Proposed Budget Change

As shown in **Exhibit 7**, the fiscal 2025 allowance for MEA increases by \$29.5 million (17.3%) compared to the fiscal 2024 working appropriation after accounting for proposed deficiency appropriations. The primary area of increase is in funding for renewable and clean energy programs and initiatives, which increase by \$55.5 million. Increases in this program are primarily in the areas of solar programs funded through ACP-sourced SEIF, while spending on programs funded through RGGI-sourced SEIF decline overall. These increases are partially offset by decreases of \$26.5 million for energy efficiency and conservation programs (LMI and all sectors).

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

How Much It Grows:	<u>Special</u>	<u>Federal</u>	<u>Reimb.</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	
Fiscal 2023 Actual	\$80,549	\$1,244	\$177	\$81,970
Fiscal 2024 Working Appropriation	167,646	2,629	198	170,473
Fiscal 2025 Allowance	<u>183,472</u>	<u>16,310</u>	<u>229</u>	<u>200,012</u>
Fiscal 2024-2025 Amount Change	\$15,826	\$13,681	\$31	\$29,539
Fiscal 2024-2025 Percent Change	9.4%	520.4%	15.9%	17.3%

Where It Goes:	<u>Change</u>
Personnel Expenses	
Salary increases and associated fringe benefits including fiscal 2024 COLA and increments	\$528
Fiscal 2025 cost of 2 new positions and 3 contractual conversions, net of the proposed deficiency for the contractual conversions	166
Turnover expectancy reduced from 4.19% to 0.75%	190
Programmatic Changes	
Federal Preventing Outages and Enhancing the Resilience of the Electric Grid program	8,790
Public school decarbonization grants	6,800
Federal State Energy Program funding for renewable and clean energy programs and initiatives	4,107
Transportation grant programs	2,400
Resilient Maryland Program	1,200
Grant program for communications, marketing, and energy education expenses	-200
Maryland Smart Energy Communities Program	-450
Jane E. Lawton Conservation Loan Program	-1,200
Commercial, Industrial, and Agricultural Grant Program	-1,300
Offshore wind grant programs	-1,500
State and local streetlighting grants	-2,000
Open Energy Grant Program (grants for proposals outside of other MEA programs)	-2,500
Combined Heat and Power Grant Program	-3,475
Grant program for technical assistance, studies, and other program administrative costs	-4,750
Residential and Commercial Clean Energy Rebate Programs	-4,600

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Where It Goes:	<u>Change</u>
Energy Efficiency Equity Grant Program (previously known as the Low-to-Moderate Income Energy Efficiency Grant Program).....	-8,462
Maryland Gas Expansion Fund expenditures for existing natural gas infrastructure	-9,250
Decarbonizing Communities Grant Programs	-26,000
Solar Programs	
Community solar grants	31,500
Solar resiliency hub grants	18,300
Low- to moderate-income solar grants.....	18,000
Solar photovoltaic in parking lots grants.....	3,399
Public facilities solar grants	-1,000
Other Changes	
Rent	\$354
Contractual personnel expenses	166
Cost allocations	107
Other changes	221
Total	\$29,541

COLA: cost-of-living adjustment
 MEA: Maryland Energy Administration

Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Infrastructure Investment and Jobs Act and Inflation Reduction Act 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 IJA and the IRA. The fiscal 2025 allowance for MEA includes the initial portion of federal funding available to the State to MEA through the IJA 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

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federal fiscal 2023 and 2027, and funds will remain available for use through June 30, 2033. The fiscal 2025 allowance includes \$8.8 million of this amount, representing the total amount allocated by DOE to Maryland for federal fiscal 2022 and 2023. (Additional discussion of competitive grant funding available to utilities for electric grid infrastructure projects is included in the operating analysis for C90G00 – Public Service Commission).

- ***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 IJA 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’s annual formula funding allocation for the SEP for program year 2023 was \$1.1 million, and Maryland’s one-time supplemental funding allocation for the SEP through the IJA was \$7.1 million, available for use through March 31, 2028. The fiscal 2025 allowance includes a total of \$7.4 million from this program. Additionally, as previously mentioned, proposed fiscal 2024 deficiency appropriations allocate an additional \$1.2 in federal SEP funding in the budget for fiscal 2024. These amounts reflect a combination of the annual formula funding and IJA expanded use funds.

Future Anticipated Infrastructure Investment and Jobs Act and Inflation Reduction Act Funding

In addition, MEA will also be the applicant for formula funding available from two additional IJA programs for which funding allocations have 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.
- ***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. An allocation of \$2.1 million to the State of Maryland is anticipated. Additionally, this program will provide formula grant funding directly to local governments, including the 10 largest counties and cities in Maryland. These formula grants total \$5.0 million.

In addition to federal funding available through the IJA, MEA is also currently in the application process for formula grant funding available to the State through the IRA for two home energy rebate programs. A third, related program for contractor training has also been announced. 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.

Alternative Compliance Payments Made under the Renewable Portfolio Standard Program

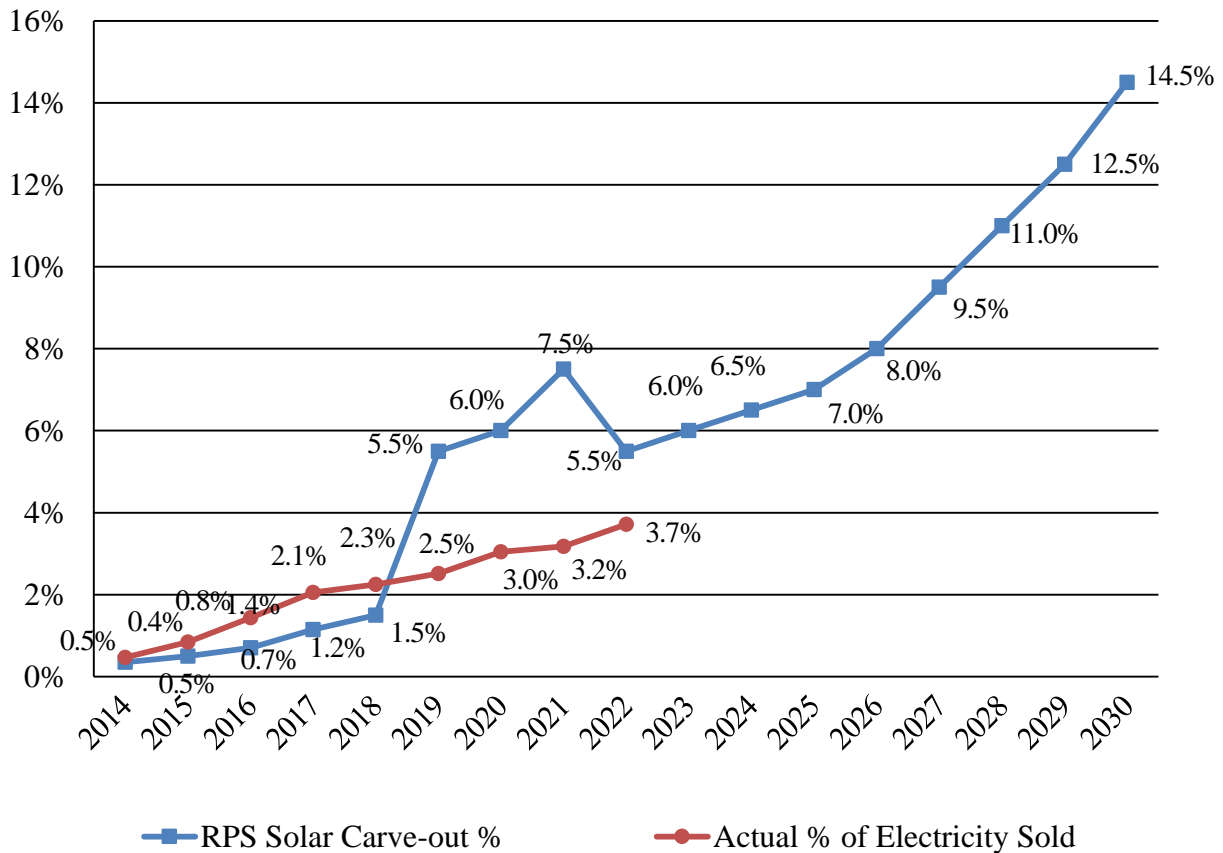
Reason for Growth in Revenue

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 one 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 their current levels by 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 32.6%, which will continue to escalate each year through the remainder of the decade. The RPS solar carve-out percentage requirement is 6.5% in calendar 2024 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 in calendar 2021 and 2022. According to annual PSC reporting on the RPS program, total ACP of \$77.1 million in calendar 2021 and \$86.6 million in calendar 2022 were required to meet program compliance. In comparison, prior to calendar 2021, total annual required ACP payments exceed \$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 fiscal 2024 and 2025 as noted previously in this analysis.

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 at or below 80% of the average median income for the State; or
- overburdened or underserved communities.

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 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. In the fiscal 2025 allowance, ACP-sourced SEIF revenues support approximately \$89.8 million of solar programming, including community solar, solar resiliency hubs, and other low-income solar programs. The remainder of ACP-sourced SEIF funds support other renewable and clean energy programming.

Transportation Programs

The fiscal 2025 allowance includes a total of \$13.3 million for transportation programs. Spending on transportation programs increases by \$2.4 million compared to the fiscal 2024 allowance, primarily due to increased funding budgeted for the Medium-Duty and Heavy-Duty Zero Emission Vehicle Grant Program. Chapter 98 mandated that the Governor include \$10.0 million annually in the budget bill through fiscal 2027 from the SEIF for grants under this program. As mandated, the fiscal 2025 allowance includes \$10 million budgeted for the program along with an additional \$750,000 above the mandated funding amount for off-road equipment. The fiscal 2025 allowance also includes \$2.5 million for rebates under the EVSE Rebate Program. Chapter 98 set the cap for the total amount of rebates that MEA may issue under the program at \$2.5 million, an increase from the prior cap of \$1.8 million.

Administration

The fiscal 2025 allowance includes a total of \$10.1 million budgeted for MEA administrative expenses, which include personnel expenses and other agency operating expenses. Compared to fiscal 2024, administrative expenses increase by \$1.7 million, including \$1.0 million for increases to regular and contractual personnel expenses and \$0.7 million for other agency operating expenses. 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 dollar amount 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

	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Working</u>	<u>FY 25</u> <u>Allowance</u>	<u>FY 24-25</u> <u>Change</u>
Regular Positions	31.00	41.00	46.00	5.00
Contractual FTEs	<u>10.00</u>	<u>16.00</u>	<u>15.00</u>	<u>-1.00</u>
Total Personnel	41.00	57.00	61.00	4.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.31	0.75%
Positions and Percentage Vacant as of 12/31/23	2.00	4.88%
Vacancies Above Turnover	1.69	

- The fiscal 2025 allowance includes funding for an additional 5 regular positions, though 3 new administrative assistant positions planned are contractual conversions included as a proposed deficiency appropriation in fiscal 2024. The remaining 2 regular positions are new in fiscal 2025 and will be part of MEA’s policy and finance divisions.
- The fiscal 2025 allowance reflects a net reduction of 1 contractual full-time equivalent (FTE). Two new contractual FTEs are included in the fiscal 2025 allowance to support administration of federal funding, following the conversion of 3 contractual FTEs included as a proposed deficiency that are not yet reflected in the fiscal 2024 data.
- The number of authorized regular positions has increased by 15 since fiscal 2023 from 31 to 46 positions. These new positions reflect the increase in size of the agency’s budget and scope of its programming that has occurred in recent fiscal years.

Issues

1. Regional Greenhouse Gas Initiative Program Auction Revenues during Calendar 2023

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 62 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 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 in recent years due to more ambitious greenhouse gas reduction goals implemented by Maryland and other RGGI-member states. In future auctions, demand for allowances and the supply of allowances available for sale may be impacted by changes in RGGI membership, particularly the withdrawal of Virginia and the potential future participation of Pennsylvania.

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. Current RGGI program members as of January 1, 2024, and those participating in the next upcoming RGGI program auction, Auction 63 scheduled for March 2024, are shown in **Exhibit 9**.

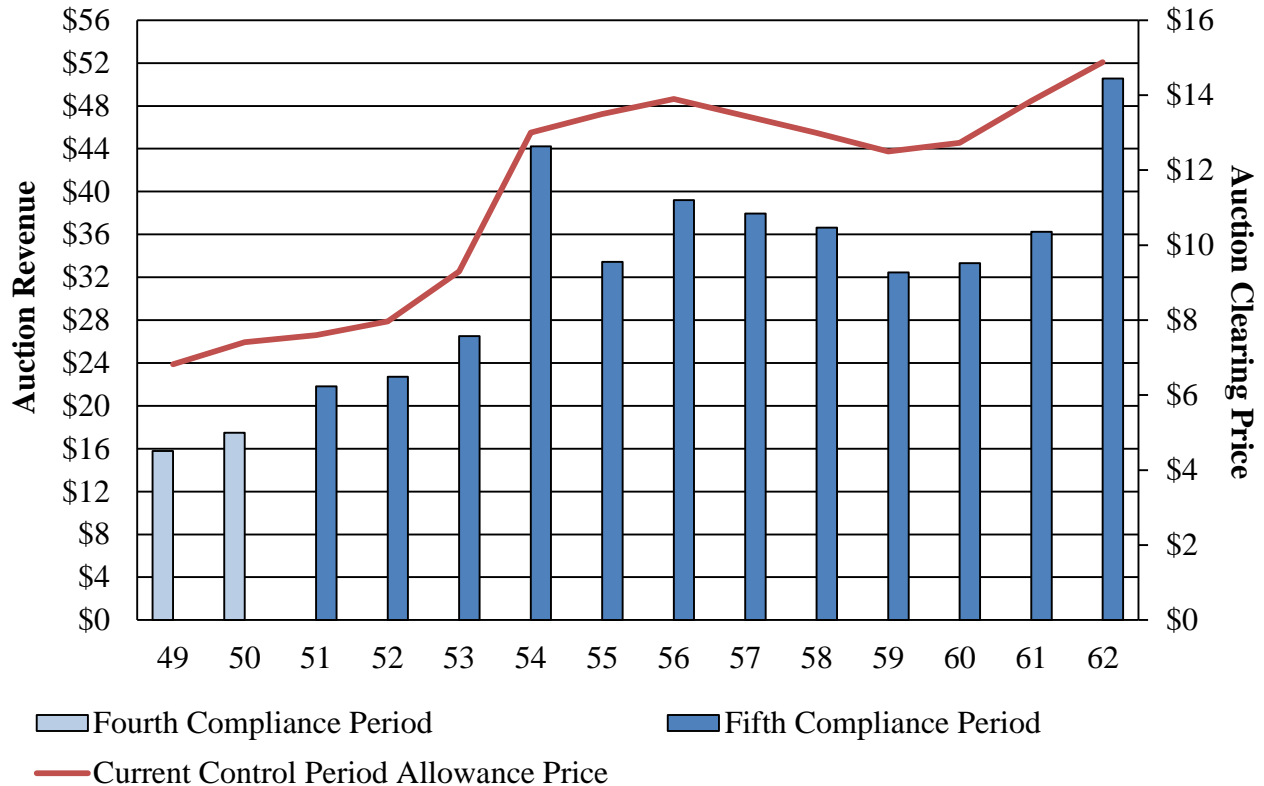
Exhibit 9
Current Regional Greenhouse Gas Initiative Program Membership
January 1, 2024

Connecticut	New Hampshire
Delaware	New Jersey
Maine	New York
Maryland	Rhode Island
Massachusetts	Vermont

Source: Regional Greenhouse Gas Initiative, Inc.

Exhibit 10 presents RGGI auction clearing prices and the total auction revenues received by Maryland for individual auctions held since the beginning of fiscal 2021 (Auctions 49 through 62). The most recent auction, Auction 62, resulted in the highest auction clearing price in the history of the RGGI program (\$14.88 per allowance), surpassing the previous highest auction clearing price of \$13.90 achieved in Auction 56 (June 2022). 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 2021-2024 (through December)
(\$ in Millions)



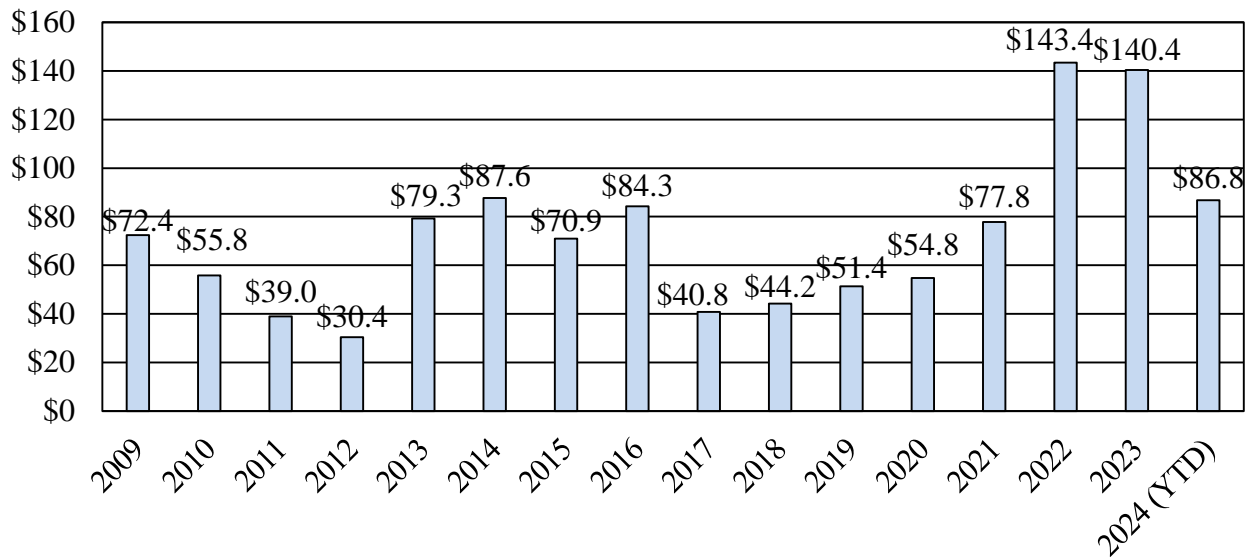
RGGI: Regional Greenhouse Gas Initiative

Source: RGGI, Inc.

The high auction clearing price attained in Auction 62 triggered the RGGI program’s Cost Containment Reserve (CCR), resulting in the sale of additional allowances during the auction. As the RGGI program is currently structured, the 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. This mechanism 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. Due to the high clearing price and CCR release, Auction 62 resulted in Maryland’s highest level of proceeds from a single auction at \$50.6 million. Comparatively, in prior auctions total revenues only exceed \$40 million once (Auction 54, held in December 2021). In all auctions held since Auction 54, revenue proceeds have exceeded \$30 million per auction.

As shown in **Exhibit 11**, total RGGI program revenues received by Maryland from all auctions held during fiscal 2023 totaled \$140.4 million, which is only slightly lower than the fiscal 2022 revenue total of \$143.4 million. In comparison, the highest revenue total for a single fiscal year prior to fiscal 2022 was \$87.6 million in fiscal 2014. Through the first two quarterly auctions held in fiscal 2024, Maryland RGGI program revenues have totaled \$86.8 million, which puts the State on pace to meet or exceed fiscal 2022 and 2023 revenue levels.

Exhibit 11
Regional Greenhouse Gas Initiative Program Revenue by Fiscal Year
Fiscal 2009-2024
(\$ 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 \$1.1 billion in total auction proceeds 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 2023 is available for the fiscal 2025 budget).

In development of the fiscal 2025 budget cycle, MEA altered its projection method slightly once again using an estimated clearing price of \$13.15 per allowance to estimate revenues from future auctions, which represents the average of the actual auction clearing prices for auctions held during only the final *three* auctions in fiscal 2022 and the four auctions in fiscal 2023, a reduction of one auction used in the average. Because this average omits the clearing price from the first auction held during fiscal 2022 and only accounts for the final three auctions held that year, the average clearing price of \$13.15 is notably higher than the average of all four auctions held during fiscal 2022 and 2023, which was \$12.67. As a result, the estimated clearing price of \$13.15 per allowance used for the fiscal 2025 revenue estimates is much closer to the actual auction clearing prices attained in auctions held during fiscal 2023 compared to the more conservative estimates used in prior years and is actually higher than two out of four actual auction results for auctions held during fiscal 2023.

While this increase in estimated clearing price used for budget development in fiscal 2025 reflects the growth and continuously elevated actual auction clearing prices seen in recent auctions, it also leaves less room to account for any sudden decreases in auction prices that may occur in future auctions. **MEA should comment on its decision to use a higher estimated RGGI auction clearing price for its fiscal 2025 revenue projections compared to more conservative estimates used in prior years.**

Regional Greenhouse Gas Initiative Revenue 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 Budget Reconciliation and Financing Act (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 follows 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 2024

<u>SEIF Subaccount</u>	<u>Revenue Distribution as Determined by Statute</u>
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 2025, 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 University of Maryland, College Park Campus (UMCP) and the Maryland

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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 (the Climate Solutions Now Act). Although State funds provided as grants to MCEC historically have been budgeted through MEA or as revenue transfers from the SEIF to the MEIF, in fiscal 2024 and 2025, the mandated \$5 million grant is budgeted within the budget for UMCP; 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).

Other statutorily required allocations required under Chapter 757 (the Clean Energy Jobs Act) occur out of the statutory distribution of revenues to the renewable and clean energy programs and initiatives subaccount, therefore reducing funds available to those programs rather than all programs. These allocations include:

- \$1.2 million in fiscal 2025 for the Small, Minority and Women-Owned Business Account (SMWOBA) within the Maryland Department of Commerce (Commerce) with set amounts per year through fiscal 2028 totaling \$7.0 million; and
- \$1 million in fiscal 2025 to the Clean Energy Workforce Account in the Maryland Employment Advancement Right Now program within the Maryland Department of Labor. Annual amounts per year for this transfer are not set in statute, only that a total of \$8 million in total is transferred.

In fiscal 2024, a \$1.0 million transfer of SEIF funds to the SMWOBA was required according to the annual amount set by Chapter 757; however, the fiscal 2024 operating budget only transferred \$500,000 for this purpose. **MEA should comment on plans to allocate the remaining \$500,000 that the SMWOBA was underfunded in fiscal 2024 so that the full \$7.0 million is able to be transferred by fiscal 2028 as mandated by Chapter 757.**

Fiscal 2025 Allowance Comparison

As shown in **Exhibit 13**, the fiscal 2025 allowance includes a total of \$176.0 million in RGGI-sourced SEIF spending. RGGI-sourced SEIF spending by State agencies decreases by \$26.6 million in fiscal 2025 due primarily to decreases in RGGI-sourced SEIF spending of \$22.6 million within MEA for programming and \$5.0 million in DHS for energy assistance. Outside of decreases in MEA and DHS, RGGI-sourced SEIF funds in all other State agencies increase by \$1.0 million, including increases of \$0.3 million in the Maryland Department of the Environment (MDE) and \$0.7 million in the SMWOBA within Commerce.

Exhibit 13
RGGI-sourced SEIF Appropriations
Fiscal 2023-2025
(\$ in Millions)

	<u>2023</u>	<u>Working</u> <u>2024</u>	<u>Allowance</u> <u>2025</u>	<u>Change</u> <u>2024-2025</u>
Energy Assistance	\$82.8	\$99.1	\$94.1	-\$5.0
Department of Human Services	82.8	99.1	94.1	-5.0
LMI Energy Efficiency and Conservation Programs	\$19.6	\$20.0	\$11.5	-\$8.5
Maryland Energy Administration	19.6	20.0	11.5	-8.5
Energy Efficiency and Conservation Programs in All Sectors	\$10.3	\$33.5	\$15.5	-\$18.0
Maryland Energy Administration	5.3	29.6	11.6	-18.0
DGS	3.9	3.9	3.9	0.0
Maryland Department of Health	1.1	0.0	0.0	0.0
Renewable and Clean Energy Programs and Initiatives	\$56.4	\$43.7	\$47.8	\$4.1
MEA	48.7	36.1	39.2	3.1
Executive Department – Chief Sustainability Officer	0.0	0.2	0.2	0.0
Maryland Department of the Environment	3.9	3.6	3.9	0.3
Maryland Department of Commerce (SMWOBA)	\$0.5	\$0.5	\$1.2	\$0.7
Maryland Department of Labor (EARN)	1.0	1.0	1.0	0.0
State Fleet Electric Vehicle Program – DBM	1.3	1.3	1.3	0.0
State Fleet Electric Vehicle Chargers – DGS	1.0	1.0	1.0	0.0
Administration	\$5.0	\$6.3	\$7.1	\$0.8
MEA	5.0	6.3	7.1	0.8
Subtotal State Agency Transfers	\$174.1	\$202.6	\$176.0	-\$26.6
State Reserve Fund – Dedicated Purpose Account	\$0.0	\$0.0	TBD	N/A
Total SEIF Transfers	\$174.1	\$202.6	\$176.0	- \$-26.6

DBM: Department of Budget and Management
DGS: Department of General Services
EARN: Employment Advancement Right Now
LMI: low- and moderate-income

N/A: not applicable
RGGI: Regional Greenhouse Gas Initiative
TBD: to be determined
SMWOBA: Small, Minority, and Women-Owned Business Account

Note: Fiscal 2023 end-of-year reported balances are cash balances. Fiscal 2024 and 2025 estimated balances are the net of encumbrances and assume the full utilization of fiscal 2024 and 2025 appropriation.

Source: Governor’s Fiscal 2025 Budget Books

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In addition to allocating RGGI-sourced SEIF spending across State agencies, the fiscal 2025 allowance includes an additional \$90 million of SEIF revenues sourced from projected fund balance available at the close of fiscal 2024 to be transferred to the Dedicated Purpose Account (DPA) to support the implementation of various provisions of Chapter 38 (the Climate Solutions Now Act) and the State’s Climate Pollution Reduction Plan released by MDE in December 2023. The BRFA as introduced includes a provision to authorize this transfer and specifies that at least 50% of the \$90 million shall be used to support programs benefiting LMI communities located in a census tract with an average medium income at or below 80% of the average median income for the State or overburdened or underserved communities. Although the transfer would be authorized through the BRFA, the appropriation in the DPA is not contingent on legislation authorizing the transfer. Additional discussion of this transfer can be found in the operating budget analysis for Y01A – State Reserve Fund. It is not clear how much of the \$90 million will come from RGGI-sourced revenues and how much from other SEIF sources.

Strategic Energy Investment Fund Balance

As shown in **Exhibit 14**, at the close of fiscal 2023 the balance of the SEIF totaled \$345.0 million, including a balance from RGGI-sourced subaccounts that totaled \$180 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 2024 and 2025 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 2023 and 2024 cannot be compared. **MEA should provide information on the fiscal 2023 balances after taking into account encumbrances to reflect only the available balance.**

Exhibit 14
Estimated SEIF Fund Balance
Fiscal 2023-2025
(\$ in Millions)

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Energy Assistance	\$71.1	\$39.5	\$13.8
LMI Energy Efficiency and Conservation Programs	11.9	15.5	14.5
Energy Efficiency and Conservation Programs in All Sectors	27.9	13.0	13.3
Renewable and Clean Energy Programs	39.3	20.1	9.4
Administration	30.1	10.7	43.5
<i>Subtotal – RGGI-sourced Subaccounts</i>	<i>\$180.3</i>	<i>\$98.8</i>	<i>\$94.5</i>
Offshore Wind Development	\$3.2	\$0.2	\$0.0
Exelon Animal-Waste-to-Energy ACP	3.8	0.0	0.0
Renewable Portfolio Standard ACP	145.8	183.2	85.2
Pepco/Exelon Merger Most Favored Nation Provision	0.0	0.0	0.0

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	<u>2023</u>	<u>2024</u>	<u>2025</u>
AltaGas/WGL Settlement (Maryland Gas Expansion Fund)	10.9	1.6	1.6
<i>Subtotal – Non-RGGI-sourced Subaccounts</i>	<i>\$164.7</i>	<i>\$185.0</i>	<i>\$86.8</i>
Total All Subaccounts	\$345.0	\$283.8	\$181.3
Transfer of fund balance to the Dedicated Purpose Account	\$0.0	\$0.0	-\$90.0
Projected Fund Balance After Transfer	\$345.0	\$283.8	\$91.3

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

Note: Fiscal 2023 end-of-year reported balances are cash balances. Fiscal 2024 and 2025 estimated balances are the net of encumbrances and assume the full utilization of the fiscal 2024 and 2025 appropriation.

Source: Governor’s Fiscal 2025 Budget Books

The fiscal 2024 ending balance is estimated to total \$283.8 million, including balances of \$98.8 million from RGGI-sourced subaccounts and \$185.0 million from non-RGGI-sourced subaccounts. End-of-year balances for non-RGGI-sourced SEIF subaccounts are expected to increase during fiscal 2024 due to increased deposits of ACP. Outside of ACP, most other non-RGGI-sourced fund sources available in fiscal 2023 are expected to be fully utilized by the end of fiscal 2024, except for the OWDF and the Maryland Gas Expansion Fund. The fiscal 2025 allowance does not include any funds from the Maryland Gas Expansion Fund; however, a \$1.6 million balance is projected to remain available after accounting for fiscal 2024 spending from this fund source.

Prior to accounting for the planned transfer of \$90 million of SEIF fund balance to the DPA, the fiscal 2025 end-of-year fund balance is projected to total \$181.3 million, including balances of \$94.5 million from RGGI-sourced subaccounts and \$86.8 million from non-RGGI-sourced subaccounts. Balances for both RGGI-sourced and non-RGGI-sourced subaccounts decline, accounting for fiscal 2025 spending; however, due to increased spending of ACP, non-RGGI-sourced subaccounts decline by a greater amount. Balances for RGGI-sourced subaccounts decline only slightly overall but vary by individual subaccount. For example, the energy assistance subaccount declines from \$39.5 million to \$13.8 million, while the Administration subaccount increases from \$10.7 million to \$43.5 million. **MEA should comment on the reasons for the accrual of such a large balance in the Administration subaccount.**

Assuming that the transfer of the full \$90 million of fund balance occurs, the SEIF balance decreases to a total of \$91.3 million at the end of fiscal 2025. The extent to which the \$90 million transfer incorporates fund balances from individual subaccounts and from RGGI- compared to

non-RGGI-sourced fund balance is not specified, so actual ending balances for fiscal 2025 may vary. **MEA should brief the committee on the specific sources of the \$90 million for the Climate Pollution Reduction Plan.**

The fiscal 2025 fund balances are also impacted by the potential understatement of actual RGGI-sourced SEIF revenue if auction prices remain elevated. However, as noted earlier the levels estimated for the fiscal 2025 budget pose more risk than has occurred in recent years.

2. Federal Inflation Reduction Act Home Energy Rebate Programs

The federal IRA contained a variety of energy policy provisions including tax credits and \$370 billion in federal spending on energy programs incentivizing the deployment of renewable energy, energy efficiency, and climate change resiliency. Several IRA programs are directed toward state energy offices (such as MEA) or include state and local governments as eligible recipients. Of these programs, the IRA appropriated \$8.8 billion for formula grants to state energy offices for two consumer home energy rebate programs that MEA will apply for and implement in its role as Maryland’s state energy office. In addition, the IRA appropriated \$200 million for a third related program for development and implementation of state workforce energy training programs, including training related to energy efficiency, electrification, and clean energy improvements:

- ***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 \$68.6 million for this program.
- ***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.
- ***State-based Home Energy Efficiency Contractor Training Grant Program (Also Known as the Training for Residential Energy Contractors (TREC) 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. Maryland’s formula funding allocation is \$2.5 million for this program.

DOE announced formula funding allocations to each state and U.S. territory in November 2022. DOE requires each state energy office to submit an application identifying how funding will be used under federal guidelines to implement each program prior to accessing funding. Once applications are approved, federal funding will remain available for use to implement and operate each program through the end of federal fiscal 2031.

HOMES Home Efficiency Rebate Program

The HOMES Home Efficiency Rebate Program will provide rebates for eligible energy efficiency projects that achieve a minimum overall reduction in whole-home energy usage for single-family and multifamily homes. DOE guidelines have outlined two possible program paths for measuring energy savings, a modeled energy efficiency program path and a measured energy efficiency program path. MEA will ultimately have discretion over which method is selected for measuring energy savings under this rebate program and plans to consider each in greater detail during the program development stage of program implementation.

- **The modeled energy efficiency rebate program path** uses home energy models complying with DOE standards to estimate energy savings prior to the home energy efficiency upgrade and provides tiered incentives for projects with modeled energy savings of up to 20% of total home energy usage.
 - Tiers of rebate amounts vary by single-family versus multifamily projects, the range of modeled energy savings (20% to 34% versus 35% or greater), and income level (greater than or less than 80% of area medium income (AMI)).
- **The measured energy efficiency rebate program path** uses measurement and verification processes complying with DOE standards to measure energy savings post installation of home energy efficiency upgrades and provides incentives for projects with a measured energy savings of at least 15% following installation.
 - Tiers of rebate amounts vary by single-family versus multifamily projects and income level (greater than or less than 80% of AMI).

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 or for owners of multifamily buildings, and 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

	<u>Maximum Rebate Amount</u>
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, a separate rebate incentive will be provided to installers of \$500 per dwelling unit for certain qualifying installation activities based on technology and the location of the installation in a disadvantaged community.

Application Process for Accessing Maryland’s Funding Allocations

In order to access Maryland’s federal funding allocation, MEA, in its role as Maryland’s state energy office, is required to develop and submit an application to DOE outlining how the funding will be used to implement both rebate programs under federal program guidelines. In July 2023, DOE published federal requirements for both programs, allowing Maryland and other states to develop their applications and apply for funding. In November 2023, MEA issued a request for information to solicit feedback from the contractor community involved in installing

energy efficiency and electrification upgrades in residential homes and multifamily buildings, training organizations, labor groups, community-based organizations, and other interested parties to inform the application process and program development process for both rebate programs as well as the application for funding under the TREC program.

The 2023 *Joint Chairmen's Report* (JCR) included committee narrative requesting that MEA provide an update on the application process and current status of MEA's application for funding for both home energy rebate programs and an estimated timeline for program implementation. As discussed in this analysis, due to the complexity of both programs and their implementation, DOE has provided states the ability to submit an initial application for access to up to 2.5% of administrative funding for program design and other critical tasks. MEA submitted an initial application for early access to administrative funding for both programs in January 2024 that, once approved, will allow for access to federally funded staff resources and vendor support, enabling MEA to begin to design program operations and implementation. Vendor support activities will include determining energy savings methodologies, processes and procedures for home assessments, rebate processing methodologies, income verification processes, procedures and penalties to ensure renters are not subject to unjustified rent increases, and identifying how to coordinate the programs with other residential energy efficiency programs run by other state agencies.

Following an initial period of program design and implementation planning, MEA anticipates that a full application for funding for both rebate programs can be submitted to DOE in late spring 2024. Once DOE has approved MEA's application for funding and funding has been awarded, an additional State Implementation Blueprint is required to be submitted to DOE approximately 60 days prior to planned program launch. This plan requires MEA to report on the following components:

- community benefits plan;
- education and outreach strategy;
- consumer protection plan, including a qualified contractor list;
- utility data access plan;
- privacy and security risk assessment for State systems; and
- market transformation plan.

MEA anticipates that additional contracting for rebate processing and implementation support will be needed to be arranged prior to the launch of the rebate programs. Pending the timeline of approval of the initial application and the State Implementation Blueprint by DOE, MEA currently estimates that both programs could be operational and available to begin providing rebates to the public during the second half of calendar 2024. However, no funding is currently provided in the fiscal 2025 allowance for these purposes.

Forecast of Potential Future Rebate Recipients in Maryland

MEA was asked to provide estimates for the number of households who will be eligible to receive benefits. MEA notes that forecasting an exact number of rebates that will be ultimately awarded under both rebate programs is challenging due to variations in rebate size, program pathways, building types, and allowable income levels of recipients. Despite this, MEA estimated that for the HOMES Home Efficiency Rebate Program, roughly 6,800 to 10,000 single-family homes or multifamily units could be provided rebates depending on the mix of project sizes and income-based incentive levels, but this number could reach closer to 25,000 rebates if the majority of applicants are eligible for smaller awards. Similarly, MEA estimates that for the Home Electrification and Appliance Rebate Program, depending on the mix of appliance replacements, a minimum of 4,300 projects could be provided rebates if the majority of projects included larger rebate sizes due to multiple appliance upgrade components or heat pump installations, but this number could reach as high as 60,000 individual rebates if the majority of projects were for a single appliance purchase with a lower incentive level. MEA also notes that for the separate rebate components for contractors or installers provided under both rebate programs, several thousand additional rebates would need to be provided and processed through a separate rebate channel.

3. Electric Vehicle Charging Infrastructure Funding through the IIJA and MEA Transportation Programs Incentivizing Electric Vehicle 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 million. Although NEVI funding is administered by the Maryland Department of Transportation (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 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 January 2024, MDOT announced the release of an initial request for proposals for design build contracts to design, construct, operate, and maintain EV charging stations through the first round of NEVI program funding.

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 11, 2024, the Biden-Harris Administration announced the release of \$623 million in grants under the first round of awards made through the CFI program, which supports 47 EV charging and alternative fueling infrastructure projects in 23 states and territories. Among the first round of CFI program grants was a \$15 million award to MCEC for the Maryland Equitable Charging Infrastructure Partnership (MECIP) project, a public-private partnership that proposes to fund 58 EV charging stations in community sites across the State. MECIP initially considered a total of 87 sites out of which the 58 that will be funded through the current award were chosen. Sites include 34 multifamily housing sites and sites in historically underserved and LMI communities. MECIP also includes a workforce development component and will use a portion of the funding award to provide training and financing to support underrepresented groups entering the EV industry, in addition to training Electric Vehicle Infrastructure Training Program certified electricians through the International Brotherhood of Electrical Workers apprenticeship and retraining programs.

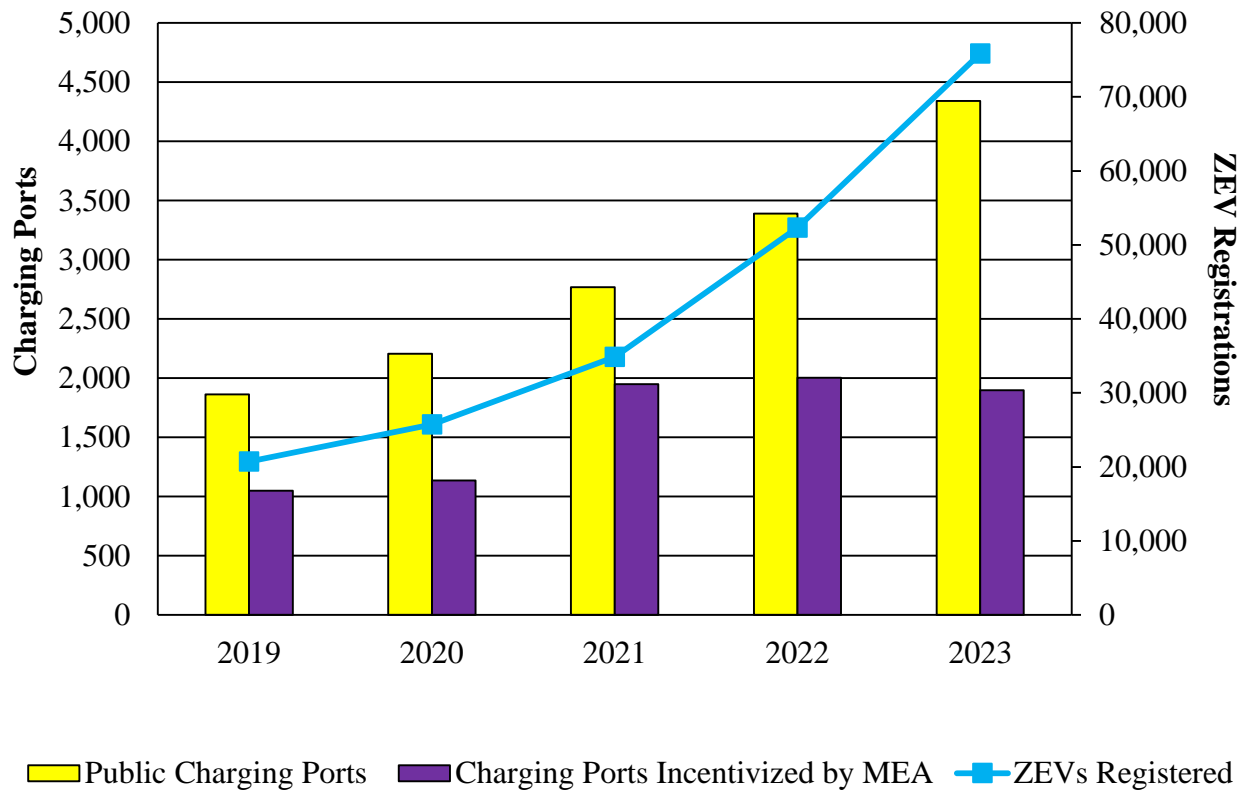
Maryland Energy Administration Transportation Programs Incentivizing Electric Vehicle Adoption

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 growth in EV ownership has grown steadily over the past five years. As of fiscal 2023, there were a total of 84,179 ZEVs registered in Maryland, and a total of 4,340 publicly available vehicle charging ports. Through its programming, MEA incentivized a total of 1,897 charging stations as of fiscal 2023.

Exhibit 16
Electric Vehicle Registrations and Charging Stations
Fiscal 2019-2023



MEA: Maryland Energy Administration
 ZEV: zero emission vehicle

Source: Maryland Energy Administration

Study on Electric Vehicle Charging in Multifamily Residential Buildings

Chapter 582 of 2023 enacted new requirements for the inclusion of EVSE installed parking spaces or a dedicated electric line of sufficient voltage to support the addition of an EV charging station in new residential housing construction. Additionally, Chapter 582 required MEA to conduct a study on the cost of requiring multifamily residential buildings to include EV-ready and EV-supply-equipment-installed parking spaces. In evaluating these costs, MEA was directed to consider the appropriate ratio of EV-supply-equipment-installed parking spaces and options for paying for the use of EV chargers to recharge an EV. Chapter 582 required that report to be submitted to the Governor and General Assembly including MEA’s findings and recommendations on or before December 1, 2023. MEA indicates that this report will be submitted in the coming weeks but is not available as of this writing.

Operating Budget Recommended Actions

1. 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 (DBM) provide an annual report on the revenue from the RGGI carbon dioxide emissions allowance auctions, set-aside allowances, and interest income in conjunction with the submission of the fiscal 2026 budget as an appendix to the Governor’s Fiscal 2026 Budget Books. The report shall include information on the actual fiscal 2024 budget, the fiscal 2025 working appropriation, and the fiscal 2026 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 2023 actual, the fiscal 2024 working appropriation, and the fiscal 2025 allowance.

Information Request	Author	Due Date
Report on revenue assumptions, fund balance, and usage of SEIF revenues sourced from RGGI program auctions	DBM	With submission of the Governor’s Fiscal 2026 Budget Books

2. 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

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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 IJA 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 IJA and IRA funding and implementation of home energy rebate programs	MEA	December 31, 2024

3. Adopt the following narrative:

Usage of Strategic Energy Investment Fund (SEIF) Revenues Transferred to the Dedicated Purpose Account (DPA): The fiscal 2025 allowance reflects the transfer of \$90 million of SEIF fund balance to the DPA to be used for implementation of unspecified provisions of Chapter 38 of 2022 (the Climate Solutions Now Act) and Maryland’s Climate Pollution Reduction Plan, released in December 2023. The committees request that the Department of Budget and Management (DBM), the Maryland Energy Administration (MEA), and the Maryland Department of the Environment (MDE) jointly submit a report outlining the sources, uses and planned uses of this funding.

Information Request	Author	Due Date
Report on the usage of SEIF revenues transferred to the DPA	DBM MDE MEA	December 31, 2024

Updates

1. Task Force to Study Solar Incentives

The Task Force to Study Solar Incentives was established by Chapter 545 of 2023 to study the current landscape of solar energy construction, financing, and utilization in Maryland and potential incentives, including their impacts on expanding the State’s solar industry and achievement of the State’s solar energy goals established in the RPS program. Additionally, the task force studied the extent to which different levels or types of incentives should exist for different market segments including residential-, commercial-, and utility-scale solar.

The task force was chaired by the Director of the Maryland Energy Administration and staffed by MEA, and membership included representatives from the General Assembly, PSC, the Office of People’s Counsel, the State Department of Assessments and Taxation, and other stakeholders representing units of local government, organized labor, the construction industry, the solar energy industry, and environmental advocacy groups. The task force met monthly during the 2023 interim and discussed a variety of topics, including:

- current state policy goals related to solar energy, including goals included in the Climate Solutions Now Act and the RPS program;
- the current state of the solar energy industry in Maryland including current estimates of existing installed capacity of different industry sectors;
- an overview and comparison of current tax incentives related to solar energy in effect in Maryland and other states that are part of the territory served by PJM Interconnection, LLC;
- issues specifically relating to the interconnection, permitting, and siting of new solar energy projects;
- job creation and training as part of solar development in the State; and
- equitable access to solar energy and minority business enterprise participation in solar development projects.

Additionally, several breakout meetings were held, focusing specifically on issues related to (1) harder-to-build solar; (2) utility-scale solar; and (3) rooftop solar (residential and commercial).

The final meeting of the task force was held on January 5, 2024, at which members voted on a list of recommendations that were developed based on discussions held during prior meetings. A final report of the task force, including a list of recommendations approved by members, will be submitted to the General Assembly by the end of January 2024 but is not available as of this writing.

Appendix 1
2023 Joint Chairmen’s Report Responses from Agency

The 2023 JCR requested that MEA prepare one report. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Implementation of Residential-focused Rebate Programs Funded through the Federal IRA:*** A report was submitted that provided an overview of the new residential home energy rebate programs that MEA will develop and implement through federal funding authorized in the IRA. The report includes a timeline for program development and implementation, and an update on the application process for accessing the State’s allocation of federal funds. Further discussion of the IRA residential home energy rebate programs can be found in Issue 2 of this analysis.

**Appendix 2
Object/Fund Difference Report
Maryland Energy Administration**

<u>Object/Fund</u>	<u>FY 23 Actual</u>	<u>FY 24 Working Appropriation</u>	<u>FY 25 Allowance</u>	<u>FY 24 - FY 25 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	31.00	41.00	46.00	5.00	12.2%
02 Contractual	10.00	16.00	15.00	-1.00	-6.3%
Total Positions	41.00	57.00	61.00	4.00	7.0%
Objects					
01 Salaries and Wages	\$ 4,364,883	\$ 5,471,983	\$ 6,638,487	\$ 1,166,504	21.3%
02 Technical and Special Fees	744,287	1,204,982	1,143,748	-61,234	-5.1%
03 Communication	37,052	41,900	57,530	15,630	37.3%
04 Travel	85,147	78,000	146,384	68,384	87.7%
07 Motor Vehicles	924	180	0	-180	-100.0%
08 Contractual Services	7,679,131	10,196,007	6,803,016	-3,392,991	-33.3%
09 Supplies and Materials	72,177	10,000	10,000	0	0%
10 Equipment – Replacement	17,499	37,500	32,500	-5,000	-13.3%
11 Equipment – Additional	0	7,000	16,950	9,950	142.1%
12 Grants, Subsidies, and Contributions	66,460,963	145,675,000	181,427,881	35,752,881	24.5%
13 Fixed Charges	697,720	380,399	735,523	355,124	93.4%
14 Land and Structures	1,810,615	4,200,000	3,000,000	-1,200,000	-28.6%
Total Objects	\$ 81,970,398	\$ 167,302,951	\$ 200,012,019	\$ 32,709,068	19.6%
Funds					
03 Special Fund	\$ 80,548,879	\$ 165,719,628	\$ 183,472,151	\$ 17,752,523	10.7%
05 Federal Fund	1,244,163	1,385,340	16,310,387	14,925,047	1077.4%
09 Reimbursable Fund	177,356	197,983	229,481	31,498	15.9%
Total Funds	\$ 81,970,398	\$ 167,302,951	\$ 200,012,019	\$ 32,709,068	19.6%

Note: The fiscal 2024 appropriation does not include deficiencies. The fiscal 2025 allowance does not include statewide salary actions budgeted within the Department of Budget and Management.

**Appendix 3
Fiscal Summary
Maryland Energy Administration**

<u>Program/Unit</u>	<u>FY 23 Actual</u>	<u>FY 24 Work Approp.</u>	<u>FY 25 Allowance</u>	<u>Change</u>	<u>FY 24 - FY 25 % Change</u>
01 General Administration	\$ 6,528,317	\$ 8,177,951	\$ 10,077,751	\$ 1,899,800	23.2%
02 The Jane E. Lawton Conservation Loan	1,810,615	4,200,000	3,000,000	-1,200,000	-28.6%
06 Energy Efficiency and Conservation Programs, Low and Moderate Income Residential Sector	19,629,877	20,000,000	11,538,450	-8,461,550	-42.3%
07 Energy Efficiency and Conservation Programs, All Other Sectors	5,346,225	31,575,000	13,550,000	-18,025,000	-57.1%
08 Renewable and Clean Energy Programs and	48,655,364	103,350,000	161,845,818	58,495,818	56.6%
Total Expenditures	\$ 81,970,398	\$ 167,302,951	\$ 200,012,019	\$ 32,709,068	19.6%
Special Fund	\$ 80,548,879	\$ 165,719,628	\$ 183,472,151	\$ 17,752,523	10.7%
Federal Fund	1,244,163	1,385,340	16,310,387	14,925,047	1077.4%
Total Appropriations	\$ 81,793,042	\$ 167,104,968	\$ 199,782,538	\$ 32,677,570	19.6%
Reimbursable Fund	\$ 177,356	\$ 197,983	\$ 229,481	\$ 31,498	15.9%
Total Funds	\$ 81,970,398	\$ 167,302,951	\$ 200,012,019	\$ 32,709,068	19.6%

Note: The fiscal 2024 appropriation does not include deficiencies. The fiscal 2025 allowance does not include statewide salary actions budgeted within the Department of Budget and Management.