

D13A13
Maryland Energy Administration

Operating Budget Data

(\$ in Thousands)

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$964	\$1,152	\$1,610	\$458	39.8%
Special Fund	1,405	1,615	1,425	-190	-11.8%
Federal Fund	942	1,135	1,298	164	14.4%
Reimbursable Fund	<u>106</u>	<u>109</u>	<u>122</u>	<u>13</u>	<u>11.9%</u>
Total Funds	\$3,416	\$4,011	\$4,456	\$445	11.1%

- The Maryland Energy Administration’s (MEA) fiscal 2009 budget allowance includes a \$1.0 million special fund deficiency for energy efficiency programs in support of the Governor’s new EmPower Maryland initiative.
- MEA’s fiscal 2009 budget allowance increases \$444,845, or 11.1%, over the fiscal 2008 working appropriation. General funds increase 39.8%, special funds decrease by 11.8%, federal funds increase 14.4%, and reimbursable funds increase 11.9%. However, the underlying fiscal 2009 budget change for MEA, absent regular health insurance and the future retiree health insurance funding liability which distort year-to-year comparisons, is \$212,125, or 5.5%.
- The increase of 39.8%, or \$458,401, in general funds is due to an increase of \$522,895 for personnel expenses including seven new positions and \$20,000 for costs associated with the new positions. This increase is partially offset by an \$84,481 decrease in expected Solar Energy Grant Program grants for solar and geothermal energy projects.
- Special funds decrease in the allowance by 11.8%, or \$190,011, primarily due to a \$200,000 decrease in the appropriation for Energy Overcharge Restitution Fund (EORF) projects. This decrease was partially offset by a \$5,788 increase for office equipment.
- Federal funds increase in the allowance by 14.4%, or \$163,500, due to \$114,834 in personnel expenses (including \$44,715 in regular earnings), \$45,839 due to the increase in the rate for the statewide cost allocation of federal funds, and \$5,045 for joining the Clean Energy States Alliance in preparation for managing the possible receipt of funds from the Regional Greenhouse Gas Initiative sale of carbon allowances.

Note: Numbers may not sum to total due to rounding.

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- Reimbursable funds increase in the allowance by 11.9%, or \$12,955, due to an increase of \$6,030 for regular earnings.

Personnel Data

	<u>FY 07 Actual</u>	<u>FY 08 Working</u>	<u>FY 09 Allowance</u>	<u>FY 08-09 Change</u>
Regular Positions	18.00	18.00	25.00	7.00
Contractual FTEs	<u>1.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	19.00	18.00	25.00	7.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	0.75	3.00%
Positions Vacant as of 1/1/08	2.00	11.11%

- MEA’s regular positions increase by seven in the fiscal 2009 allowance. The positions are part of the Governor’s EmPower Maryland initiative and are comprised of the following: research statistician IV (2), program manager II (2), administrator V (1), lead agency grants specialist (1), and industrial development officer IV (1).
- The title and duration of the two regular position vacancies are as follows: administrator III (0 to 6 months) and special assistant III executive department (7 to 12 months). MEA states that these are specialized and technical positions which are difficult to fill.
- To meet turnover, MEA only needs 0.75 vacant positions in fiscal 2009. However, MEA currently has 2.0 vacant positions.

Analysis in Brief

Issues

MEA Receives Its Calling: MEA is the federally designated State Energy Office but has not had a significant voice in Maryland’s energy policy. This is all about to change as MEA’s budget includes seven new positions to carry out the activities of three major new policies. **MEA should be prepared to brief the committees on the following:**

- **status of the State energy use baseline and agency plans to reduce energy use consumption from the baseline fiscal 2005 level by 5% in fiscal 2009 and 10% in fiscal 2010;**
- **rationale for initiating EmPower Maryland initiative energy reduction program beyond State government before the State energy use baseline is complete and agencies have upgraded their energy conservation plans;**
- **prognosis for funding the EmPower Maryland initiative given the depletion of EORF and the uncertainty as to who will receive the carbon dioxide allowance sales revenue, how much this will be, and for how long it will be received; and a**
- **plan for how the EmPower Maryland initiative, in order to avoid duplication of effort and funding, will coordinate State agency programs for energy use reduction beyond State government to meet the 15% reduction in per capita electricity use goal by 2015.**

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Reduce the Solar Energy Grant Program funding.	\$ 290,519	
2. Delete five new positions and associated funding.	250,423	5.0
3. Increase turnover on two new positions from 25% to 75%.	72,946	
4. Eliminate funding for operating programs funded by the Energy Overcharge Restitution Fund.	1,000,000	
Total Reductions to Fiscal 2008 Deficiency Appropriation	\$ 1,000,000	
Total Reductions to Allowance	\$ 613,888	5.0

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Maryland Energy Administration

Operating Budget Analysis

Program Description

The Maryland Energy Administration (MEA) is an independent unit of State government created, in part, to promote the conservation and efficient use of energy, and to evaluate and coordinate energy-related policies and activities among State and local agencies. MEA's enabling legislation is found in Section 9-2001 *et seq.* of the State Government Article of the Maryland Code. MEA also manages federal energy conservation programs, coordinates the State's participation in interstate energy activities, advises the Governor on energy emergency issues, and maintains energy emergency preparedness.

MEA is tasked with numerous statutory duties, including coordinating with the Department of General Services (DGS) to implement the most economical and efficient alternatives in the design, construction, and renovation of State facilities. Other statutory duties include the management of the Community Energy Loan and State Agency Loan programs and the administration of the Energy Overcharge Restitution Fund (EORF). MEA is also responsible for creating and implementing contingency plans for mitigating the impact of any severe shortage of fuel resources and running a petroleum set-aside program in the event of an energy emergency.

MEA's three primary goals are to:

- increase energy efficiency and reduce the cost of State government;
- fulfill a role as a federally funded State Energy Office by providing resources and assistance to individuals, businesses, local governments, and nonprofit organizations for the use of renewable energy and energy efficiency; and
- promote the use of alternative fuels and the development of advanced transportation technologies.

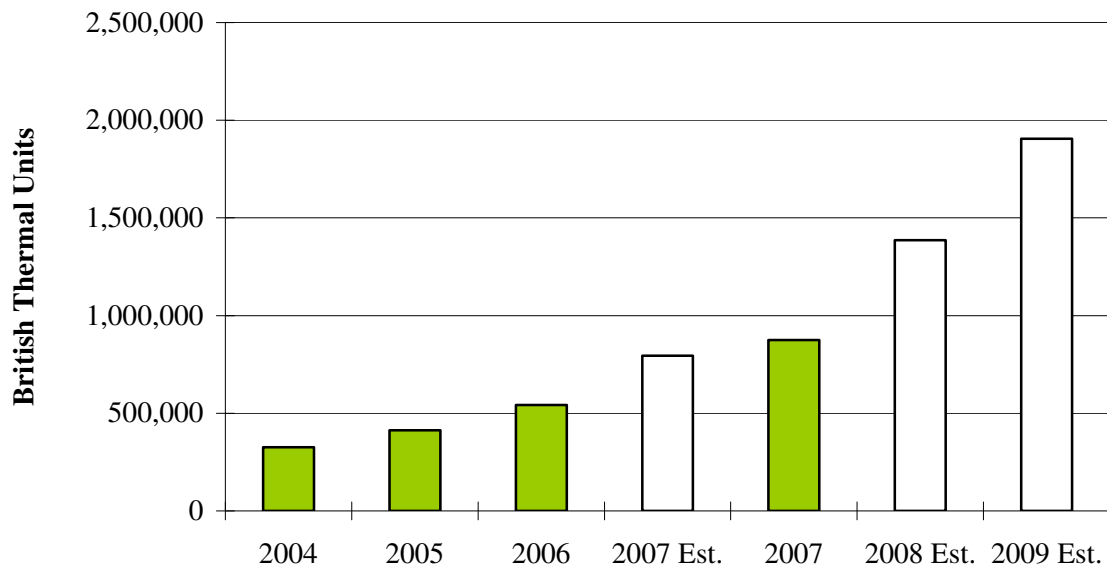
Performance Analysis: Managing for Results (MFR)

MEA's performance measures show significant increases in two areas as shown in **Exhibit 1**. These performance trends are as follows:

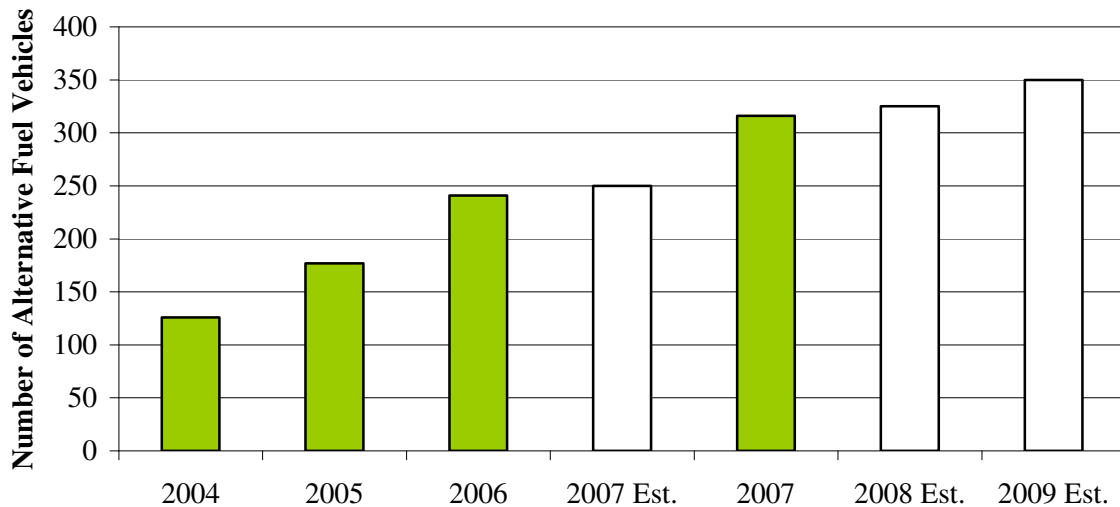
- cumulative energy savings from projects completed since fiscal 2000 is estimated to increase 118% between fiscal 2007 and 2009; and
- the number of State alternative fuel vehicles purchased in fiscal 2007 was 27% higher than the 2007 original estimate, but then purchases are expected to level off.

The Department of Legislative Services (DLS) recommends that MEA brief the committees on why the amount of annual energy savings from projects is estimated to increase 118% between fiscal 2007 and 2009; and what factors determine the ratio of alternative fuel vehicles to hybrid vehicles that the State purchases. In addition, MEA should be prepared to brief the committees on how it plans to adjust its MFR performance indices to reflect its contribution to the per capita energy reduction goals of the EmPower Maryland initiative and the expenditures necessary for these reductions.

Exhibit 1
Cumulative Energy Savings from All Projects Completed Since Fiscal 2000
Excluding State Facilities
Fiscal 2004-2009



Number of State Alternative Fuel Vehicles Purchased Fiscal 2004-2009



Source: Governor's Budget Books, Fiscal 2007-2009

Fiscal 2008 Actions

Proposed Deficiency

The Governor submitted a deficiency appropriation for the fiscal 2008 operating budget which would increase MEA's special fund appropriation by \$1,000,000. The special funds would provide for a number of energy efficiency programs in support of the Governor's new EmPower Maryland initiative announced on July 2, 2007. The EORF is the fund source, and the uses of the funds are shown in **Exhibit 2**.

Exhibit 2
Maryland Energy Administration Budget Deficiency Allocation
Fiscal 2008

<u>MEA Program</u>	<u>Description</u>	<u>Funding</u>
Energy Efficiency		
Energy Efficiency Education	Implement statewide energy efficiency education campaign based from libraries	\$350,000
Home Performance with ENERGY STAR	Train and certify contractors in energy efficient building practices	300,000
State Government Lead by Example	Hire an energy consultant/engineer to review State agency energy reduction plans and provide technical training to facility staff	100,000
Farm Energy Audit Implementation	Provide financial assistance to improve the energy efficiency of Maryland farms	50,000
Energy Efficiency Subtotal		\$800,000
Renewable Energy		
Clean Energy Schools	Conduct a renewable energy demonstration project in one school in every county	\$100,000
Windswept	Provide grants for installation of small-scale wind energy systems	35,000
Renewable Energy Subtotal		\$135,000
Research, Analysis and Policy Development		
Technical Analysis	Contract technical experts to analyze energy issues, policies and legislative proposals that exceed MEA's capacity	\$50,000
Energy Information Service	Start to create a database of Maryland energy information	15,000
Research, Analysis and Policy Development Subtotal		\$65,000
Total		\$1,000,000

Source: Maryland Energy Administration

Governor’s Proposed Budget

As shown in **Exhibit 3**, MEA’s fiscal 2009 budget allowance increases \$444,845, or 11.1%, from the fiscal 2008 working appropriation.

Personnel

Overall, personnel costs increase \$668,018 in the fiscal 2009 largely due to the budgeting of seven new positions. The personnel cost increase includes \$89,750 for the future retiree health insurance liability. MEA reports that the new positions are needed to handle the responsibilities of comprehensive energy plan development, EmPower Maryland initiative execution, and Regional Greenhouse Gas Initiative carbon allowance accounting.

Programmatic

While the overall allowance increases, the programmatic portion of MEA’s fiscal 2009 allowance decreases \$223,173. The decrease in programmatic expenses is primarily driven by the reduction in funding for projects funded by the EORF. The EORF is composed of federal court settlement monies from oil and gas producers who have violated federal regulations. The fiscal 2009 opening balance for the EORF is expected to be approximately \$1.2 million, assuming the proposed fiscal 2008 deficiency of \$1.0 million is approved. After the fiscal 2009 appropriation of \$1.0 million, the EORF would be left with a fund balance available to MEA of only about \$200,000 for future MEA energy efficiency projects.

Other changes to the budget include an \$84,481 decrease due to reduced grant funding for solar and geothermal energy projects. The remaining changes to the budget include increases of approximately \$20,000 for office expenses related to the seven new budgeted positions and \$5,788 for office equipment (furniture).

Exhibit 3
Governor’s Proposed Budget
Maryland Energy Administration
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2008 Working Appropriation	\$1,152	\$1,615	\$1,135	\$109	\$4,011
2009 Governor’s Allowance	<u>1,610</u>	<u>1,425</u>	<u>1,298</u>	<u>122</u>	<u>4,456</u>
Amount Change	\$458	-\$190	\$164	\$13	\$445
Percent Change	39.8%	-11.8%	14.4%	11.9%	11.1%

Where It Goes:

Personnel Expenses

New positions (seven).....	\$435
Future retiree health insurance.....	90
Increments and other compensation	76
Current employee and retiree health insurance.....	68
Other fringe benefit adjustments.....	9
One-time hiring freeze savings	5
Turnover adjustments for existing employees	-15

Other Changes

Increase Energy Efficiency and Reduce the Cost of State Government

Office expenses associated with seven new positions	20
Association dues for joining the Clean Energy States Alliance	5
Reduced funding for Energy Overcharge Restitution Fund projects.....	-200

Support the Use of Alternative Fuels, Development of Transportation Technologies

Solar Energy Grant Program reduced to reflect realistic disbursal.....	-84
Other adjustments	36

Total **\$445**

Note: Numbers may not sum to total due to rounding.

Solar Energy Grant Program

The Solar Energy Grant Program is composed of grants for solar energy and geothermal energy projects. As shown in **Exhibit 4**, MEA was able to expend the grant money budgeted between fiscal 2005 and 2006. However, since fiscal 2006, the amount of grant money budgeted appears to have exceeded MEA’s ability to expend it. In fiscal 2007, \$931,578 of the original \$1,500,000 appropriation was either reverted or budget amendments were processed to reduce the appropriation. In fiscal 2008, only \$154,409 has been expended as of December 31, 2007. At this rate MEA will only expend \$308,818 in fiscal 2008 and will have to revert \$366,182. MEA’s fiscal 2009 allowance includes \$590,519 for the Solar Energy Grant Program, which would seem to be overbudgeted. However, new components of Maryland’s renewable energy requirements occurred at the beginning of January, which may lead to increased interest in the purchasing of home solar energy systems that can be used to sell back energy to electricity grids in a process called net metering.

Exhibit 4
Solar Energy Grant Program Activity
Fiscal 2005-2008

<u>Fiscal</u>	<u>Solar Energy Grants</u>		<u>Geothermal Grants</u>			
	<u>Amount Budgeted</u>	<u>Total Awarded</u>	<u>Amount Awarded</u>	<u>Number of Grants</u>		
2005	\$103,500	\$103,500	\$103,500	44	\$0	0
2006	75,000	75,000	75,000	30	0	0
2007	1,500,000	339,075	261,075	129	78,000	78
2008	675,000	154,409	\$90,409	41	64,000	64

Note: Data for fiscal 2008 is through December 31, 2007.

Source: Maryland Energy Administration

Issues

1. MEA Receives Its Calling

MEA is the federally designated State Energy Office but has not had a significant voice in Maryland's energy policy. During the previous administration, MEA's energy performance contract activities were effectively moved to DGS and since then MEA has focused on energy efficiency and renewable energy, but without an overarching plan to guide its activities. This is about to change as MEA's budget includes seven new positions to carry out three new activities: comprehensive energy plan development, EmPower Maryland initiative execution, and Regional Greenhouse Gas Initiative accounting. The seven new positions and their descriptions are as follows:

- research statistician IV (A) – collect, analyze, and evaluate statistics relating to State electricity, natural gas, and transportation fuels consumption and supply; and manage MEA's StateStat contribution;
- research statistician IV (B) – manage the State Energy Assurance plan to ensure fuel and energy supply in times of crisis;
- program manager II (A) – promote alternative fueled vehicles and work with State agency fleet managers to leverage federal grant funds through compliance with federal biodiesel and ethanol mandates;
- program manager II (B) – manage Energy Performance Contract implementation;
- lead agency grants specialist – handle financial management for all existing grant, loan, and procurement programs, the Renewable Energy Fund (part of the Renewable Energy Portfolio Standard), and the Strategic Energy Investment Fund (SB 268/HB 368) which is being created based on the sale of carbon allowances as part of the Regional Greenhouse Gas Initiative;
- industrial development officer IV – work with the Power Plant Research Program and the Department of Business and Economic Development to attract and retain energy industry companies working in both renewable and non-renewable technologies and to shepherd energy efficiency and renewable energy technology from the laboratory to the public; and
- administrator V – manage the process of creating a State energy plan.

Comprehensive Energy Plan

Fiscal 2008 budget bill language restricted \$100,000 in general funds to MEA until submission of a report, in collaboration with the Department of Budget and Management (DBM), on what would be needed to develop and implement a State energy plan. This report was to include whether MEA would be the appropriate State agency to accomplish this task, and if so, then how MEA would need to be staffed and funded; where it would be located; and what executive powers it would need to be authorized. Furthermore, the report required a description of what role MEA would

play as the State’s energy policy agency if the report determined that MEA was not the appropriate State agency to accomplish the development and implementation of a State energy plan.

In a report received December 5, 2007, MEA and DBM summarized the need for and requirements of developing a biannual comprehensive energy plan. The report stated that the State energy plan has not been updated since 1993 and that MEA is the logical agency to update the plan. It is assumed that “logical agency” means that MEA has the statutory authority to accomplish this task as this is not explicitly stated in the report; however, it is stated that the Public Service Commission is not so authorized and that the Power Plant Research Program is the incorrect choice since it does not conduct policy planning. For the update of the State energy plan, MEA would need a minimum of \$400,000 in additional funding to hire five new positions and outside consultants to conduct energy market forecasting and analysis.

EmPower Maryland Initiative

The EmPower Maryland initiative is a goal established by Governor Martin J. O’Malley on July 2, 2007, to reduce per capita electricity consumption in Maryland 15% by 2015. The Administration’s three main selling points for the initiative are that it will save 25.0 billion kilowatt hours, which will obviate the need for two large coal powered plants; Maryland citizens will avoid \$1.9 billion in electricity costs by fiscal 2015 and \$4.0 billion by fiscal 2020; and 35.0 billion pounds of carbon dioxide emission will not occur. The initiative models the successful California program which has led to a 42% lower per capita electricity consumption relative to Maryland. However, the state of California started its energy efficiency program in 1975 and has a surcharge on the energy bill to pay for energy conservation programs. The initiative is to be administered as follows:

- State government savings – the State Agency Loan Program (SALP) and Energy Performance Contracting are both part of this component and complement one another; an example is a project expected to reduce Spring Grove Hospital Center energy costs 47.9% and energy use 60%;
- State agency administered programs – the Community Energy Loan Program (CELP), which provides local governments and nonprofits loans for energy conservation improvements is a part of this component as are statewide energy efficiency programs funded with the proposed sale of carbon dioxide allowances (SB 268/HB 368 of 2008); and
- utility administered – projects would include energy conservation practices promoted by Baltimore Gas & Electric and other utilities.

The budget includes a fiscal 2008 deficiency appropriation of \$2 million – \$1 million for energy efficiency and renewable energy projects and \$500,000 each for SALP and CELP – in order to support the EmPower Maryland initiative. In addition, MEA is introducing legislation during the 2008 session in order to allow for expanded energy efficiency programming through energy utilities to complement the EmPower Maryland initiative goal (SB 205 of 2008).

Initiative Depletes EORF and Relies on Dubious New Revenues

The EORF is nearly depleted, and therefore, a new source of funding is necessary for funding the EmPower Maryland initiative and MEA's renewable energy and energy efficiency programs. The sale of carbon dioxide allowances as part of the cap-and-trade program envisioned for the Regional Greenhouse Gas Initiative is one such potential source of funding.

Maryland joined the Regional Greenhouse Gas Initiative, a cooperative 10-state effort to reduce carbon dioxide emissions, on April 20, 2007. By capping the allowed carbon dioxide levels and then selling carbon dioxide allowances to electric power generators, Regional Greenhouse Gas Initiative member states expect to reduce overall carbon dioxide emissions over time and generate a significant influx of revenue for energy efficiency and renewable energy programs. MEA's expectation, which is expressed in legislation for the 2008 session (SB 268/HB 368), is that these funds will support efforts to meet the EmPower Maryland initiative goal to reduce electricity consumption.

Issues

The plan MEA has outlined for addressing Maryland's energy needs raises three main concerns. First, MEA appears to be moving prematurely on the EmPower Maryland initiative. The State needs to lead by example in energy use reduction in its own buildings. Yet, a State energy use baseline, prescribed by Chapter 427 of 2006, has yet to be completed. MEA does not expect the energy use baseline database being developed by a Department of General Services contractor to be ready in time for the July 1, 2008 deadline for State agency energy use reduction plans. Therefore, MEA is having agencies submit their own energy use data on which reduction plans will be based. Chapter 427 requires the following:

- the Department of General Services in cooperation with MEA to set energy performance standards to reduce the average energy consumption in State buildings from the baseline fiscal 2005 level by 5% in fiscal 2009 and 10% in fiscal 2010;
- agencies to conduct an analysis of the gas and electricity consumption in each of their buildings and the cost of the consumption by December 31, 2007; and
- agencies to upgrade their energy conservation plans, developed in consultation with DGS and MEA, to achieve the performance standards set by DGS.

This baseline is fundamental for guiding all future State efforts and needs to be completed before the State expands its EmPower Maryland initiative efforts further.

Second, the EmPower Maryland initiative appears to lack a sustainable revenue source. The Energy Overcharge Restitution Fund is expected to be depleted within the next two fiscal years, and reliance on the sale of carbon dioxide allowances is probably premature. If and when a sale might occur, and whether any revenues from a sale would be allocated to the EmPower Maryland initiative

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are unknown. The first auction under the regional Green House Gas Initiative is scheduled to occur in July of 2008. While a system benefits charge has been passed in others states to fund energy efficiency programs, Maryland's version, a Universal Service Fund, only provides bill assistance and energy efficiency programs for one sector of the population – low income citizens.

Third, the statewide agency coordination necessary for the EmPower Maryland initiative to be successful does not appear to be in place. A number of State agencies should be involved in this fundamental endeavor including at least the following:

- Department of General Services – State energy procurement, Energy Performance Contracting, and State energy use baseline development;
- Department of Budget and Management – fleet vehicle use and efficient budgeting of State funding for building operations;
- Department of Natural Resources' Power Plant Research Program – technical review of power plant siting;
- Public Service Commission – regulation of energy utilities; and
- Department of Public Safety and Correctional Services and University of Maryland, College Park – large procurement operations.

However, no plan has been forwarded for how all of these agencies will coordinate their activities both to reach energy reduction goals and to avoid duplication of effort.

MEA should be prepared to brief the committees on the following:

- **status of the State energy use baseline and agency plans to reduce energy use consumption from the baseline fiscal 2005 level by 5% in fiscal 2009 and 10% in fiscal 2010;**
- **rationale for initiating EmPower Maryland initiative energy reduction programs beyond State government before the State energy use baseline is complete and agencies have upgraded their energy conservation plans;**
- **prognosis for funding the EmPower Maryland initiative given the depletion of EORF and the uncertainty as to who will receive the carbon dioxide allowance sales revenue, how much this will be, and for how long it will be received; and a**
- **plan for how the EmPower Maryland initiative, in order to avoid duplication of effort and funding, will coordinate State agency programs for energy use reduction beyond State government to meet the 15% reduction in per capita electricity use goal by 2015.**

Recommended Actions

	<u>Amount Reduction</u>		<u>Position Reduction</u>
1. Reduce the Solar Energy Grant Program funding. As of December 31, 2007, \$154,409 of the fiscal 2008 appropriation had been disbursed, which would mean approximately \$308,818 will be expended for the fiscal year. The \$290,519 reduction to the fiscal 2009 allowance still leaves \$300,000 for solar and geothermal energy grants.	\$ 290,519	GF	
2. Delete five new positions and associated funding. This action would delete five of the seven new positions in the allowance as follows: program manager II (#NEW002), program manager II (#NEW003), lead agency grants specialist (#NEW004), industrial development officer IV (#NEW005), research statistician IV (#NEW007). The State energy baseline has not been completed and so the first step in the EmPower Maryland initiative is not in place. Therefore, these positions are not warranted at this time. This reduction still leaves two new positions – statistician IV (#NEW001) administrator V (#NEW006) -- which will help develop a State comprehensive energy plan.	250,423	GF	5.0
3. Increase turnover on two new positions from 25% to 75%. This action reflects the amount of time it will take for the Maryland Energy Administration to fill these two new specialized positions given that it currently has two vacant positions.	72,946	GF	
4. Eliminate funding for operating programs funded by the Energy Overcharge Restitution Fund. This action eliminates the \$1.0 million deficiency appropriation due to the duplication of or overlap with programs in other State agencies, the rapid depletion of the Energy Overcharge Restitution Fund, and the lack of a State energy use baseline and comprehensive energy plan to guide decisions about program funding allocation.	1,000,000	SF	

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Total Reductions to Fiscal 2008 Deficiency	\$ 1,000,000	
Total General Fund Reductions to Allowance	\$ 613,888	5.0

Current and Prior Year Budgets

Current and Prior Year Budgets Maryland Energy Administration (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2007					
Legislative Appropriation	\$1,894	\$1,909	\$844	\$106	\$4,753
Deficiency Appropriation	0	0	245	0	245
Budget Amendments	-548	3	0	0	-545
Reversions and Cancellations	-382	-507	-147	0	-1,036
Actual Expenditures	\$964	\$1,405	\$942	\$106	\$3,417
Fiscal 2008					
Legislative Appropriation	\$1,146	\$1,610	\$1,135	\$109	\$4,000
Cost Containment	0	0	0	0	0
Budget Amendments	6	5	0	0	11
Working Appropriation	\$1,152	\$1,615	\$1,135	\$109	\$4,011

Note: Numbers may not sum to total due to rounding.

Fiscal 2007

MEA's general fund appropriation decreased by a net of \$929,787. The decrease is due to budget amendments for cost containment actions of \$403,711 (\$400,000 in the Solar Energy Grant Program; Budget Amendment 128-07), a realignment to allow for reversion of Solar Energy Grant Program funding of \$150,000 (Budget Amendment 176-07), and the transfer of \$55 in general funds to DBM for a comprehensive salary study (Budget Amendment 013-07). The general fund budget amendment decreases were partially offset by the allocation of the \$5,557 the cost-of-living adjustment (COLA) general fund appropriation as authorized in the fiscal 2007 budget bill (Budget Amendment 001-07).

In addition to the above budget amendment appropriation decreases, DBM reverted \$200,000 mid-year due to over-estimating for solar grants, and \$181,578 was reverted at the end of the year for unspent solar grant appropriations.

The special fund appropriation decreased by a net of \$504,294. The cancellation of \$507,040 was primarily due to projects by the Energy Overcharge Restitution Fund that did not occur because MEA was reassessing its mission and priorities after the change in administration. The cancellations were partially offset by \$2,746 due to allocation of the COLA special fund appropriation as authorized in the fiscal 2007 budget bill (Budget Amendment 011-07).

The federal fund appropriation increased by a net of \$98,340. The Governor submitted a deficiency appropriation for the fiscal 2007 operating budget which increased MEA's federal fund appropriation by \$245,000. The federal funds provided for contractual services in the Propane Grant Program and the Mid-Atlantic Home Performance Collaboration Program. The fund sources were as follows:

- \$145,000 from State Energy Program Special Projects; and
- \$100,000 from Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training, and Technical Analysis Assistance.

These federal funds were offset by \$146,660 in cancellations because the State Energy Program formula grant was reduced in fiscal 2007, which meant that two federal funded positions were left vacant.

Fiscal 2008

The general fund appropriation increases by \$6,116. The increase is due to allocation of the \$6,116 COLA general fund appropriation as authorized in the fiscal 2008 budget bill (Budget Amendment 001-08). Funds had been allocated in DBM's budget and were subsequently distributed to each agency.

The special fund appropriation increases \$5,237 due to allocation of the COLA special fund appropriation as authorized in the fiscal 2008 budget bill (Budget Amendment 002-08).

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

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY08-FY09 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	18.00	18.00	25.00	7.00	38.9%
02 Contractual	1.00	0	0	0	0.0%
Total Positions	19.00	18.00	25.00	7.00	38.9%
Objects					
01 Salaries and Wages	\$ 1,298,572	\$ 1,438,042	\$ 2,106,060	\$ 668,018	46.5%
02 Technical and Spec. Fees	37,769	0	0	0	0.0%
03 Communication	14,713	20,872	19,478	-1,394	-6.7%
04 Travel	27,134	23,786	26,546	2,760	11.6%
06 Fuel and Utilities	10,169	13,515	14,977	1,462	10.8%
07 Motor Vehicles	6,045	5,788	6,778	990	17.1%
08 Contractual Services	1,375,033	1,646,723	1,444,144	-202,579	-12.3%
09 Supplies and Materials	23,427	11,604	9,667	-1,937	-16.7%
10 Equip. – Replacement	4,519	14,934	7,988	-6,946	-46.5%
11 Equip. – Additional	9,944	0	13,687	13,687	N/A
12 Grants, Subsidies, and Contributions	460,252	699,881	661,239	-38,642	-5.5%
13 Fixed Charges	148,814	135,840	145,266	9,426	6.9%
Total Objects	\$ 3,416,391	\$ 4,010,985	\$ 4,455,830	\$ 444,845	11.1%
Funds					
01 General Fund	\$ 963,738	\$ 1,151,763	\$ 1,610,164	\$ 458,401	39.8%
03 Special Fund	1,404,672	1,615,496	1,425,485	-190,011	-11.8%
05 Federal Fund	942,112	1,134,799	1,298,299	163,500	14.4%
09 Reimbursable Fund	105,869	108,927	121,882	12,955	11.9%
Total Funds	\$ 3,416,391	\$ 4,010,985	\$ 4,455,830	\$ 444,845	11.1%

Note: The fiscal 2008 appropriation does not include deficiencies.