

# SENATE BILL 268

C5, M3

(8lr0229)

## ENROLLED BILL

—Finance and Education, Health, and Environmental Affairs/Economic Matters—

Introduced by **The President (By Request - Administration) and Senators Pinsky, Garagiola, Forehand, Frosh, King, Lenett, Madaleno, and Rosapepe**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

\_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
President.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Regional Greenhouse Gas Initiative - Maryland Strategic Energy Investment**  
3 **Program**

4 FOR the purpose of repealing the Maryland Renewable Energy Fund and establishing  
5 the Maryland Strategic Energy Investment Program in the Maryland Energy  
6 Administration; establishing the purpose of the Program; establishing the  
7 duties of the Administration under the Program; establishing the Maryland  
8 Strategic Energy Investment Fund; providing that the Fund is a special,  
9 nonlapsing fund not subject to a certain law; requiring the Treasurer to hold the  
10 Fund and the Comptroller to account for the Fund; providing for the funding of  
11 the Fund; requiring the Administration to use the Fund for certain purposes;  
12 specifying the allocation of the moneys received each year by the Fund; limiting  
13 the use of funds from certain compliance fees to certain purposes; requiring the

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

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

*Italics* indicate opposite chamber / conference committee amendments.



1 Fund to be invested in a certain manner; requiring the investment earnings  
 2 from the Fund and the repayment of principal and interest on loans made from  
 3 the Fund to be paid to the Fund; requiring expenditures from the Fund to be  
 4 made by certain appropriations or budget amendments; requiring the  
 5 Administration to develop a certain plan; requiring the Administration to hold a  
 6 certain public hearing meetings; establishing the Strategic Energy Investment  
 7 Advisory Board; providing for the membership and charge of the Board;  
 8 requiring the Administration to monitor and analyze the impact of certain  
 9 programs, projects, activities, and investments; requiring the Administration to  
 10 take certain measures based on certain findings; requiring the Administration  
 11 to disclose certain information regarding certain contracts in a certain manner;  
 12 authorizing the Administration to enter into certain contracts with certain  
 13 parties for certain purposes; prohibiting a person from knowingly making or  
 14 causing to be made certain false statements; establishing that a certain  
 15 violation is a misdemeanor; establishing certain penalties; requiring that certain  
 16 proceeds from the sale of certain allowances be deposited in the Fund; providing  
 17 for the transfer of certain moneys from the Maryland Renewable Energy Fund  
 18 to the Maryland Strategic Energy Investment Fund; defining certain terms;  
 19 requiring the Administration to submit certain reports to the Governor and the  
 20 General Assembly by certain dates; altering the circumstances under which  
 21 certain money in the Maryland Clean Air Fund must be deposited to the  
 22 General Fund; ~~making certain provisions of this Act contingent on the taking~~  
 23 ~~effect of another Act;~~ providing for the initial terms of members of the Strategic  
 24 Energy Investment Advisory Board; and generally relating to the Maryland  
 25 Strategic Energy Investment Program.

26 BY repealing and reenacting, without amendments,  
 27 Article – Public Utility Companies  
 28 Section 7-701(a) ~~and 7-512.1(f)(2)~~  
 29 Annotated Code of Maryland  
 30 (1998 Volume and 2007 Supplement)

31 BY repealing and reenacting, with amendments,  
 32 Article – Public Utility Companies  
 33 Section ~~7-701(e)~~ ~~7-512.1(f)(3)~~, ~~7-701(e)~~, ~~7-701(c)~~ and 7-705(b)  
 34 Annotated Code of Maryland  
 35 (1998 Volume and 2007 Supplement)

36 BY repealing  
 37 Article – Public Utility Companies  
 38 Section 7-707  
 39 Annotated Code of Maryland  
 40 (1998 Volume and 2007 Supplement)

41 BY adding to  
 42 Article – State Government

1 Section 9-20B-01 through ~~9-20B-07~~ 9-20B-12 to be under the new subtitle  
 2 "Subtitle 20B. Maryland Strategic Energy Investment Program"  
 3 Annotated Code of Maryland  
 4 (2004 Replacement Volume and 2007 Supplement)

5 BY repealing and reenacting, without amendments,  
 6 Article – Environment  
 7 Section 2-107(a)  
 8 Annotated Code of Maryland  
 9 (2007 Replacement Volume and 2007 Supplement)

10 BY repealing and reenacting, with amendments,  
 11 Article – Environment  
 12 Section 2-107(b) and (c)(4) and 2-1002(g)  
 13 Annotated Code of Maryland  
 14 (2007 Replacement Volume and 2007 Supplement)

15 ~~BY repealing and reenacting, with amendments,~~  
 16 ~~Article – Environment~~  
 17 ~~Section 2-107(c)(4)~~  
 18 ~~Annotated Code of Maryland~~  
 19 ~~(2007 Replacement Volume and 2007 Supplement)~~  
 20 ~~(As enacted by Section 1 of this Act)~~

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

23 **Article – Public Utility Companies**

24 ~~7-512.1.~~

25 ~~(f) (2) There is an electric universal service program fund.~~

26 ~~(3) (i) 1. The Comptroller shall collect the revenue collected by~~  
 27 ~~electric companies under subsection (b) of this section and place the revenue into the~~  
 28 ~~fund.~~

29 ~~2. The General Assembly may appropriate funds~~  
 30 ~~supplemental to the funds collected under sub-subparagraph 1 of this subparagraph.~~

31 ~~3. THE FUND MAY RECEIVE FUNDS TRANSFERRED~~  
 32 ~~FROM THE MARYLAND STRATEGIC ENERGY INVESTMENT FUND ESTABLISHED~~  
 33 ~~UNDER § 9-20B-05 OF THE STATE GOVERNMENT ARTICLE.~~

34 ~~(ii) The fund is a continuing, nonlapsing fund that is not subject~~  
 35 ~~to § 7-302 of the State Finance and Procurement Article.~~

1 ~~(iii) The purpose of the fund is to assist electric customers as~~  
2 ~~provided in subsection (a)(1) of this section.~~

3 7-701.

4 (a) In this subtitle the following words have the meanings indicated.

5 (c) "Fund" means the [Maryland Renewable Energy Fund established under  
6 § 7-707 of this subtitle] **MARYLAND STRATEGIC ENERGY INVESTMENT FUND**  
7 **ESTABLISHED UNDER § 9-20B-05 OF THE STATE GOVERNMENT ARTICLE.**

8 7-705.

9 (b) If an electricity supplier fails to comply with the renewable energy  
10 portfolio standard for the applicable year, the electricity supplier shall pay into the  
11 [Maryland Renewable Energy Fund established under § 7-707 of this subtitle]  
12 **MARYLAND STRATEGIC ENERGY INVESTMENT FUND ESTABLISHED UNDER §**  
13 **9-20B-05 OF THE STATE GOVERNMENT ARTICLE:**

14 (1) except as provided in item (2) of this subsection, a compliance fee  
15 of:

16 (i) 2 cents for each kilowatt-hour of shortfall from required  
17 Tier 1 renewable sources other than the shortfall from the required Tier 1 renewable  
18 sources that is to be derived from solar energy;

19 (ii) the following amounts for each kilowatt-hour of shortfall  
20 from required Tier 1 renewable sources that is to be derived from solar energy:

- 21 1. 45 cents in 2008;
- 22 2. 40 cents in 2009 and 2010;
- 23 3. 35 cents in 2011 and 2012;
- 24 4. 30 cents in 2013 and 2014;
- 25 5. 25 cents in 2015 and 2016;
- 26 6. 20 cents in 2017 and 2018;
- 27 7. 15 cents in 2019 and 2020;
- 28 8. 10 cents in 2021 and 2022; and
- 29 9. 5 cents in 2023 and later; and

1 (iii) 1.5 cents for each kilowatt-hour of shortfall from required  
2 Tier 2 renewable sources; or

3 (2) for industrial process load:

4 (i) for each kilowatt-hour of shortfall from required Tier 1  
5 renewable sources, a compliance fee of:

6 1. 0.8 cents in 2006, 2007, and 2008;

7 2. 0.5 cents in 2009 and 2010;

8 3. 0.4 cents in 2011 and 2012;

9 4. 0.3 cents in 2013 and 2014;

10 5. 0.25 cents in 2015 and 2016; and

11 6. 0.2 cents in 2017 and later; and

12 (ii) nothing for any shortfall from required Tier 2 renewable  
13 sources.

14 [7-707.

15 (a) There is a Maryland Renewable Energy Fund.

16 (b) The purpose of the Fund is to encourage the development of resources to  
17 generate renewable energy in the State.

18 (c) Subject to oversight by the Commission, the Administration shall  
19 administer the Fund.

20 (d) (1) The Fund is a special, nonlapsing fund that is not subject to §  
21 7-302 of the State Finance and Procurement Article.

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

24 (e) The Fund consists of:

25 (1) compliance fees paid under § 7-705 of this subtitle;

26 (2) payments received in repayment of a loan;

27 (3) investment earnings of the Fund; and

1                   (4)    any other money from any other source accepted for the benefit of  
2 the Fund.

3           (f)    (1)   (i)    Subject to subparagraph (ii) of this paragraph, the Fund  
4 may be used only to make loans and grants to support the creation of new Tier 1  
5 renewable sources in the State.

6                               (ii)    Compliance fees paid under § 7-705(b)(1)(ii) of this subtitle  
7 shall be accounted for separately within the Fund and may be used only to make loans  
8 and grants to support the creation of new solar energy sources in the State.

9                   (2)    By regulation the Commission shall adopt eligibility criteria for  
10 projects supported by the Fund.

11                   (3)    (i)    The Administration shall receive and review applications for  
12 loans and grants for eligible projects.

13                               (ii)    The Administration shall approve or disapprove applications  
14 for loans and grants from the Fund.

15                   (4)    (i)    Subject to subparagraph (ii) of this paragraph, the  
16 Commission may allow the use of money of the Fund for administrative expenses  
17 related to the Fund and project review and oversight.

18                               (ii)    The Administration and the Commission may not spend  
19 more than 10% of the funds placed in the Fund for administrative expenses.

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

22                   (2)    Any investment earnings of the Fund shall be credited to the Fund.

23           (h)    (1)    On or before February 1 of each year, the Administration, in  
24 consultation with the Commission, shall report to the Governor and, in accordance  
25 with § 2-1246 of the State Government Article, the General Assembly, on the status of  
26 the Fund.

27                   (2)    The report shall include:

28                               (i)    all amounts received by and disbursed from the Fund;

29                               (ii)    all amounts used by the Administration and the Commission  
30 for administrative purposes;

1 (iii) the evaluation criteria used by the Administration in  
2 making loans and grants from the Fund and in selecting recipients of those loans and  
3 grants;

4 (iv) the number and amounts of loans and grants made in the  
5 preceding calendar year;

6 (v) the status of loans pending as of the end of the preceding  
7 calendar year;

8 (vi) the allocation of disbursements for development of new solar  
9 and other Tier 1 renewable sources;

10 (vii) the projected receipts of the Fund in the current calendar  
11 year; and

12 (viii) plans for the use of resources of the Fund in the current  
13 calendar year.]

#### 14 Article – State Government

#### 15 SUBTITLE 20B. MARYLAND STRATEGIC ENERGY INVESTMENT PROGRAM.

#### 16 9-20B-01.

17 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
18 INDICATED.

19 (B) “ADMINISTRATION” MEANS THE MARYLAND ENERGY  
20 ADMINISTRATION.

21 (C) “~~ADVISORY BOARD~~” MEANS THE STRATEGIC ENERGY INVESTMENT  
22 ADVISORY BOARD ESTABLISHED UNDER § 9-20B-07 OF THIS SUBTITLE.

23 (D) “FUND” MEANS THE MARYLAND STRATEGIC ENERGY INVESTMENT  
24 FUND.

25 ~~(D)~~ (E) “PROGRAM” MEANS THE MARYLAND STRATEGIC ENERGY  
26 INVESTMENT PROGRAM.

#### 27 9-20B-02.

28 THERE IS A MARYLAND STRATEGIC ENERGY INVESTMENT PROGRAM IN  
29 THE MARYLAND ENERGY ADMINISTRATION.

1 **9-20B-03.**

2 **THE PURPOSE OF THE PROGRAM IS TO DECREASE ENERGY DEMAND AND**  
3 **INCREASE ENERGY SUPPLY TO PROMOTE AFFORDABLE, RELIABLE, AND CLEAN**  
4 **ENERGY TO FUEL MARYLAND'S FUTURE PROSPERITY.**

5 **9-20B-04.**

6 **THE ADMINISTRATION SHALL:**

7 (1) **MANAGE, SUPERVISE, AND ADMINISTER THE PROGRAM;**

8 (2) **ADOPT REGULATIONS TO IMPLEMENT THE PROGRAM AND TO**  
9 **ENSURE THAT FUND RESOURCES ARE UTILIZED ONLY TO CARRY OUT THE**  
10 **PURPOSES OF THE PROGRAM;**

11 (3) **ATTACH SPECIFIC TERMS AND CONDITIONS TO ANY GRANT,**  
12 **LOAN, OR OTHER FORM OF ASSISTANCE THAT ARE DETERMINED BY THE**  
13 **ADMINISTRATION AS NECESSARY TO ENSURE THAT THE PURPOSES OF THE**  
14 **PROGRAM ARE FULFILLED;**

15 (4) **DEVELOP PROCEDURES FOR MONITORING ~~PROJECTS~~**  
16 **PROGRAMS, PROJECTS, ACTIVITIES, AND INVESTMENTS TO VERIFY THAT FUND**  
17 **RESOURCES ARE BEING USED TO MEET THE PURPOSES OF THE PROGRAM; AND**

18 (5) **PROVIDE MONEYS ANNUALLY OR AS NEEDED TO THE CLEAN**  
19 **AIR FUND MANAGED BY THE DEPARTMENT OF THE ENVIRONMENT TO FUND**  
20 **THE COSTS OF THE DEPARTMENT'S PROGRAMS TO REDUCE OR MITIGATE THE**  
21 **EFFECTS OF CLIMATE CHANGE.**

22 **9-20B-05.**

23 (A) **THERE IS A MARYLAND STRATEGIC ENERGY INVESTMENT FUND.**

24 (B) **THE PURPOSE OF THE FUND IS TO IMPLEMENT THE STRATEGIC**  
25 **ENERGY INVESTMENT PROGRAM.**

26 (C) **THE ADMINISTRATION SHALL ADMINISTER THE FUND.**

27 (D) (1) **THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**  
28 **SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

29 (2) **THE TREASURER SHALL HOLD THE FUND SEPARATELY AND**  
30 **THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**



1 (E) THE FUND CONSISTS OF:

2 (1) ALL OF THE PROCEEDS FROM THE SALE OF ALLOWANCES  
3 UNDER § 2-1002(G) OF THE ENVIRONMENT ARTICLE;

4 (2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE  
5 PROGRAM;

6 (3) REPAYMENTS AND PREPAYMENTS OF PRINCIPAL AND  
7 INTEREST ON LOANS MADE FROM THE FUND;

8 (4) INTEREST AND INVESTMENT EARNINGS ON THE FUND;

9 (5) COMPLIANCE FEES PAID UNDER § 7-705 OF THE PUBLIC  
10 UTILITY COMPANIES ARTICLE; AND

11 (6) MONEY RECEIVED FROM ANY PUBLIC OR PRIVATE SOURCE  
12 FOR THE BENEFIT OF THE FUND.

13 (F) THE ADMINISTRATION SHALL USE THE FUND:

14 (1) TO INVEST IN THE PROMOTION, DEVELOPMENT, AND  
15 IMPLEMENTATION OF:

16 (I) COST-EFFECTIVE ENERGY EFFICIENCY AND  
17 CONSERVATION PROGRAMS, PROJECTS, OR ACTIVITIES, INCLUDING  
18 MEASUREMENT AND VERIFICATION OF ENERGY SAVINGS;

19 (II) RENEWABLE AND CLEAN ENERGY RESOURCES; ~~AND~~

20 (III) CLIMATE CHANGE ~~RESEARCH AND OTHER~~ PROGRAMS  
21 DIRECTLY RELATED TO REDUCING OR MITIGATING THE EFFECTS OF CLIMATE  
22 CHANGE; AND

23 (IV) DEMAND RESPONSE PROGRAMS THAT ARE DESIGNED TO  
24 PROMOTE CHANGES IN ELECTRIC USAGE BY CUSTOMERS IN RESPONSE TO:

25 1. CHANGES IN THE PRICE OF ELECTRICITY OVER  
26 TIME; OR

27 2. INCENTIVES DESIGNED TO INDUCE LOWER  
28 ELECTRICITY USE AT TIMES OF HIGH WHOLESALE MARKET PRICES OR WHEN  
29 SYSTEM RELIABILITY IS JEOPARDIZED;

1           (2) TO PROVIDE TARGETED PROGRAMS, PROJECTS, ACTIVITIES,  
 2 AND INVESTMENTS TO REDUCE ELECTRICITY CONSUMPTION BY CUSTOMERS IN  
 3 THE LOW-INCOME AND MODERATE-INCOME RESIDENTIAL ~~SECTOR~~ SECTORS;

4           (3) TO PROVIDE SUPPLEMENTAL FUNDS FOR LOW-INCOME  
 5 ~~ENERGY~~ ELECTRICITY ASSISTANCE ~~TO~~ THROUGH THE ELECTRIC UNIVERSAL  
 6 ~~SERVICE PROGRAM FUND UNDER THE ELECTRIC UNIVERSAL SERVICE~~  
 7 ~~PROGRAM~~ ESTABLISHED UNDER § 7-512.1 OF THE PUBLIC UTILITIES  
 8 ~~COMPANIES~~ UTILITY COMPANIES ARTICLE AND OTHER ELECTRICITY  
 9 ~~ASSISTANCE PROGRAMS IN THE DEPARTMENT OF HUMAN RESOURCES~~;

10           (4) TO PROVIDE RATE RELIEF BY OFFSETTING ELECTRICITY  
 11 RATES OF RESIDENTIAL CUSTOMERS, INCLUDING AN OFFSET OF SURCHARGES  
 12 IMPOSED ON RATEPAYERS UNDER § 7-211 OF THE PUBLIC UTILITY COMPANIES  
 13 ARTICLE;

14           ~~(3)~~ (5) TO PROVIDE GRANTS, LOANS, AND OTHER ASSISTANCE  
 15 AND INVESTMENT AS NECESSARY AND APPROPRIATE TO IMPLEMENT THE  
 16 PURPOSES OF THE PROGRAM AS SET FORTH IN § 9-20B-03 OF THIS SUBTITLE;

17           (6) TO IMPLEMENT ENERGY-RELATED PUBLIC EDUCATION AND  
 18 OUTREACH INITIATIVES REGARDING REDUCING ENERGY CONSUMPTION AND  
 19 GREENHOUSE GAS EMISSIONS; AND

20           ~~(4)~~ (7) TO PAY THE EXPENSES OF THE PROGRAM.

21           (G) ~~(1)~~ FOR FISCAL YEARS 2009 THROUGH 2011, MONEYS MONEYS  
 22 RECEIVED EACH YEAR BY THE FUND SHALL BE ALLOCATED EACH YEAR AS  
 23 FOLLOWS:

24           ~~(I)~~ (1) THE GREATER OF 7% OR \$10,000,000 17% SHALL  
 25 BE TRANSFERRED TO *THE DEPARTMENT OF HUMAN RESOURCES TO BE USED*  
 26 *FOR THE ELECTRIC UNIVERSAL SERVICE PROGRAM FUND AND OTHER*  
 27 *ELECTRICITY ASSISTANCE PROGRAMS IN THE DEPARTMENT OF HUMAN*  
 28 *RESOURCES; AND*

29           ~~(II)~~ THE BALANCE OF THE FUND SHALL BE ALLOCATED AS  
 30 FOLLOWS:

31           ~~1, (II)~~ (2) 35% 23% TO PROVIDE RATE RELIEF BY  
 32 OFFSETTING ELECTRICITY RATES OF RESIDENTIAL CUSTOMERS, INCLUDING AN  
 33 OFFSET OF SURCHARGES IMPOSED ON RATEPAYERS UNDER § 7-211 OF THE

1 PUBLIC UTILITY COMPANIES ARTICLE, ON A PER CUSTOMER BASIS AND IN A  
 2 MANNER PRESCRIBED BY THE PUBLIC SERVICE COMMISSION;

3 ~~2. (H) (3)~~ AT LEAST ~~50%~~ 46% FOR ENERGY  
 4 EFFICIENCY AND CONSERVATION PROGRAMS, PROJECTS, OR ACTIVITIES AND  
 5 DEMAND RESPONSE PROGRAMS, OF WHICH AT LEAST ONE-HALF SHALL BE  
 6 TARGETED TO:

7 ~~A. 1. (I)~~ THE LOW-INCOME RESIDENTIAL SECTOR  
 8 ~~WITH AT NO COST TO THE PARTICIPANTS OF THE PROGRAMS, PROJECTS, OR~~  
 9 ~~ACTIVITIES; AND~~

10 ~~B. 2. (II)~~ THE MODERATE INCOME RESIDENTIAL  
 11 ~~SECTOR WITH MINIMAL COST TO THE PARTICIPANTS OF THE PROGRAMS,~~  
 12 ~~PROJECTS, OR ACTIVITIES;~~

13 ~~3. (IV) (4)~~ UP TO ~~11%~~ 10.5% FOR:

14 ~~A. 1. (I)~~ SUBJECT TO SUBSECTION ~~(H)~~ (I) OF THIS  
 15 SECTION, RENEWABLE AND CLEAN ENERGY PROGRAMS AND INITIATIVES;

16 ~~B. 2. CLIMATE CHANGE PROGRAMS; AND~~

17 ~~C. 3. (II)~~ ENERGY-RELATED PUBLIC EDUCATION AND  
 18 OUTREACH; AND

19 (III) CLIMATE CHANGE PROGRAMS; AND

20 ~~4. (V) (5)~~ UP TO ~~4%~~ 3.5%, BUT NOT MORE THAN  
 21 ~~\$5,000,000~~ \$4,000,000, FOR COSTS RELATED TO THE ADMINISTRATION OF THE  
 22 FUND, INCLUDING THE REVIEW OF ELECTRIC COMPANY PLANS FOR ACHIEVING  
 23 ELECTRICITY SAVINGS AND DEMAND REDUCTIONS THAT THE ELECTRIC  
 24 COMPANIES ARE REQUIRED UNDER LAW TO SUBMIT TO THE ADMINISTRATION.

25 ~~(2) FOR FISCAL YEARS AFTER 2011, IF THE GENERAL ASSEMBLY~~  
 26 ~~DOES NOT TAKE FURTHER ACTION SPECIFYING THE ALLOCATION OF THE FUNDS~~  
 27 ~~TO BE USED UNDER THIS SUBTITLE, MONEYS RECEIVED ANNUALLY BY THE~~  
 28 ~~FUND SHALL BE ALLOCATED EACH YEAR AS INDICATED IN PARAGRAPH (1) OF~~  
 29 ~~THIS SUBSECTION.~~

30 (H) (1) ENERGY EFFICIENCY AND CONSERVATION PROGRAMS UNDER  
 31 SUBSECTION (G)(3) OF THIS SECTION INCLUDE:

32 (I) LOW-INCOME ENERGY EFFICIENCY PROGRAMS;

1                    (II) RESIDENTIAL AND SMALL BUSINESS ENERGY  
 2 EFFICIENCY PROGRAMS;

3                    (III) COMMERCIAL AND INDUSTRIAL ENERGY EFFICIENCY  
 4 PROGRAMS;

5                    (IV) STATE AND LOCAL ENERGY EFFICIENCY PROGRAMS;

6                    (V) DEMAND RESPONSE PROGRAMS;

7                    (VI) LOAN PROGRAMS AND ALTERNATIVE FINANCING  
 8 MECHANISMS; AND

9                    (VII) GRANTS TO TRAINING FUNDS AND OTHER  
 10 ORGANIZATIONS SUPPORTING JOB TRAINING FOR DEPLOYMENT OF ENERGY  
 11 EFFICIENCY AND ENERGY CONSERVATION TECHNOLOGY AND EQUIPMENT.

12                    (2) ENERGY-RELATED PUBLIC EDUCATION AND OUTREACH AND  
 13 RENEWABLE AND CLEAN ENERGY PROGRAMS AND INITIATIVES UNDER  
 14 SUBSECTION (G)(4)(I) AND (II) OF THIS SECTION INCLUDE:

15                    (I) PRODUCTION INCENTIVES FOR SPECIFIED RENEWABLE  
 16 ENERGY SOURCES;

17                    (II) EXPANSION OF EXISTING GRANT PROGRAMS FOR SOLAR,  
 18 GEOHERMAL, AND WIND PROGRAMS;

19                    (III) LOAN PROGRAMS AND ALTERNATIVE FINANCING  
 20 MECHANISMS; AND

21                    (IV) CONSUMER EDUCATION AND OUTREACH PROGRAMS  
 22 THAT ARE DESIGNED TO REACH LOW-INCOME COMMUNITIES.

23                    ~~(H)~~ (I) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS  
 24 SUBSECTION, COMPLIANCE FEES PAID UNDER § 7-705(B) OF THE PUBLIC  
 25 UTILITY COMPANIES ARTICLE MAY BE USED ONLY TO MAKE LOANS AND  
 26 GRANTS TO SUPPORT THE CREATION OF NEW TIER 1 RENEWABLE ENERGY  
 27 SOURCES IN THE STATE.

28                    (2) COMPLIANCE FEES PAID UNDER § 7-705(B)(1)(II) OF THE  
 29 PUBLIC UTILITY COMPANIES ARTICLE SHALL BE ACCOUNTED FOR  
 30 SEPARATELY WITHIN THE FUND AND MAY BE USED ONLY TO MAKE LOANS AND

1 GRANTS TO SUPPORT THE CREATION OF NEW SOLAR ENERGY SOURCES IN THE  
2 STATE.

3 ~~(H)~~ ~~(I)~~ (J) (1) THE TREASURER SHALL INVEST THE MONEY OF THE  
4 FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

5 (2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE PAID  
6 INTO THE FUND.

7 (3) ANY REPAYMENT OF PRINCIPAL AND INTEREST ON LOANS  
8 MADE FROM THE FUND SHALL BE PAID INTO THE FUND.

9 (4) BALANCES IN THE FUND SHALL BE HELD FOR THE BENEFIT  
10 OF THE PROGRAM, SHALL BE EXPENDED SOLELY FOR THE PURPOSES OF THE  
11 PROGRAM, AND MAY NOT BE USED FOR THE GENERAL OBLIGATIONS OF  
12 GOVERNMENT.

13 ~~(I)~~ ~~(J)~~ (K) EXPENDITURES FROM THE FUND SHALL BE MADE BY:

14 (1) AN APPROPRIATION IN THE ANNUAL STATE BUDGET; OR

15 (2) A BUDGET AMENDMENT IN ACCORDANCE WITH § 7-209 OF  
16 THE STATE FINANCE AND PROCUREMENT ARTICLE.

17 ~~(K)~~ (L) AN EXPENDITURE BY BUDGET AMENDMENT MAY BE MADE  
18 UNDER SUBSECTION ~~(J)~~ (K) OF THIS SECTION ONLY AFTER:

19 (1) THE ADMINISTRATION HAS SUBMITTED THE PROPOSED  
20 BUDGET AMENDMENT AND SUPPORTING DOCUMENTATION TO THE SENATE  
21 BUDGET AND TAXATION COMMITTEE, SENATE FINANCE COMMITTEE, HOUSE  
22 APPROPRIATIONS COMMITTEE, AND ~~HOME~~ HOUSE ECONOMIC MATTERS  
23 COMMITTEE; AND

24 (2) THE COMMITTEES HAVE HAD 45 DAYS FOR REVIEW AND  
25 COMMENT.

26 **9-20B-06.**

27 (A) ON OR BEFORE DECEMBER 15, 2008, THE ADMINISTRATION SHALL  
28 DEVELOP A PLAN FOR EXPENDITURES FROM THE FUND FOR FISCAL YEAR 2009  
29 AND FISCAL YEAR 2010.

1        (B) ON OR BEFORE SEPTEMBER 1, 2009, AND EVERY 3 YEARS  
 2 THEREAFTER, THE ADMINISTRATION SHALL DEVELOP A PLAN FOR  
 3 EXPENDITURES COVERING THE NEXT 3 FISCAL YEARS.

4        ~~(C) THE ADMINISTRATION SHALL:~~

5            ~~(1) HOLD A PUBLIC MEETING IN CONJUNCTION WITH THE~~  
 6 ~~DEVELOPMENT OF A PLAN; AND~~

7        (C) (1) THE ADMINISTRATION SHALL HOLD ONE OR MORE PUBLIC  
 8 MEETINGS IN CONJUNCTION WITH THE DEVELOPMENT OF A PLAN.

9            (2) THE ADMINISTRATION:

10            (I) SHALL HOLD AT LEAST FOUR PUBLIC MEETINGS ACROSS  
 11 THE STATE DURING THE DEVELOPMENT OF THE INITIAL PLAN UNDER  
 12 SUBSECTION (A) OF THIS SECTION, IN THE EASTERN, SOUTHERN, CENTRAL, AND  
 13 WESTERN PARTS OF THE STATE, RESPECTIVELY; AND

14            (II) IS ENCOURAGED TO SOLICIT INPUT FROM ALL REGIONS  
 15 OF THE STATE IN DEVELOPING SUBSEQUENT PLANS UNDER THIS SECTION.

16            ~~(2) (3)~~ THE ADMINISTRATION SHALL SUBMIT THE A PLAN TO  
 17 THE ~~ADVISORY BOARD~~ BOARD FOR REVIEW.

18 9-20B-07.

19        (A) THERE IS A STRATEGIC ENERGY INVESTMENT ADVISORY BOARD.

20        (B) (1) THE ~~ADVISORY BOARD~~ BOARD SHALL REVIEW THE PROGRAM  
 21 AND THE ADMINISTRATION'S PROPOSED USES OF AND EXPENDITURES FROM  
 22 THE FUND AND MAKE RECOMMENDATIONS TO THE ADMINISTRATION  
 23 CONCERNING ANY PROPOSED USE OR EXPENDITURE.

24        (2) THE ADMINISTRATION SHALL CONSIDER THE ~~ADVISORY~~  
 25 ~~BOARD'S~~ BOARD'S RECOMMENDATIONS WHEN MAKING DECISIONS ABOUT USES  
 26 AND EXPENDITURES FROM THE FUND.

27        (C) THE ~~ADVISORY BOARD~~ BOARD SHALL ~~CONSIST~~ CONSISTS OF THE  
 28 FOLLOWING MEMBERS:

29            (1) ONE MEMBER OF THE SENATE, APPOINTED BY THE  
 30 PRESIDENT OF THE SENATE;

1           **(2) ONE MEMBER OF THE HOUSE OF DELEGATES, APPOINTED BY**  
 2 **THE SPEAKER OF THE HOUSE OF DELEGATES;**

3           **(3) THE FOLLOWING MEMBERS APPOINTED BY THE GOVERNOR:**

4                   **(I) ~~A REPRESENTATIVE~~ TWO REPRESENTATIVES OF**  
 5 **MARYLAND RESIDENTIAL CUSTOMERS;**

6                   **(II) A REPRESENTATIVE OF MARYLAND COMMERCIAL**  
 7 **CUSTOMERS;**

8                   **(III) A REPRESENTATIVE OF LARGE ELECTRICITY USERS IN**  
 9 **THE STATE;**

10                   **(IV) A REPRESENTATIVE OF AN ELECTRIC COMPANY;**

11                   **(V) A REPRESENTATIVE OF AN ELECTRIC COOPERATIVE;**

12                   **~~(V)~~ (VI) A REPRESENTATIVE OF ELECTRICITY SUPPLIERS;**

13                   **~~(VI)~~ (VII) A REPRESENTATIVE OF A MARYLAND**  
 14 **ENVIRONMENTAL GROUP; AND**

15                   **~~(VII)~~ (VIII) A REPRESENTATIVE OF A RENEWABLE**  
 16 **ELECTRICITY INDUSTRY; AND**

17           **(4) THE FOLLOWING NONVOTING EX OFFICIO MEMBERS:**

18                   **(I) THE CHAIRMAN OF THE PUBLIC SERVICE COMMISSION**  
 19 **OR THE CHAIRMAN'S DESIGNEE;**

20                   **(II) THE PEOPLE'S COUNSEL OR THE DESIGNEE OF THE**  
 21 **OFFICE OF PEOPLE'S COUNSEL; AND**

22                   **(III) THE SECRETARY OF THE ENVIRONMENT OR THE**  
 23 **SECRETARY'S DESIGNEE; AND.**

24                   **~~(IV) THE DIRECTOR OF THE ADMINISTRATION OR THE~~**  
 25 **DIRECTOR'S DESIGNEE.**

26                   **(D) IF A REGULATED LOBBYIST IS APPOINTED TO SERVE AS A MEMBER**  
 27 **OF THE ADVISORY BOARD BOARD, THE LOBBYIST:**

1           **(1) IS NOT SUBJECT TO § 15-504(D) OF ~~THE STATE GOVERNMENT~~**  
2 **ARTICLE THIS ARTICLE WITH RESPECT TO THAT SERVICE; AND**

3           **(2) IS NOT SUBJECT TO § 15-703(F)(3) OF ~~THE STATE~~**  
4 **GOVERNMENT ARTICLE THIS ARTICLE AS A RESULT OF THAT SERVICE.**

5           **(E) (1) THE TERMS OF A MEMBER APPOINTED BY THE GOVERNOR IS**  
6 **3 YEARS.**

7           **(2) THE TERMS OF THE MEMBERS APPOINTED BY THE GOVERNOR**  
8 **ARE STAGGERED AS REQUIRED BY THE TERMS PROVIDED FOR MEMBERS OF THE**  
9 **ADVISORY BOARD BOARD ON JUNE 1, 2008.**

10           **(3) THE ~~ADVISORY BOARD~~ BOARD SHALL MEET AT LEAST 2 TIMES**  
11 **EACH YEAR.**

12           **(4) THE BOARD MAY ACT ONLY BY THE AFFIRMATIVE VOTE OF AT**  
13 **LEAST SIX VOTING MEMBERS.**

14           **(5) A MEMBER OF THE ~~ADVISORY BOARD~~ BOARD:**

15                   **(I) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF**  
16 **THE ~~ADVISORY BOARD~~ BOARD; BUT**

17                   **(II) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES**  
18 **UNDER THE ~~STATE~~ STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN**  
19 **THE STATE BUDGET.**

20           **(F) THE ADMINISTRATION SHALL PROVIDE STAFF SUPPORT FOR THE**  
21 **ADVISORY BOARD BOARD.**

22 **9-20B-08.**

23           **(A) THE ADMINISTRATION REGULARLY SHALL DISCLOSE SUMMARY**  
24 **INFORMATION REGARDING ANY CONTRACT ENTERED INTO BY THE**  
25 **ADMINISTRATION THAT ENCUMBERS \$100,000 OR MORE FROM THE FUND.**

26           **(B) FOR EACH OF THE CONTRACTS SPECIFIED UNDER SUBSECTION (A)**  
27 **OF THIS SECTION, THE FOLLOWING INFORMATION SHALL BE POSTED ON THE**  
28 **ADMINISTRATION'S WEBSITE ON A QUARTERLY BASIS:**

29                   **(1) THE NAME AND BUSINESS ADDRESS OF THE PARTIES OF THE**  
30 **CONTRACT;**



1           **(2) A SUMMARY OF THE GOODS AND SERVICES TO BE PROVIDED**  
2 **UNDER THE CONTRACT; AND**

3           **(3) THE MAXIMUM AMOUNT OF MONEYS FROM THE FUND THAT**  
4 **MAY BE OBLIGATED BY THE CONTRACT.**

5 **9-20B-09.**

6           **(A) THE ADMINISTRATION SHALL MONITOR AND ANALYZE THE IMPACT**  
7 **OF EACH PROGRAM, PROJECT, ACTIVITY, AND INVESTMENT TO ENSURE THAT**  
8 **THE OUTCOME OF EACH PROGRAM, PROJECT, ACTIVITY, OR INVESTMENT**  
9 **~~PROVIDES THE BEST POSSIBLE RESULTS~~ ACHIEVES THE PURPOSES OF THE**  
10 **PROGRAM.**

11           **(B) IN MONITORING AND ANALYZING THE IMPACT OF A PROGRAM,**  
12 **PROJECT, ACTIVITY, OR INVESTMENT UNDER SUBSECTION (A) OF THIS SECTION,**  
13 **IF THE ADMINISTRATION FINDS THAT THE OUTCOME OF THE PROGRAM,**  
14 **PROJECT, ACTIVITY, OR INVESTMENT ~~MAY IS NOT BE PROVIDING THE BEST~~**  
15 **~~POSSIBLE RESULTS~~ ACHIEVING THE PURPOSES OF THE PROGRAM, THE**  
16 **ADMINISTRATION SHALL TAKE SPECIFIC MEASURES TO ADDRESS THE**  
17 **FINDINGS.**

18 **9-20B-10.**

19           **THE ADMINISTRATION MAY ENTER INTO CONTRACTS WITH THIRD**  
20 **PARTIES TO ASSIST IN THE DEVELOPMENT AND IMPLEMENTATION OF**  
21 **PROGRAMS AND PROJECTS THAT WILL ADVANCE THE PURPOSES OF THE**  
22 **PROGRAM OR TO ADMINISTER THE PROGRAM, INCLUDING CONTRACTS WITH**  
23 **THIRD PARTIES TO MAKE, SERVICE, OR SETTLE LOANS AND OTHER ASSISTANCE**  
24 **OR INVESTMENTS MADE THROUGH THE PROGRAM.**

25 **~~9-20B-07, 9-20B-11.~~**

26           **(A) A PERSON MAY NOT KNOWINGLY MAKE OR CAUSE TO BE MADE ANY**  
27 **FALSE STATEMENT OR REPORT IN ANY DOCUMENT REQUIRED TO BE FURNISHED**  
28 **TO THE ADMINISTRATION BY ANY AGREEMENT RELATING TO A GRANT, LOAN,**  
29 **OR OTHER FINANCIAL ASSISTANCE.**

30           **(B) A PERSON APPLYING FOR A GRANT, LOAN, OR OTHER FINANCIAL**  
31 **ASSISTANCE THROUGH THE PROGRAM MAY NOT KNOWINGLY MAKE OR CAUSE**  
32 **TO BE MADE ANY FALSE STATEMENTS FOR THE PURPOSE OF INFLUENCING ANY**  
33 **ACTION OF THE ADMINISTRATION ON AN APPLICATION OR FOR THE PURPOSE**  
34 **OF INFLUENCING ANY ACTION OF THE ADMINISTRATION AFFECTING ANY**  
35 **GRANT, LOAN, OR OTHER FINANCIAL ASSISTANCE ALREADY PROVIDED.**

1 (C) A PERSON WHO VIOLATES THIS SECTION IS GUILTY OF A  
2 MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING  
3 \$50,000 OR IMPRISONMENT NOT EXCEEDING 1 YEAR OR BOTH.

4 **9-20B-12.**

5 (A) ON OR BEFORE JANUARY 1 OF EACH YEAR, THE ADMINISTRATION  
6 SHALL REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF  
7 THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY ON THE USES  
8 AND EXPENDITURES OF THE FUND FROM THE PRIOR FISCAL YEAR.

9 (B) THE REPORT SHALL INCLUDE:

10 (1) A DETAILED ACCOUNTING OF ALL AMOUNTS RECEIVED BY  
11 AND DISBURSED FROM THE FUND;

12 (2) ALL AMOUNTS USED BY THE ADMINISTRATION FOR  
13 ADMINISTRATIVE PURPOSES;

14 (3) THE PROGRAMS, PROJECTS, AND ACTIVITIES INCLUDED IN  
15 EACH CATEGORY UNDER § 9-20B-05(G) OF THIS SUBTITLE;

16 ~~(3)~~ (4) THE STATUS OF PROGRAMS, PROJECTS, ACTIVITIES,  
17 AND INVESTMENTS IMPLEMENTED WITH FUNDS FROM THE FUND, INCLUDING  
18 AN EVALUATION OF THE IMPACT OF THE PROGRAMS, PROJECTS, ACTIVITIES,  
19 AND INVESTMENTS THAT ARE DIRECTED TO LOW-INCOME OR  
20 MODERATE-INCOME RESIDENTIAL SECTORS OR TO OTHER PARTICULAR  
21 CLASSES OF RATEPAYERS;

22 ~~(4)~~ (5) AN ESTIMATE OF ELECTRICITY SAVINGS FROM THE  
23 PROGRAMS, PROJECTS, ACTIVITIES, AND INVESTMENTS;

24 ~~(5)~~ (6) THE NUMBER OF ALLOWANCES SOLD IN EACH AUCTION;

25 ~~(6)~~ (7) THE AVERAGE ALLOWANCE PRICE FROM EACH  
26 AUCTION;

27 ~~(7)~~ (8) AN ESTIMATE OF REVENUE FROM FUTURE AUCTIONS;  
28 AND

29 ~~(8)~~ (9) RECOMMENDATIONS FOR CHANGES TO THE  
30 ALLOCATION OF FUNDS UNDER § 9-20B-05(G) OF THIS SUBTITLE.

Article - Environment2-107.(a) There is a Maryland Clean Air Fund.

(b) ~~All~~ EXCEPT AS PROVIDED IN § 2-1002(G) OF THIS TITLE, ALL application fees, permit fees, renewal fees, and funds collected by the Department under this title, [or] Title 6, Subtitle 4 of this article, OR PURSUANT TO TITLE 9 RECEIVED FROM THE MARYLAND STRATEGIC ENERGY INVESTMENT FUND UNDER § 9-20B-05(G)(4)(III) OF THE STATE GOVERNMENT ARTICLE, including any civil or administrative penalty or any fine imposed by a court under these provisions, shall be paid into the Maryland Clean Air Fund.

(c) (4) When the Fund equals or exceeds a maximum limit of [\$750,000] \$2,000,000, additional moneys received for the Fund by the Department shall be deposited to the General Fund.

~~SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:~~

~~Article - Environment~~~~2-107.~~

~~(e) (4) (I) [When] EXCEPT AS PROVIDED IN SUBPARAGRAPH (H) OF THIS PARAGRAPH, WHEN the Fund equals or exceeds a maximum limit of \$2,000,000, additional moneys received for the Fund by the Department shall be deposited to the General Fund.~~

~~(H) IF THE SECRETARY DETERMINES THAT ADDITIONAL MONEY IS NECESSARY TO IMPLEMENT THE REQUIREMENTS OF SUBTITLE 12 OF THIS TITLE, ADDITIONAL MONEY MAY BE RETAINED IN THE FUND UP TO A MAXIMUM LIMIT OF \$5,000,000, SOLELY FOR PURPOSES OF IMPLEMENTING SUBTITLE 12 OF THIS TITLE.~~

~~2-1002.~~

~~(g) (1) IN THIS SUBSECTION, "ALLOWANCE" MEANS ONE TON OF CARBON DIOXIDE THAT MAY BE BOUGHT, SOLD, TRADED, OR BANKED FOR USE UNDER THE REGIONAL GREENHOUSE GAS INITIATIVE.~~

~~(2) Not later than June 30, 2007, the Governor shall include the State as a full participant in the Regional Greenhouse Gas Initiative among Mid-Atlantic and Northeast states.~~

1 [(2)] (3) The State may withdraw from the Initiative, as provided in  
 2 the December 20, 2005 memorandum of understanding of the Initiative, at any time  
 3 after January 1, 2009.

4 [(3)] (4) If the Regional Greenhouse Gas Initiative expires and there is  
 5 a successor organization with the same purposes and goals, the Governor is encouraged  
 6 to join the State in the successor organization.

7 **(5) NOTWITHSTANDING § 2-107 OF THIS TITLE, ALL OF THE**  
 8 **PROCEEDS FROM THE SALE OF MARYLAND ALLOWANCES UNDER THE REGIONAL**  
 9 **GREENHOUSE GAS INITIATIVE SHALL BE DEPOSITED IN THE MARYLAND**  
 10 **STRATEGIC ENERGY INVESTMENT FUND UNDER § 9-20B-05 OF THE STATE**  
 11 **GOVERNMENT ARTICLE.**

12 [(4)] (6) If the State's participation in the Regional Greenhouse Gas  
 13 Initiative ceases for any reason, the Governor shall report to the General Assembly, in  
 14 accordance with § 2-1246 of the State Government Article, regarding:

15 (i) Why participation ceased; and

16 (ii) A plan to reduce carbon dioxide emissions from power plants  
 17 in the State that considers the use of Maryland grown, native, warm season grasses as  
 18 a possible method of reducing carbon emissions.

19 SECTION ~~2~~ ~~3~~ 2. AND BE IT FURTHER ENACTED, That the Maryland  
 20 Strategic Energy Investment Fund is the successor to the Maryland Renewable  
 21 Energy Fund and any moneys remaining in the Maryland Renewable Energy Fund on  
 22 the effective date of this Act shall be transferred by the State Treasurer to the  
 23 Maryland Strategic Energy Investment Fund.

24 SECTION ~~4~~ 3. AND BE IT FURTHER ENACTED, That the initial terms of  
 25 members of the Strategic Energy Investment Advisory Board appointed by the  
 26 Governor under § 9-20B-06(c)(3) of the State Government Article, as enacted by this  
 27 Act, expire as follows:

28 (1) ~~2~~ 3 members on June 30, 2010;

29 (2) ~~2~~ 3 members on June 30, 2011; and

30 (3) 3 members on June 30, 2012.

31 ~~SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall~~  
 32 ~~take effect contingent on the taking effect of Chapter ~~(S.B. 309/H.B. 712)~~ of the~~  
 33 ~~Acts of the General Assembly of 2008, and if Chapter ~~does not become effective,~~~~

1 ~~Section 2 of this Act shall be null and void without the necessity of further action by~~  
2 ~~the General Assembly.~~

3 SECTION ~~3~~ ~~6~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take  
4 effect ~~July~~ June 1, 2008.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.