

Strategic Energy Investment Advisory Board

January 28, 2019

Senate Finance Committee Hearing Room
Annapolis, MD



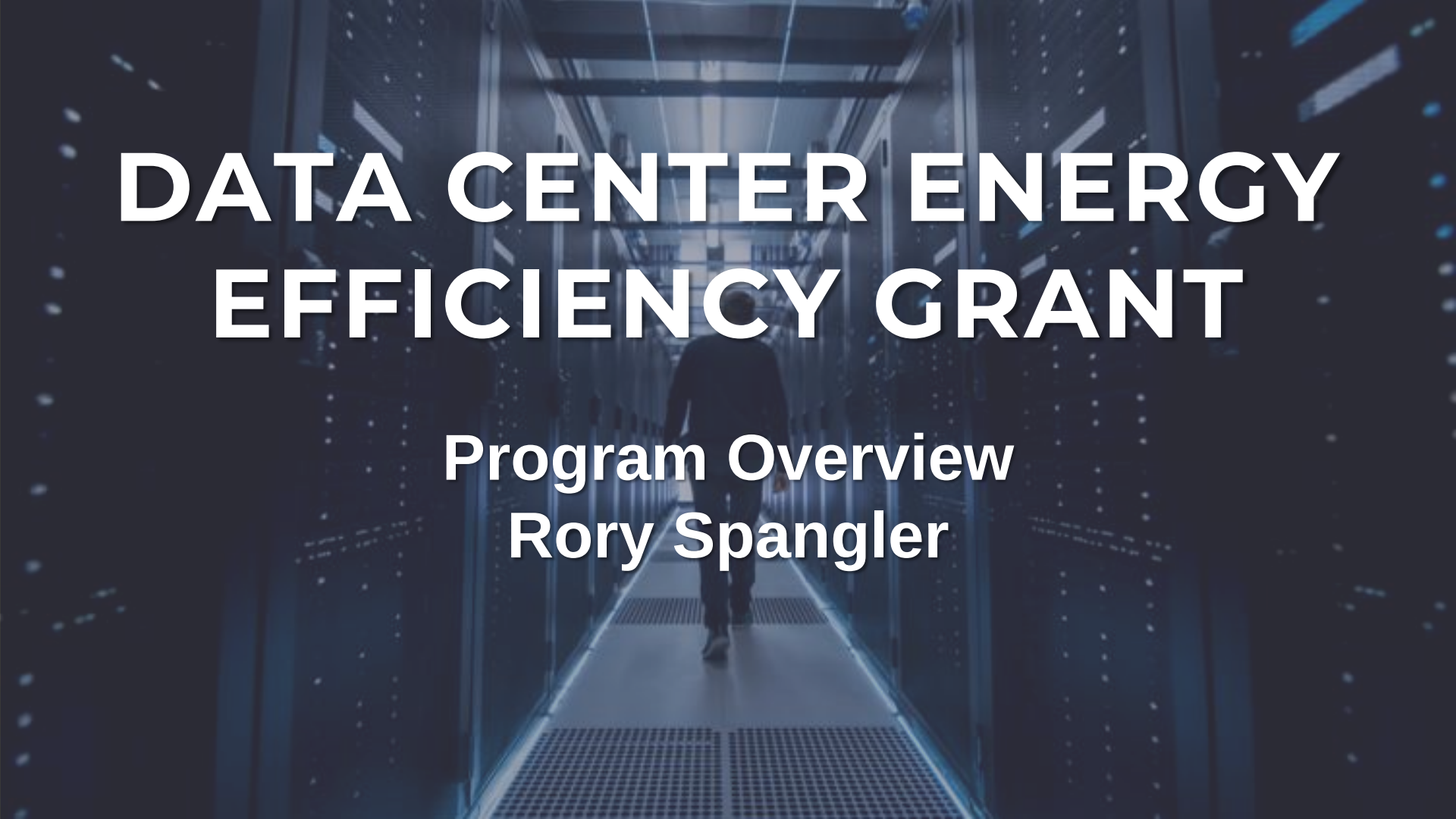
Maryland
Energy
Administration

A woman with red hair and sunglasses, wearing a bright pink blazer, is leaning her arms on a large array of dark blue solar panels. The panels are tilted and arranged in rows. In the background, a group of people in business attire are standing and talking. The setting appears to be an outdoor solar farm or demonstration site with trees in the distance.

MARYLAND ENERGY ADMINISTRATION

DIRECTOR

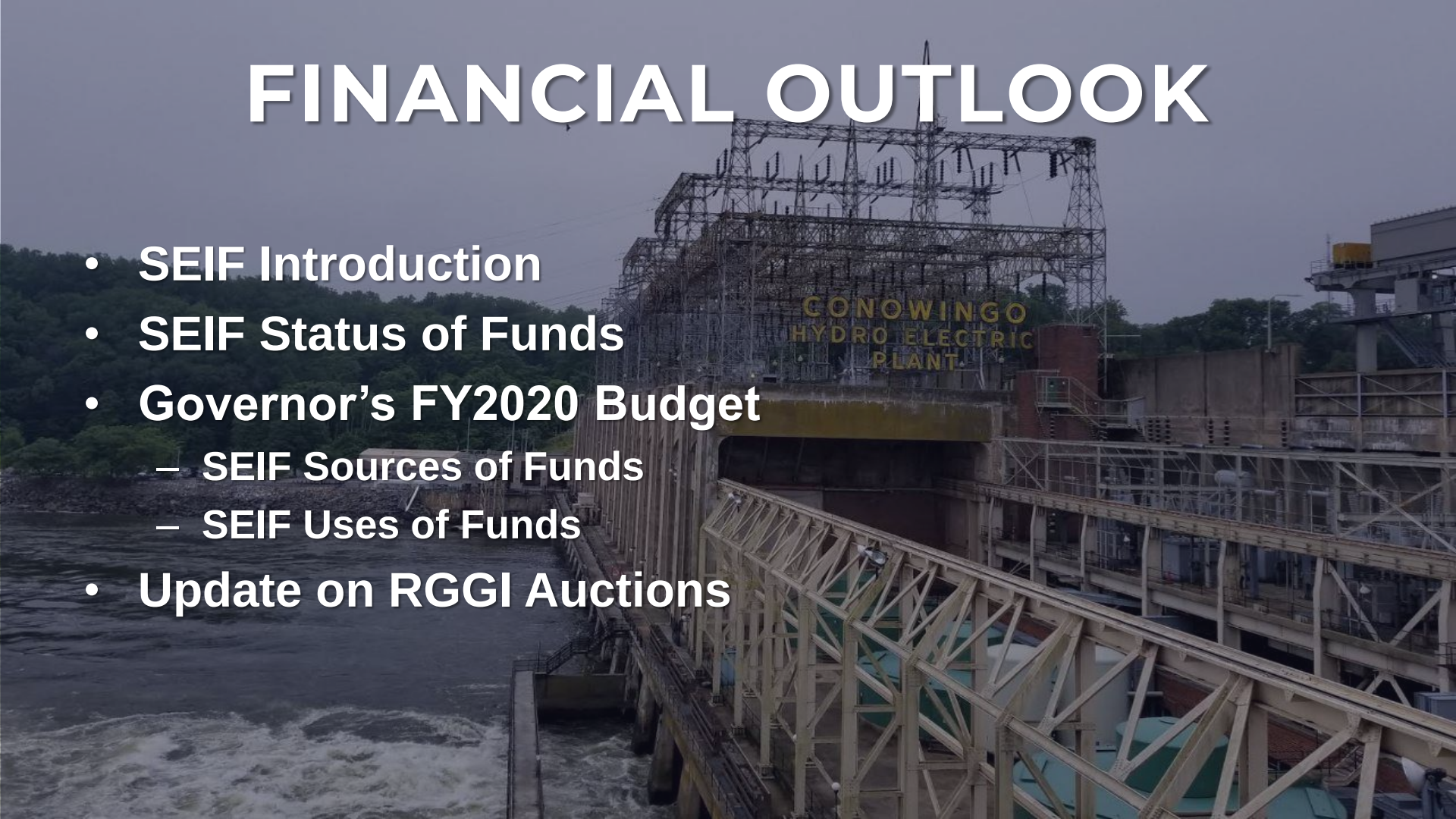
Mary Beth Tung, Ph.D., J.D.



DATA CENTER ENERGY EFFICIENCY GRANT

Program Overview
Rory Spangler

FINANCIAL OUTLOOK

A photograph of the Conowingo Hydro Electric Plant, featuring a large concrete dam structure with a complex steel truss bridge spanning across it. The plant's name is visible on a wall in the background. The river flows through the dam, creating white water rapids. The sky is overcast.

- SEIF Introduction
- SEIF Status of Funds
- Governor's FY2020 Budget
 - SEIF Sources of Funds
 - SEIF Uses of Funds
- Update on RGGI Auctions

STRATEGIC ENERGY INVESTMENT FUND

- SEIF ≠ RGGI
- SEIF includes revenue from:
 - RGGI Auction Sales - \$630M to date
 - RPS Alternative Compliance Payment (ACP)
 - Interest on Fund Balances
 - Exelon/Constellation Merger:
 - OSW Development Funds - \$30M
 - Customer Investment Fund - \$14.4M
 - Exelon ACP - \$44M
 - Dominion Cove Point Contribution - \$40M
 - Exelon/Pepco Merger MFN - \$9M
 - AltaGas/Washington Gas Light (WGL) Merger - \$30M

SEIF STATUS OF FUNDS

\$ MILLIONS

Cash Balance as of 6/30/2018		177.1
Less Encumbrances & Commitments	-79.1	
Available Fund Balance for FY2019		98.0
FY2019 Revenue Projection	83.1	
FY2019 Appropriations	-85.6	
Projected Funds Available for FY2020		95.5
FY2020 Revenue Projection	24.6	
FY2020 Governor's Request	-62.0	
Projected Funds Available at 6/30/2020		58.1

GOVNR'S FY2020 BUDGET

SEIF SOURCES OF FUNDS (\$ MILLIONS)

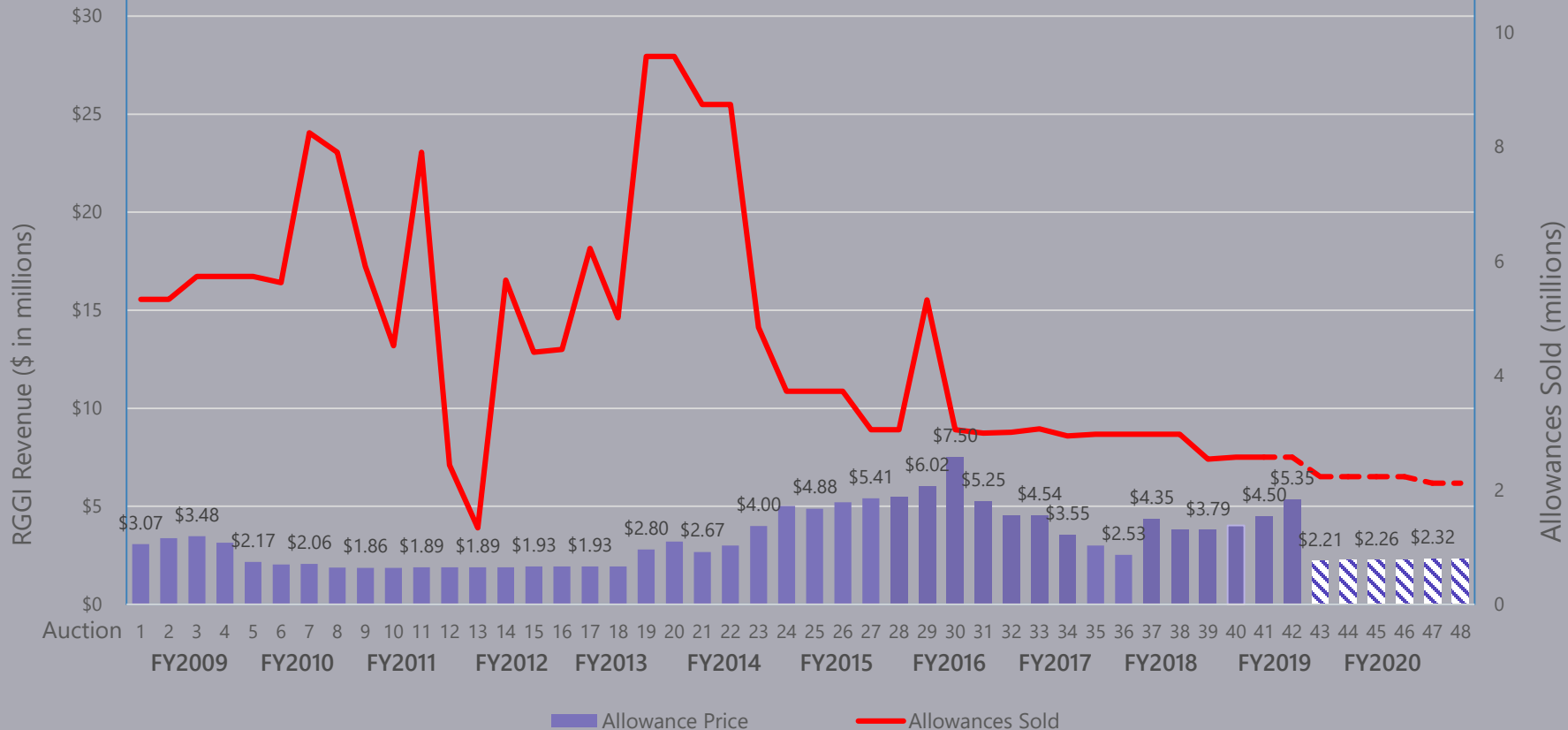
	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues			
RGGI Auctions Projected at Floor	33.2	38.9	23.1
PY RGGI Auctions over/under	14.5		
Fund Interest	3.1	1.5	1.5
Cove Point Deposit	8.0	8.0	
Exelon/Pepco MFN Deposit	4.5	4.5	
AltaGas/WGL Merger Deposit		30.3	
Total	63.3	73.2	24.6

GOVNR'S FY2020 BUDGET

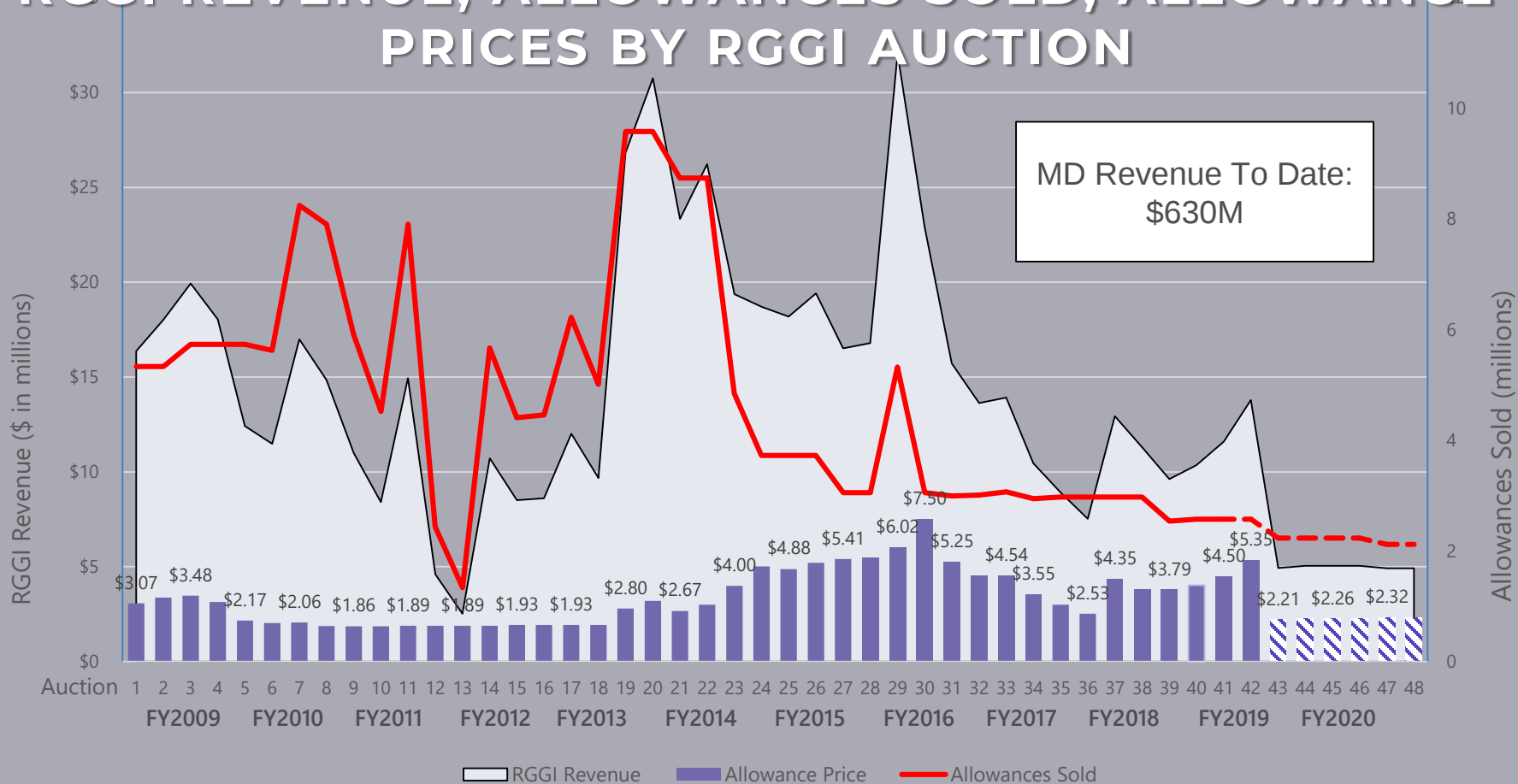
SEIF USES OF FUNDS (\$ MILLIONS)

	2018 <u>Actual</u>	2019 <u>Appn</u>	2020 <u>Govnr</u> <u>Req</u>
Dept of General Services (DGS)	1.0	0.5	0.5
MD Dept of Health (MDH)	2.3	2.2	2.0
Dept of Human Services (DHS)	27.0	26.0	19.9
MD Dept of Agriculture (MDA)	2.0	2.0	
MD Dept of Housing & Community Development (DHCD)	1.9		
MD Dept of Environment (MDE) Includes \$550K for RGGI Inc Dues	11.2	11.1	3.4
MD Dept of Licensing, Labor & Regulation (DLLR)	1.0	1.0	1.0
MD Energy Administration (MEA)	34.0	38.9	31.2
EV Excise Tax Rebate	2.4	2.4	2.4
MD Energy Innovation Institute (MEII)	1.5	1.5	1.5
Total	81.4	85.6	62.0

RGGI REVENUE, ALLOWANCES SOLD, ALLOWANCE PRICES BY RGGI AUCTION



RGGI REVENUE, ALLOWANCES SOLD, ALLOWANCE PRICES BY RGGI AUCTION



**FY18
STRATEGIC ENERGY INVESTMENT FUND
OVERVIEW**

SEIF FY 2018 REVIEW

+ 3,400 grant awards issued by the Maryland Energy Administration alone

+ \$76.8 million dollars distributed across 11 State agencies, including MEA

SEIF HIGHLIGHTS

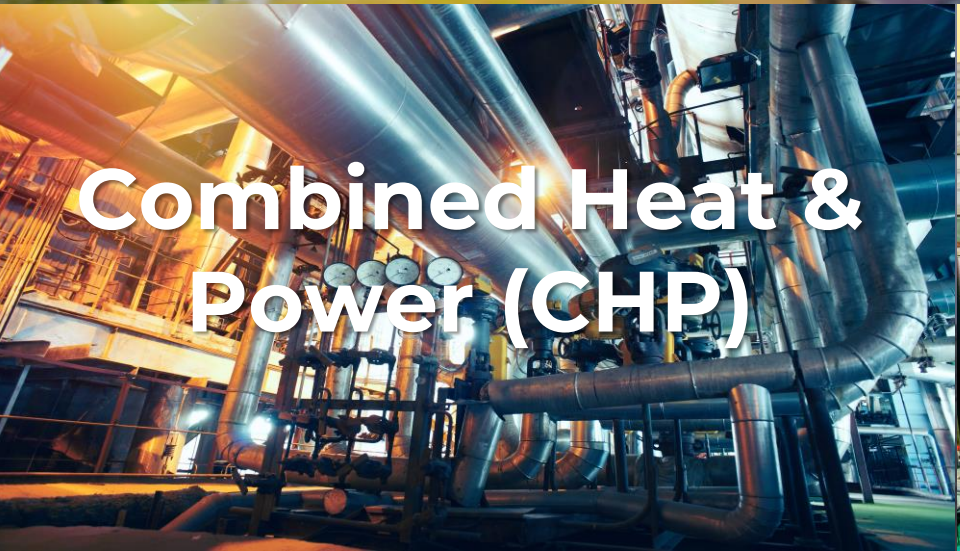
Electric Vehicle Tax Credits	\$2,400,000	Maryland Department of Housing and Community Development	\$1,915,606
Maryland Department of Agriculture	\$1,950,332	Maryland Department of Licensing, Labor & Regulations	\$1,000,000
Maryland Department of the Environment	\$2,739,497	Maryland Energy Administration Low-to-Moderate Income Energy Efficiency	\$4,962,292
Maryland Department of General Services	\$999,291	Maryland Energy Administration Energy Efficiency	\$6,642,291
Maryland Department of Health and Human Services	\$27,000,000	Maryland Energy Administration Renewable Energy and Transportation	\$17,690,002
Maryland Department of Health	\$2,250,730	University of Maryland	\$1,500,000



Clean Energy Communities



Community Solar



Combined Heat & Power (CHP)



Community College Energy Efficiency



LEGISLATIVE UPDATE

Landon Fahrig



Maryland Energy Administration

Energy.Maryland.gov



Maryland
Energy
Administration

BACK UP MATERIALS

RGGI Revenue Allocation to SEIF Sub-Accounts

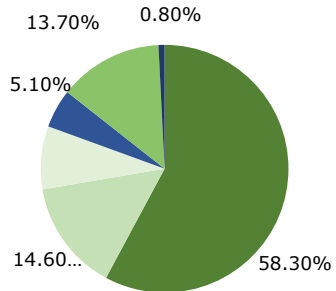
	Original Legislation 2008		BRFA 2009		BRFA 2010		BRFA 2011		BRFA 2013		BRFA 2015	
DHS/EUSP	Straight	17%	Up to	50%	Up to	50%	Up to	50%	Up to	50%	At Least	50%
Rate Relief	Straight	23%	Straight	23%	Straight	23%	Zero	0%	Zero	0	Zero	0
EE L/M	At Least	23%	At Least	8.75%	At Least	8.75%	At Least	10%	At Least	10%	At Least	10%
EE Other	At Least	23%	At Least	8.75%	At Least	8.75%	At Least	10%	At Least	10%	At Least	10%
RE	Up to	10.50%	At Least	6.5%	At Least	6.5%	At Least	20%	At Least	20%	At Least	20%
Admin	Up to	3.50%	Up to	3%	Up to	3%	Up to	10%	Up to	10%	Up to	10%
	Not to Exceed \$4M		Not to Exceed \$4M		Not to Exceed \$4M		Not to Exceed \$4M		Not to Exceed \$5M		Not to Exceed \$5M	

Regional Investment of RGGI CO² Allowance Proceeds – Cumulative Through 2016

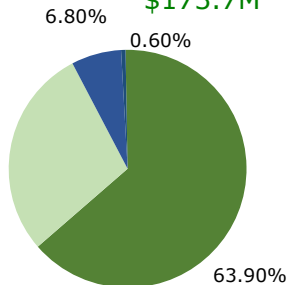
State	Cumulative Auction Proceeds	Direct-Bill Assistance	Energy Efficiency	Clean & Renewable Energy	Admin.	Green-House Gas Abatement	RGGI, Inc.
Connecticut	\$173,700		64%	28.7%	6.8%		0.6%
Delaware	\$97,500	8.1%	67%	10.6%	7.5%	5.6%	1.1%
Maine	\$79,600	8.0%	88%		3.5%		0.8%
Massachusetts	\$436,400		85%	0.1%	4.0%	9.9%	0.5%
New Hampshire	\$115,800	49.9%	48%		1.8%		0.7%
New York	\$997,700		59%	22.5%	5.7%	12.2%	0.9%
Rhode Island	\$56,100		72%	19.6%	7.6%		0.8%
Vermont	\$19,900		97%		2.4%		0.6%
Total w/o MD	\$1,976,700	3.6%	67%	15.0%	5.2%	8.6%	0.8%
Maryland	\$529,100	51.2%	27%	9.6%	4.9%	7.1%	0.7%
Total ALL RGGI	\$2,505,800	13.7%	58%	14.6%	5.1%	8.3%	0.8%

Regional Investment of RGGI CO2 Allowance Proceeds – Cumulative Through 2016

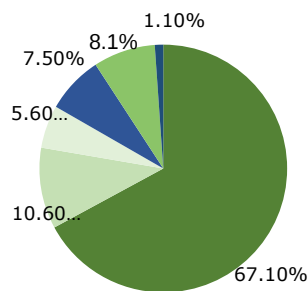
All RGGI \$2,505.8M



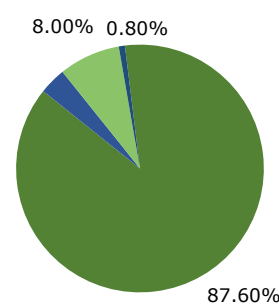
Connecticut @ \$173.7M



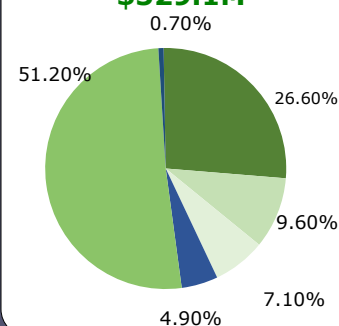
Delaware @ \$97.5M



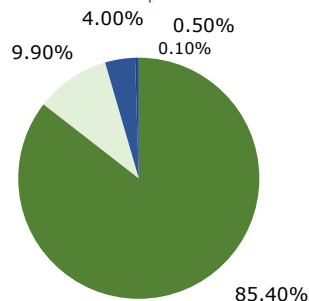
Maine @ \$79.6M



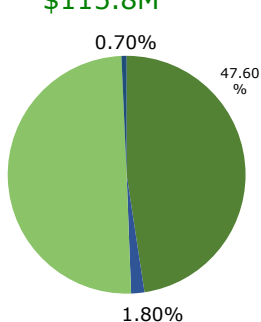
Maryland @ \$529.1M



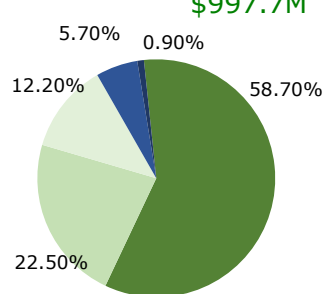
Massachusetts @ \$436.4M



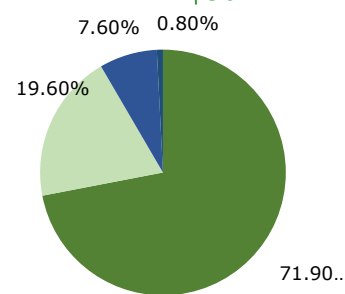
New Hampshire @ \$115.8M



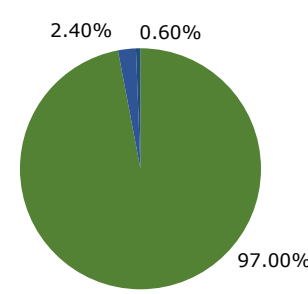
New York @ \$997.7M



Rhode Island @ \$56.1M



Vermont @ \$19.9M



■ Energy Efficiency ■ Clean & Renewable Energy ■ GHG Abatement ■ Administration ■ Direct Bill Assistance ■ RGGI, Inc.

STRATEGIC ENERGY INVESTMENT FUND

§ 9-20B-05. MARYLAND STRATEGIC ENERGY INVESTMENT FUND

- The purpose of the Strategic Energy Investment Fund is to implement the Strategic Energy Investment Program
- The purpose of the Program is to decrease energy demand and increase energy supply

STRATEGIC ENERGY INVESTMENT FUND

§ 9-20B-05. MARYLAND STRATEGIC ENERGY INVESTMENT FUND

The Administration (MEA) shall administer the Fund and shall use the Fund to:

- (1) invest in:

EE & Conservation Programs	Renewable & Clean Energy Resources
Climate Change Programs	Demand Response Programs
- (2) provide targeted programs, projects, activities, and investments to reduce electricity consumption by customers in the low-income and moderate-income residential sectors;
- (3) provide supplemental funds for low-income energy assistance through the Electric Universal Service Program
- (4) provide rate relief
- (5) provide grants, loans, and other assistance/investment to implement the purposes of the Program
- (6) implement energy-related public education and outreach initiatives regarding reducing energy consumption and greenhouse gas emissions;
- (7) provide rebates under the Electric Vehicle Recharging Equipment Rebate Program
- (8) pay the expenses of the Program.

STRATEGIC ENERGY INVESTMENT FUND

§ 9-20B-05. MARYLAND STRATEGIC ENERGY INVESTMENT FUND

Other Guiding Principles

Balances in the Fund shall be held for the benefit of the Program, shall be expended solely for the purposes of the Program, **and may not be used for the general obligations of government**

The Administration (MEA) shall administer the Fund...

- (1) manage, supervise, and administer the Program;
- (2) adopt regulations to implement the Program and to ensure that Fund resources are utilized only to carry out the purposes of the Program;
- (3) attach specific terms and conditions to any grant, loan, or other form of assistance that are determined by the Administration as necessary to ensure that the purposes of the Program are fulfilled;
- (4) develop procedures for monitoring programs, projects, activities, and investments to verify that Fund resources are being used to meet the purposes of the Program; and
- (5) provide moneys annually or as needed to the Clean Air Fund managed by the Department of the Environment to fund the costs of the Department's programs to reduce or mitigate the effects of climate change.

STATUTORILY MANDATED USES OF RGGI PROCEEDS

The Electric Universal Service Program @ DHR

Energy efficiency and conservation programs, projects or activities

Renewable and clean energy programs and initiatives

Climate change and resiliency programs

Energy-related public education and outreach

Costs related to the administration of the Fund

§ 9-20B-05(g) Proceeds received from sale of allowances from RGGI

PROCEEDS FROM RGGI

§ 9-20B-05. MARYLAND STRATEGIC ENERGY INVESTMENT FUND

(g) **Proceeds received from sale of allowances from Regional Greenhouse Gas Initiative.** -- Proceeds received by the Fund from the sale of allowances under § 2-1002(g) of the Environment Article shall be allocated as follows:

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

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

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

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

- (i) renewable and clean energy programs and initiatives;
- (ii) energy-related public education and outreach; and
- (iii) climate change and resiliency programs; and

(4) **up to 10%**, but not more than \$ 5,000,000, shall be credited to an administrative expense account for costs related to the administration of the Fund, including the review of electric company plans for achieving electricity savings and demand reductions that the electric companies are required under law to submit to the Administration.

PROCEEDS FROM RGGI

§ 9-20B-05. MARYLAND STRATEGIC ENERGY INVESTMENT FUND

(1) Energy efficiency and conservation programs under subsection (g)(2) of this section include:

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

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

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

STRATEGIC ENERGY INVESTMENT FUND

§ 9-20B-04. Duties of Administration

The Administration shall:

- (1) manage, supervise, and administer the Program;
- (2) adopt regulations to implement the Program and to ensure that Fund resources are utilized only to carry out the purposes of the Program;
- (3) attach specific terms and conditions to any grant, loan, or other form of assistance that are determined by the Administration as necessary to ensure that the purposes of the Program are fulfilled;
- (4) develop procedures for monitoring programs, projects, activities, and investments to verify that Fund resources are being used to meet the purposes of the Program; and
- (5) provide moneys annually or as needed to the Clean Air Fund managed by the Department of the Environment to fund the costs of the Department's programs to reduce or mitigate the effects of climate change.