

Presentation to the House Economic Matters Committee

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Maryland Energy Administration Overview

- The mission of the Maryland Energy Administration (MEA) is to promote affordable, reliable and cleaner energy for the benefit of all Marylanders.

Outline

- Regional Greenhouse Gas Initiative (RGGI)
- Strategic Energy Investment Fund (SEIF)
- EmPOWER Maryland
- Offshore Wind
- Renewable Energy Portfolio Standard (RPS)

Regional Greenhouse Gas Initiative

- Maryland – member since 2007
- December 2016 auction yielded \$10.5 million in revenue for Maryland
- 2016 was a program review year
- New caps will be imposed at end of 2017
- Reductions in RGGI revenue impact SEIF

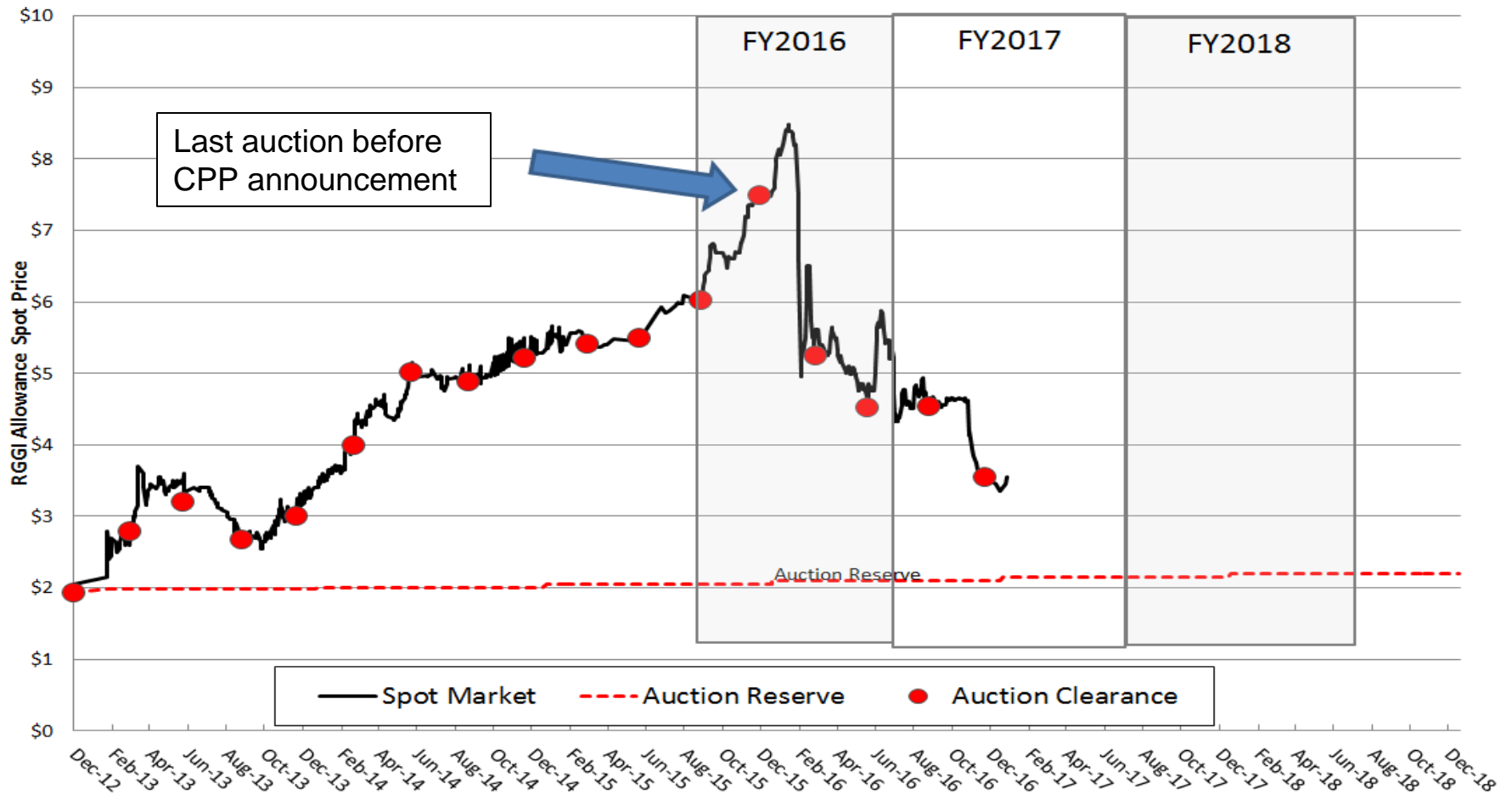
RGGI Auctions

Auction	Revenue	Auction	Revenue
Mar. 2015	\$16,509,588.80	Mar. 2016	\$13,411,629.00
June 2015	\$16,793,084.00	June 2016	\$13,625,709.99
Sept. 2015	\$32,048,800.42	Sept. 2016	\$13,923,390.04
Dec. 2015	\$22,899,660.00	Dec. 2016	\$10,461,232.30

Variables Affecting RGGI

- Increased use of natural gas
- Reduced competition for allowances
- Uncertainty of the Clean Power Plan

RGGI Allowance Spot Price



Strategic Energy Investment Fund

- SEIF

- Investments in energy efficiency and renewable energy

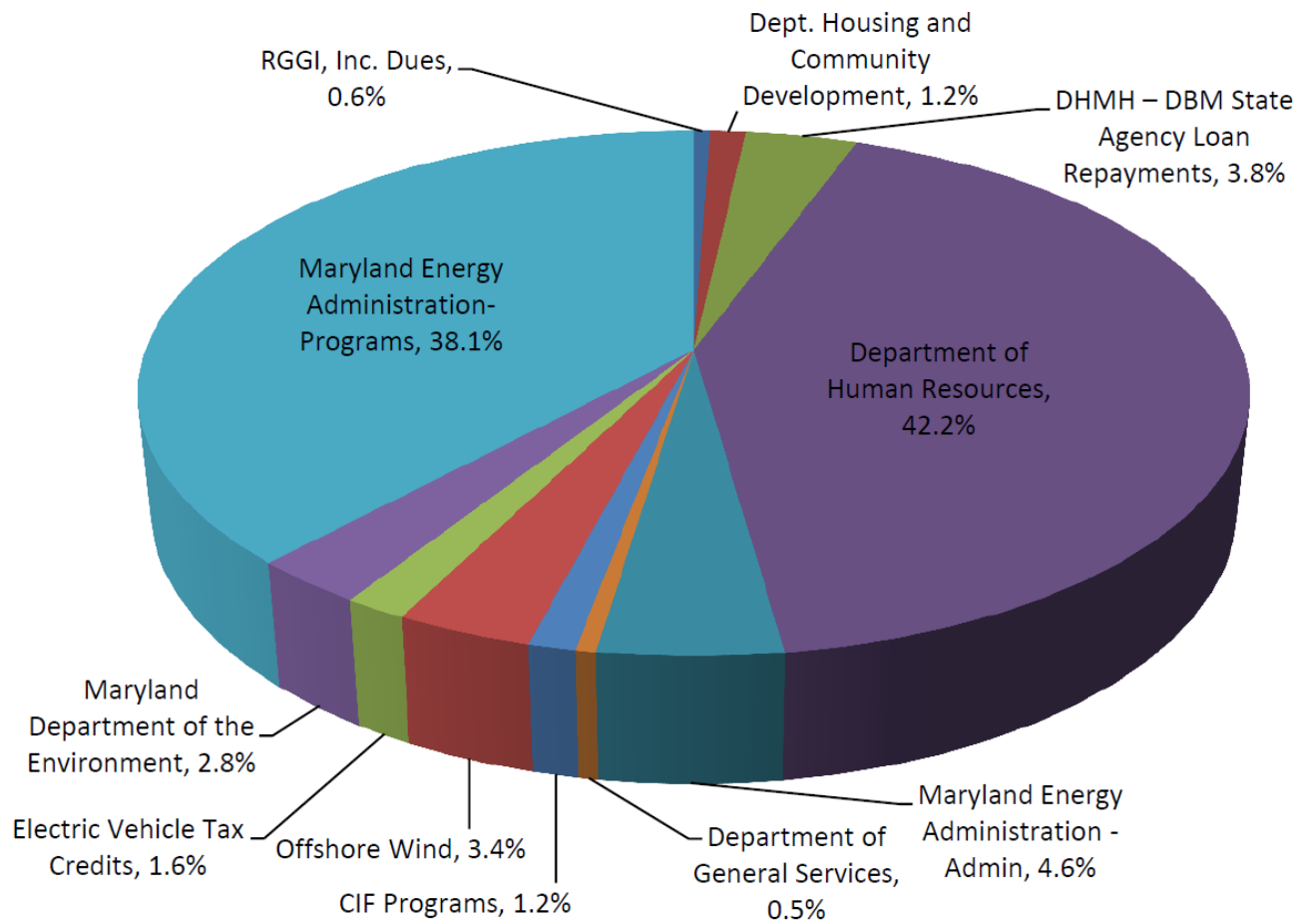
- Fiscal Year 2016

- Funded ~4,300 MEA grants and loans (\$38 million):

- Residential
 - Low-to-moderate income (LMI)
 - Commercial and industrial
 - Agriculture
 - Transportation

- Majority of SEIF (~\$50 million) allocated to other agencies/programs

Fiscal Year 2016 Distribution



FY 2016 SEIF Annual Report

- Majority of SEIF funding comes from RGGI revenues
- Last SEIF Board meeting was July 2016
- FY16 report enhancements:
 - MEA award recipients have been organized first by program and then alphabetically, for ease in navigating the report
 - As required by Enrolled Chapter 507 of the 2016 legislative session, Appendix B has been added which lists individuals and addresses identified as receiving multiple SEIF awards in FY16.

EmPOWER Maryland

- In 2008, Maryland enacted legislation setting a state goal of 15% per capita reduction in electricity consumption and peak demand by 2015 compared to 2007 levels.
- Maryland utilities reached 99% of the energy efficiency reduction and 100% of the demand reduction goals.
- In July 2015, the PSC directed utilities to move in a post-2015 trajectory toward 2% reduction of annual gross retail sales at a rate of 0.2% per year.

Offshore Wind Energy

- In Fiscal Year 2016, MEA spent:
 - \$2.5 million loan to US Wind – meteorological tower that will collect wind speed data
 - \$320,000 – grant to the Business Network for Offshore Wind to promote Maryland businesses to the global OSW industry
 - \$53,226 – University of Maryland, Small Business Development Center

Impacts of the RPS

- Maryland residents will pay higher electricity prices due to increased REC prices and growing numbers of RECs required for RPS compliance
- RPS requirements are outpacing the development of renewable energy sources in Maryland
- To comply with the RPS, electricity suppliers will need to purchase increasing amounts of out-of-state RECs

Cost of Tier 1 Non-Solar RECs

RPS Compliance Year	Cost of a Tier 1 Non-Solar REC
2010	\$0.99
2011	\$2.02
2012	\$3.19
2013	\$6.70
2014	\$11.64
2015	\$13.87

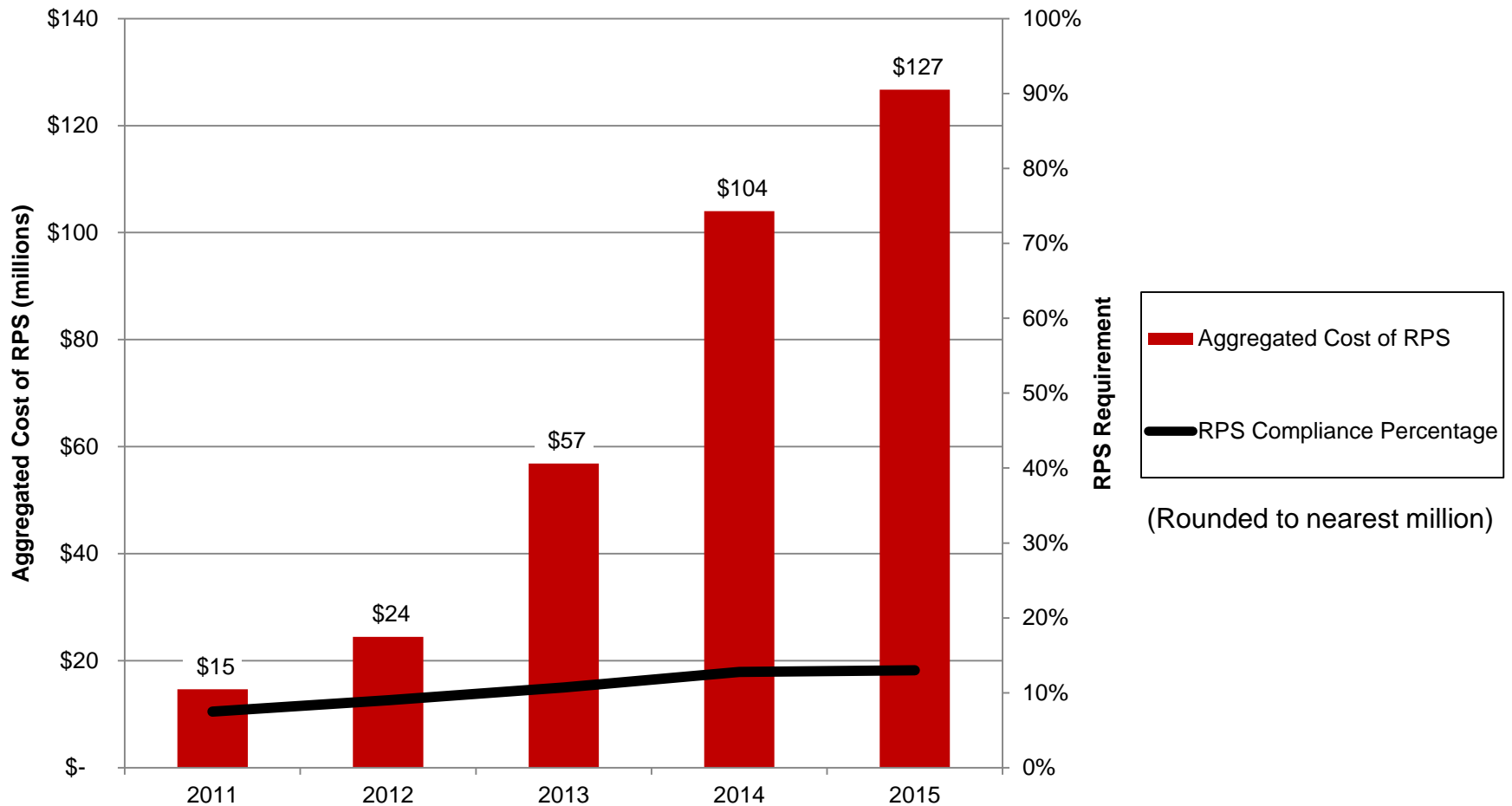
Out-of-State Tier 1 Non-Solar RECs

RPS Compliance Year	Tier 1 Non-Solar RECs Generated in MD	Tier 1 Non-Solar RECs Required for RPS Compliance	Out-of-State RECs Required for RPS Compliance
2011	759,073	3,079,851	2,320,778
2012	1,250,184	3,901,558	2,651,374
2013	1,236,383	4,858,404	3,622,021
2014	1,254,801	6,062,635	4,807,834
2015	1,341,441	6,131,624	4,790,183

Cost of RPS Compliance

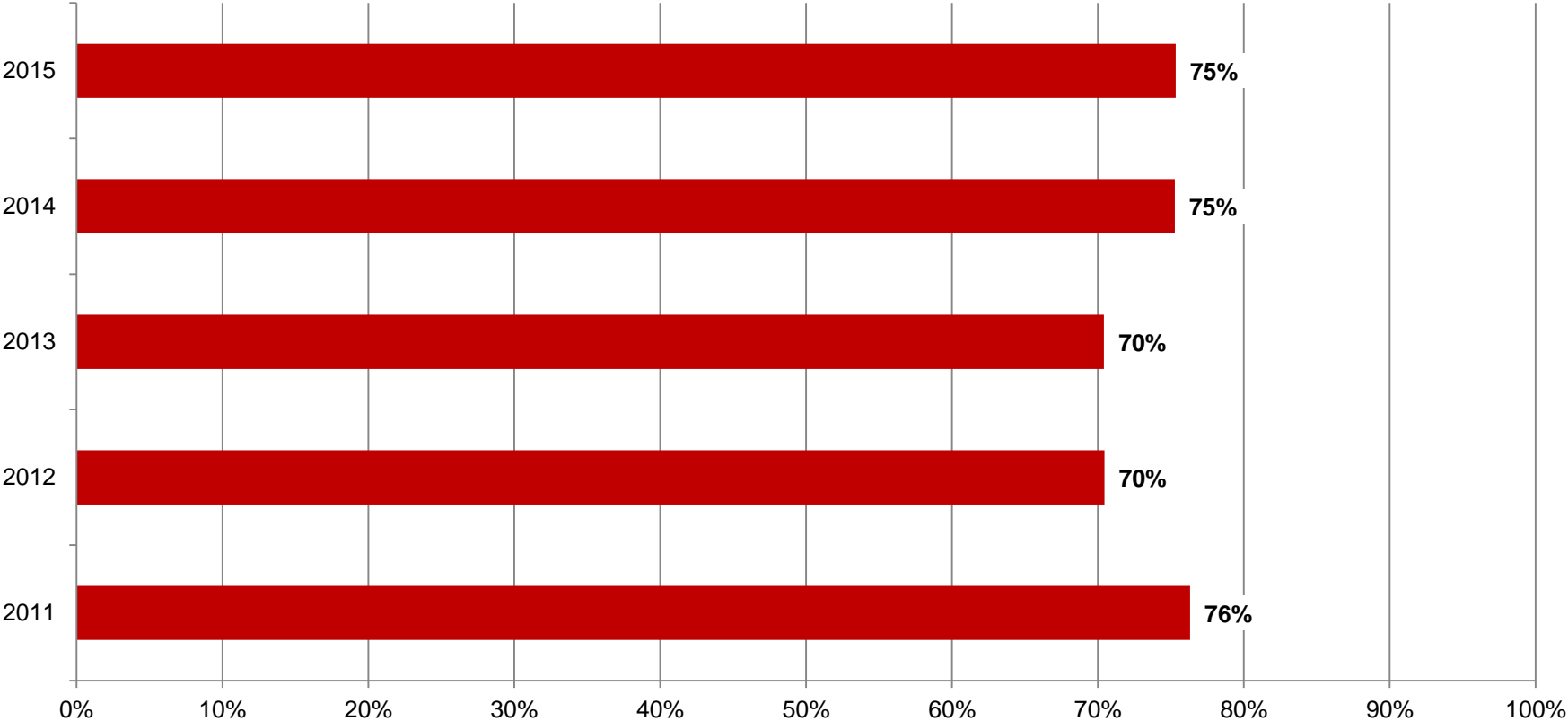
- “[T]he aggregated cost of compliance with the Maryland RPS Program has increased exponentially since 2011.” (PSC, 2017 Renewable Energy Portfolio Standard Report)
 - \$14.7 million (2011)
 - \$126.7 million (2015)

RPS Requirement and Aggregated Cost of RPS



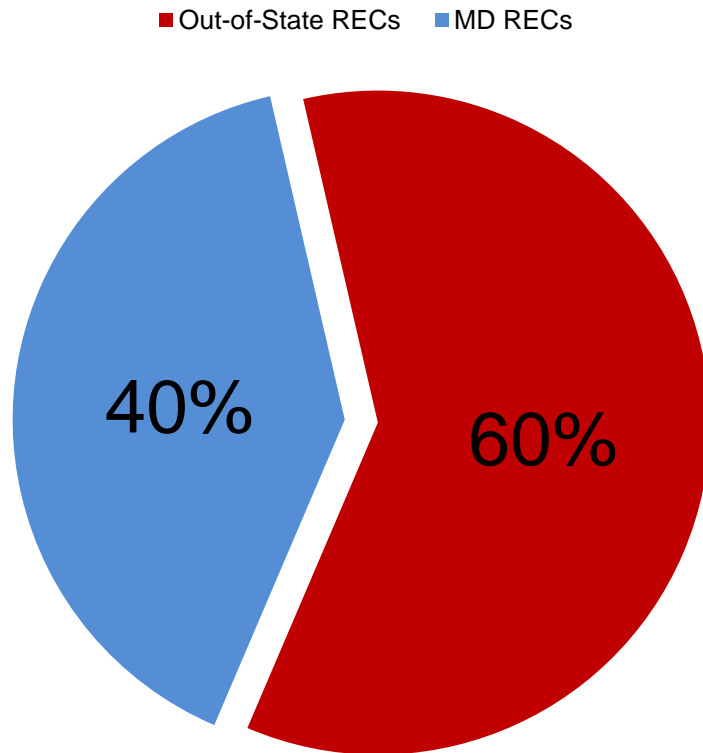
Reliance on Out-of-State RECs

Percentage of Retired RECs Generated Out-of-State

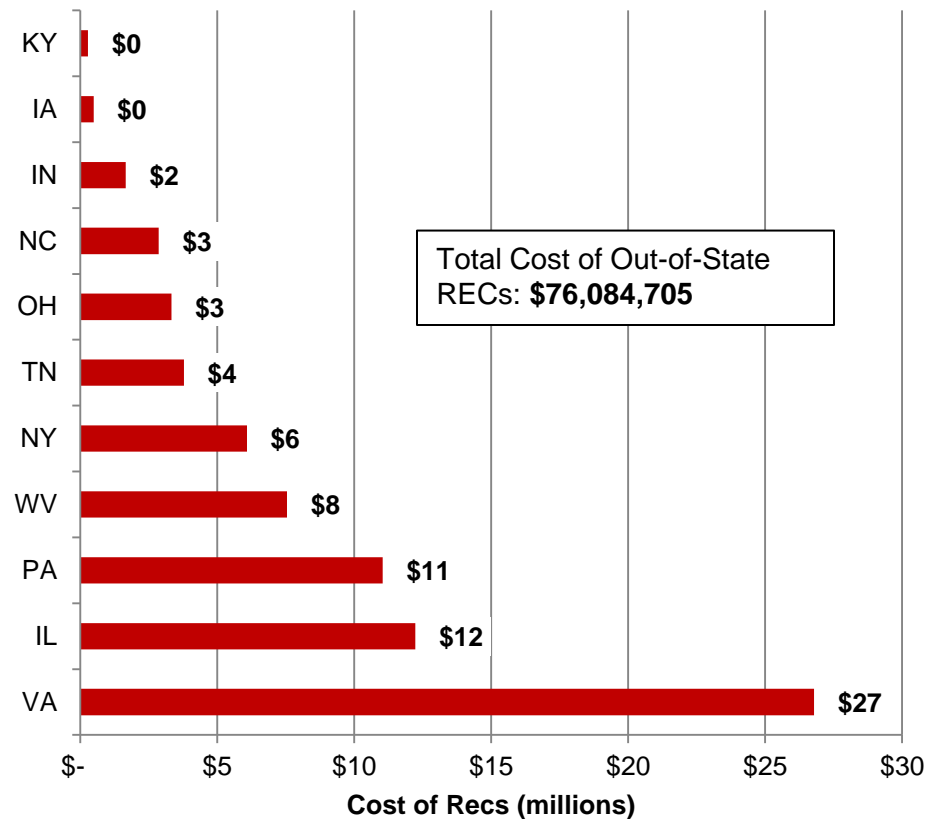


Estimated Out-of-State REC Cost for 2015

Proportional Cost of RECs



Cost of Out-of-State RECs



Estimated Cost for Out-of-State RECs

- In 2015, the cost of non-Maryland RECs was **\$76,084,705**
 - Virginia RECs: \$26,785,772
 - Illinois RECs: \$12,232,050
 - Pennsylvania RECs: \$11,042,668

Thank You

Questions?