

HOUSE BILL 1640

C5, M5, Q7

6lr3717

By: **Delegates Chisholm, M. Morgan, and Szeliga**

Introduced and read first time: February 25, 2026

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Energy-Related Programs, Surcharges, and Taxes**
3 **(Maryland Energy Savings Guarantee Act)**

4 FOR the purpose of repealing certain provisions related to a certain environmental
5 surcharge, the electric universal service program, energy efficiency and conservation
6 plans, the renewable energy portfolio standard, building energy efficiency standards,
7 the Regional Greenhouse Gas Initiative, and the public service company franchise
8 tax; prohibiting public service companies from including certain taxes, surcharges,
9 riders, assessments, or certain other charges in a retail electric or gas bill;
10 prohibiting the Public Service Commission from approving certain tariffs that
11 include recovery of certain costs; requiring the Governor to withdraw the State from
12 participation in the Regional Greenhouse Gas Initiative; and generally relating to
13 energy-related programs, surcharges, and taxes.

14 BY repealing

15 Article – Environment
16 Section 2-1002(g), 2-1205, 2-1601, and 2-1602
17 Annotated Code of Maryland
18 (2013 Replacement Volume and 2025 Supplement)

19 BY repealing

20 Article – Public Utilities
21 Section 7-203, 7-207(a)(6), 7-220 through 7-228, 7-501(q), 7-512.1, 7-701 through
22 7-714, 7-1001(j) and (k), and 7-1225(c)
23 Annotated Code of Maryland
24 (2025 Replacement Volume and 2025 Supplement)

25 BY repealing

26 Article – State Government
27 Section 9-2017
28 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (2021 Replacement Volume and 2025 Supplement)
- 2 BY repealing
- 3 Article – Tax – General
- 4 Section 8–401 through 8–417
- 5 Annotated Code of Maryland
- 6 (2022 Replacement Volume and 2025 Supplement)
- 7 BY repealing and reenacting, with amendments,
- 8 Article – Corporations and Associations
- 9 Section 5–637
- 10 Annotated Code of Maryland
- 11 (2025 Replacement Volume)
- 12 BY repealing and reenacting, without amendments,
- 13 Article – Economic Development
- 14 Section 10–801(a)
- 15 Annotated Code of Maryland
- 16 (2024 Replacement Volume and 2025 Supplement)
- 17 BY repealing and reenacting, with amendments,
- 18 Article – Economic Development
- 19 Section 10–801(c)(8) and 10–802(a)(2)
- 20 Annotated Code of Maryland
- 21 (2024 Replacement Volume and 2025 Supplement)
- 22 BY adding to
- 23 Article – Economic Development
- 24 Section 10–801(o–1)
- 25 Annotated Code of Maryland
- 26 (2024 Replacement Volume and 2025 Supplement)
- 27 BY repealing and reenacting, without amendments,
- 28 Article – Environment
- 29 Section 2–107(a) and 2–1001(a)
- 30 Annotated Code of Maryland
- 31 (2013 Replacement Volume and 2025 Supplement)
- 32 BY repealing and reenacting, with amendments,
- 33 Article – Environment
- 34 Section 2–107(b) and 2–1001(d)
- 35 Annotated Code of Maryland
- 36 (2013 Replacement Volume and 2025 Supplement)
- 37 BY repealing and reenacting, with amendments,
- 38 Article – Housing and Community Development
- 39 Section 2–102(a) and 6–401(c)

- 1 Annotated Code of Maryland
2 (2019 Replacement Volume and 2025 Supplement)
- 3 BY repealing and reenacting, without amendments,
4 Article – Housing and Community Development
5 Section 6–401(a)
6 Annotated Code of Maryland
7 (2019 Replacement Volume and 2025 Supplement)
- 8 BY repealing and reenacting, with amendments,
9 Article – Natural Resources
10 Section 3–302(a) and (b), 5–102(a)(9), and 5–307(g)(7)
11 Annotated Code of Maryland
12 (2023 Replacement Volume and 2025 Supplement)
- 13 BY repealing and reenacting, without amendments,
14 Article – Natural Resources
15 Section 5–307(a)
16 Annotated Code of Maryland
17 (2023 Replacement Volume and 2025 Supplement)
- 18 BY repealing and reenacting, without amendments,
19 Article – Public Utilities
20 Section 7–207(a)(1), 7–501(a), and 7–1001(a)
21 Annotated Code of Maryland
22 (2025 Replacement Volume and 2025 Supplement)
- 23 BY repealing and reenacting, with amendments,
24 Article – Public Utilities
25 Section 7–207(b)(1), (d)(1) through (3), and (e)(1) through (3), 7–208(a), 7–306.2(b)(1)
26 and (f)(1)(iv), 7–501(l), 7–505(b) and (d), 7–510.3(k)(1), 7–512(c), 7–1001(i),
27 7–1103(a)(1)(i), 7–1207(4), and 7–1220(c)
28 Annotated Code of Maryland
29 (2025 Replacement Volume and 2025 Supplement)
- 30 BY adding to
31 Article – Public Utilities
32 Section 7–321
33 Annotated Code of Maryland
34 (2025 Replacement Volume and 2025 Supplement)
- 35 BY repealing
36 Article – State Finance and Procurement
37 Section 13–217(f)
38 Annotated Code of Maryland
39 (2021 Replacement Volume and 2025 Supplement)

1 BY repealing and reenacting, with amendments,
2 Article – State Government
3 Section 9–2016(f), 9–20B–05, and 9–20C–03(g)
4 Annotated Code of Maryland
5 (2021 Replacement Volume and 2025 Supplement)

6 BY repealing and reenacting, with amendments,
7 Article – State Government
8 Section 9–20B–05
9 Annotated Code of Maryland
10 (2021 Replacement Volume and 2025 Supplement)
11 (As enacted by Section 5 of this Act)

12 Preamble

13 WHEREAS, Maryland ratepayers are subject to numerous State–imposed taxes,
14 fees, surcharges, riders, and mandatory assessments embedded in electric and gas utility
15 bills; and

16 WHEREAS, These charges increase energy costs beyond the actual cost of service;
17 and

18 WHEREAS, The cumulative burden of these mandates materially impacts
19 residential customers, small businesses, and commercial customers; and

20 WHEREAS, Energy policy objectives must not be financed through compulsory
21 utility bill surcharges absent direct legislative appropriations; now, therefore,

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
23 That Section(s) 2–1205, 2–1601, and 2–1602 of Article – Environment of the Annotated
24 Code of Maryland be repealed.

25 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 7–203, 7–220
26 through 7–228, 7–512.1, and 7–701 through 7–714 of Article – Public Utilities of the
27 Annotated Code of Maryland be repealed.

28 SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 9–2017 of Article –
29 State Government of the Annotated Code of Maryland be repealed.

30 SECTION 4. AND BE IT FURTHER ENACTED, That Section(s) 8–401 through
31 8–417 of the Article – Tax – General of the Annotated Code of Maryland be repealed.

32 SECTION 5. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
33 as follows:

34 **Article – Corporations and Associations**

1 5-637.

2 (a) (1) Except as provided in paragraph (2) of this subsection, this subtitle
3 applies to the provision of broadband Internet service by a member-regulated cooperative.

4 (2) A member-regulated cooperative may not, for the sole purpose of
5 providing broadband Internet service, exercise the power of condemnation under §
6 5-607(a)(16) of this subtitle.

7 (b) A member-regulated cooperative is subject to the following provisions of the
8 Public Utilities Article:

9 (1) § 5-103;

10 (2) § 5-201;

11 (3) § 5-202;

12 (4) § 5-303;

13 (5) § 5-304;

14 (6) § 5-306;

15 (7) § 7-103;

16 (8) § 7-104;

17 (9) [§ 7-203;

18 (10)] § 7-207;

19 [(11) Title 7, Subtitle 2, Part II;

20 (12)] (10) § 7-302;

21 [(13)] (11) Title 7, Subtitle 5, Part I and Part II;

22 [(14) Title 7, Subtitle 7;] and

23 [(15)] (12) § 13-101.

24 **Article - Economic Development**

25 10-801.

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

2 (c) “Advanced clean energy” includes:

3 (8) other qualifying biomass [as defined in § 7–701 of the Public Utilities
4 Article];

5 **(O–1) “QUALIFYING BIOMASS” MEANS A NONHAZARDOUS, ORGANIC**
6 **MATERIAL THAT IS AVAILABLE ON A RENEWABLE OR RECURRING BASIS, AND IS**
7 **WASTE MATERIAL THAT IS SEGREGATED FROM INORGANIC WASTE MATERIAL AND IS**
8 **DERIVED FROM SOURCES, INCLUDING:**

9 **(1) EXCEPT FOR OLD GROWTH TIMBER, ANY OF THE FOLLOWING**
10 **FOREST–RELATED RESOURCES:**

11 **(I) MILL RESIDUE, EXCEPT SAWDUST AND WOOD SHAVINGS;**

12 **(II) PRECOMMERCIAL SOFT WOOD THINNING;**

13 **(III) SLASH;**

14 **(IV) BRUSH; OR**

15 **(V) YARD WASTE;**

16 **(2) A PALLET, CRATE, OR DUNNAGE;**

17 **(3) AGRICULTURAL AND SILVICULTURAL SOURCES, INCLUDING TREE**
18 **CROPS, VINEYARD MATERIALS, GRAIN, LEGUMES, SUGAR, AND OTHER CROP**
19 **BY–PRODUCTS OR RESIDUE; OR**

20 **(4) GAS PRODUCED FROM THE ANAEROBIC DECOMPOSITION OF**
21 **ANIMAL WASTE OR POULTRY WASTE.**

22 **Article – Environment**

23 2–1001.

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

25 (d) “PJM Region” [has the meaning stated under § 7–701 of the Public Utilities
26 Article] **MEANS THE CONTROL AREA ADMINISTERED BY THE PJM**
27 **INTERCONNECTION, INC. AS THE AREA MAY CHANGE FROM TIME TO TIME.**

1 **Article – Housing and Community Development**

2 2–102.

3 (a) The Department shall:

4 (1) encourage and assist political subdivisions and public and private
5 community organizations to develop mutual and cooperative solutions to their common
6 problems;

7 (2) serve as a clearinghouse for information and materials that may be
8 pertinent to sound community assistance, including information on available federal, State,
9 and private financial assistance and technical assistance;

10 (3) implement model or demonstration programs and projects or otherwise
11 provide a program of practical research in community assistance;

12 (4) provide grants and loans for energy conservation and the use of solar
13 energy in commercial and residential buildings;

14 (5) provide advisory, consultative, training, and educational services, and
15 technical assistance to any political subdivision, local public agency, or nonprofit
16 organization for community assistance purposes;

17 (6) contract for and accept a gift, grant, contribution, or loan of money,
18 property, or other aid for community assistance from a governmental unit, the federal
19 government, or another source and comply with the terms and conditions of that aid;

20 (7) attach terms and conditions to financial assistance as the Secretary
21 determines;

22 (8) participate with political subdivisions, regional governments,
23 organizations, and the federal government in developing, financing, and implementing a
24 program to build the management capabilities of municipal corporations by supplying
25 needed managerial expertise through circuit riding managers; **AND**

26 (9) administer federal programs relating to community assistance[]; and

27 (10) develop and implement a weatherization program in accordance with
28 Title 4 of this article and administer the low-income weatherization component of the
29 electric universal service program in accordance with § 7–512.1 of the Public Utilities
30 Article].

31 6–401.

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

1 (c) "Business entity" means a person that conducts a trade or business in the
2 State and is subject to:

3 (1) the State income tax on individuals or corporations; **OR**

4 (2) [the public service company franchise tax; or

5 (3)] the insurance premiums tax.

6 **Article – Natural Resources**

7 3–302.

8 (a) [(1)] There is an Environmental Trust Fund.

9 [(2) (i)] For the purpose of this subtitle, there is established as an added
10 cost of electricity distributed to retail electric customers within the State, an environmental
11 surcharge per kilowatt hour of electric energy distributed in the State to be paid by any
12 electric company as defined in § 1–101 of the Public Utilities Article.

13 (ii) The Public Service Commission shall impose the surcharge per
14 kilowatt hour of electric energy distributed to retail electric customers within the State and
15 shall authorize the electric companies to add the full amount of the surcharge to retail
16 electric customers' bills.

17 (iii) To the extent that the surcharge is not collected from retail
18 electric customers, the surcharge shall be deemed a cost of distribution and shall be allowed
19 and computed as such, together with other allowable expenses, for rate-making purposes.

20 (iv) Revenues from the surcharge shall be collected by the
21 Comptroller and placed in the Fund.]

22 (b) [(1) (i)] The Secretary, in consultation with the Director of the Maryland
23 Energy Administration, annually shall coordinate the preparation of a budget required to
24 carry out the provisions of this subtitle.

25 [(ii) On approval of the budget by the General Assembly, the Public
26 Service Commission shall establish the amount of the surcharge per kilowatt hour for the
27 fiscal year beginning July 1, 1972, and for each subsequent fiscal year.

28 (2) Notwithstanding any other provisions of this subtitle, the amount of the
29 surcharge for each account for each retail electric customer may not exceed the lesser of
30 0.15 mill per kilowatt hour or \$1,000 per month and the surcharge may not continue beyond
31 fiscal year 2030.

32 (3) (i) The Comptroller shall maintain the method of collection of the

1 surcharge from the companies and the collections shall accrue to the Fund.

2 (ii) The Department shall credit against the amount required to be
3 paid into the Environmental Trust Fund by each electric company an amount equal to
4 0.75% of the total surcharge attributed to each company on the basis of the electricity
5 distributed within Maryland.]

6 5–102.

7 (a) The General Assembly finds that:

8 (9) Forests are a renewable resource that help the State meet its renewable
9 energy goals that are consistent with the State’s:

10 (i) Green power goal for State facilities;

11 (ii) [Renewable Energy Portfolio Standard;

12 (iii)] Healthy Air Act; and

13 [(iv)] (III) Maryland Clean Energy Incentive Act of 2006; and

14 **Article – Public Utilities**

15 7–207.

16 (a) (1) In this section the following words have the meanings indicated.

17 [(6) “Qualified generator lead line” means an overhead transmission line
18 that is designed to carry a voltage in excess of 69,000 volts and would allow an out-of-state
19 Tier 1 or Tier 2 renewable source to interconnect with a portion of the electric system in
20 Maryland that is owned by an electric company.]

21 (b) (1) (i) Except as provided in subparagraph (ii) of this paragraph, unless
22 a certificate of public convenience and necessity for the construction is first obtained from
23 the Commission, a person may not begin construction in the State of:

24 1. a generating station; **OR**

25 2. [a qualified generator lead line; or

26 3.] an energy storage device that is part of a proposal
27 approved by the Commission under § 7–1206 of this title.

28 (ii) A person is not required to obtain a certificate of public
29 convenience and necessity under this section if the person obtains:

1 1. Commission approval for construction under § 7–207.1 of
2 this subtitle; or

3 2. a distributed generation certificate of public convenience
4 and necessity under § 7–207.4 of this subtitle.

5 [(iii) Notwithstanding subparagraph (i) of this paragraph, a person
6 may not apply to obtain a certificate of public convenience and necessity for construction of
7 a qualified generator lead line unless:

8 1. at least 90 days before the filing of an application for a
9 certificate of public convenience and necessity, the person had in good faith offered the
10 electric company that owns that portion of the electric grid in Maryland to which the
11 qualified generator lead line would interconnect a full and fair opportunity for the electric
12 company to construct the qualified generator lead line; and

13 2. at any time at least 10 days before the filing of an
14 application for a certificate of public convenience and necessity, the electric company:

15 A. did not accept from the person a proposal or a negotiated
16 version of the proposal under which the electric company would construct the qualified
17 generator lead line; or

18 B. stated in writing that the electric company did not intend
19 to construct the qualified generator lead line.

20 (iv) **(III)** Notwithstanding any other provision of this section, a
21 certificate of public convenience and necessity for the construction of a generating station
22 that is part of a proposal approved by the Commission under § 7–1206 of this title shall be
23 issued in accordance with § 7–207.4 of this subtitle.

24 (v) **(IV)** When a person applies for a certificate of public
25 convenience and necessity for the construction of a generating station under this section,
26 the application shall state whether the proposed generating station or the proposed
27 modification is part of a proposal approved by the Commission under § 7–1206 of this title.

28 (vi) **(V)** 1. The Commission may prioritize the review of an
29 application for a certificate of public convenience and necessity under § 7–207.4 of this
30 subtitle over the review of an application for a certificate of public convenience and
31 necessity under this section.

32 2. The Commission may extend the time for the review of an
33 application for a certificate of public convenience and necessity under this section if, in
34 accordance with subparagraph 1 of this subparagraph, the Commission has prioritized
35 the review of an application for a certificate of public convenience and necessity under §
36 7–207.4 of this subtitle over the review of the application for a certificate of public

1 convenience and necessity under this section.

2 (d) (1) (i) The Commission shall provide an opportunity for public
3 comment and hold a public hearing on the application for a certificate of public convenience
4 and necessity in each county and municipal corporation in which any portion of the
5 construction of a generating station[,] OR an overhead transmission line designed to carry
6 a voltage in excess of 69,000 volts[, or a qualified generator lead line] is proposed to be
7 located.

8 (ii) The Commission may hold the public hearing virtually rather
9 than in person if the Commission provides a comparable opportunity for public comment
10 and participation in the hearing.

11 (2) The Commission shall hold the public hearing jointly with the
12 governing body of the county or municipal corporation in which any portion of the
13 construction of the generating station[,] OR overhead transmission line[, or qualified
14 generator lead line] is proposed to be located, unless the governing body declines to
15 participate in the hearing.

16 (3) (i) Once in each of the 4 successive weeks immediately before the
17 hearing date, the Commission shall provide weekly notice of the public hearing and an
18 opportunity for public comment:

19 1. by advertisement in a newspaper of general circulation in
20 the county or municipal corporation affected by the application;

21 2. on two types of social media; and

22 3. on the Commission's website.

23 (ii) Before a public hearing, the Commission shall coordinate with
24 the governing body of the county or municipal corporation in which any portion of the
25 construction of the generating station[,] OR overhead transmission line[, or qualified
26 generator lead line] is proposed to be located to identify additional options for providing, in
27 an efficient and cost-effective manner, notice of the public hearing through other types of
28 media that are familiar to the residents of the county or municipal corporation.

29 (e) The Commission shall take final action on an application for a certificate of
30 public convenience and necessity only after due consideration of:

31 (1) the recommendation of the governing body of each county or municipal
32 corporation in which any portion of the construction of the generating station[,] OR
33 overhead transmission line[, or qualified generator lead line] is proposed to be located;

34 (2) the effect of the generating [station,] STATION OR overhead
35 transmission line[, or qualified generator lead line] on:

- 1 (i) the stability and reliability of the electric system;
- 2 (ii) economics;
- 3 (iii) esthetics;
- 4 (iv) historic sites;
- 5 (v) aviation safety as determined by the Maryland Aviation
6 Administration and the administrator of the Federal Aviation Administration;
- 7 (vi) when applicable, air quality and water pollution; and
- 8 (vii) the availability of means for the required timely disposal of
9 wastes produced by any generating station;
- 10 (3) the effect of climate change on the generating [station,] **STATION OR**
11 overhead transmission line[, or qualified generator lead line] based on the best available
12 scientific information recognized by the Intergovernmental Panel on Climate Change;

13 7–208.

- 14 (a) (1) In this section the following words have the meanings indicated.
- 15 (2) “Construction” has the meaning stated in § 7–207 of this subtitle.
- 16 (3) “Generating station” does not include:
- 17 (i) a generating unit or facility that:
- 18 1. is used for the production of electricity for the purpose of:
- 19 A. onsite emergency backup at a facility when service from
20 the electric company is interrupted due to electric distribution or transmission system
21 failure or when there is equipment failure at a site where critical infrastructure is located;
22 and
- 23 B. test and maintenance operations necessary to ensure
24 functionality of the generating unit or facility in the event of an interruption of service from
25 the electric company due to electric distribution or transmission system failure or when
26 there is equipment failure at a site where critical infrastructure is located;
- 27 2. is installed with equipment that prevents the flow of
28 electricity to the electric grid;
- 29 3. is subject to a permit to construct issued by the

1 Department of the Environment; and

2 4. is installed at a facility that is part of critical
3 infrastructure if the facility complies with all applicable regulations regarding noise level
4 and testing hours; or

5 (ii) a combination of two or more generating units or facilities that
6 satisfy item (i) of this paragraph.

7 (4) ["Qualified offshore wind project" has the meaning stated in § 7-701 of
8 this title.

9 (5) "Qualified submerged renewable energy line" means[:

10 (i) a line carrying electricity supply and connecting a qualified
11 offshore wind project to the transmission system; and

12 (ii) a line in which the portions of the line crossing any submerged
13 lands or any part of a beach erosion control district are buried or submerged.

14 7-306.2.

15 (b) The General Assembly finds that:

16 (1) community solar energy generating systems:

17 (i) provide residents and businesses, including those that lease
18 property, increased access to local solar electricity while encouraging private investment in
19 solar resources; **AND**

20 (ii) [enhance continued diversification of the State's energy resource
21 mix to achieve the State's renewable energy portfolio standard and Greenhouse Gas
22 Emissions Reduction Act goals; and

23 (iii) provide electric companies and ratepayers the opportunity to
24 realize the many benefits associated with distributed energy; and

25 (f) (1) Subject to subsection (h) of this section, to implement the Program, the
26 Commission shall, on or before January 1, 2025, adopt revisions to the regulations adopted
27 under subsection (e) of this section for the pilot program, including revisions that:

28 (iv) allow a subscriber organization or subscription coordinator to
29 verify the income of a prospective subscriber for eligibility as an LMI subscriber under the
30 Program by using one of the following methods:

31 1. self-attestation by the prospective subscriber that does

- 1 not need to be under oath or penalty of perjury;
- 2 2. requiring the prospective subscriber to provide evidence of
3 eligibility for or enrollment in at least one of the following government assistance programs:
- 4 A. the Maryland Energy Assistance Program;
- 5 B. the Supplemental Nutrition Assistance Program;
- 6 C. Medicaid;
- 7 D. Head Start;
- 8 E. free and reduced price school meals;
- 9 F. the federal Low Income Home Energy Assistance
10 Program;
- 11 G. [EmPOWER Maryland low- or moderate-income
12 incentives;
- 13 H.] telephone lifeline service;
- 14 [I.] H. the Fuel Fund of Maryland; or
- 15 [J.] I. any additional federal, State, or local assistance
16 program that the Commission determines will further the purposes of the Program;
- 17 3. pay stubs;
- 18 4. income tax documents;
- 19 5. proof of residence in an affordable housing facility;
- 20 6. proof of residence within a census tract that is:
- 21 A. an overburdened community; and
- 22 B. an underserved community;
- 23 7. any verification method that was available under the pilot
24 program; or
- 25 8. any additional methods approved by the Commission to
26 verify income;

1 (A) A PUBLIC SERVICE COMPANY MAY NOT INCLUDE IN ANY RETAIL
2 ELECTRIC OR GAS BILL ANY STATE-MANDATED TAX, SURCHARGE, RIDER,
3 ASSESSMENT, OR OTHER CHARGE THAT IS NOT DIRECTLY ATTRIBUTABLE TO THE
4 UTILITY'S COST OF PROVIDING DISTRIBUTION, TRANSMISSION, ENERGY
5 GENERATION PROCUREMENT, OR ELECTRIC OR GAS SUPPLY SERVICE.

6 (B) THE COMMISSION MAY NOT APPROVE ANY TARIFF THAT INCLUDES
7 RECOVERY OF A STATE-IMPOSED POLICY MANDATE.

8 (C) ANY STATE PROGRAM RELATED TO ENERGY SHALL BE FINANCED
9 SOLELY THROUGH DIRECT LEGISLATIVE APPROPRIATION FROM THE GENERAL
10 FUND OF THE STATE.

11 7-501.

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

13 (l) (1) "Public purpose program" means a program implemented with the
14 intention of furthering a public purpose.

15 (2) "Public purpose program" includes:

16 (i) [a universal service program;

17 (ii)] a program encouraging renewable energy resources;

18 [(iii)] (II) a demand side management or other energy efficiency or
19 conservation program; and

20 [(iv)] (III) a consumer education program.

21 [(q) (1) "Universal service program" means a program that helps low-income
22 customers maintain electric service.

23 (2) "Universal service program" includes customer bill assistance and
24 payment programs, termination of service protection, and policies and services that help
25 low-income customers to reduce or manage energy consumption in a cost-effective
26 manner.]

27 7-505.

28 (b) (1) The Commission shall issue the orders or adopt the regulations
29 required under this subsection before the implementation of customer choice.

1 ~~[(2)]~~ (2) The Commission shall order a universal service program, to be made
2 available on a statewide basis, to benefit low-income customers, in accordance with §
3 7-512.1 of this subtitle.]

4 ~~[(3)]~~ (2) The Commission shall order an electric company to adopt policies
5 and practices reasonably designed to prevent:

6 (i) discrimination against a person, locality, or particular class of
7 service or giving undue or unreasonable preference in favor of the electric company's own
8 electricity supply, other services, divisions, or affiliates, if any; and

9 (ii) any other forms of self-dealing or practices that could result in
10 noncompetitive electricity prices to customers.

11 ~~[(4)]~~ (3) (i) The Commission shall, by regulation or order, require each
12 electric company and electricity supplier to provide adequate and accurate information to
13 each customer on the available electric services of the electric company or electricity
14 supplier, including disclosure, every 6 months, of a uniform common set of information
15 about:

16 1. the fuel mix of the electricity purchased by customers,
17 including categories of electricity from coal, natural gas, nuclear, oil, hydroelectric, solar,
18 biomass, wind, and other resources, or disclosure of a regional fuel mix average; and

19 2. the emissions, on a pound per megawatt-hour basis, of
20 pollutants identified by the Commission, or disclosure of a regional fuel mix average.

21 (ii) The Commission may require an electric company or an
22 electricity supplier to provide documentation supporting the disclosures required under
23 subparagraph (i) of this paragraph.

24 ~~[(5)]~~ (4) (i) The Commission shall, by regulation or order, require the
25 unbundling of electric company rates, charges, and services into standardized categories
26 determined by the Commission.

27 (ii) The Commission shall, by regulation or order, require that
28 customers' bills for electricity service indicate charges for:

29 1. distribution and transmission;

30 2. transition charge or credit;

31 3. [universal service program charges;

32 4.] customer charges;

1 [5.] 4. taxes; and

2 [6.] 5. other charges identified by the Commission.

3 [(6)] (5) The Commission shall issue orders or regulations to prevent an
4 electric company and an electricity supplier from disclosing a retail electric customer's
5 billing, payment, and credit information without the retail electric customer's consent,
6 except as allowed by the Commission for bill collection or credit rating reporting purposes.

7 [(7)] (6) An electricity supplier may not engage in marketing, advertising,
8 or trade practices that are unfair, false, misleading, or deceptive.

9 [(8)] (7) The Commission shall determine the terms, conditions, and rates
10 of standard offer service in accordance with:

11 (i) Title 4 of this article; or

12 (ii) as applicable, § 7-510(c)(4) of this subtitle.

13 [(9)] (8) In connection with § 7-513 of this subtitle, the Commission may
14 not require an electric company to divest itself of a generation asset or prohibit an electric
15 company from divesting itself voluntarily of a generation asset.

16 [(10)] (9) (i) On or before July 1, 2000, the Commission shall issue
17 orders or adopt regulations reasonably designed to ensure the creation of competitive
18 electricity supply and electricity supply services markets, with appropriate customer
19 safeguards.

20 (ii) On or before July 1, 2000, the Commission shall require:

21 1. an appropriate code of conduct between the electric
22 company and an affiliate providing electricity supply and electricity supply services in the
23 State;

24 2. access by electricity suppliers and customers to the electric
25 company's transmission and distribution system on a nondiscriminatory basis;

26 3. appropriate complaint and enforcement procedures; and

27 4. any other safeguards deemed necessary by the
28 Commission to ensure the creation and maintenance of a competitive electricity supply and
29 electricity supply services market.

30 (iii) On or before July 1, 2000, the Commission shall require, among
31 other factors, functional, operational, structural, or legal separation between the electric
32 company's regulated businesses and its nonregulated businesses or nonregulated affiliates.

1 [(11)] (10) Nothing in this title may be construed as preventing the
2 application of State and federal consumer protection and antitrust laws to electric
3 companies and their affiliates, and to electricity suppliers.

4 [(12)] (11) The Commission, in consultation with the Department of the
5 Environment, shall adopt appropriate measures to maintain environmental standards,
6 adapt existing programs, and develop new programs as appropriate to ensure compliance
7 with federal and State environmental protection standards.

8 [(13)] (12) (i) An electric company shall comply with all requirements of
9 the Commission in conducting regulated operations in compliance with this division.

10 (ii) The Commission shall require each electric company to adopt a
11 code of conduct to be approved by the Commission by a date to be determined by the
12 Commission to prevent regulated service customers from subsidizing the services of
13 unregulated businesses or affiliates of the electric company.

14 (d) (1) The Commission shall cap, for 4 years after initial implementation of
15 customer choice in the electric company's distribution territory, the total of the rates of an
16 electric company charged to a retail electric customer at the actual level of the rates in
17 effect or authorized by the Commission on the date immediately preceding the initial
18 implementation of customer choice in the electric company's distribution territory.

19 (2) (i) Except as provided in subparagraph (ii) of this paragraph, the
20 cap required under paragraph (1) of this subsection does not apply to the recovery of costs
21 added after January 1, 2000, in accordance with § 7-512(c) of this subtitle.

22 (ii) The cap required under paragraph (1) of this subsection applies
23 to the recovery of:

- 24 1. any transition costs under § 7-513 of this subtitle; **AND**
25 2. any costs included in rates on January 1, 2000, in
26 accordance with § 7-512(c) of this subtitle]; and
27 3. costs for the universal service program established under
28 § 7-512.1 of this subtitle].

29 (3) As part of a settlement, the Commission may approve a cap for a
30 different time period or an alternative price protection plan that the Commission
31 determines is equally protective of ratepayers.

32 (4) (i) 1. Subject to the provisions of paragraph (5) of this
33 subsection, the Commission shall reduce residential rates for each investor-owned electric
34 company by an amount between 3% and 7.5% of base rates, as measured on June 30, 1999.

1 2. The reduction required under subparagraph 1 of this
2 subparagraph shall begin on the initial implementation date and remain in effect for 4
3 years.

4 3. The Commission shall determine the allocation of the rate
5 reduction among the generation, transmission, and distribution residential rate
6 components.

7 (ii) In achieving the rate reduction required under subparagraph (i)
8 of this paragraph, the Commission shall consider:

9 1. the expiration of any surcharge;

10 2. changes in the electric company's tax liability;

11 3. cost of service determinations ordered by the Commission;

12 4. net transition costs or benefits;

13 5. the effect on the competitive electricity supply market;

14 6. whether the rate reduction and rate cap will unduly
15 impair the electric company's financial condition; **AND**

16 7. [the costs associated with the universal service program;
17 and

18 8.] the interests of the public, including shareholders of the
19 electric company.

20 (iii) The Commission may, within the parameters provided in
21 subparagraph (i) of this paragraph, increase or decrease the actual rate reduction required.

22 (iv) The Commission may allow the recovery of any extraordinary
23 costs based on the circumstances of an individual electric company if the Commission
24 determines that the action is necessary and in the public interest.

25 (v) In determining the rate reduction required under subparagraph
26 (i) of this paragraph, the Commission may not increase rates for nonresidential customers.

27 (5) The requirements of paragraph (4) of this subsection do not apply to an
28 electric company if the Commission approves or has in effect a settlement that the
29 Commission determines is equally protective of ratepayers.

30 7-510.3.

1 (k) (1) [Except for the purposes of meeting the requirements of the renewable
2 energy portfolio standard under Subtitle 7 of this title, a] A community choice aggregator
3 may not be considered to be an electricity supplier under § 7–507(a) of this subtitle.

4 7–512.

5 (c) (1) An electric company shall be provided a fair opportunity to recover fully
6 all costs that have been or will be incurred by the electric company under public purpose
7 programs established by law or ordered by the Commission.

8 (2) [(i)] Except as provided in paragraph (3) of this subsection, the costs
9 subject to this subsection shall be funded by a surcharge or other cost recovery mechanism
10 collected on a statewide basis that:

11 [1.] (I) fully recovers from customers the costs of the plans
12 and programs; and

13 [2.] (II) subject to subparagraph (ii) of this paragraph, with
14 respect to any of these costs not included in rates on January 1, 2000, is not subject to any
15 otherwise applicable cap.

16 [(ii) The recovery by an electric company of costs for a universal
17 service program is subject to any applicable cap regardless of when the costs are included
18 in rates.]

19 (3) During the fiscal year ending June 30, 2000, an electric company may
20 not, under paragraph (2) of this subsection, recover costs of a consumer education program
21 established by law, regulation, or order.

22 7–1001.

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

24 (i) (1) “Renewable on–site generating system” means an energy system
25 located on a customer’s premises that:

26 (i) generates or stores electricity from a [Tier 1 renewable source or
27 a Tier 2 renewable] source that does not release greenhouse gases;

28 (ii) is capable of providing electricity to:

29 1. a home, business, or other structure serviced by an electric
30 company; and

31 2. the electric distribution system;

1 (iii) is paired with an energy storage device that is configured to
2 charge from:

3 1. the renewable source; and

4 2. the electric distribution system unless, for the purpose of
5 eligibility for net energy metering, the device is required to be charged only from the
6 renewable source; and

7 (iv) is interconnected and operates in parallel with an electric
8 company's transmission and distribution facilities.

9 (2) "Renewable on-site generating system" may include bidirectional
10 electric vehicle service equipment located on a customer's premises.

11 [(j) "Tier 1 renewable source" has the meaning stated in § 7-701 of this title.

12 (k) "Tier 2 renewable source" has the meaning stated in § 7-701 of this title.]

13 7-1103.

14 (a) (1) (i) The Administration shall coordinate funding sources, including
15 all available federal funding, philanthropic funding, [funding available under the
16 EmPOWER Maryland Program,] and Strategic Energy Investment Fund funding allocated
17 to energy efficiency, to assist an electric company, a gas company, or a water company in
18 covering the costs for all behind-the-meter projects, including full electrification,
19 associated with a thermal energy network system so that any affected residential
20 customers are not required to pay for connection to the thermal energy network system or
21 any appliance replacements required for electrification.

22 7-1207.

23 The Commission shall include specifications in a solicitation issued under § 7-1206
24 of this subtitle that require each proposal for a dispatchable energy generation project and
25 large capacity energy resource project to:

26 (4) if applicable, include a description of:

27 (i) [the type and amount of co-located energy generation from Tier
28 1 renewable sources, as defined in § 7-701 of this title, that would be used with the project;

29 (ii)] the amount of co-located energy storage that would be used with
30 the project;

31 [(iii)] (II) the use of carbon capture or sequestration technology to
32 mitigate greenhouse gas emissions from the project; and

1 [(iv)] (III) the amount of hydrogen or zero-emissions biofuels that
2 the project will mix with natural gas for energy generation; and

3 7-1220.

4 (c) [(1)] Each electric company shall procure from the escrow account
5 established by regulation under this section a quantity of zero-emission credits equal to
6 the electric company's respective percentage of retail electric sales each year.

7 [(2) Subject to any escrow account reserve requirement the Commission
8 establishes, if there are insufficient zero-emission credits available to satisfy the electric
9 companies' zero-emission credit purchase obligations, the overpayment shall be distributed
10 to electric companies to be refunded or credited to each distribution customer based on the
11 customer's consumption of electricity supply that is subject to the renewable energy
12 portfolio standard.]

13 7-1225.

14 [(c) Front-of-the-meter transmission energy storage devices paired with Tier 1
15 or Tier 2 renewable sources, as defined under § 7-701 of this title, may be included in a
16 proposal in response to a procurement solicitation under § 7-1224 of this subtitle.]

17 Article – State Finance and Procurement

18 13-217.

19 [(f) (1) On the recommendation of the Secretary of General Services, the Board
20 may waive the requirement to include an automatic termination clause under subsection
21 (e) of this section for a multi-year contract to procure energy generated from a Tier 1
22 renewable source or a Tier 2 renewable source, as defined in § 7-701 of the Public Utilities
23 Article.

24 (2) In determining whether or not to grant a waiver under paragraph (1) of
25 this subsection, the Board shall consider the effect of imposing the termination clause
26 requirement under subsection (e) of this section on the ability of the energy supplier to
27 obtain financing for the renewable energy generation project that produces the energy that
28 the State is contracting to procure.]

29 Article – State Government

30 9-2016.

31 (f) A grant awarded under subsection (e) of this section shall be funded from [fees
32 collected under § 7-705(b)(2)(i)2 of the Public Utilities Article and allocated in accordance
33 with § 9-20B-05(g-1) of this title] **THE MARYLAND STRATEGIC ENERGY INVESTMENT**

1 **FUND ESTABLISHED UNDER § 9–20B–05 OF THIS TITLE.**

2 9–20B–05.

3 (a) There is a Maryland Strategic Energy Investment Fund.

4 (b) The purpose of the Fund is to implement the Strategic Energy Investment
5 Program.

6 (c) The Administration shall administer the Fund.

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

9 (2) The Treasurer shall hold the Fund separately and the Comptroller shall
10 account for the Fund.

11 (e) The Fund consists of:

12 (1) all of the proceeds from the sale of allowances under § 2–1002(g) of the
13 Environment Article;

14 (2) money appropriated in the State budget to the Program;

15 (3) repayments and prepayments of principal and interest on loans made
16 from the Fund;

17 (4) [compliance fees paid under § 7–705 of the Public Utilities Article;

18 (5)] money received from any public or private source for the benefit of the
19 Fund;

20 [(6)] (5) money transferred from the Public Service Commission under §
21 7–207.2(d)(3) of the Public Utilities Article; and

22 [(7)] (6) money distributed under § 2–614.1 of the Tax – General Article.

23 (f) The Administration shall use the Fund:

24 (1) to invest in the promotion, development, and implementation of:

25 (i) cost-effective energy efficiency and conservation programs,
26 projects, or activities, including measurement and verification of energy savings;

27 (ii) renewable and clean energy resources;

28 (iii) climate change programs directly related to reducing or

1 mitigating the effects of climate change; and

2 (iv) demand response programs that are designed to promote
3 changes in electric usage by customers in response to:

4 1. changes in the price of electricity over time; or

5 2. incentives designed to induce lower electricity use at times
6 of high wholesale market prices or when system reliability is jeopardized;

7 (2) to provide targeted programs, projects, activities, and investments to
8 reduce electricity consumption by customers in the low-income and moderate-income
9 residential sectors;

10 (3) [to provide supplemental funds for low-income energy assistance
11 through the Electric Universal Service Program established under § 7-512.1 of the Public
12 Utilities Article and other electric assistance programs in the Department of Human
13 Services;

14 (4) to provide rate relief by offsetting electricity rates of residential
15 customers, including an offset of surcharges imposed on ratepayers under Title 7, Subtitle
16 2, Part II of the Public Utilities Article;

17 [(5)] to provide grants, loans, and other assistance and investment as
18 necessary and appropriate to implement the purposes of the Program as set forth in §
19 9-20B-03 of this subtitle;

20 [(6)] (4) to implement energy-related public education and outreach
21 initiatives regarding reducing energy consumption and greenhouse gas emissions;

22 [(7)] (5) to provide rebates under the Electric Vehicle Recharging
23 Equipment Rebate Program established under § 9-2009 of this title;

24 [(8)] (6) to provide grants to encourage combined heat and power projects
25 at industrial facilities;

26 [(9)] (7) to provide at least \$1,200,000 in each fiscal year for fiscal year
27 2025 through fiscal year 2028 to the Climate Technology Founder's Fund established under
28 § 10-858 of the Economic Development Article;

29 [(10)] (8) subject to subsection (f-2) of this section, to provide at least
30 \$2,100,000 in funding each fiscal year to the Maryland Energy Innovation Fund established
31 under § 10-835 of the Economic Development Article;

32 [(11)] (9) to provide at least \$500,000 each year to the Resiliency Hub
33 Grant Program Fund under § 9-2011 of this title;

1 ~~[(12)]~~ **(10)** to provide grants through the Customer–Sited Solar Program
2 under § 9–2016 of this title;

3 ~~[(13)]~~ **(11)** notwithstanding subsection (g) of this section, to pay costs
4 associated with the Air and Radiation Administration within the Department of the
5 Environment; and

6 ~~[(14)]~~ **(12)** to pay the expenses of the Program.

7 (f–1) (1) Any funding provided under subsection ~~[(f)(9)]~~ **(F)(7)** of this section
8 that is not spent in a given fiscal year shall revert to the Fund in the following fiscal year.

9 (2) The Administration may provide additional funding for the purposes
10 stated in subsection ~~[(f)(9)]~~ **(F)(7)** of this section.

11 (f–2) Of the funds transferred to the Maryland Energy Innovation Fund under
12 subsection ~~[(f)(10)]~~ **(F)(8)** of this section:

13 (1) at least \$1,200,000 may be used to fund the Maryland Clean Energy
14 Center established under § 10–806 of the Economic Development Article; and

15 (2) at least \$900,000 may be used to fund the Maryland Energy Innovation
16 Institute established under § 10–829 of the Economic Development Article.

17 (g) Proceeds received by the Fund from the sale of allowances under § 2–1002(g)
18 of the Environment Article shall be allocated as follows:

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

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

27 (i) the low–income residential sector at no cost to the participants
28 of the programs, projects, or activities; and

29 (ii) the moderate–income residential sector;

30 (3) at least 20% shall be credited to a renewable and clean energy programs
31 account for:

1 (i) renewable and clean energy programs and initiatives;

2 (ii) energy-related public education and outreach; and

3 (iii) climate change and resiliency programs; and

4 (4) up to 10%, but not more than \$7,500,000, shall be credited to an
5 administrative expense account for costs related to the administration of the Fund,
6 including the review of electric company plans for achieving electricity savings and demand
7 reductions that the electric companies are required under law to submit to the
8 Administration.

9 [(g-1) Proceeds received by the Fund from compliance fees under § 7-705(b)(2)(i)2 of
10 the Public Utilities Article shall be allocated as follows:

11 (1) beginning in fiscal year 2025, at least 20% of the proceeds shall be used
12 to provide grants to support the installation of new solar energy generating systems under
13 the Customer-Sited Solar Program;

14 (2) up to 10% of the proceeds shall be credited to an administrative expense
15 account for costs related to the administration of the Fund;

16 (3) proceeds collected but unused from a previous year shall be used before
17 proceeds allocated for the current year; and

18 (4) the Administration shall reallocate to other authorized uses any
19 proceeds that are not used within 3 fiscal years after collection.]

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

22 (i) low-income energy efficiency programs;

23 (ii) residential and small business energy efficiency programs;

24 (iii) commercial and industrial energy efficiency programs;

25 (iv) State and local energy efficiency programs;

26 (v) demand response programs;

27 (vi) loan programs and alternative financing mechanisms; and

28 (vii) grants to training funds and other organizations supporting job
29 training for deployment of energy efficiency and energy conservation technology and
30 equipment.

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

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

9 (i) [(1) Except as provided in paragraphs (2), (3), and (4) of this subsection,
10 compliance fees paid under § 7-705(b) of the Public Utilities Article may be used only to
11 make loans and grants to support the creation of new Tier 1 renewable energy sources in
12 the State that are owned by or directly benefit:

13 (i) low- to moderate-income communities located in a census tract
14 with an average median income at or below 80% of the average median income for the State;
15 or

16 (ii) overburdened or underserved communities, as defined in § 1-701
17 of the Environment Article.

18 (2) Compliance fees paid under § 7-705(b)(2)(i)2 of the Public Utilities
19 Article shall be accounted for separately within the Fund and may be used only to make
20 loans and grants to support the creation of new solar energy sources in the State that are
21 owned by or directly benefit:

22 (i) low- to moderate-income communities located in a census tract
23 with an average median income at or below 80% of the average median income for the State;

24 (ii) overburdened or underserved communities, as defined in § 1-701
25 of the Environment Article; or

26 (iii) households with low to moderate income, as defined in § 9-2016
27 of this title.

28 (3) For fiscal year 2026 only, up to \$100,000,000 of compliance fees paid
29 under §§ 7-705(b) and 7-705(b)(2)(i)2 of the Public Utilities Article shall be accounted for
30 separately within the Fund and may be used for solar development on State government
31 property and local government clean energy projects.

32 (4) (i) Subject to subparagraphs (ii), (iii), and (iv) of this paragraph,
33 compliance fees paid under § 7-705 of the Public Utilities Article may be used to provide
34 grants to electric companies to be refunded or credited to each residential distribution

1 customer based on the customer's consumption of electricity supply that is subject to the
2 renewable energy portfolio standard.

3 (ii) The refunding or crediting of amounts to residential distribution
4 customers shall be identified on the customer's bill as a line item identified as a "legislative
5 energy relief refund".

6 (iii) An electric company awarded a grant under this paragraph:

7 1. may not retain any of the grant funds to cover overhead
8 expenses; and

9 2. shall provide all of the grant funds to residential
10 distribution customers.

11 (iv) The process under subparagraphs (i) and (ii) of this paragraph
12 related to the refunding or crediting of amounts to residential distribution customers shall
13 be directed and overseen by the Commission.

14 (i-1) (1) (i) In this subsection the following words have the meanings
15 indicated.

16 (ii) "Area median income" has the meaning stated in § 4-1801 of the
17 Housing and Community Development Article.

18 (iii) "Low and moderate income" means having an annual household
19 income that is at or below 120% of the area median income.

20 (2) Compliance fees paid under § 7-705(b-1) of the Public Utilities Article
21 shall be accounted for separately within the Fund and may be used only to make loans and
22 grants to promote increased opportunities for the growth and development of small,
23 minority, women-owned, and veteran-owned businesses in the State that install
24 geothermal systems in the State.

25 (j)] (1) The Treasurer shall invest the money of the Fund in the same manner
26 as other State money may be invested.

27 (2) Any investment earnings of the Fund shall be paid into the Fund.

28 (3) Any repayment of principal and interest on loans made from the Fund
29 shall be paid into the Fund.

30 (4) Balances in the Fund shall be held for the benefit of the Program, shall
31 be expended solely for the purposes of the Program, and may not be used for the general
32 obligations of government.

33 [(k)] (J) Expenditures from the Fund shall be made by:

1 (1) an appropriation in the annual State budget; or

2 (2) a budget amendment in accordance with § 7–209 of the State Finance
3 and Procurement Article.

4 ~~[(l)]~~ **(K)** An expenditure by budget amendment may be made under subsection
5 ~~[(k)]~~ **(J)** of this section only after:

6 (1) the Administration has submitted the proposed budget amendment and
7 supporting documentation to the Senate Budget and Taxation Committee, Senate
8 Education, Energy, and the Environment Committee, House Appropriations Committee,
9 and House Economic Matters Committee; and

10 (2) the committees have had 45 days for review and comment.

11 ~~[(m)]~~ **(L)** (1) A loan or grant made available from the Fund to a unit of State
12 or local government shall comply with §§ 14–416 and 17–303 of the State Finance and
13 Procurement Article.

14 (2) At least 80% of workers participating in a project or program that
15 receives money from the Fund must reside within 50 miles of the project or program, or
16 another distance defined by the local jurisdiction where the project or program is located.

17 SECTION 6. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
18 as follows:

19 **Article – Economic Development**

20 10–802.

21 (a) The General Assembly finds that:

22 (2) continued exclusive reliance on traditional forms of electricity supply
23 entrenches the State’s dependence on fossil fuels, working against the State’s policy of
24 decreasing greenhouse gas production[, as evidenced by the State’s accession to the
25 Regional Greenhouse Gas Initiative];

26 **Article – Environment**

27 2–107.

28 (a) There is a Maryland Clean Air Fund.

29 (b) ~~[Except as provided in § 2–1002(g) of this title, all]~~ **ALL** application fees,
30 permit fees, renewal fees, and funds collected by the Department under this title, **OR** Title

1 6, Subtitle 4 of this article, [or received from the Maryland Strategic Energy Investment
2 Fund under § 9–20B–05(g)(3)(iii) of the State Government Article,] including any civil or
3 administrative penalty or any fine imposed by a court under these provisions, shall be paid
4 into the Maryland Clean Air Fund.

5 2–1002.

6 [(g) (1) In this subsection, “allowance” means one ton of carbon dioxide that
7 may be bought, sold, traded, or banked for use under the Regional Greenhouse Gas
8 Initiative.

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

12 (3) The State may withdraw from the Initiative, as provided in the
13 December 20, 2005 memorandum of understanding of the Initiative, at any time after
14 January 1, 2009, if the General Assembly enacts a law to approve the withdrawal.

15 (4) If the Regional Greenhouse Gas Initiative expires and there is a
16 successor organization with the same purposes and goals, the Governor is encouraged to
17 join the State in the successor organization.

18 (5) Notwithstanding § 2–107 of this title, all of the proceeds from the sale
19 of Maryland allowances under the Regional Greenhouse Gas Initiative shall be deposited
20 in the Maryland Strategic Energy Investment Fund under § 9–20B–05 of the State
21 Government Article.

22 (6) If the State’s participation in the Regional Greenhouse Gas Initiative
23 ceases for any reason, the Governor shall report to the General Assembly, in accordance
24 with § 2–1257 of the State Government Article, regarding:

25 (i) Why participation ceased; and

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

29 Article – Natural Resources

30 5–307.

31 (a) In this section, “Fund” means the Mel Noland Woodland Incentives and
32 Fellowship Fund.

33 (g) The Department shall use the Fund:

1 (7) To provide financial assistance, as provided in the State budget, for the
2 administration of an urban and community forestry program established under § 5–426 of
3 this title, including:

4 (i) Increasing the number of communities with tree canopy goals;

5 (ii) Facilitating compliance with the Chesapeake Bay Program’s
6 forestry targets; AND

7 (iii) Supporting the use of urban tree canopy expansion for air quality
8 improvement purposes; [and

9 (iv) Helping achieve implementation of Regional Greenhouse Gas
10 Initiative offset opportunities in urban areas;]

11 Article – State Government

12 9–20B–05.

13 (a) There is a Maryland Strategic Energy Investment Fund.

14 (b) The purpose of the Fund is to implement the Strategic Energy Investment
15 Program.

16 (c) The Administration shall administer the Fund.

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

19 (2) The Treasurer shall hold the Fund separately and the Comptroller shall
20 account for the Fund.

21 (e) The Fund consists of:

22 (1) [all of the proceeds from the sale of allowances under § 2–1002(g) of the
23 Environment Article;

24 (2)] money appropriated in the State budget to the Program;

25 [(3)] (2) repayments and prepayments of principal and interest on loans
26 made from the Fund;

27 [(4)] (3) money received from any public or private source for the benefit
28 of the Fund;

29 [(5)] (4) money transferred from the Public Service Commission under §

1 7–207.2(d)(3) of the Public Utilities Article; and

2 ~~[(6)] (5)~~ money distributed under § 2–614.1 of the Tax – General Article.

3 (f) The Administration shall use the Fund:

4 (1) to invest in the promotion, development, and implementation of:

5 (i) cost-effective energy efficiency and conservation programs,
6 projects, or activities, including measurement and verification of energy savings;

7 (ii) renewable and clean energy resources;

8 (iii) climate change programs directly related to reducing or
9 mitigating the effects of climate change; and

10 (iv) demand response programs that are designed to promote
11 changes in electric usage by customers in response to:

12 1. changes in the price of electricity over time; or

13 2. incentives designed to induce lower electricity use at times
14 of high wholesale market prices or when system reliability is jeopardized;

15 (2) to provide targeted programs, projects, activities, and investments to
16 reduce electricity consumption by customers in the low-income and moderate-income
17 residential sectors;

18 (3) to provide grants, loans, and other assistance and investment as
19 necessary and appropriate to implement the purposes of the Program as set forth in §
20 9–20B–03 of this subtitle;

21 (4) to implement energy-related public education and outreach initiatives
22 regarding reducing energy consumption and greenhouse gas emissions;

23 (5) to provide rebates under the Electric Vehicle Recharging Equipment
24 Rebate Program established under § 9–2009 of this title;

25 (6) to provide grants to encourage combined heat and power projects at
26 industrial facilities;

27 (7) to provide at least \$1,200,000 in each fiscal year for fiscal year 2025
28 through fiscal year 2028 to the Climate Technology Founder’s Fund established under §
29 10–858 of the Economic Development Article;

30 (8) subject to subsection (f–2) of this section, to provide at least \$2,100,000
31 in funding each fiscal year to the Maryland Energy Innovation Fund established under §

1 10–835 of the Economic Development Article;

2 (9) to provide at least \$500,000 each year to the Resiliency Hub Grant
3 Program Fund under § 9–2011 of this title;

4 (10) to provide grants through the Customer–Sited Solar Program under §
5 9–2016 of this title;

6 (11) [notwithstanding subsection (g) of this section,] to pay costs associated
7 with the Air and Radiation Administration within the Department of the Environment; and

8 (12) to pay the expenses of the Program.

9 (f–1) (1) Any funding provided under subsection (f)(7) of this section that is not
10 spent in a given fiscal year shall revert to the Fund in the following fiscal year.

11 (2) The Administration may provide additional funding for the purposes
12 stated in subsection (f)(7) of this section.

13 (f–2) Of the funds transferred to the Maryland Energy Innovation Fund under
14 subsection (f)(8) of this section:

15 (1) at least \$1,200,000 may be used to fund the Maryland Clean Energy
16 Center established under § 10–806 of the Economic Development Article; and

17 (2) at least \$900,000 may be used to fund the Maryland Energy Innovation
18 Institute established under § 10–829 of the Economic Development Article.

19 (g) [Proceeds received by the Fund from the sale of allowances under § 2–1002(g)
20 of the Environment Article shall be allocated as follows:

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

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

29 (i) the low–income residential sector at no cost to the participants
30 of the programs, projects, or activities; and

31 (ii) the moderate–income residential sector;

32 (3) at least 20% shall be credited to a renewable and clean energy programs

1 account for:

2 (i) renewable and clean energy programs and initiatives;

3 (ii) energy-related public education and outreach; and

4 (iii) climate change and resiliency programs; and

5 (4) up to 10%, but not more than \$7,500,000, shall be credited to an
6 administrative expense account for costs related to the administration of the Fund,
7 including the review of electric company plans for achieving electricity savings and demand
8 reductions that the electric companies are required under law to submit to the
9 Administration.

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

12 (i) low-income energy efficiency programs;

13 (ii) residential and small business energy efficiency programs;

14 (iii) commercial and industrial energy efficiency programs;

15 (iv) State and local energy efficiency programs;

16 (v) demand response programs;

17 (vi) loan programs and alternative financing mechanisms; and

18 (vii) grants to training funds and other organizations supporting job
19 training for deployment of energy efficiency and energy conservation technology and
20 equipment.

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

23 (i) production incentives for specified renewable energy sources;

24 (ii) expansion of existing grant programs for solar, geothermal, and
25 wind programs;

26 (iii) loan programs and alternative financing mechanisms; and

27 (iv) consumer education and outreach programs that are designed to
28 reach low-income communities.

29 (i)] (1) The Treasurer shall invest the money of the Fund in the same manner

1 as other State money may be invested.

2 (2) Any investment earnings of the Fund shall be paid into the Fund.

3 (3) Any repayment of principal and interest on loans made from the Fund
4 shall be paid into the Fund.

5 (4) Balances in the Fund shall be held for the benefit of the Program, shall
6 be expended solely for the purposes of the Program, and may not be used for the general
7 obligations of government.

8 **[(j)] (H)** Expenditures from the Fund shall be made by:

9 (1) an appropriation in the annual State budget; or

10 (2) a budget amendment in accordance with § 7–209 of the State Finance
11 and Procurement Article.

12 **[(k)] (I)** An expenditure by budget amendment may be made under subsection
13 **[(j)] (H)** of this section only after:

14 (1) the Administration has submitted the proposed budget amendment and
15 supporting documentation to the Senate Budget and Taxation Committee, Senate
16 Education, Energy, and the Environment Committee, House Appropriations Committee,
17 and House Economic Matters Committee; and

18 (2) the committees have had 45 days for review and comment.

19 **[(l)] (J)** (1) A loan or grant made available from the Fund to a unit of State
20 or local government shall comply with §§ 14–416 and 17–303 of the State Finance and
21 Procurement Article.

22 (2) At least 80% of workers participating in a project or program that
23 receives money from the Fund must reside within 50 miles of the project or program, or
24 another distance defined by the local jurisdiction where the project or program is located.

25 9–20C–03.

26 (g) The Fund consists of:

27 (1) money appropriated by the State to the Fund;

28 (2) [money paid to the Fund by a qualified offshore wind project under §
29 7–704.1(h) of the Public Utilities Article;

30 (3)] money made available to the Fund through federal programs or private

1 contributions;

2 ~~[(4)] (3)~~ repayment of principal or payment of interest on a loan made
3 from the Fund;

4 ~~[(5)] (4)~~ proceeds from the sale, disposition, lease, or rental by the
5 Administration of collateral related to financing that the Administration provides under
6 this subtitle;

7 ~~[(6)] (5)~~ investment earnings of the Fund; and

8 ~~[(7)] (6)~~ any other money made available to the Administration for the
9 Fund.

10 SECTION 7. AND BE IT FURTHER ENACTED, That, notwithstanding any other
11 law:

12 (a) (1) A public service company, as defined in § 1–101 of the Public Utilities
13 Article, may not recover from rates or any stranded cost rider any costs associated with the
14 implementation of Title 7, Subtitle 2, Part II of the Public Utilities Article as it existed
15 before October 1, 2026.

16 (2) Public service companies may implement voluntary energy efficiency
17 programs that are not funded through mandatory ratepayer charges.

18 (b) (1) The renewable energy portfolio standard is abolished by this Act, and
19 all compliance requirements, including renewable energy credits and alternative
20 compliance fees, are terminated.

21 (2) On and after the effective date of this Act, an electricity supplier may
22 not recover from rates any costs related to the renewable energy portfolio standard.

23 SECTION 8. AND BE IT FURTHER ENACTED, That:

24 (a) The Governor shall immediately begin the process of withdrawing the State
25 from participation in the Regional Greenhouse Gas Initiative.

26 (b) Within 30 days after receiving notice that the State is withdrawn from
27 participation in the Regional Greenhouse Gas Initiative, the Governor shall report to the
28 General Assembly in accordance with § 2–1002(g)(6) of the Environment Article.

29 SECTION 9. AND BE IT FURTHER ENACTED, That:

30 (a) Section 6 of this Act shall take effect contingent on:

31 (1) the State's withdrawal from participation in the Regional Greenhouse
32 Gas Initiative; and

1 (2) the receipt by the General Assembly of the report required under §
2 2–1002(g)(6) of the Environment Article.

3 (b) Within 5 days after the report required under § 2–1002(g)(6) of the
4 Environment Article is received, the General Assembly shall notify the Department of
5 Legislative Services.

6 (c) If notice of the receipt of the report is received by the Department of
7 Legislative Services on or before June 1, 2031, Section 6 of this Act shall take effect on the
8 date the notice is received by the Department of Legislative Services in accordance with
9 subsection (b) of this section.

10 (d) If notice of the receipt of the report is not received by the Department of
11 Legislative Services on or before June 1, 2031, Section 6 of this Act, with no further action
12 required by the General Assembly, shall be null and void.

13 SECTION 10. AND BE IT FURTHER ENACTED, That the publisher of the
14 Annotated Code of Maryland, in consultation with and subject to the approval of the
15 Department of Legislative Services, shall correct, with no further action required by the
16 General Assembly, cross–references and terminology rendered incorrect by this Act. The
17 publisher shall adequately describe any correction that is made in an editor’s note following
18 the section affected.

19 SECTION 11. AND BE IT FURTHER ENACTED, That a presently existing
20 obligation or contract right may not be impaired in any way by this Act.

21 SECTION 12. AND BE IT FURTHER ENACTED, That, subject to Section 9 of this
22 Act, this Act shall take effect October 1, 2026.