Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Mary Beth Tung, Director

D13A13
MARYLAND ENERGY ADMINISTRATION
FY 2020 BUDGET HEARING

Testimony of Mary Beth Tung
Director

House Transportation & Environment Subcommittee
February 27, 2019

Senate Public Safety, Transportation, & Environment Subcommittee
March 1, 2019

Good afternoon, MEA expresses its gratitude the Chair and members of the subcommittee for the opportunity to respond to the Department of Legislative Services' analysis of the Maryland Energy Administration Fiscal Year 2020 Budget. For the record, I am Mary Beth Tung, Director of the Maryland Energy Administration and joining me at the table today is our Acting Legislative Director, Landon Fahrig and our Director of Finance and Administration, Ralph Scherini. Also with us in the front row are other members of our staff prepared to provide whatever detailed responses may be necessary during our hearing.

My sincere thanks to Tonya Zimmerman for her usual expert work and analysis of this budget and for the succinct manner in which she presents some complex and often times confusing energy issues.

There is one recommendation in the analysis which is to include a reporting narrative to the budget bill and we are in agreement with that recommendation.

MEA is a small, independent agency of 37 employees and focused on a rather large mission: to promote affordable, reliable and cleaner energy for the benefit of all Marylanders. We accomplished this through our policy efforts and testimony on behalf of the State before the PSC and other energy related proceedings, through the programs we operate and sponsor, and through the administration of the Strategic Energy Investment Fund (SEIF) on behalf of the State. Ms. Zimmerman's analysis and summary truly are informative so I'll quickly address the four areas we were asked to remark upon so we may address any further questions the committee may have.

Maryland State Electric Vehicle Registration and Infrastructure

On page 12 of the analysis: we are asked to comment on efforts by MEA to increase all electric vehicle registrations in the State and available public charging infrastructure, including work with PSC, utilities, and MDE. And on whether MEA expects to continue to support electric vehicle deployment and recharging equipment after the scheduled end of the electric vehicle programs in fiscal 2020.

Increasing the utilization of electric transportation in the transportation sector is a high priority for the Agency. MEA has and is currently taking several actions to increase electric vehicle registrations and available charging infrastructure within the State.

MEA currently provides partial funding for the State's EV Excise Tax Credit Program through transfers from the SEIF. Additionally, we operate two incentive programs that assist the purchase and installation of EV charging infrastructure: the Electric Vehicle Supply Equipment (EVSE) Rebates Program (non-competitive, mostly for Level 2 chargers) and the Alternative Fuel Infrastructure Program (competitive with DC fast chargers being one of several eligible technologies).

As a long standing member of the Electric Vehicle Infrastructure Council (EVIC), MEA works with other State agencies to increase EV registrations through increased EV awareness via outreach efforts focused on workplace charging, vehicle dealership and public education. For example, MEA supported an education and outreach event at the Pepco Watershed facility in July 2018. MEA also participates in the U.S. Department of Energy (DOE) Clean Cities Program which for the past decade has provided federal grants to advance alternative fuels and energy-efficient vehicle technologies through public outreach and education.

MEA also coordinates with other state agencies on the development of infrastructure plans that will come from several non-State funding streams/programs, including VW Environmental Mitigation Trust (EMT), VW Electrify America, and PC 44 programs. MEA continues to participate in EV planning discussions with groups such the Transportation Climate Initiative at Georgetown University and Northeast States for Coordinated Air Use Management (NESCAUM) to ensure that State efforts align with broader regional EV efforts in neighboring states.

Commensurate with funding availability, MEA anticipates continuing support of electric vehicle and recharging infrastructure deployment after the scheduled end of the electric vehicle programs in fiscal 2020

Federal Funding for State Buildings EE Grants

On Page 19 we are asked to comment on whether we plan to make another withdrawal of ARRA funds from the SALP. This issue addresses our efforts to create a State Buildings Energy Efficiency grant initiative using federal funding currently in the State Agency Loan Program (SALP) fund. There is approximately $7 million of federal funds in the SALP corpus, about half as cash balance and half in outstanding loans. We are using the cash balance to fund the new grant program and based on the loan repayment schedules, should have another $2 million available in FY2023 for another infusion to the State Buildings Grant program.

Statutory Changes to the Jane E. Lawton Loan Program

On pages 31 and 32 where the analysis addresses the legislative changes to the Lawton loan program currently pending before the Legislature, we are asked to *comment on if we still expect to reserve a portion of the Lawton annual appropriation for private businesses and nonprofits…* and the answer is yes. Current statute requires us to reserve a portion of the annual Lawton program for nonprofit organizations for at least 90 days. Our Lawton regulations further define that portion as 20% of the annual amount. In a similar manner, we plan to reserve a portion for local governments and private businesses for the first six months of the year.

Adjustments to Future Spending Plans

On page 21 of her analysis, Ms. Zimmerman asked us to comment on how the agency will adjust future spending plans given the lower availability of non-RGGI-sourced funding. MEA has already been adjusting the State's energy spending over the past few budget cycles for the lower RGGI revenues. As stated in the analysis (pages 22-23), RGGI auction revenues began to decline in 2016 following several robust years. So for FY17 and FY18 we downsized our reliance on RGGI derived revenues, utilizing other sources as available. We refocused energy programs where needed and in total executed about 60% of our original RGGI funded appropriations for those years; thereby preserving those funds. As shown on Exhibit 14 on page 27, our FY20 RGGI derived Energy Efficiency programs are budgeted at $6.8 million, roughly the size we would conservatively expect going forward. The Renewable Energy program, budgeted for just over $4 million of RGGI derived funding in FY20, is still benefitting from other available fund sources. Due to our efforts over the past few years, the SEIF fund balance in the renewable energy sub account of the SEIF is still strong enough to support programs at double that level for several years into the future with the currently forecasted RGGI revenues. As addressed on page 24 of the analysis, we are seeing RGGI revenues strengthening as a result of the program reviews by the RGGI states and over the next few months will be reviewing revenue forecasting methods to better accommodate the new RGGI rules.

This concludes my prepared remarks. Again, thank you for your time this afternoon; I and my staff are available to answer any further questions the committee may have.