



Wes Moore, Governor  
Aruna Miller, Lt. Governor  
Kelly Speakes-Backman, Director

MARYLAND ENERGY ADMINISTRATION  
Fiscal Year 2027 Operating Budget  
Response to Department of Legislative Services Analysis

*Senate Budget and Taxation Committee  
Public Safety, Transportation & Environment Subcommittee  
Chair: Senator Shelly Hettleman  
February 26, 2026*

*House Appropriations Committee  
Transportation and Environment Subcommittee  
Chair: Delegate Courtney Watson  
March 2, 2026*

**Testimony of Kelly Speakes-Backman, Director**

Madam Chair and members of the Subcommittee, thank you for the opportunity to present these comments on behalf of the Maryland Energy Administration (MEA). For the record, I am Kelly Speakes-Backman, the new Director of MEA. I have a long professional history working on clean energy and energy efficiency, in the private sector and both State and Federal government, including a term as Commissioner on Maryland's Public Service Commission. I also had the opportunity to serve at the U.S. Department of Energy during the Biden Administration. I am excited to take the helm at MEA to work with Governor Moore, and all of you, to address our growing energy demands with clean, affordable and reliable energy solutions.

The mission of MEA is to promote clean, affordable, reliable energy and energy-related greenhouse gas emission reductions to benefit Marylanders in a just and equitable manner. We do this by advancing impactful energy policy and by administering a broad portfolio of financial and technical assistance to Maryland residents, businesses, schools and local governments.

Maryland is experiencing some of the fastest rising energy costs in the country – our average price of electricity for residential customers in Maryland increased from 18.4 to 21.3 cents/kWh from November 2024 to November 2025, a roughly 15% increase. Against the backdrop of this affordability crisis, Maryland must also find ways to deal with very real grid reliability and resilience challenges as well.

Recent extreme weather events illustrate the intensity of this challenge. When Winter Storm Fern left Maryland blanketed by icy snow, the state was advised by our regional transmission operator PJM and BGE that its service area faced the not insignificant potential for rolling blackouts. Thankfully, the

blackouts didn't happen this time, but the take-away remains: making sure the lights stay on at times of peak usage without overbuilding the system is becoming increasingly complex.

This balancing act is growing more common during the hottest summer months, which historically have exceeded winter peaks. On August 11, 2025, a substation outage occurred at BGE's Brandon Shores substation near Baltimore, requiring roughly 20 MW of customer load shed, impacting approximately 4,000 customers for nearly 30 min. That outage was triggered by multiple failed insulators, which led to the loss of the entire substation and required coordinated efforts between BGE and PJM to manage the situation through escalating emergency procedures. The most recent long term reliability assessment from the North American Electric Reliability Corporation (NERC) suggests our region is not an anomaly; most of the country is at a high or elevated risk of resource adequacy shortfalls.

So, how do we address these challenges - the very real, and very critical issue of affordability - while maintaining our climate and resilience goals?

*First*, Governor Moore recently joined the 13 Governors from PJM states and the White House in asking PJM to extend wholesale electricity price caps, to continue efforts to clear the backlog of clean energy in the new generation approval queue, and to improve its load forecasting. PJM just announced that it will extend the price collar for two more years.

*Second*, within Maryland, we must better collaborate across agencies and work with other stakeholders to ensure that those Marylanders least able to afford higher energy prices have access to direct energy assistance and financial support for energy efficiency practices. In his December Executive Order, Governor Moore directed MEA and the Department of Human Services to examine current energy assistance programs to ensure they are optimized to serve Marylanders in need.

*Third*, I would like to share how MEA is deploying funds from the Strategic Energy Investment Fund (SEIF) to help Marylanders access clean energy and implement energy efficiency and cost-effective electrification practices:

- In FY25 alone, MEA programs incentivized the deployment of nearly 100 MW (99,715 kW) of solar capacity, served 6,326 low to moderate income households, and funded projects that are expected to reduce annual greenhouse gas emissions by 116,402 Metric tons of CO2 equivalents.
- In FYs 2024 and 2025, MEA's Community Solar Program added 78 MW of solar to the grid, serving 10,500 low and moderate-income subscriber households who are anticipated to benefit from \$99 million in total utility bill savings over 20 years.
- And finally, MEA funded 14 public school electrification projects in 9 Counties in FY24 and FY25. These projects are anticipated to reduce GHG emissions by 1,923 metric tons of CO2e annually for a total lifetime savings of 38,832 metric tons of CO2e. Roughly 36,018 students will benefit from these projects!

Next, I address the questions posed by the Department of Legislative Services. I want to extend my gratitude to our DLS analyst, Suveksha Bhujel, for her comprehensive review of MEA's budget.

## MEA Responses to DLS Analysis and Questions

### **MEA should discuss the reason for the anticipated decrease in energy savings from LMI energy efficiency programs despite higher spending in fiscal 2025. (page 8)**

Overall costs per household served have increased due to costs per project and a shift to replacing larger scale, more expensive equipment. Therefore, the cost allowed per household was increased to \$18,000 per household served in FY24 and FY25, compared to \$12,000 in previous program years. For FY26, the per project allowance further increased to \$21,000 per household, reflecting this trend. For example, the simplest and least costly energy efficiency measures, such as lighting, are becoming less common with the near ubiquitous availability of low cost light emitting diode (LED) lights. To achieve energy and cost savings, projects must increasingly rely on replacing higher cost measures such as heating and cooling equipment - equipment that has experienced meaningful increases in labor and material costs due to inflation, tariffs and other factors. In addition, a greater share of funds have been allocated to address health & safety and conditions that require remediation before an energy efficiency retrofit can be implemented.

### **MEA should discuss the programs and associated canceled funds. MEA should comment on its efforts to fully utilize the authorized amounts. DLS recommends adding language restricting funds in the fiscal 2027 budget pending submission of a report providing explanations of canceled funds at fiscal 2026 closeout. (page 10)**

MEA works diligently each year to obligate its full appropriation, but this can be challenging. MEA allocates funding to programs based on the allowed uses of each funding source. Externalities beyond MEA's control often influence the number and quality of applications received each year. Appropriated funding not utilized in FY25 falls into three general categories:

1. **New program "ramp up"**. Funding allocations for new programs are often made using best professional judgement regarding anticipated uptake and applications simply do not meet allocated amounts. For example, approximately \$1.1 Million allocated to Community Building Electrification, as part of Governor Moore's \$90 Million Climate Down Payment through the Dedicated Purpose Account (DPA) was not encumbered in FY25. Similarly, the new Electric School Bus Program (funded through the DPA) and the statutorily-created Maryland Solar Access Program (MSAP), which launched midway through the fiscal year in January 2025, failed to meet their first-time budget allocations. All three of these programs have continued in FY26, with increased levels of interest and requests for funding. The DPA programs and MSAP account for \$16.8 million of the unencumbered funds in FY25.
2. **Federal funding uncertainty**. In FY25 Federal funds were not fully utilized due to uncertainty created by Federal actions. For example, the Federal Energy Efficiency and Conservation Block Grant (EECBG) appropriation was not used because no applications were received in FY25 from local governments, even though MEA offered the funds. MEA reissued the EECBG program in

FY26 and awarded almost \$1M to local governments. In another example, MEA is required to submit prospective subgrantees under the Section 40101D program to DOE for approval prior to making awards. Award recommendations were made at the end of FY25 but have not yet been approved by the Federal government.

3. **Other unspent appropriated funds.** There was approximately \$1.3 million within the “Energy Efficiency, Other” subaccount that had allowable expenses restricted within the Pepco and DPL service territories that were not able to be encumbered.

MEA agrees with DLS that we can improve how we complete our comprehensive review of appropriated funds during the year-end closeout process to identify which programs’ funds were not fully expensed or encumbered. MEA will continue to strive to fully disburse full appropriation amounts.

**MEA should discuss the plan for expending remaining funds in these accounts. (SEIF Balance for Non-RGGI-sourced Subaccounts page 14)**

The majority of these funds are associated with two PSC-directed expenditures related to the Pepco/Exelon merger and the AltaGas/WGL settlement. Both funds are severely restricted in how they can be utilized. MEA is assigning the remaining funds under the Pepco/Exelon merger to qualifying energy efficiency projects on a case-by-case basis to draw down the funds. These funds are restricted to commercial energy efficiency and combined heat and power projects only within Pepco’s territory. Funding from the AltaGas/WGL settlement were one-time funds restricted to projects that expand natural gas utilization and infrastructure in Maryland, with a set-aside for use only within the WGL territory. In line with Maryland’s climate goals, MEA no longer funds natural gas expansion. MEA was authorized, under Section 3 of the 2023 BRFA (Chapter 103 of the 2023 Laws of Maryland) to use \$9.25 million of the money derived from the AltaGas Ltd. and WGL Holdings, Inc. merger to support the repair of existing natural gas infrastructure in the Washington Gas service territory. In FY24, MEA allocated \$9.25M to WGL for leak repairs, and has no plans to use the remaining funds.

**DLS recommends adding language restricting funds in fiscal 2027 pending submission of MEA’s funding by programmatic activity and source. (page 18)**

MEA accepts this recommendation.

**MEA should comment if it anticipates full utilization of the \$50.0 million authorized by Chapter 604 in fiscal 2026. (page 26)**

MEA anticipates full utilization of the \$50 million authorized in FY 2026. The Local Government Energy Modernization (L-GEM) program was designed as a formula-based block grant program for Maryland counties, based on (a) the number of counties that applied for funding and (b) county population, to encumber the full amount under Chapter 604 in FY2026. The block grants allow counties to utilize awarded funds for planning and execution of clean energy projects over three years. Given the flexible

program design and aggressive outreach to local governments, MEA received applications from 22 of 24 counties.

**MEA should comment on the planned uses of the funds for these programs to describe how they are being used to support LMI communities. DLS also recommends adding language making funds for these three programs contingent on enactment of legislation expanding the authorized uses of ACP to include development of Tier 1 Renewable Energy Generation generally. (page 26)**

In FY26, each of the programs listed in Exhibit 12 had a Funding Opportunity Announcement (FOA) and eligibility requirements for funding listed on MEA's website. Many of the programs limit eligibility to projects located in or benefitting low-to-moderate and overburdened communities in Maryland. MEA provides a map of eligible census tracts to help applicants understand their eligibility. In addition, under 7-705(b)(2)(i)(2), individual households outside of these census tracts can also qualify based on income. In the FY27 budget, each of the listed programs under the \$69 million in Solar ACP, is required to be located in or serve low to moderate income or overburdened communities.

Of the \$29 million listed for Other program uses, many are similarly directed to LMI and overburdened households. For example, the FY26 FOA for Resilient Maryland offered three Areas of Interest (AOIs); of the three, AOI3 is limited to the development of Resiliency Hubs that "must be located within a community classified as LMI or overburdened, as defined in State Government Article §9-20B-05(i)(1), and the majority of households served must be LMI as defined in State Gov't Art. § 9-2014 (2022)." Similarly, in FY26 the Commercial Building Program began offering grants for qualified energy improvements in nongovernmental buildings that served more than 50% of its clientele from low-income populations. MEA expects to similarly focus FY27 funding to benefit LMI and overburdened populations.

**As the expanded uses of ACP revenues are included in both the BRFA and the Administration bills, DLS recommends striking duplicative provisions in the BRFA. (page 28)**

While MEA agrees that duplicative provisions should be avoided, MEA disagrees with the proposed remedy. We believe the language related to expanded uses of RPS / ACP contained within the BRFA is more expansive than the Administration's energy bill and should remain in the BRFA, along with other FY27 uses of the RPS ACP.

**MEA should discuss why some of the new items are being taken off of the top of the revenue before distribution instead of being allocated under the related program and how it determines which programs should or should not be distributed through this manner. (page 35)**

Where the law requires transfers or programs sourced from the SEIF notwithstanding the RGGI formula in State Govt §9-20B-05, MEA believes that off-the-top distributions are appropriate. Off-the-top distributions ensure that MEA programs are not "crowded out" by external programs funded under a

specific RGGI subaccount.

**MEA should clarify the source of funds used for this purpose. (page 35)**

The source of funds should be the “RGGI, Renewable and Clean Energy Programs” subaccount.

**MEA should comment on this decrease in MEA-incentivized charging stations. (page 42)**

MEA’s EVSE rebates are available to both residential and commercial applicants. Residential applicants may receive 50%, up to \$700 for the costs of installing a charger; while commercial applicants are eligible to receive 50% of costs, up to \$5,000 per port. Rebates are granted on a first-come first-served basis in the order they are received. Due to increasing installation costs, in FY25 more residential rebates were awarded at the \$700 cap, making fewer rebates possible. Commercial rebates were also higher, on average, per applicant in FY25 compared to FY24.

MEA also launched the Community EVSE program, funded by a Dedicated Purpose Account (DPA) and one of three programs created under Governor Moore’s \$90 million Climate Down Payment, above and beyond MEA’s budget and spread across two program years. In FY25, the Community EVSE grant program funded projects to support 187 EV charging ports, of which 122 are Level 2 and 65 are DC Fast Charging ports. It should be noted that the community charging stations are available for use by multiple end users. The Zero-Emission School Bus Program funded the addition of 40 additional DC Fast Charging ports.

Lastly, overall the installation of fast charging across programs rose from 32 ports in FY24 to 111 ports in FY25. While more expensive than Level 2, fast chargers offer significantly faster charging, allowing more vehicles to charge in a given period.

**Operating Recommended Actions (pages 44-49)**

MEA respectfully requests that the proposed “Gap Financing Program” identified in Recommendation #1 be made contingent on BRFA language authorizing expanded allowable uses of Alternative Compliance Payments rather than making this contingent on legislation specifically authorizing a Gap Financing Program. MEA believes it already has the authority to operate a Gap Financing program, but needs additional flexibility to deploy ACP funds for that purpose.