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**BILL NO.:** House Bill 1040 – Maryland Strategic Energy Investment Fund - Mandated Uses - Climate Change Programs

**COMMITTEE:** Environment and Transportation

**HEARING DATE:** March 3, 2026 (ENT)

**SPONSOR:** Delegates Stein and Watson

**POSITION:** Informational

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The Office of People’s Counsel (OPC) respectfully offers the following informational comments on House Bill 1040, Maryland Strategic Energy Investment Fund - Mandated Uses - Climate Change Programs. HB 1040 proposes changes to section 9–20B–05 of the State Government Article, which establishes the Maryland Strategic Energy Investment Fund (SEIF) and prescribes authorized uses of SEIF funds. Specifically, HB 1040 amends subsection 9–20B–05(f) of the SEIF statute to provide for \$365 million in annual spending prior to the expenditure of: (1) funds under subsection 9–20B–05(g), which governs the expenditure of Regional Greenhouse Gas Initiative (RGGI) proceeds, and (2) funds under subsection 9–20B–05(i), which governs the expenditures of alternative compliance payments (ACPs) received under the State’s Renewable Portfolio Standard. HB 1040 also makes related changes to subsection 9–20B–05(g).

As currently drafted, HB 1040 would likely reduce the amount of money available to fund Maryland’s electric universal service program (EUSP), which provides critical energy assistance for low-income utility customers. Under subsection 9–20B–05(g)(1), at least 50 percent of RGGI proceeds (all of which are deposited into the SEIF) must be used to fund EUSP and other electricity assistance programs. But subsection 9–20B–05(f)(14) provides for the expenditure of \$365 million per year “before providing any other funding in this section.” If ACP revenues totaled \$365 million or more per year, MEA could use those revenues to fund all of the “off the top” expenditures provided for by subsection 9–20B–05(f)(14). But even at their current historically high levels, the

ACPs deposited into the SEIF are only a fraction of this amount. Consequently, MEA likely would have to use RGGI funds for the (f)(14) expenditures, almost certainly leaving less than 50 percent of total RGGI proceeds to fund EUSP, and thus conflicting with subsection 9–20B–05(g)(1).

Having discussed this issue with the bill’s sponsors, OPC understands that this outcome was not their intent, and that the sponsors instead wish to ensure that all SEIF funds not earmarked for energy assistance are spent in a manner consistent with the stated goals of the SEIF. OPC submits that the sponsors’ intent can be effectuated by moving the language proposed in subsection 9–20B–05(f)(14) to either subsection (g)—while preserving subsection (g)(1) in its present form—or subsection (i), and changing other provisions of those subsections accordingly. Again, these two parts of the law govern the expenditures of RGGI proceeds and ACPs, respectively.

Notwithstanding the later addition of subsections (f)(9), (f)(10), and (f)(11), subsection 9–20B–05(f) was originally codified as a list of the *general categories* of expenditures permissible under the SEIF. Including dollar-amount expenditures in section (f) leaves MEA without direction about which “pot” of SEIF funds—RGGI or ACPs—those expenditures should be taken from.<sup>1</sup> Such policy decisions should be made by the General Assembly and codified accordingly in subsections 9–20B–05(g) and (i).

OPC appreciates the sponsor’s willingness to address these concerns and looks forward to working together to develop amendments that ensure that the intended critical energy assistance funding remains available.

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<sup>1</sup> Amounts deposited into the SEIF from sources other than RGGI proceeds and ACPs are *de minimis*.