



Maryland
Energy
Administration

SELF Financials

Strategic Energy Investment Fund (SEIF)

Fund comprised of revenue from multiple sources intended to decrease energy demand and increase energy supply

- Revenues from Regional Greenhouse Gas Initiative (RGGI) Auctions
- Renewable Portfolio Standard (RPS) Alternative Compliance Payments (ACP)
- Public Service Commission (PSC) orders

Each revenue source comes with specific usage directives

Strategic Energy Investment Fund (SEIF)

- Guiding statute: § 9-20B
- SEIF statute directs the allocation of revenues from RGGI auctions to various sub-accounts
- Annual appropriations direct expenditures from sub-accounts
- Maryland Department of the Environment (MDE) provides management & oversight of the RGGI auction program of allowances
- MEA administers the SEIF



Strategic Energy Investment Fund (SEIF)

MEA's 3 Prime Directives in Administering the SEIF per § 9-20B-05

- Ensure SEIF resources are utilized only to carry out the purposes of the Program
- Fund may not be used for the general obligations of government
- Fund expenditures only made by an appropriation or budget amendment

RGGI Revenue Allocation to SEIF Sub-Accounts

DHS/EUSP	At Least	50%
EE L/M	At Least	10%
EE Other	At Least	10%
RE	At Least	20%
Admin	Up to	10%*
	*Not to Exceed \$7.5M	

RGGI Market

Regional CO₂ allowance auctions

- Quarterly
- Notice and application materials
- Centralized registry platform (RGGI COATS)
 - Allowance tracking
 - Emissions tracking
 - Compliance processing
 - Offsets projects
- Independent market monitor
 - Regional auctions
 - Secondary market

RGGI Auction Price Mechanics

Minimum Reserve Price: The minimum price that allowances can be sold for at a RGGI auction. As specified in Participating State regulations, the Minimum Reserve Price in calendar year 2024 was \$2.56.

Cost Containment Reserve (CCR): Designed to moderate the price of CO₂ Allowances if the demand for allowances exceeds the Initial Offering (i.e., the CO₂ Allowances that are offered for sale upon the opening of the auction) and the Interim Clearing Price exceeds the CCR Trigger Price. The CCR consists of 10% of the annual base budgets of the states. The CCR Trigger Price is the price which, if exceeded by the Interim Clearing Price, triggers a release of CO₂ allowances from the CCR. The CCR Trigger Price was established at \$15.92 for 2024 and will increase by 7% of the previous year each year thereafter.

The Emissions Containment Reserve (ECR): Designed to secure additional emissions reductions if the demand for allowances is close to the Initial Offering. The ECR consists of 10% of the annual base budgets of the states implementing the ECR. ECR Allowances are withheld, up to the ECR limit, if the Interim Clearing Price is less than the ECR Trigger Price. The ECR Trigger Price was established at \$7.35 for 2024 and will increase by 7% of the previous year each year thereafter.

RGGI Auction 62 Results

- Auction Date: March 13, 2024
- Total Allowances Sold: 24,272,157
- Clearing Price: \$16.00
- Total Auction Proceeds: \$388,354,512
- Auction Proceeds to Maryland: \$50,551,273
- Cost Containment Reserve (CCR): 8,413,278 CCR allowances were sold.
 - The CCR is a fixed additional supply of allowances that are made available for sale if an auction's interim clearing price exceeds a certain price level (\$15.92 in 2024). 8.4 million cost containment reserve (CCR) allowances were available for sale. All available CCR allowances were sold.

“Results from the fifth control period compliance show that RGGI is effectively regulating emissions across the participating states.” – Serena McIlwain, Secretary of the Maryland Department of the Environment and Vice Chair of the RGGI, Inc. Board of Directors.

RGGI Revenue, Allowances Sold and Allowance Price by RGGI Auction

	<u>Allowances Sold</u>	<u>Allowance Price</u>	<u>RGGI Revenue</u>
Auction 63	4,303,526	16.00	68,856,416
Auction 62	3,397,263	14.88	50,551,273
Auction 61	2,616,709	13.85	36,241,420
Auction 60	2,616,709	12.73	33,310,706
Auction 59	2,596,685	12.50	32,458,563
Total Auctions 1-63			1,227,970,412

SEIF Revenues

Revenues	<u>FY2023</u>	<u>FY2024</u>
RGGI Proceeds	144.3	189.8
TIER 1 RE ACP (LMI Solar ACP)	<u>75.0</u>	<u>56</u>
Fund Interest	<u>3.0</u>	<u>20.0</u>
Total	222.3	265.8*

*FY24 RGGI Proceeds and Fund Interest are estimates.

SEIF FY24 Status of Funds

\$ Millions

Cash Balance as of 6/30/2023		519.8
Less Prior Year Outstanding Encumbrances (MEA) ¹	-25.2	
Less Prior Year Outstanding Commitments (Non MEA)	-122.7	
Available Fund Balance for FY2024	371.9	
FY2024 Revenue Projection (@ with budget mechanism)	274.8	
FY2024 Appropriations	-213.1	
Projected Funds Available EOY ²		**433.6

1 Encumbrance value includes program related FY2023 accruals and revenue recognition

2 RGGI auction revenue in excess of the budgeted price are not included the funds available calculation for FY2024.

SEIF Uses of Funds

\$ Millions

	2023 Actual	2024 Approp	2025 Request
Dept of General Services (DGS)	3.9	3.9	3.9
Medium/Heavy Duty ZEV	0	0	10
Energy Assistance (DHS)	82.8	99.1	94.0
Dept of Natural Resources (DNR)	0	4.8	4.8
MD Dept of Environment (MDE) Includes RGGI Inc. Dues	2.5	2.4	2.5
MD Dept of Health (MDH)	1.1	0	0
MD Dept of Labor (MDL)	1.0*	1.0*	1.0
MD Energy Administration (MEA)	71.7	85.6	51.7
State Fleet EV Purchase Reimb.	1*	2.25*	1.25*
EV Excise Tax Rebate	0	8.25	8.25
MD Energy Innovation Institute (MEII)	2.1	2.1	2.1
MD Dept of Commerce	0.5*	0.5*	1.2*
Total	176.6	213.1	186.5

*Actual results reflect the appropriated amount when timing delays were experienced expending or encumbering the funds.

Budget

\$ Millions

Breakout	FY24	FY25 Request
Administration	\$6.8	\$7.1
Energy Efficiency Low-to-Moderate Income	\$20	\$11.5
Energy Efficiency All Other Sectors	\$33.5	\$15.5
Renewable and Clean Energy Programs	\$143.6	\$147.7



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