

Department of Legislative Services

Maryland General Assembly

2021 Session

FISCAL AND POLICY NOTE

Third Reader - Revised

Senate Bill 418

(Senator Pinsky, *et al.*)

Education, Health, and Environmental Affairs

Economic Matters

**Maryland Energy Administration – Energy and Water Efficiency Standards –
Alterations**

This bill replaces existing energy efficiency standard requirements for various products with energy and water efficiency standard authorizations and requirements for a new list of products – authorizing the Maryland Energy Administration (MEA) to adopt standards for certain products and requiring specified standards to be adopted for other products.

Fiscal Summary

State Effect: The bill is not expected to have a significant net impact on State finances in the near term and is expected to result in savings in the long term, as discussed below.

Local Effect: Similar to above, the bill is not expected to have a significant net impact on local government finances in the near term, and is expected to result in savings in the long term.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

New List of Products

The bill replaces existing energy efficiency standard requirements for various types of new products sold, offered for sale, or installed in the State, with energy and water efficiency standard authorizations and requirements for a new list of products: (1) electric vehicle supply equipment; (2) high color rendering index (CRI) fluorescent lamps; (3) portable electric spas; (4) air purifiers; (5) commercial dishwashers; (6) commercial steam cookers; (7) faucets; (8) residential ventilating fans; (9) showerheads; (10) spray sprinkler bodies; (11) urinals; (12) water closets; and (13) water coolers.

Applicability

Similar to the existing efficiency standard requirements, the newly established authorizations/requirements do not apply to (1) new products manufactured in the State and sold outside the State; (2) new products manufactured outside the State and sold at wholesale inside the State for final retail sale and installation outside the State; (3) products installed in mobile manufactured homes at the time of construction; or (4) products designed expressly for installation and use in recreational vehicles or marine vessels. The bill also newly establishes that the new efficiency standard authorizations/requirements do not apply to products to be sold at retail that are in stock at the retail establishment before the effective date of any efficiency standard regulation for that item.

Authorized Efficiency Standards

By January 1, 2022, MEA (1) must review minimum efficiency standards regulations for electric vehicle supply equipment and high CRI fluorescent lamps and (2) may adopt regulations establishing minimum efficiency standards for those products. If efficiency standards are adopted for those products, (1) beginning October 1, 2023, a new product may not be sold or offered for sale in the State unless it meets or exceeds the standards and (2) beginning October 1, 2024, with the exception of products sold before the regulations are in effect, a new product may not be installed for profit in the State unless it meets or exceeds the efficiency standards.

Required Efficiency Standards

By January 1, 2022, MEA must adopt regulations establishing minimum efficiency standards for (1) portable electric spas; (2) air purifiers; (3) commercial dishwashers; (4) commercial steam cookers; (5) faucets; (6) residential ventilating fans;

(7) showerheads; (8) spray sprinkler bodies; (9) urinals; (10) water closets; and (11) water coolers. The bill requires that the regulations provide for specified minimum efficiency standards for each of those products.

Beginning March 1, 2023, a new product may not be sold or offered for sale in the State unless it meets or exceeds those standards adopted by MEA. Beginning January 1, 2024, with the exception of products sold before the regulations are in effect, a new product may not be installed for profit in the State unless it meets or exceeds the efficiency standards.

Continued Provisions

Many provisions that apply under the existing efficiency standard requirements are retained and continue to apply under the efficiency standard authorizations/requirements for the new list of products (with certain modifications), including:

- authorization of MEA to, by regulation, clarify but not expand the scope of the devices subject to the efficiency standard requirements under the bill;
- authorization of MEA, on request of a Maryland business or consumer and after public notice and comment, to delay the effective date of any standard by not more than one year if products conforming to the standard will not be widely available in Maryland by the effective date;
- authorization of MEA to adopt regulations to increase the efficiency standards for the listed products;
- a requirement for MEA to consider and propose to the General Assembly standards for other products and revised, more stringent standards for the listed products, if specified criteria are met;
- authorization of MEA to apply for a waiver of federal preemption for any product regulated by the federal government, subject to specified requirements;
- authorizations of and requirements for MEA and manufacturers related to testing, certification, and labeling of regulated products;
- authorization of MEA to make periodic inspections of distributors or retailers to determine compliance with the efficiency standard requirements;
- authorization of MEA and the Attorney General to enforce the efficiency standard requirements through specified means, with repeat violators subject to a civil penalty of up to \$250 (paid into the general fund), and each violation and each day that a violation continues constituting a separate offense; and
- a requirement that MEA coordinate with specified State agencies regarding inspection, prior to occupancy, of newly constructed buildings containing new products that are also covered by the Maryland Building Performance Standards.

Current Law: Under provisions enacted largely under Chapters 2 and 5 of 2004 (“Maryland Energy Efficiency Standards Act”) and Chapter 568 of 2007 (“Maryland Energy Efficiency Standards Act of 2007”), MEA is required to adopt regulations establishing specified minimum efficiency standards for (1) torchiere lighting fixtures; (2) unit heaters; (3) low-voltage dry-type distribution transformers; (4) ceiling fan light kits; (5) red and green traffic signal modules; (6) illuminated exit signs; (7) commercial refrigeration cabinets; (8) large packaged air-conditioning equipment; (9) commercial clothes washers; (10) bottle-type water dispensers; (11) commercial hot food holding cabinets; (12) metal halide lamp fixtures; (13) residential furnaces; (14) single-voltage external AC to DC power supplies; (15) state-regulated incandescent reflector lamps; and (16) walk-in refrigerators and freezers.

MEA indicates that the existing efficiency standard requirements have been preempted by federal standards with respect to all but two of the products (bottle-type water dispensers and commercial hot food holding cabinets). The efficiency standard requirements for those two products do not appear to be in effect, in practice, in the State, since MEA regulations do not establish standards for the products. MEA indicates that bottle-type water dispensers are covered under the bill (as water coolers), but the commercial hot food holding cabinet efficiency standard requirement is repealed under the bill and not covered under the new efficiency standard authorizations/requirements.

State Fiscal Effect: Efficiency standards adopted under the bill are expected to result in an increase in the price of at least some of the affected products, which may increase State expenditures to the extent those affected products are purchased by the State. MEA, however, indicates that while certain products that meet the efficiency standard requirements of the bill may have higher costs, utility bill savings are expected to offset any cost increases within one year (or just over one year), with the exception of one product (high CRI fluorescent lamps, for which MEA is authorized, but not required, to adopt an efficiency standard). Savings continue in future years; however, the extent of future savings for State government has not been quantified.

MEA can implement the bill with existing resources. Any impact on general fund revenues due to the application of existing penalty provisions is expected to be minimal.

Local Fiscal Effect: Similar to the impact on State government, while local governments may incur higher costs to purchase certain products that meet the efficiency standard requirements under the bill, utility bill savings are expected to offset any cost increases within one year (or just over one year), with those savings continuing in future years.

Small Business Effect: Small businesses, in general, may incur higher costs to purchase certain affected products, but utility bill savings are expected to offset any increased costs within one year (or just over one year), with those savings continuing in future years.

Presumably, any small businesses involved in the manufacturing, sale, and/or installation of the affected products may be affected, whether positively or negatively, by the market for those products in the State being limited to products that meet the efficiency standards. The bill does, however, include provisions to help mitigate any negative impacts (*e.g.*, effective dates in 2023 and 2024, exemption of any products in stock at a retail establishment before the effective date of an efficiency standard regulation, and exemption of products sold before the effective date of an efficiency standard regulation from the prohibition against installation of products, for profit, that do not meet the efficiency standards).

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Energy Administration; University System of Maryland; Public School Construction Program; Department of General Services; Department of Housing and Community Development; Maryland Department of Labor; Maryland Department of Transportation; Appliance Standards Awareness Project; Department of Legislative Services

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Analysis by: Scott D. Kennedy

Direct Inquiries to:
(410) 946-5510
(301) 970-5510