



MARYLAND

CLEAN ENERGY CENTER

1212 West Street Suite 200 Annapolis, Maryland 21401

FY '13 ANNUAL REPORT

July 2012- June 2013

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Chairman's Letter



Ladies & Gentlemen:

As Chairman of a dynamic Board of Directors I've had a unique vantage point watching the Maryland Clean Energy Center evolve over time. It is remarkable to see the value this organization now brings to the clean energy sector, all the while working with a very small staff and limited funding.

MCEC is serving as a resource for consumers, businesses and policy makers. The instrumentality has now been in existence for four years and working to removing barriers to encourage the successful adoption of clean energy technologies and energy efficiency measures. Especially, in terms of access to capital, this year with the launch of the Maryland Clean Capital Program (MCAP), a turning point in the evolution of the organization.

The MCAP financing model was created to bring advantageous affordable private sector funding to public and not-for-profit entities allowing them to make energy related improvements, and subsequently benefit from the associated long term cost savings.

MCEC is now recognized for the valuable role the organization plays in convening related interests and facilitating partnerships. The Maryland Clean Energy Summit, held for three years in a row, is a highly recognized event for attendance by stakeholders in the region, drawing respected speakers and sponsors from all over the globe. Attendance at the annual Legislative Reception and advocacy efforts throughout the General Assembly session are also relevant activities coordinated by the Center.

As we continue to grow and expand the advanced energy economy in Maryland, I welcome you to get involved!

Sincerely,

A handwritten signature in black ink, appearing to be 'JE', with a long horizontal line extending to the right.

Jeff Eckel
Chairman of the Board
President & CEO, Hannon Armstrong

Executive Summary

During FY'13, both overall staffing and expenses were lean for MCEC. The center faces a continual challenge to generate sustainable funding and limited staff capacity hampers the effort of the instrumentality to achieve its mission.

MCEC hosted the third annual Maryland Clean Energy Summit in September 2012, focused on “making the energy technology connection”. Conference presenters and panels featured certain advances in related technology being deployed in as well as outside of the state. This conference attracted the highest attendance yet, with over 375 registered. Breakout sessions offered were standing room only and the program introduced roundtable discussions into the agenda for the first time, which were very well received in evaluations collected afterwards.

As a priority element of the work plan in FY'13, MCEC continued to focus on providing access to capital. Significant increase in the use of MHELP financing was recorded, including the volume and number of loans made and additional contractors participating in program. Staff responded to numerous consumer inquiries and contractor calls grateful for access to the program, and partner lender Mariner Finance also reported receiving positive feedback. Staff time expended, in partnership with MEA representatives, on efforts to solicit further program support program from PSC were met with disappointing results and it is clear that the long term future of program will require modifications to be able continue over time.

The number one priority effort for both the staff and the board, during this period related to launching the innovative new Maryland Clean Energy Capital Program. MCAP is designed to provide affordable and attractive financing for MUSH market and not-for-profit stakeholders to implement energy efficiency and generation improvements on their facilities, using MCEC's bonding capability. An innovative “off balance sheet, off credit” model, the program is intended to throw off fee and interest revenue to MCEC which might serve as a source of sustainable revenue to fund MCEC operations over time. MCEC was pleased to be able to demonstrate introduction of the model working with the University System of Maryland, and excited to close the first MCAP bond financing deal with Coppin State using contractor Energy Services Group (ESG) in December 2013, as well as the second in September 2013 for UMBC using NORESKO as contractor.

MCEC has established itself as a convener of diverse industry stakeholders and an honest third party broker in regard to advocating in the policy arena. MCEC hosted an Energy Caucus in December 2012, to bring legislative initiatives and stakeholders together prior to the start of the general assembly session, followed by its annual Legislative Reception in February.

In January 2013, the center relocated offices from its original location in Rockville to a new office location in Annapolis to be more easily accessible to the legislative arena during session, and seated a newly appointed Advisory Council.

The spring issue of Maryland Municipal League (MML) Magazine included an article, entitled “Solving the Energy Puzzle”, which was submitted by MCEC to build awareness with local elected officials. MCEC also made concerted efforts during this time frame to build bridges with the county level officials as well through the Maryland Association of Counties (MACo). The energy puzzle theme was also planned to carry through into the content of the Maryland Clean Energy Summit 2013.

In keeping with its outreach and education agenda MCEC continued to publish, “*The Current*” its monthly newsletter year round, to a subscriber base that exceeds two thousand readers.

Management

Board Members

Jeff Eckel, Chair

Hannon Armstrong

Michele Mitch Peterson, Vice Chair

Honeywell

George Ashton, Treasurer

SOL Systems

Eric Wachsman

University of Maryland Energy Research Center

Carol Collins

Spiralcat

John Spears

International Center for Sustainable Development & the Sustainable Design Group

Jeremy Butz

Chesapeake Green Fuels

Ken Connolly

Goldman Sachs

Abigail Ross Hopper, Ex Officio

Maryland Energy Administration

Staff

I. Katherine Magruder Executive Director

Terry Daly Director of Financial Programs

Emily Turner Administrator

Advisory Council

Annual meeting May 8, 2013

Role, Responsibilities & Committee Charges

The MCEC Advisory Council exists to develop a work plan and set the framework for activity of the organization, advise the Executive Director and inform the Board of Directors. The Advisory Council reviews proposed policy and regulatory matters, facilitates relationship building and builds awareness of MCEC to encourage adoption of its mission. This group is comprised of representatives from industry, government and academia that identifies and work to remove barriers to success of the energy sector. The Advisory Council meets annually as a whole with certain standing committees working throughout the year to direct activity related to finance, outreach & education, policy & legislation, advancing innovation, and measuring outcomes.

***See: [2013 Advisory Council Member List/ Appendix A](#)**

MCEC Advisory Council Committees:

SUMMIT 2013 PLANNING

Chair: Alison Shea, Siemens Industry, Inc.

- Review & approve theme, venue, and dates.
- Further develop draft agenda program, content.
- Review budget, fees & sponsorship opportunities
- Help secure speakers & sponsors
- Promote attendance
- Assist with speaker introductions and gift presentations in breakout sessions.
- Evaluate outcomes and recommend improvements for future events

AWARDS 2013

Chair: Eric Coffman, Montgomery County Dept. of Environment

- Consider categories and any changes, if needed.
- Discuss event logistics, timing, and program.
- Review and update nomination and selection process.
- Suggest & gather potential nominations.
- Review nominations and select awardees.



LEGISLATIVE

Chair: Brian Toll, ecobeco

- Review and evaluate potential impact of proposed legislation and policy.
- Participate in weekly call during Legislative Session.
- Assist with planning, sponsorship development, registration and logistics for annual Reception
- Host and attend Energy Caucus meetings.
- Assist with drafting and giving testimony as elected.
- Initiate and pursue policy proposals.

OUTREACH & EDUCATION

Chair: Frank Caliva, Maryland Energy Marketers Coalition

- Builds on MCEC role as a third party clearinghouse of information and a vehicle to link stakeholders, inform consumers, and drive behavioral change.
- Launch and host *MCONNECT* Social Series
- Develop improved consumer outreach strategy and advise on changes to MCEC website to improve user experience.

DATA RESEARCH & DISSEMINATION

Chair: Danny Ervin, Salisbury University

- Identify, measure, and track certain metrics on an annual basis to evaluate trends in sector growth
- Assist with "Renewable Maryland" Initiative
- Develop "dashboard" for easy to understand presentation of data on website.

INNOVATION ADVANCEMENT

Co-Chairs: Josh Green, Patton Boggs & Bjorn Frogner, CETI

- Supports activity of the Clean Energy Technology Incubator (CETI)
- Partner with other organizations to encourage and support entrepreneurial advances in Clean Tech development.

FINANCE

Chair: Terry Daly, MCEC

- Develop and implement initiatives to facilitate access to capital.
- Identify possible financial partners and strategies.
- Pursue funding sources for program support.

MCEC Partnering Organizations

MCEC made a concerted effort in FY'13 to broaden its base of partners and engage a larger circle of stakeholder interests. Some examples of the partnering organizations working with MCEC are featured below:



FY'13 Work Plan

Advance Access to Capital



Throughout FY' 13, MCEC continued to promote use of the established Maryland Home Energy Loan Program (MHELP).

In order to extend the availability of funding as far into the future as possible, the Board elected to change the program eligibility parameters during this interval. Certain improvements were eliminated, including solar and geothermal systems.

Interest rates available to consumers through MHELP normally at 14.9 percent were reduced using ARRA funds for a buy-down but the funds to continue in this fashion were limited. Heretofore, rates had been set at 6.9% if the borrowing customer had obtained an audit, and were available at 9.9% in case of need for emergency replacement of HVAC system. To maximize funds available to continue the program, the MCEC staff and Board took certain action.

First, staff working with MEA submitted a request to the Maryland Public Service Commission early in calendar year 2013 to be able to use EmPOWER funds for program operation, marketing and interest rate buy-down over time. In April 2013; despite resounding support of the concept from utility, contractor and MEA partners; the PSC denied the request.

Second, in March 2013 approved the sale of the initial pilot direct loan program to AFC First to generate additional revenue. Proceeds from the sale in May of 2013 to National Penn Bank totaled \$255,598.90 and were retained in the account to cover future administrative expenses.

With the agreement of the lender to require a minimal loss mitigation fund, at that time, the Board of Directors also approved a transfer of the majority of funds remaining in the Loan Loss Reserve Account to the Interest Rate Subsidy Account maximize the capability of MCEC to buy down interest rates for more customers over time.

Although at this stage the MHELP program is well received and being well utilized, unless consumers will consider utilizing the program at a much higher interest rate or the lender can find a way to help reduce the cost of capital, the future of the MHELP funding tool is largely in question at the end of FY'13.

MHELP PROGRAM METRICS			
	FY'11	FY'12	FY'13
TOTAL # Loans in period	22	148	662
TOTAL # Cumulative Loans	22	148	810
TOTAL \$ Loan Volume in period	\$ 136,240	\$ 1,173,709	\$ 5,350,328
TOTAL Cumulative \$ Loan Volume	\$ 136,240	\$ 1,309,949	\$ 6,524,037
TOTAL kWh savings in period	N/A *	258,548	2,868,288
TOTAL Cumulative kWh savings	N/A*	258,548	3,126,836
TOTAL FTE Job Hours in period	N/A*	1,882	14,094
TOTAL Cumulative FTE Job Hours	N/A*	1,882	15,976

* kWh and FTE data was not collected until April 2012.





Using the MCAP financing structure established in this fiscal year, MCEC closed the first deal in FY'13 with Coppin State University in December of 2012. The improvement package valued approximately \$6.2 Million to be implemented by ESG as the contractor. MCEC earned \$130,000 in fee income from this particular transaction that will allow the organization to remain solvent into early FY'14.

In this period, MCEC stepped up promotion of the funding model targeting audiences in the municipal, university, school, hospital and not-for profit sectors. The Center makes targeted outreach to energy services contractors and potential finance clients with hopes that deals will evolve. Informative webinar sessions were offered. Terry Daly, Director of Finance Programs, participated in events hosted by the Maryland Municipal League and the Maryland Association of Counties to promote the program.

Generally, staff found that the process of project development, from the initial inquiry through the final Investment Grade Audit (IGA), legal documentation and financing takes much longer than originally anticipated.

There is concern that this will affect the cash flow and available funding for MCEC operations in FY'14 but, there seems to be vested interest in using the structural model from a number of parties throughout the state.



Facilitate Outreach, Education & Networking



Summit 2012

In FY' 13, MCEC hosted the third annual Maryland Clean Energy Summit on September 18th & 19th at the BWI Marriott Conference Center in Linthicum, Maryland.

The conference theme, "Making the Energy Technology Connection" was chosen and the program agenda was aligned to inform the audience about how technological developments were bringing game changing solutions to solve energy sector challenges.

Sponsorship and registration revenue increased with attendance up from the 275 in 2011 to 375 in 2012. Breakout session participation was standing room only, 30 exhibitors displayed and for the first time Roundtable Discussions were introduced as part of the agenda. Roundtable discussion topics included industry exchanges on solar, geothermal, wind, biomass, and biofuels as well as between investors & entrepreneurs and policy makers & constituents.

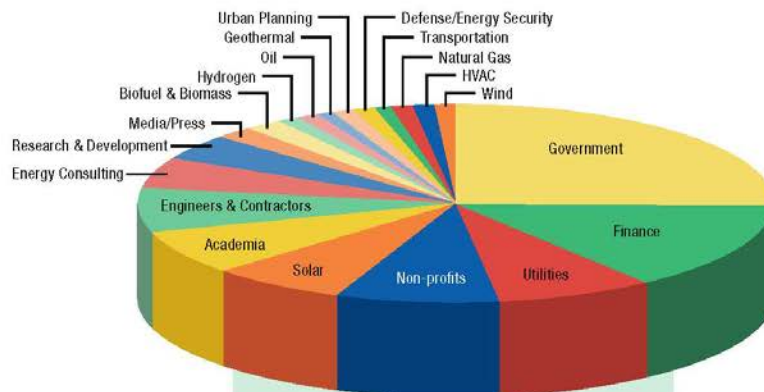
Highlighted speakers featured a keynote by Dan Utech, Deputy Director for the White House Policy Council; Office of Energy & Climate Change and a dynamic demonstration of the new Management Executive Dashboard by Lockheed Martin.

This conference also hosted the founding meeting of the Mid-Atlantic Geothermal Industry Association.

Summit Attendance

Since its inception in 2010, this dynamic conference has drawn an average of 350 registered attendees from across the Baltimore Washington metropolitan area, as well as participants from the northeast region of the United States and various international interests.

In general, attendees are highly educated professionals with business, policy or academic acumen in the fields of energy, environment, sustainability and climate change. Their age demographic spans from early 20s to late 70s, and is composed of a broad cross section of professional stakeholders.



Past Attendee Breakdown by Sector

25%	Government and Elected Officials, Regulators and Policy Makers & Lobbyists
14%	Finance, Accounting, Investment Bankers, Venture Capital Firms & Insurance Agencies
8%	Generation, Transmission & Distribution Sector; Including Utilities & Retail Suppliers
8%	Non-profits
7%	Solar Industry Representatives
7%	Academia
7%	Engineers, Contractors & Installers
5%	Energy Consulting Groups
4%	Research & Development Officials
2%	Media/Press
2%	Biofuel & Biomass Sector Representatives
1%	Hydrogen Sector Representatives
1%	Oil Industry Representatives
1%	Geothermal Representatives
1%	Urban Planning Officials
1%	Defense/Energy Security Officials
1%	Transportation Industry Representatives
1%	Natural Gas Sector Representatives
1%	HVAC Specialists
1%	Wind Sector Representatives

80% of MCEC Summit Attendees are decision makers. Common attendee business titles include: CEOs, CFOs, COOs, Senior VPs, Principals, Directors and Managers.

The page above offers a graphic look at the breakdown of attendance from past conferences through Summit 2012 by sector. Photos of Summit activity are featured on the following pages.





Awards

During the Awards Luncheon at the Maryland Clean Energy Summit 2012 MCEC once again presented awards to leaders, companies, organizations and individuals whose body of work is exemplary in helping achieve its mission. A list of 2012 winners, acknowledged in FY'13 is provided below.



Photo L to R: Calvin Butler, Constellation BGE Luncheon Sponsor; Jack Neil, Kathy Magruder, Delegate Sally Jameson, Senator Paul Pinsky, Joan Kowall, Dion Banks, Angela Vissentainer, Brian Toll, Suzanne James and two partners from the Not-forProfit Energy Alliance, Craig Stuart Paul and Eric Coffman.

2012 MCEC AWARD WINNERS	
Advocacy	Brian Toll Ecobeco
Bright Light	Eric Coffman Montgomery Co. Dept. of Environmental Protection
Entrepreneur of the Year	Craig Stuart Paul Fiberight
Legislative Leadership Senate	Paul Pinsky
Legislative Leadership House	Sally Jameson
Industry Leadership	Angela Visentainer Dion Banks Cambridge Environmental Technologies
Partnership	Susan Jenkins Non-Profit Energy Alliance
Clean Energy Champion	Joan Kowal University of Maryland
Special Appreciation	Jack Neil Jack Neil & Assoc.



MCEC recognizes the need to promote energy literacy in general, and how important it is to enable local leaders to make well informed decisions for energy resiliency, affordability and security for their communities.

MML Magazine Article

As part of the outreach & education strategy in FY'13, MCEC targeted an audience of municipal and county officials. This market is one of the key

potential adopters of the MCAP funding model, and has a constituency that could benefit from MHELP. This is only a first step in what should be a continued priority in the MCEC work plan in 2014.

“The Current” Newsletter

MCEC maintained circulation of the monthly newsletter produced by Editor, Linda Strowbridge. At this interval, the subscriber base has substantially increased from the previous year to a total of 2066 readers in June of 2013.

The newsletter is utilized by various partnering organizations as a way to promote their events and offerings, and is now a “go to” resource for news about businesses development, achievements and policy in the energy sector in Maryland.

Promote & Advocate for Industry Stakeholders

Build awareness of industry policy considerations and recognition for stakeholders with policy makers.

GOAL: Coordinate Government Relations Efforts

The MCEC Legislative Committee to host a coffee hour with key legislators in October to discuss plans for Session 2013.

This pre-session **Energy Caucus** event took place in December of 2012 involving key Committee Chairs and legislative members of the Senate and House sides of the General Assembly. MCEC staff; along with utility, energy and environmental stakeholders; were able to hear from various perspectives about the policy agenda as part of an effort to forge a common interest agenda.

GOAL: Host Annual Legislative Reception

MCEC held the third annual **Legislative Reception** on Thursday, February 14, 2013, with over 200 participants in attendance. No fees were charged for participation since sponsorship funds raised covered the entire expense of hosting the event.

The screenshot shows the MCEC website for the 2013 Legislative Reception. The header includes the Maryland Clean Energy Center logo and navigation links. The main content area features a large banner for the 'MCEC 2013 LEGISLATIVE RECEPTION' on Thursday, February 14, 2013, from 8:00 AM to 11:00 AM at the Hiler Senate Office Building. Below the banner is a 'Download Your Reception Invitation!' button and a 'THANKS TO OUR PARTNERING ORGANIZATIONS, PARTICIPATION IS FREE' message. An 'EVENT AGENDA' section lists activities from 7:30 AM to 10:00 AM, including registration, welcome remarks by Jeff Eckel, opening remarks by Senate President Mike Miller, a special presentation by Chesapeake Climate Action Network, and a pending legislation and guest policy maker remarks session. The footer includes contact information and a copyright notice for 2009-2011.

Some stakeholder participants visited legislative offices to distribute information and promotional giveaways.



L: Abigail Ross Hopper, Director of the Maryland Energy Administration and member of the MCEC Board of Directors covers the 2013 policy agenda of the O'Malley Administration during the 2013 Legislative Reception.

R: A leading advocate of clean energy policy and sponsor for the 2013 reception, Senator Paul Pinsky offered his take on related issues.





Photos Top to Bottom, Left to Right:

Senate President Miller addresses attendees; Chesapeake Climate Action Network Director Mike Tidwell presents award to President Miller; CETI Entrepreneur-in-Residence chats with Becky Rush from DERP; Delegate Tom Hucker, Pat DeLaquil and Kathy Magruder; Advisory Board Chair Dr. Ajun Mahkajani makes a point; and promotional items fit the "We love clean energy!" theme.

Support Business Development



CETI & Innovation Advancement

The Clean Energy Technology Incubator, a partnership of MCEC and bwtech @umbc, had been maintained since 2010. Prior to and throughout the first half of FY '13 MCEC had engaged a part time entrepreneur –in-residence, but limited resources available to fund staff restricted funds available for this contractual position beginning in mid-year. To his credit, Dr. Bjorn Frogner agreed to continue working in this capacity on a volunteer basis. He organized a number of events to build capacity with and broaden the network of energy start-up companies in the state.

During this period CETI hosted thirteen networking and educational events, including a Clean Tech Open introductory event. Dr. Frogner also greeted fourteen different delegations from China investigating energy policy and technology.



GOAL: Form a MICROGRID & DISTRIBUTED ENERGY DESIGN BUILD ALLIANCE

The goal to set up a one stop shop for design, technical engineering, finance, permitting & installation solutions for microgrid deployment was not achieved in FY'13.

MCEC Visit to Kanagawa, Japan Sister State

In November 2013, with grant funding from Sister Cities International, MCEC Executive Director Katherine Magruder participated as part of a delegation from Maryland visiting Kanagawa Prefecture. The group took this opportunity to learn about their efforts to produce, manage and conserve energy in recovery after the March 2011 earthquake and Fukushima nuclear power plant disaster. They learned about how Japanese corporations are implementing “Smart City” design build solutions, implementing renewable energy generation and developing new technologies to advance their energy economy.



Funding & Financial Statements

**MARYLAND CLEAN ENERGY CENTER
FINANCIAL STATEMENTS
JUNE 30, 2013**



MULLEN SONDBERG WIMBISH & STONE, PA
CERTIFIED PUBLIC ACCOUNTANTS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The Maryland Clean Energy Center's discussion and analysis is presented to assist the reader in focusing on significant financial issues, provide an overview of the Center's financial activity, and identify changes in the Center's financial position. Management encourages the reader to consider Management's Discussion and Analysis (MD&A) of the Center's financial performance in conjunction with the information contained in the Center's financial statements.

Corporation Activity Highlights

The Center had an overall decrease in net assets of approximately \$1.3 million for the year ended June 30, 2013.

The Center's activities in comparison to prior years are as follows:

	2013	2012
Sponsorships	\$ 149,575	\$ 131,373
Interest income	7,306	13,971
Donations and contributions	40	5,371
Grants	-	1,029,393
Miscellaneous	-	64,239

The Center recognized a net decrease of total grant revenue of approximately \$1,029,000 for the year ended June 30, 2013.

The Center had an increase in sponsorships and partnerships from local businesses to fund other initiatives. There was an increase in these sponsorships and partnerships of approximately \$18,000 for the year ended June 30, 2013.

The Maryland Home Energy Loan Program (MHELP) collected interest income of approximately \$7,000 for the year ended June 30, 2013 compared to approximately \$14,000 for the year ended June 30, 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont.)

Financial Position Summary

Total net assets serve over time as a useful indicator of the Center's financial position. The Center's total assets exceed total liabilities by approximately \$1,228,000 at June 30, 2013.

A condensed summary of the Center's net assets at June 30 are as follows:

	<u>2013</u>	<u>2012</u>
ASSETS		
Current and other assets	\$ 6,154,313	\$ 2,949,345
Capital assets	<u>1,861,680</u>	<u>-</u>
Total assets	<u>8,015,993</u>	<u>2,949,345</u>
LIABILITIES		
Current liabilities	948,973	217,802
Long-term liabilities	<u>5,970,667</u>	<u>300,000</u>
Total liabilities	<u>6,919,640</u>	<u>517,802</u>
NET ASSETS		
Restricted	6,010,741	2,763,609
Unrestricted	<u>(4,914,388)</u>	<u>(332,066)</u>
Total net assets	<u>\$ 1,096,353</u>	<u>\$ 2,431,543</u>

The largest portion of the Center's assets (75% at June 30, 2013) represents its restricted and unrestricted cash. As of June 30, 2013, the Center had approximately \$6,011,000 of restricted cash and approximately \$68,000 of unrestricted cash.

An additional portion of the Center's assets (23% at June 30, 2013) represents its investment in capital assets. The Center uses these assets to administer its daily operations; consequently, these assets are not available for future spending.

The largest portion of the Center's liabilities (91% at June 30, 2013) represent bonds payable used for the acquisition and construction of energy conservation measures (ECMs) implemented on a State of Maryland University campus. Approximately \$97,000 of the bonds payable is due in one year or less and \$6,221,000 is due in more than one year.

An additional portion of the Center's liabilities (6% at June 30, 2013) consists of a non-interest bearing loan agreement the Center entered into with the Maryland Energy Administration to fund startup costs. \$150,000 of the note is due in one year or less and \$250,000 is due in more than one year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont.)

Financial Operations Highlights

Operating revenues decreased 87%, from approximately \$1.1 million in fiscal year 2012 to approximately \$287,000 in fiscal year 2013, primarily due to the reduction in grant revenue.

Total operating expenses decreased 53%, from approximately \$1.2 million in fiscal year 2012 to approximately \$569,000 in fiscal year 2013.

Consequently, net operating income (loss) before depreciation decreased by approximately \$369,000 from fiscal year 2012. There was approximately \$17,000 of property and equipment acquisitions in fiscal year 2013 as a result of relocation of the office and approximately \$1,846,000 in acquisitions as a result of entering into a shared energy savings agreement with a Maryland university.

Summary of Changes in Net Assets

	<u>2013</u>	<u>2012</u>
Operating revenues	\$ 156,921	\$ 1,244,347
Operating expenses	<u>(568,995)</u>	<u>(1,201,812)</u>
Excess (deficiency) before depreciation and other non-operating income and expenses	(412,074)	42,535
Depreciation	<u>(2,998)</u>	<u>-</u>
Excess (deficiency) before other non-operating income and expenses	(415,072)	42,535
Other non-operating income and expenses, net	<u>(920,118)</u>	<u>2,361,696</u>
Change in net assets	<u>\$ (1,335,190)</u>	<u>\$ 2,404,231</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont.)

Revenues

A summary of operating revenues for the year ended June 30, 2013, and the amount and percentage of change in relation to prior year amounts are as follows:

	2013 Amount	Percent of Total	Increase (Decrease) from 2012	Percent Increase (Decrease)
Sponsorships	\$ 149,575	95%	\$ 18,202	14%
Interest income	7,306	5%	(6,665)	(48%)
Donations and contributions	40	0%	(5,331)	(99%)
Grants	-	0%	(1,029,393)	(100%)
Miscellaneous	-	0%	(64,239)	(100%)
Total operating revenue	<u>\$ 156,921</u>	<u>100%</u>	<u>\$ (1,087,426)</u>	

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont.)

Expenses

A summary of expenses for the year ended June 30, 2013, and the amount and percentage of change in relation to prior year amounts are as follows:

	2013 Amount	Percent of Total	Increase (Decrease) from 2012	Percent Increase (Decrease)
Operating:				
Salaries	\$ 267,761	47%	\$ (42,134)	(14%)
Fringe benefits	75,151	13%	(11,271)	(13%)
Conferences and meetings	51,473	9%	(17,253)	(25%)
Professional fees	51,327	9%	10,681	26%
Advertising	36,207	6%	(114,501)	(76%)
Information and technology	25,593	4%	(2,494)	100%
Office expenses	14,323	3%	6,043	73%
Rent	13,197	2%	8,588	186%
Printing and publications	11,565	2%	(3,839)	(25%)
Consultants	8,229	1%	(11,993)	(59%)
Miscellaneous	5,783	1%	(22,255)	(79%)
Telephone	4,318	1%	1,684	64%
Travel	2,378	0%	(7,548)	(76%)
Dues and subscriptions	1,690	0%	490	41%
Grant awards	-	0%	(427,015)	(100%)
	<u>568,995</u>	<u>99%</u>	<u>(632,817)</u>	
Total operating expenses				
Depreciation and amortization	<u>2,998</u>	<u>1%</u>	<u>2,998</u>	100%
TOTAL EXPENSES	<u>\$ 571,993</u>	<u>100%</u>	<u>\$ (629,819)</u>	

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont.)

Summary of Cash Flow Activities

The following shows a summary of the major sources and uses of cash and cash equivalents for the past three years. Cash equivalents are considered highly liquid investments with an original maturity of three months or less.

	2013	2012
Cash flows from operating activities	\$ (317,169)	\$ 58,823
Cash flows from investing activities	314,718	(134,930)
Cash flows from capital and related financing activities	3,494,521	2,278,814
Net change in cash and cash equivalents	3,492,070	2,202,707
Cash and cash equivalents:		
Beginning of year	2,586,976	384,269
End of year	\$ 6,079,046	\$ 2,586,976

The Center disbursed approximately \$885,000 in interest rate subsidies for the Maryland Home Energy Loan Program.

Financial Statements

The Center's financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB). The Center is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized (except land) and are depreciated over their useful lives. See the notes to the financial statements for the summary of the Center's significant accounting policies.

Maryland Home Energy Loan Program

The Maryland Home Energy Program (MHELP) was developed to provide innovative energy efficient financing for Maryland property owners. The program is a partnership between the Maryland Energy Administration and the Center with support from the U.S. Department of Energy. The initiative uses private capital for energy efficiency investment and encourages Marylanders to invest in their homes to reduce energy bills, support economic development and job creation, and minimize environmental impact.



2553 Housley Road • Suite 200 • Annapolis, Maryland 21401

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Maryland Clean Energy Center
Annapolis, Maryland

We have audited the accompanying financial statements of Maryland Clean Energy Center (an instrumentality of the State of Maryland) which comprise the statement of net assets as of June 30, 2013, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maryland Clean Energy Center, as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 – 6 and the accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* on page 17 is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

The financial statements of Maryland Clean Energy Center as of June 30, 2012, were audited by other auditors whose report dated December 13, 2012, expressed an unmodified opinion on those statements.



MULLEN, SONDBERG, WIMBISH & STONE, P.A.

Annapolis, Maryland
December 11, 2013

Maryland Clean Energy Center
STATEMENT OF NET ASSETS
June 30, 2013

ASSETS

	2013	2012
Cash and cash equivalents	\$ 68,305	\$ 107,584
Restricted cash	6,010,741	2,479,392
Loan receivable	-	343,395
Due from servicer	-	5,978
Accounts receivable	100	400
Prepaid expenses and deposits	1,667	12,596
Property and equipment, net of accumulated depreciation (Note 3)	1,861,680	-
Bond issuance costs net of accumulated amortization (Note 4)	73,500	-
	<u>\$ 8,015,993</u>	<u>\$ 2,949,345</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 140,060	\$ 67,876
Accrued salaries and benefits	30,914	32,901
Deferred revenue	30,504	17,025
Note payable - due in one year (Note 5)	150,000	100,000
Bonds payable - due in one year (Note 6)	97,495	-
Note payable - due in more than one year (Note 5)	250,000	300,000
Bonds payable - due in more than one year (Note 6)	6,220,667	-
	<u>6,919,640</u>	<u>517,802</u>
Total liabilities		
Restricted	6,010,741	2,763,609
Unrestricted	(4,914,388)	(332,066)
	<u>1,096,353</u>	<u>2,431,543</u>
Total net assets		
	<u>\$ 8,015,993</u>	<u>\$ 2,949,345</u>

The accompanying notes are an integral part of these financial statements.

Maryland Clean Energy Center
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
Years Ended June 30, 2013

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
Sponsorships	\$ 149,575	\$ 131,373
Interest income	7,306	13,971
Donations and contributions	40	5,371
Grants	-	1,029,393
Miscellaneous	-	64,239
Total operating revenues	<u>156,921</u>	<u>1,244,347</u>
OPERATING EXPENSES		
Salaries	267,761	309,895
Fringe benefits	75,151	86,422
Conferences and meetings	51,473	68,726
Professional fees	51,327	40,646
Advertising	36,207	150,708
Information and technology	25,593	28,087
Office expenses	14,323	8,280
Rent	13,197	4,609
Printing and publications	11,565	15,404
Consultants	8,229	20,222
Miscellaneous	5,783	28,038
Telephone	4,318	2,634
Travel	2,378	9,926
Dues and subscriptions	1,690	1,200
Grant awards	-	427,015
Total operating expenses	<u>568,995</u>	<u>1,201,812</u>
Operating income before depreciation	(412,074)	42,535
Depreciation and amortization	2,998	-
Operating income (loss) before non-operating income and (expenses)	<u>(415,072)</u>	<u>42,535</u>
NON-OPERATING INCOME AND (EXPENSES)		
Cash for loan reserves	-	2,500,000
Other investment income	347	82,882
Loss on sale of loan portfolio	(35,002)	-
Interest rate subsidy	(885,463)	(221,186)
Total non-operating income and (expenses)	<u>(920,118)</u>	<u>2,361,696</u>
NET ASSETS		
Change in net assets	(1,335,190)	2,404,231
TOTAL NET ASSETS, BEGINNING OF YEAR	<u>2,431,543</u>	<u>27,312</u>
TOTAL NET ASSETS, END OF YEAR	<u>\$ 1,096,353</u>	<u>\$ 2,431,543</u>

The accompanying notes are an integral part of these financial statements.

Maryland Clean Energy Center
STATEMENT OF CASH FLOWS
Years Ended June 30, 2013

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from providing services	\$ 170,700	\$ 1,302,593
Cash paid to suppliers	(142,970)	(834,383)
Cash paid to employees	(344,899)	(409,387)
Net cash provided (used) by operating activities	(317,169)	58,823
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of loan portfolio	255,599	-
Issuance of loans	-	(282,718)
Repayment of loan principal	58,772	64,906
Investment income	347	82,882
Net cash provided (used) by investing activities	314,718	(134,930)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Grant loan reserve	-	2,500,000
Interest rate subsidy	(885,463)	(221,186)
Purchase of capital assets, net of borrowings	4,379,984	-
Net cash provided by capital and related financing activities	3,494,521	2,278,814
Net change in cash and cash equivalents	3,492,070	2,202,707
Cash and cash equivalents, beginning of year	2,586,976	384,269
Cash and cash equivalents, end of year	\$ 6,079,046	\$ 2,586,976
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (415,072)	\$ 42,535
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	2,998	-
(Increase) decrease in assets:		
Accounts receivable	300	41,221
Prepaid expenses and deposits	10,929	7,223
Increase (decrease) in liabilities:		
Accounts payable	72,184	(36,111)
Accrued salaries and benefits	(1,987)	(13,070)
Deferred revenue	13,479	17,025
Net cash provided (used) by operating activities	\$ (317,169)	\$ 58,823

The accompanying notes are an integral part of these financial statements.

Maryland Clean Energy Center
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1 - Summary of Significant Accounting Policies

Nature and Organization

The Maryland Clean Energy Center (the Center) is an instrumentality of the State of Maryland established by the State of Maryland through the passage of House Bill 1337 in the 2008 session of legislature.

The Center is a public body politic and corporate of the State of Maryland. The Center has determined that there are no additional outside agencies that meet the criteria to be included as a component unit in the Center's financial statements. Therefore, the Center does not receive any general fund from the State of Maryland.

The Center is governed by a board of nine members. Eight of the members are appointed by the Governor with the consent of the State Senate. The ninth member of the board is the Executive Director who is appointed by the board.

Actual operations began in December of 2008 with the appointment of the board members. The Executive Director was appointed effective June 1, 2009.

The Center was established to promote clean energy economic development, foster the deployment of clean energy technologies, promote job growth, analyze and disseminate industry data, and provide technical support to expand the clean energy industry in the State of Maryland.

The Center issues limited-obligation revenue notes to provide capital financing for installation of energy conservation measures (ECMs). The notes are issued in the Center's name for specific third-parties. While the Center is the legal owner of the ECMs under the terms of the agreements, the notes are payable solely from the energy savings of the ECMs. Therefore, the holders of the debt have no recourse to other assets of the Center in the event that cash flows from the ECMs are not sufficient to service or pay the debt.

Basis of Accounting

The Center's financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Maryland Clean Energy Center
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (Cont.)

Basis of Presentation

The accompanying financial statements, which are all business type activities, present the financial position and results of operations of all the Center's activities. In preparing its financial statements, the center has adopted paragraph 6 of GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting* under which the Center has applied only the applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts accordingly; actual results could differ from those estimates.

Budgets and Budgetary Basis

The Center operates under a budget proposed by the Executive Director and approved by the Board of Directors. Budgetary amendment may be approved by the Executive Director which is later reported to the Board.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents represent deposits in checking and savings accounts. Short-term investments with maturities of three months or less at date of purchase are classified as cash equivalents.

Loans Receivable

Loans receivable are recorded net of estimated uncollectible amounts.

Loans receivable are considered impaired when the loan is classified as substandard or below in accordance with the Center's credit policies and/or have been placed on non-accrual status. Loan classifications are based on management's assessment of the financial condition of the borrower and the value of collateral supporting the loan. During the year ended June 30, 2013 the Center sold the outstanding loan portfolio to a financial institution.

Maryland Clean Energy Center
 NOTES TO FINANCIAL STATEMENTS (Cont.)
 June 30, 2013

Note 1 - Summary of Significant Accounting Policies (Cont.)

Property and Equipment

Generally, property and equipment purchases of \$500 or more are capitalized at cost. Improvements, which extend the useful life of existing assets, are capitalized. Maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense. Property and equipment are depreciated on the straight-line method over the estimated useful lives.

Allocation of Expenses

Salaries and fringe benefits are allocated between the various programs based on the employee's prospective department. Other general and administrative expenses are allocated based on the nature and purpose of the expenditure.

Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform to 2013 presentation.

Note 2 - Concentration of Cash Balances

Section 22(a) of Article 95 of the Annotated Code of Maryland stipulates that the Center collateralize deposits in banks in excess of federal deposit insurance. The Center's cash balances at Sun Trust Bank were included in the master list of public funds that require collateralization. Accordingly, the Center's cash balances were properly insured or collateralized at June 30, 2013.

Note 3 - Property and Equipment

A summary of property and equipment as of June 30, 2013:

	Estimated Lives	Balance June 30, 2012	Additions	Disposals	Balance June 30, 2013
Furniture and equipment	5 - 7 years	\$ -	\$ 17,374	\$ -	\$ 17,374
Construction in progress	-	-	1,845,804	-	1,845,804
Less accumulated depreciation		-	(1,498)	-	(1,498)
		<u>\$ -</u>	<u>\$ 1,861,680</u>	<u>\$ -</u>	<u>\$ 1,861,680</u>

Depreciation expense totaled \$2,998 for the year ended June 30, 2013.

Maryland Clean Energy Center
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2013

Note 4 - Bond Issuance Costs

In conjunction with the bond issuance (see Note 6), bond issuance costs of \$75,000 have been capitalized as deferred assets and are being amortized over the life of the bond (25 years) using the straight-line method. Total amortization expense for the year ended June 30, 2013 was \$1,500. Accumulated amortization as of June 30, 2013 was \$1,500.

Note 5 - Note Payable

The Center entered into a non-interest bearing loan with the Maryland Energy Administration to fund start-up costs. The Maryland Energy Administration granted to postpone repayment of the loans until fiscal year 2014. The balance of \$400,000 was outstanding as of June 30, 2013.

The following changes occurred in the noncurrent liabilities of the Center for the year ended June 30, 2013:

	Balance July 01, 2012	Additions	Repayments	Balance June 30, 2013
MD Energy Administration	\$ 400,000	\$ -	\$ -	\$ 400,000

Future minimum loan payments are as follows for the years ended June 30:

2014	\$ 150,000
2015	100,000
2016	100,000
2017	50,000
	\$ 400,000

Note 6 - Bonds Payable

In December 2012, the Center was issued a tax-exempt revenue note in the amount of \$6,188,162. The bond is subject to an annual interest rate of 3.15%. Interest only payments began in January 2013 and payments of principle and interest are set to commence August 2014. The bond matures in November 2027. As of June 30, 2013 bond proceeds in the amount of \$1,751,048 have been used for the acquisition and construction of energy conservation measures implemented on a State of Maryland University campus. Bond proceeds in the amount of \$75,000 have been used to pay the costs of issuance. Cumulative interest expense of \$94,756 has been capitalized. The balance outstanding on the bond as of June 30, 2013 was \$6,188,162. The note is payable solely from the energy savings of the shared energy savings agreement described in Note 6 or any residual bond funds. Therefore, the holders of the debt have no recourse to other assets of the Center in the event that cash flows from the shared energy savings agreement are not sufficient to service or pay the debt.

Maryland Clean Energy Center
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2013

Note 6 - Bonds Payable (Cont.)

In December 2012, the Center was issued a non-tax-exempt revenue note in the amount of \$130,000. The bond is subject to an annual interest rate of 3.15%. Proceeds from the bond were retained by the Center. Payments of principle and interest are set to commence April 2014. The bond matures in August 2014. The balance outstanding on the bond as of June 30, 2013 was \$130,000. The note is payable solely from the energy savings of the shared energy savings agreement described in Note 6 or any residual bond funds. Therefore, the holders of the debt have no recourse to other assets of the Center in the event that cash flows from the shared energy savings agreement are not sufficient to service or pay the debt.

Future minimum loan payments are as follows for the years ended June 30:

2014	\$	97,495
2015		405,901
2016		389,292
2017		410,872
2018		415,676
Thereafter		<u>4,598,924</u>
	\$	<u>6,318,162</u>

Note 7 - Shared Energy Savings Agreement and Energy Performance Contract

On December 6, 2012, the Center entered into a shared energy savings agreement with Coppin State University, Inc. and a corresponding Energy Performance Contract (EPC) with an Energy Savings Company (ESCO). The energy performance contract is an agreement with Energy Systems Group, LLC to install the equipment on the University's premises comprised of certain facility renewal and energy efficiency measures and guarantee certain energy and operational savings. The Center is entitled to approximately 99% of the energy savings which the University will pay to the Center to cover the debt service requirements of the revenue notes described in Note 6.

Note 8 - Operating Leases

The Center entered into a 12 month lease agreement in December 2012. The agreement requires monthly payments of \$1,667. Rent expense under this agreement amounted to approximately \$10,000 for the year ended June 30, 2013. Future minimum lease payments total \$10,000 for the year ended June 30, 2014.

Maryland Clean Energy Center
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2013

Note 9 - Restricted Net Assets

Restricted net assets consist of the following at June 30, 2013:

MHELP loan program cash	\$ 1,743,112
Bond proceeds held in escrow	<u>4,267,629</u>
	<u>\$ 6,010,741</u>

Note 10 - Related Party Transactions

The Center maintains an agreement with the Maryland Environmental Service to provide administrative and operational support services for the Center. The employees performing the services for the Center were Maryland Environmental Service employees. Under the Memorandum of Understanding, the Center reimburses the Maryland Environmental Service for services rendered by Maryland Environmental Service employees to the Center.

Note 11 - Restatement of Net Assets

Net assets were restated as follows as of June 30, 2012:

Net assets July 1, 2012 as previously reported	\$ 2,496,698
Restatement of net assets to record accrual of unrecorded accounts payable at June 30, 2012	<u>(65,155)</u>
Net assets July 1, 2012 as restated	<u>\$ 2,431,543</u>

Note 12 - Subsequent Events

The Center has evaluated the impact of significant subsequent events. There have been no subsequent events through December 11, 2013, the date the Center's financial statements were available to be issued, that require recognition or disclosure.

Maryland Clean Energy Center
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 June 30, 2013

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
U.S. Department of Energy State Energy Program (Outreach Program) - ARRA	81.041	2010-01-516F3	<u>\$ 1,041,215</u>

* The schedule of expenditures of federal awards includes the federal grant activity of the Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-13, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



2553 Housley Road • Suite 200 • Annapolis Maryland 21401

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Maryland Clean Energy Center
Annapolis, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Maryland Clean Energy Center (an instrumentality of the State of Maryland), which comprise the statement of net assets as of June 30, 2013, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Maryland Clean Energy Center's internal control over financial reporting (internal controls) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Maryland Clean Energy Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. Findings 2013-1 and 2013-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Maryland Clean Energy Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2013-03 and 2013-4.

We noted certain other matters that we reported to management of Maryland Clean Energy Center in a separate letter dated December 11, 2013.

Maryland Clean Energy Center Response to Findings

Maryland Clean Energy Center's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Maryland Clean Energy Center's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



MULLEN, SONDBERG, WIMBISH & STONE, P.A.

Annapolis, Maryland
December 11, 2013



2553 Housley Road • Suite 200 • Annapolis Maryland 21401

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Maryland Clean Energy Center
Annapolis, Maryland

Report on Compliance for Each Major Federal Program

We have audited Maryland Clean Energy Center's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Maryland Clean Energy Center's major federal programs for the year ended June 30, 2013. Maryland Clean Energy Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Maryland Clean Energy Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Maryland Clean Energy Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Maryland Clean Energy Center's compliance.

Opinion on Each Major Federal Program

In our opinion, Maryland Clean Energy Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Maryland Clean Energy Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit over compliance, we considered Maryland Clean Energy Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Maryland Clean Energy Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2013-03 and 2013-4.

Maryland Clean Energy Center Response to Findings

Maryland Clean Energy Center's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Maryland Clean Energy Center's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

To the Board of Directors of
Maryland Clean Energy Center
Page 3

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on requirements of OMB Circular A-133. Accordingly, the report is not suitable for any other purpose



MULLEN, SONDBERG, WIMBISH & STONE, P.A.

Annapolis, Maryland
December 11, 2013

Maryland Clean Energy Center
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on the financial statements of Maryland Clean Energy Center
2. Two significant deficiencies are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Performed in Accordance with *Government Auditing Standards*.
3. One instance of noncompliance material to the financial statements of Maryland Clean Energy Center, which is be required to be reported in accordance with Government Auditing Standards, was disclosed during the audit and appears below in findings 2013-3.
4. One significant deficiency relating to the audit of the major federal award programs is reported in the Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect on each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Maryland Clean Energy Center expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as a major program include the U.S. Department of Energy Program (Outreach Program) – ARRA CFDA No. 81.041.
8. The threshold used for distinguishing between Type A and Type B programs was \$300,000.
9. Maryland Clean Energy Center was determined to be a high-risk auditee.

Maryland Clean Energy Center
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont.)
Year Ended June 30, 2013

FINDINGS – FINANCIAL STATEMENT AUDIT

Significant Deficiency

2013-1 Interest Rates Subsidy and Accounts Payable

Condition: During the audit we found that the accrual for the June 2013 interest rate subsidy payment was not recorded in the proper period.

Criteria: Accrual basis accounting requires that expenses be recorded in the period where they were incurred rather when they are paid.

Cause: The June 2012 payment was not properly accrued and was not detected during the June 30, 2012 audit. Management recorded these expenses when they were paid rather when they were incurred.

Effect: Total expenses for the year ended June 30, 2013 were understated by approximately \$63,500 and expenses for the year ended June 30, 2012 were understated by approximately \$65,000.

Recommendation: The Center should review its accounts payable cut-off procedures to ensure that all invoices get recorded in the proper period.

Views of Responsible Officials and Planned Corrective Actions: The Organization agrees with the finding. See management's corrective action plan.

Maryland Clean Energy Center
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont.)
Year Ended June 30, 2013

FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2013-2 Revenue Recognition

Condition: During the audit we noted that the Center hosted a summit after the year end and recognized all the related cash receipts and sponsorship commitments as revenue during the year.

Criteria: Under generally accepted accounting standards in the United States of America, revenue should be recognized when it is realized or realizable and earned. The summit revenue is not considered earned until the event takes place.

Cause: The accounting personnel responsible for recording these transactions did not fully understand the accounting principle of revenue recognition. The revenue was recorded when they created the invoice to sponsors.

Effect: The revenue was overstated by \$59,598, the receivable was overstated by \$30,504, and deferred revenue was understated by \$29,094.

Recommendation: The Center should review its revenue cut off during the financial statement closing process and ensure all revenue recognized is realized or realizable and earned.

Management Response: The Center agrees with the finding. See management's corrective action plan.

Maryland Clean Energy Center
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont.)
Year Ended June 30, 2013

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

SIGNIFICANT DEFICIENCY

2013-3 Interest Rate Subsidy Approval

Condition: During the audit we found that the monthly interest rate subsidy payments were not being reviewed by the loan program director to ensure that the loans included in these payments were loans that were previously approved during the loan process.

Criteria: Under the Department of Energy, State Energy Program (SEP), the Grantee is responsible for ensuring that loans supported by the interest rate subsidies must be for the purchase and installation of energy efficiency and renewable energy measures consistent with SEP measures.

Cause: The monthly interest rate subsidies were paid under the assumption that the loans had already been approved.

Effect: It is possible that the bank could have billed the Center for Interest Rate Subsidies on loans that did not have the Center's approval and were not for the purchase and installation of energy efficient and renewable energy improvements.

Recommendation: The loan program director should review all interest rate subsidy payments and cross reference the loan numbers on the invoice with documentation of the Center's approval of the individual loans and their respective projects.

Views of Responsible Officials and Planned Corrective Actions: The Center agrees with the finding. See management's corrective action plan.

Maryland Clean Energy Center
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2013

FINDINGS – FINANCIAL STATEMENT AUDIT

2012-1 Revenue Recognition

Condition: During the audit we noted that the Center hosted a summit after the year end and recognized all the related cash receipts and sponsorship commitments as revenue during the year.

Criteria: Under generally accepted accounting standards in the United States of America, revenue should be recognized when it is realized or realizable and earned. The summit revenue is not considered earned until the event takes place.

Cause: The accounting personnel responsible for recording these transactions did not fully understand the accounting principle of revenue recognition. The revenue was recorded when they created the invoice to sponsors.

Effect: The revenue was overstated by \$43,275, the receivable was overstated by \$26,250, and deferred revenue was understated by \$17,025.

Recommendation: The Center should review its revenue cut off during the financial statement closing process and ensure all revenue recognized is realized or realizable and earned.

Management's Response: Management agreed with the finding. See management's corrective action plan.

Status: See finding 2013-2

Maryland Clean Energy Center
SCHEDULE OF PRIOR AUDIT FINDINGS (Cont.)
Year Ended June 30, 2013

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2012-2 Monitoring of Loan Underwriting

Condition: The Center did not review the application and underwriting documents of loans made by loan services or approve the underwriting.

Criteria: Per the grant agreement, the Center shall use the funds to design, develop, and promote a program that provides financing for energy-efficiency improvements and renewable-energy installations.

Cause: The Center has not established monitoring procedures for the underwriting by the third party loan servicer.

Effect: The Center uses a third party loan servicer to underwrite the loans and does not review the documents obtained to perform the underwriting. The loans may not be used for financing for energy-efficiency improvements or renewable-energy installations.

Recommendation: The Center should design internal control procedures to ensure the loans are made in compliance with the grant agreement and monitor the underwriting of the loan servicer to ensure they comply with the guidelines established.

Management's Response: MCEC staff have requested that the MHELP lender now provide MCEC with the credit scores for all borrowers, as well as the list of measures to be covered by the loan that are currently provided for review. The credit score will be included with the monthly interest rate subsidy invoice. Prior to MCEC approving the invoice, there will be a review to ensure the credit scores are in compliance with MHELP guidelines. If any score is not in compliance, the subsidy will not be paid on that loan. This ensures that DOE funds are not being used on ineligible projects. Additionally, MCEC will modify its practices with the lender to be able to randomly review a portion of the lender files, on a quarterly basis, to ensure that the credit scores provided to MCEC for borrowers match the scores provided to the lender by credit rating agencies.

Status: The Center no longer issues loans and has sold the loan portfolio it held at June 30, 2012.

Appendix A

MCEC ADVISORY COUNCIL 2012				
First Name	Last Name	Company	City	State
John	Ackerly	Alliance for Green Heat	Takoma Park	MD
Dave	Ager	Townscape Design	Clarksville	MD
Dave	Buemi	Suniva, Inc	Annapolis	MD
Calvin	Butler	Exelon Corporation	Chicago	IL
Robert	Campbell	Qvinta, Inc.	Fort Washington	MD
Paula	Carmody	Office of the People's Counsel	Baltimore	MD
Tony	Clifford	Standard Solar	Rockville	MD
Bill	Cole	Pfister Energy	Baltimore	MD
David	Costello	MDE	Baltimore	MD
Tony	Crane	Efficient Home, LLC	Burtonsville	MD
Jean Paul	Crouzoulon	AREVA Renewable	Bethesda	MD
Mark	Crowdis	Think Energy, Inc.	Silver Spring	MD
Vanessa	Deutschmann	Solar City	Jessup	MD
Rebecca	Eaton	ICF International	Fairfax	VA
Ted	Evans	Ground Loop Systems	Darlington	MD
Steve	Faehner	American Wood Fibers	Columbia	MD
Matt	Ferguson	Reznick Group	Vienna	VA
Dave	Ferguson	Carrington Services Group	Manchester	MD
Scott	Friedman	Greenavise	Silver Spring	MD
David	Friend	US Windforce, LLC	Greenburg	PA
Michael	Giangrandi	A.J. Michaels Company	Baltimore	MD
Josh	Greene	Patton Boggs	Crofton	MD
Jim	Hayden	BDO, Intl.	Bethesda	MD
Ellen	Hemmerly	bwtech at UMBC	Baltimore	MD
Francis	Hodsoll	MDVSEIA/ EE Frontiers	Herdon	VA
R. Thomas	Hoffmann	Ballard Spahr	Washington	DC
Lynn	Hogg	Solargen	Baltimore	MD
Fred	Hoover	MEA	Annapolis	MD
Abigail Ross	Hopper	Office of Governor O'Malley	Annapolis	MD
Bob	Hoyt	Montgomery County Dept. Environmental Protection	Rockville	MD
Andrew	Kays	Northwest Md Waste Disposal Auth.	Baltimore	MD
Joan	Kleinman	Office of Congressman Chris Van Hollen	Rockville	MD
Pranay	Kohli	Amidus	Baltimore	MD
Dan	Kuegler	Md. Environmental Finance Center	College Park	MD
Todd	Larson	Green America	Washington	DC
Connie	Lausten	Clausten, LLC.	Washington	DC
Alvin	Lavoie	DOW	Springhouse	PA
Arthur	Lazerow	Alban Eco Systems	Bethesda	MD
Curt	Mackinson	Mariner Finance	Baltimore	MD
Elaine	McCubbin	DBED	Baltimore	MD
Jim	McDonnell	Avalon Energy	Bethesda	MD
Kevin	McTigue	Renewable Energy Solutions	Germantown	MD
Markian	Melnyk	Atlantic Wind Connection	Chevy Chase	MD

Appendix A: Continued

MCEC ADVISORY COUNCIL 2012				Page 2
First Name	Last Name	Company	City	State
Anthony	Millin	Anthony L. Millin	Bethesda	MD
Shannon	Moore	Frederick Co. Office of Environmental Sustainability	Frederick	MD
Andy	Moser	Maryland Workforce Development Corp.	Millersville	MD
Bob	Mroz	Hytek Bio, LLC	Dayton	MD
David	Musyt	Noveda Technologies	Roanoke	VA
Dan	Nadash	Potomac Energy Fund	Frederick	MD
Robert	Nicholson	OTEC	Baltimore	MD
Alex	Nunez	Constellation Energy	Annapolis	MD
Roger	O'Donnell	Eaton	Hanover	MD
Cindy	Parker, MD MPH	Johns Hopkins Environment, Energy, Sustainability, & Health Institute	Baltimore	MD
Steve	Pattison			
Rick	Peters	Solar Energy Service	Millersville	MD
Andi	Puckett	All In Energy Solutions	Swan Point	MD
Bernie	Reynolds	Towson University Center for Professional Studies	Towson	MD
Dan	Rider	Maryland Dept of Natural Resources	Annapolis	MD
Rebecca	Rush	Renewable Energy Stewardship	Hagerstown	MD
Grant	Schmelzer	IEC-Chesapeake	Odenton	MD
Steve	Schnieder	Lockheed Martin	Bethesda	MD
CP	Shankar	American Grid	Columbia	MD
Paul	Skrochod	Balt. City DGS	Baltimore	MD
Gary	Skulnik	Clean Currents	Rockville	MD
John	Spears	International Center for Sustainable Development	Gaithersburg	MD
Pat	Thompson	Energyworks	Annapolis	MD
Calvin	Timmerman	MD Public Service Commission	Baltimore	MD
Brian	Toll	ecobeco	Rockville	MD
Ross	Tyler	Business Coalition for Maryland Offshore Wind	Washington	DC
Linda	Walker	Complete Home Solutions	Lothian	MD
Robert	Wallace	BITH Group Technologies, Inc.	Baltimore	MD
Harry	Warren	Washington Gas Energy Services	Herndon	VA
Charles	Washington, Jr	PEPCO & Delmarva Power	Washington	MD
Hannah	Wood	SRA, International	Rockville	MD
Larry	Zarker	BPI	Washington	DC

Appendix B

MCEC ADVISORY COUNCIL 2013				
First Name	Last Name	Company	City	State
John	Ackerly	Alliance for Green Heat	Takoma Park	MD
Gary	Allen	Center For Chesapeake Communities	Annapolis	MD
Daniel F.	Ancona III	Princeton Energy Resources International	Rockville	MD
Ted	Atwood	Baltimore City	Baltimore City	MD
Phillippe	Van Berten	Stevenson University	Owings Mills	MD
Kevin	Brown	Hobbs & Towne, Inc.	Valley Forge	PA
Dave	Buemi	Federal Markets Gehrlicher Solar Americas Corp.	Annapolis	MD
Calvin	Butler	Exelon Corporation	Chicago	IL
Frank	Caliva	Maryland Energy Marketers Coalition	Washington	D.C.
Tom	Carlson	Chesapeake Climate Action Network	Takoma Park	MD
Paula	Carmody	Office of the People's Council	Baltimore	MD
Tony	Clifford	Standard Solar	Rockville	MD
Bill	Cole	Pfister Energy	Baltimore	MD
David	Costello	MDE	Baltimore	MD
Jean Paul	Crouzoulon	AREVA Renewable	Bethesda	MD
Mark	Crowdis	Think Energy, Inc.	Silver Spring	MD
Janine	Downey	World Trade Center Institute	Baltimore	MD
Danny	Ervin	Salisbury University	Salisbury	MD
Daena	Feldman	SkyBridge Energy Solutions	Annapolis	MD
Scott	Friedman	Greenavise	Silver Spring	MD
Michael	Giangrandi	A.J. Michaels Company	Baltimore	MD
Robert	Glidewell	Washington Gas	Washington	DC
Josh	Greene	Patton Boggs/Clean Tech Open	Crofton	MD
Don	Hanky	The Whiting -Turner Contracting Co.	Towson	MD
Ellen	Hemmerly	bwtech at UMBC	Baltimore	MD
Michael	Hill	EDF Inc.	Chevy Chase	MD
Francis	Hodsoll	EE Frontiers, LLC	Herdon	VA
R. Thomas	Hoffmann	Ballard Spahr	Washington	DC
Abigail Ross	Hopper	Office of Governor O'Malley	Annapolis	MD
Eric	Coffman	Montgomery County Dept. Environmental Protection	Rockville	MD
Elizabeth	Kaiga	Reznick Group, P.C.	Bethesda	MD
Jim	Kapsis	Market Development & Strategy	Arlington	VA
Andrew	Kays	Northwest Md Waste Disposal Auth.	Baltimore	MD
Joan	Kleinman	Office of Congressman Chris Van Hollen	Rockville	MD

Appendix B: Continued

MCEC ADVISORY COUNCIL 2013				Page 2
First Name	Last Name	Company	City	State
Pranay	Kohli	Amidus	Baltimore	MD
Todd	Larson	Green America	Washington	DC
Connie	Lausten	Clausten, LLC.	Washington	DC
Alvin	Lavoie	DOW	Springhouse	PA
Arthur	Lazerow	Alban Eco Systems	Bethesda	MD
Peter	Lowenthal	Stella Group Limite	Bethesda	MD
Curt	Mackinson	Mariner Finance	Baltimore	MD
Dr. Arjun	Makhijani	Institute for Energy & Environmental Research	Takoma Park	MD
Elaine	McCubbin	DBED	Baltimore	MD
Jim	McDonnell	Avalon Energy	Bethesda	MD
Kevin	McTigue	Renewable Energy Solutions	Germantown	MD
Markian	Melnyk	Atlantic Wind Connection	Chevy Chase	DC
Michael	Miller, MD	SkyBridge Energy Solutions	Annapolis	MD
Anthony	Millin	Lerch, Early & Brewer	Bethesda	MD
Shannon	Moore	Frederick Co. Office of Environmental Sustainability	Frederick	MD
Andy	Moser	Maryland Workforce Development Corp.	Millersville	MD
Bob	Mroz	HYTEK Bio, LLC	Dayton	MD
David P.	Musyt	Phoenix Energie	Roanoke	VA
Dan	Nadash	Potomac Energy Fund	Frederick	MD
Robert	Nicholson	OTEC	Baltimore	MD
Alex	Nunez	Constellation Energy	Annapolis	MD
Jerry	Pasternak	Pepco	Washington	DC
William	Pentland	Senior Director of Market Development	Darien	CT
Rick	Peters	Solar Energy Service	Millersville	MD
Andi	Puckett	All In Energy Solutions	Swan Point	MD
Dan	Rider	Maryland Dept of Natural Resources	Annapolis	MD
Rebecca	Rush	Renewable Energy Stewardship	Hagerstown	MD
Nathan	Rushing	Competitive Power Ventures, Inc	Silver Spring	MD
Alison	Shea	Siemens Industry Inc.	Beltsville	MD
Grant	Schmelzer	IEC-Chesapeake	Odenton	MD
Robin F.	Shaivitz	Alexander & Cleaver, P.A.	Annapolis	MD
CP	Shankar	American Grid	Columbia	MD
Krista M.	Smith	Deloitte & Touche LLP	Mclean	VA
Pat	Thompson	Energyworks	Annapolis	MD
Calvin	Timmerman	MD Public Service Commission	Baltimore	MD
Brian	Toll	ecobeco	Rockville	MD
Garret	Trierweiler	Wheelabrator Technologies	Hampton	NH
Fred	Ugast	U.S. Photovoltaics, Inc.	Frederick	MD
Robert	Wallace	BITH Group Technologies, Inc.	Baltimore	MD
Charles	Washington, Jr	PEPCO & Delmarva Power	Washington	MD
Larry	Zarker	BPI	Washington	DC
William	Zwack	SRA International	Rockville	MD