



ANNUAL REPORT FY 2010



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## **Board of Directors**

Ivan Lanier, Chairman

Kenneth Connolly

Jeremy Butz

Jeffrey Eckel

Karen Galindo-White

Dan Goodman

Isaac Opalinsky

Jill Sorenson

Malcolm Woolf

## **Executive Director**

I. Katherine Magruder

## Message from the Chairman



In the past year, as Chair of the Maryland Clean Energy Center (MCEC), I have had the opportunity to lead a promising organization in promoting standards for energy efficiency and technology.

The Governor has committed resources that will enable the Center to position itself as the strategic State agency for collection and dissemination of energy data and implementation of green energy projects and technologies.

Executed successes in 2010 by MCEC include roll out of the Clean Energy Loan Program for residential consumers, funded by a grant from the Maryland Energy Administration and the US Department of Energy. MCEC also secured \$1 million in funding from the Maryland General Assembly to implement a residential consumer energy education program and to assist local governments to develop and implement energy efficiency and conservation projects. The Center also has shown active leadership as a participant with the Maryland Legislative Green Caucus, the Governors Green Jobs and Industry Task Force and other Government organizations and industry stakeholder groups on discussions regarding energy public policy issues and regulations.

Future goals, crucial for the Maryland Clean Energy Center's survival, should include securing a sustainable funding source, aggressively promoting private sector involvement and continuing our statewide Residential Consumer Outreach & Education initiative for homeowners and seniors.

Maryland has made great strides in promoting energy efficiency and renewable energy programs- let's continue the commitment.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Ivan Lanier'.

Ivan Lanier  
Chairman  
2009-2010

## Message from the Executive Director



Throughout this first full year of operation the Maryland Clean Energy Center focused efforts on establishing a presence and building awareness with citizens, business leaders and policy makers. In order to establish a foundation for future success and better position MCEC to deliver on our mission in the years ahead, communications tools were constructed and implemented, events were held, and partner relationships were fostered. Moving forward in FY'11, MCEC will build from that foundation and strengthen our capacity to deliver real impact. We will identify and measure indicators that point to success in our efforts to encourage the necessary paradigm shift we want to see in the new energy economy.

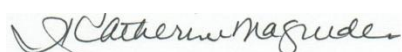
In 2010, representative stakeholders across the state from each sector of the clean energy, financial, building and construction industries as well as both government and non-government organizations agreed to serve on the MCEC Advisory Board. I especially want to thank them all for offering their time and expertise to help us refine the action plan to be implemented in the months ahead. They told us by survey the best things MCEC could do to advance the cause would be to promote their enterprise and increase consumer demand; assist with access to capital and financing resources to build their companies and programs; and coordinate advocacy efforts on their behalf. MCEC intends to do just that throughout FY '11!

The Maryland Clean Energy Technology Incubator Network was implemented in March 2010 with the ribbon-cutting event at the bwtech @umbi CETI. Throughout the year staff also met with numerous companies in the state and others looking to do business from outside the state as part of the MCEC economic development activity.

MCEC hosted the first Legislative Day Reception in Annapolis and attendance was indeed remarkable at over 200, demonstrating the importance of the energy discussion! MCEC was awarded funding from the General Assembly in FY'11 to deliver Consumer Education & Outreach activity and is grateful for the investment, which will be used to create returns in the months ahead. We are also grateful to our sponsors and contributors who supported MCEC during FY'10.

Overall this year allowed me to see both the limitations and the potential for MCEC to make a difference. Moving ahead, MCEC will continue to rise to the challenge- striving for stability and sustainability of the organization- in efforts to encourage conservation, increase generation from clean, affordable, and renewable sources with the intended result of job creation and reduced greenhouse gas emissions in Maryland.

Best regards,



I. Katherine Magruder  
Executive Director

## **MCEC Strategic Plan & Building Capacity**

To maximize the limited resources of both staff and finances MCEC adopted a strategic plan that highlights as priority the five strategic focus areas specified in the enabling statute. These include:

- Economic Development & Job Creation
- Research & Development
- Technology Transfer, Commercialization and Entrepreneurial Activity
- Workforce Development
- Consumer Adoption

The MCEC Strategic Plan (*See Appendix A*) identifies certain objectives and strategies designed to more effectively deliver on its mission, most of which were addressed during the past fiscal year. In addition to those action items described below, MCEC took some critical steps in FY'10 to build operational capacity.

### **Advisory Board**

To encourage greater involvement in clean energy development efforts all across the state, help guide future activity, and provide support for planned activity, the Board of Directors appointed a 52-member Advisory Board to serve a one year term. This group includes representatives from various clean energy sectors, energy distribution and generation principals, investment and banking specialists, green building, and energy efficiency advisors, as well as environmental stakeholders. (*See Appendix B: "MCEC Advisory Board Members"*)



A Kick-off Event was held in January 2010 at the MCEC headquarters located in Rockville at the Universities at Shady Grove and recognized John Spears, President of the Sustainable Design Group, as Chair of the Advisory Board. This group was surveyed in March to get feedback on how MCEC could best serve the stakeholder audience.





An Advisory Board Meeting was held in early July 2010 to further refine MCEC strategies and action plans, with policy advisors from the Governor's office attending and Congressman Chris Van Hollen reporting to the group on pending Federal initiatives.



#### Staff & Contractors

In FY'10 MCEC grew from operating with only one to two FTEs, and employed eight different interns to assist throughout the year and during the summers of 2009 and 2010. Of the various contractors hired during FY '10, 50% were Minority Business Enterprises.

### Overview of FY '10: "Establishing a Presence"

In this period of the lifecycle of the organization, MCEC worked to establish a presence with consumers, business and government representatives both elected and appointed officials on the local, state and Federal levels. Implementation activities were priorities based on the strategic plan and the Forecast for FY '10 included in the FY'09 Annual Report.

Activity centered largely on MCEC becoming an information resource through consumer outreach and education, partnering on workforce development initiatives, and an inventory of existing companies and service providers, as well as economic development activity to provide support for business development and job creation whenever possible. The center also focused on establishing its role in leading related advocacy activity and building operational capacity.

**Objective I** in the MCEC Strategic Plan calls for the Center to "create demand for products, services & technologies". To meet this objective, **strategies include: *raise awareness, increase credibility and provide convenient access***. Implementation and employment of various methods of communication became a key priority in the first full year of operation.

## Consumer Outreach & Education



**MARYLAND CLEAN ENERGY CENTER**

Fall 2009

### The Current

**IN THIS ISSUE**

- [Heading Toward a Bright Future](#)
- [Maryland - The Sunshine State?](#)
- [Knowledge is Power: Training Workshops for Solar Energy Announced](#)
- [The MCEC Incubator: Power Source for Emerging Energy Technology](#)
- [Conference - Affordable Solar: Moving to the Mainstream](#)

**Energy Wise Info from Pepco & Delmarva Power**

**Phi Partners with Doe on 2009 Solar Decathlon**  
PHI Technology, Engineers, Provided "Tie-Breaker" for Competition  
From Oct. 9 to Oct. 15, a "village" of futuristic homes on the National Mall welcomed visitors from across North America and around the world. The Solar Decathlon, sponsored by the U.S. Department of Energy (DOE), drew applications from an international roster of cross-discipline (engineering, architecture and communications) student teams seeking to represent their university. [Read more >](#)

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**register your company. [Learn more >](#)**

[www.marylandcleanenergycenter.org](http://www.marylandcleanenergycenter.org)

Sponsored by Pepco and Delmarva Power

**pepco** **Pepco Holdings Inc.** **delmarva power**

Pepco and Delmarva Power, public utilities owned by Pepco Holdings, Inc. (NYSE: PGM), provide safe and reliable energy to approximately 719,000 customers in Maryland. PHI welcomes the opportunity to join the Maryland Clean Energy Center in providing Maryland electric customers with the information they need to conserve energy, lower their electric bills and help create a clean and safe environment for Maryland. A member of the Maryland Green Registry, PHI is ranked number 134 in Newsweek magazine's Greenest Big Companies in America, published October 2009.

During FY'10, MCEC invested time and significant financial resources for design, content development and technical infrastructure to operate ongoing electronic communications. Consultants and contractors were hired to build a website that launched in December, and continues to evolve as MCEC identifies needs for additional information and resources by our stakeholder audiences. At the time of this report, over 450 companies were registered in the Resource Data Base which is accessible via the website at [www.mdcleanenergy.org](http://www.mdcleanenergy.org)

A freelance writer was engaged as newsletter editor and software was purchased to facilitate communication to the subscriber base developed by MCEC, which now exceeds 1000 addresses. "The Current" newsletter began monthly circulation in December 2009 with sponsorship from PEPCO and PHI as partners in addition to other donors.

In this timeframe MCEC also designed, produced and distributed a general information publication that is the main promotional piece for the organization.

Involvement in various events in FY'10 also benefitted MCEC in terms of outreach. MCEC is proud to have kicked off a series of seminars covering energy topics jointly sponsored with the Maryland Asia Environmental

Partnership which began in April with an additional event in June, and two more scheduled in FY'11 in September and November. Staff attended and/or exhibited at the Green Business Conference in May, and in June the Green Showcase held in Frederick sponsored by Congressman Bartlett's office; as well as Solar Bethesda hosted by Bethesda Green, where Administrator Deborah Parrish was a presenter. Plans to host the Maryland Clean Energy Summit began in earnest late in this fiscal year.





## Consumer Adoption

Recognizing the cost of energy to Maryland consumers and the opportunity to more effectively meet the EmPOWER Maryland goal of 15% reduction in energy demand by 2015 as a result of implementing energy efficiency measures, the MCEC Board wanted to investigate implementing some type of loan program to make funding available to encourage consumers to take proactive steps.



MCEC was awarded \$4M in funds from the American Recovery & Reinvestment Investment Act (ARRA) through a partnership with the Maryland Energy Administration, and commenced development of a **Clean Energy Loan Program** in August 2009. The funds were initially intended to help consumers affordably execute energy audits and implement the recommended improvements on their homes, in keeping with the Property Assessed Clean Energy (PACE) loan models implemented in other states, but the effort has been fraught with challenges. MCEC staff and contract consultants worked closely with officials from Montgomery, Frederick, Prince George's, and Queen Anne's Counties in addition to the City of Annapolis to build "program-in-a box" models for replication across the state. Center representatives were also engaged in efforts to modify state enabling legislation to more closely align programs with White House guidelines for such model programs. A website to promote the program and accept applications was constructed and all related documentation was prepared which is ready for implementation. In early May 2010 concerns raised by Fannie Mae, Freddie Mac, and the Federal Housing Finance Agency caused an abrupt halt to all PACE - related program development while DOE redirected grantees on the use of funds moving forward. Since that time MCEC has been working on new strategies to achieve the same ends without any necessary lien-related component. A full- time Loan Program Manager was hired in September to advance the effort.

**Objective II** calls for MCEC to "establish an environment conducive to success" of clean energy and energy efficiency related business and industry in Maryland. **Strategies include:**  
***Encourage research & development activity; Provide support for commercialization & entrepreneurial innovation; Identify and provide access to financing opportunities; provide appropriate workforce development opportunities; and Support the adoption and implementation of appropriate policy.***

During FY'10 MCEC focused activity related to this objective on support for commercialization, workforce development opportunities; and economic development & job creation through business retention & expansion.

## Support for Commercialization



hired to technically assist companies and further the concept.

A recent inventory of 20 incubators in Maryland that assist a total of 365 startup companies uncovered only 20, or 5.5% of those companies were working in energy affiliated capacities. MCEC is working to increase that number.

As directed by statute, MCEC has developed and operates a Maryland Clean Energy Technology Incubator Network (CETI). The network was initiated through a partnership with the bwtech@umbc incubator during a Ribbon Cutting Event held in March 2009.

The incubator currently houses five companies and is expanding through affiliation agreements with others. A part time Entrepreneur-in-Residence, Bjorn Frogner, was



## Workforce Development Opportunities

MCEC Executive Director, I. Katherine Magruder served as co-chair of the Maryland State Energy Sector Partnership Grant Steering Committee that successfully won \$ 5.8 M in grant funds for related training program implementation. MCEC engaged the various community colleges across the state to identify and promote programs available for training and added links to each on the MCEC website. MCEC has also undertaken workforce training initiatives that seek to fill unique gaps unmet by existing programs and providers.

MCEC serves as a hub for industry sector collaborative groups, working to identify and recommend adoption of policy measures to remove roadblocks impeding progress in the clean energy sector. A Solar Stakeholder Work Group began meeting early in 2010 and continued to meet monthly through June to work on several areas of interest and concern to this specific sector, including but not limited to:

- Standardization & Streamlining of permitting protocols;
- Training & Education for Reviewers, Inspectors & Installers;
- Improved Communication about products and providers;
- Professional Certification Requirements for Maryland and surrounding states;
- Delineation of Partners & Services Resources; and
- Financing & Filing Paperwork

The group identified inconsistency in permitting protocols from county to county and worked to develop a more standard approach in keeping with Solar ABC standards. A trainer was



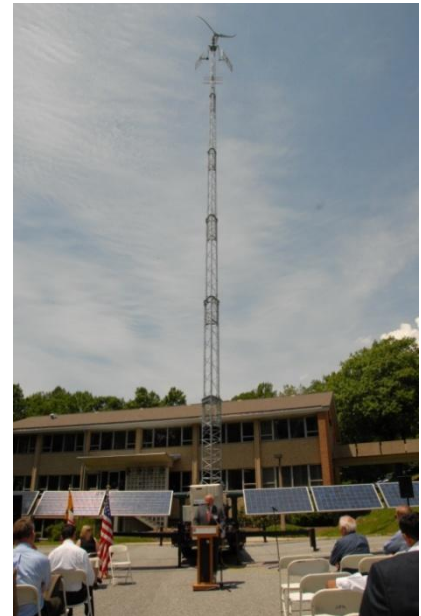
FY'11.

engaged to offer workshops to building and electrical inspectors as well as solar installers to bridge any gaps and facilitate a smoother more consistent permitting experience for all parties in all jurisdictions. Solar Training Workshops were held in March, April and June 2009 with a total of 73 attendees participating. A Geothermal Work Group was initially convened in July 2010, and will be scheduled to meet again in late fall of

## Economic Development & Job Creation through Business Retention & Expansion

During FY'10 staff and Board members met with a number of company representatives to determine their needs and to see if MCEC could refer them to local state, federal or private resources for assistance. MCEC also served on the Governor's Green Jobs & Industry Task Force led by the Maryland Department of Business & Economic

Development and as an advisor to the Maryland Energy Administration relative to the award of Clean Energy Economic Development Initiative funding.



## Advocacy



Over the course of FY '10 MCEC became engaged with legislators during and after the General Assembly session, with the intention of advising on policy changes under consideration that might affect delivery of our mission and successful growth of the associated industry sector.



The first MCEC Legislative Reception was held in February 2010 in Annapolis with 200 plus elected leaders, academic, and business representatives in attendance. Maryland Department of General Services Secretary Al Collins was a featured speaker and talked about successful state efforts to advance energy efficiency in managing public buildings. Legislative leaders also spoke about pending legislation of interest to the audience.

MCEC representatives testified during session and works with industry stakeholders to support or oppose bills that would impact the clean energy and energy efficiency sector including, reinstatement of the Clean Energy Incentive Act.



**Objective III** challenges MCEC to “achieve demonstrable results” and one of the stated purposes of MCEC by statute is to collect, analyze, and disseminate industry data.

### Evaluating Success

MCEC would like to execute an initial Benchmarking Metrics and Impact Study to establish certain quantitative and qualitative measures indicative of the current conditions related to desirable outcomes expressed in its mission. MCEC would also like perform annual data collection, along with analysis of those metrics identified, to monitor trends over a multi-year period of time to better evaluate progress.

The cost and commitment of personnel to implement a related strategy in which the center identifies and tracks certain accountability measures was investigated during FY '10. Proposals for related studies have been provided by local academic and private sector organizations but, the MCEC budget was unable to cover the estimated expense during the past fiscal year.

## **Forecast for FY'11: "Striving For Sustainability"**

While there was funding committed to supporting operations and programs at the most basic level through FY '10, during the FY'11 fiscal cycle, MCEC leadership will focus on obtaining a sustainable source of funding for the organization through solicitation of various sponsorships and private donations, in addition to state and Federal resources.

### **Consumer: Create Demand for Products Services & Technology**

The Clean Energy Loan Program initiated in FY'10 was to have been built on a PACE (property assessed clean energy) loan platform that called for loans to be repaid through a lien of property and collection through the local property tax system. MCEC enters into the implementation phase in FY'11, following a program development period marred by setbacks resulting from concerns about the impact of using liens expressed by the Federal lending institutions.

This initiative will continue to be a priority focus in FY'11, as there is now administrative, technical, and legal support now in place MCEC can start making direct loans in this cycle. Work is also underway to create a LLR fund to leverage increased investment by third party lenders as program partners.

Consumer education and outreach activity will be significantly increased in FY '11, funded by a grant from the Maryland General Assembly. MCEC will work in partnership with the Maryland Department on Aging and advocacy groups such as AARP utilizing various media and public relations strategies to reach out to consumer audiences, especially fixed income senior citizens, who want to learn more about how they can reduce their costs for electricity through energy efficiency and choice of service provider.

The center also plans to create baseline information materials to better inform legislators, and subsequently their constituents, about the energy situation in Maryland. Content will be fact based with topics such as those below included:

- generation, transmission and distribution;
- deregulation and electric choice;
- renewable energy and energy reduction goals and opportunities;
- policies and incentives currently in place;
- job creation opportunities; and
- resource contacts.

MCEC will continue work begun in FY '10 with Congressman Bartlett, his staff and staff from SHA and FHA on a potential demonstration center project to be located within the Congressman's district in Frederick County. MCEC was asked to develop an RFP, solicit and



review responses, and provide contract management for project implementation by the selected bidder. The Demonstration Center project will enable additional education and outreach related to clean energy technologies and energy efficiency practices and should move forward in FY '11.

### **Business & Industry: Create an Environment Conducive to Success**

Implementing strategies to provide support and foster an environment for clean energy enterprise to thrive is critical to the success of the MCEC mission. Throughout the pipeline, from research and development to established business operation, MCEC will work to ensure that there are favorable policies, financial resources, appropriate sites and facilities, and a skilled and available workforce in place.



MCEC is actively working with academic institutions and entities that are addressing clean energy—including the state-based Federal labs and the University of Maryland Energy Research Center at the University of Maryland College Park. MCEC will foster research partnerships and collaboration with industry and is seeking to secure pools of funding for research grants.

The **Maryland Clean Energy Technology Incubator Network** was started in FY'10 as a means to provide technical assistance for startup companies and allow for a better transition of research from “the bench to the bank”. In keeping with plans to ensure sustainability, MCEC will work during FY'11 to execute affiliation agreements with existing incubators throughout the state and the Maryland Technology Economic Development Corporation (TEDCO), to foster regional innovation ecosystem development and bring appropriate resources to the table.

MCEC is also seeking investment in a **Clean Energy Business Development Fund** to assist companies that grow out of incubators and need help to expand within the state, or are attracted to come to the state. This fund could help finance market research and feasibility studies and be available as a means to invest in advantageous business development opportunities. Further, this fund can be aligned with programs in place at the Maryland Department of Business & Economic Development to add a clean energy sector to those

business types eligible for assistance through the Maryland Venture Fund and the Maryland Economic Development Assistance Authority and Fund (MEDAAF).

MCEC also wants to investigate the potential for creation of **Clean Energy Enterprise Zones** where certain economic development tools and incentives could be leveraged to encourage related business development.

To ensure that there is a trained and ready workforce in Maryland to fill new jobs resulting from growth in the green economy, MCEC will work closely with the Maryland Department of Labor Licensing & Regulation, the state and local Governor's Workforce Investment Boards, Maryland Community Colleges and private sector training organizations in support of clean energy and green building-related workforce development initiatives. Because of limited resources, the MCEC Board has determined the organization should only seek to fill unique gaps in workforce development with its own programs.

Working with professional associations and stakeholders in the clean energy and green building sector in FY'11, MCEC has plans to organize and host various events and networking opportunities. The Maryland Clean Energy Summit and Trade Show will be hosted jointly by



MCEC and MEA in October 2010. MCEC will work with the Maryland DC Virginia Solar Electric Industry Association to support the annual conference it produces, and staff will work to bring the Renewable Energy Markets Conference to Baltimore in the future.

#### **Advocacy:**

MCEC has taken the lead in engaging a diverse audience of stakeholders in the legislative process and interfacing with policy makers whose actions inevitably impact the sector overall. In FY' 11 MCEC will further secure a leadership role through targeted efforts to advise policy makers. MCEC will attend the Maryland Association of Counties Summer Conference in August 2010 and work to establish a presence at future conferences.

As specified in Senate Bill 1067 – Task Force on Solar Hot Water Systems in Prince George's County- passed by the Maryland General Assembly last session, MCEC will provide support and assist with deliverables indicated in the bill.

During the months leading up to the 2011 General Assembly Session, MCEC will work with the Advisory Board to craft an agenda and plans to expand its role by broadening participation in the MCEC Legislative Committee. A Government Relations contractor will be hired to focus on the promotion of the MCEC stakeholder agenda, and in January MCEC will again host a

Legislative Reception in Annapolis to create face- to- face opportunities for legislators to hear directly from this constituent audience.

### **Performance Metrics: Achieve Demonstrable Results**

A **Benchmark Study** is proposed as a deliverable in the MCEC strategic plan to establish appropriate measures to evaluate progress intended as a result of investment in developing clean energy and advancing energy efficiency in Maryland. MCEC also intends to serve as a clearinghouse for clean energy-related statistics collected and disseminated from a variety of sources. Whether or not MCEC is able to carry out this critical piece of its mission will likely be dependent on access to funding which has not been identified at this time.

In FY'10 MCEC began to define the scope and resources necessary to accomplish this objective. Estimates for project management have been obtained and the Advisory Board identified metrics of significance to record and track. Certain sources of those metrics have also been assigned, including, but not limited to the PSC, MEA, Power Plant Review Program, Maryland Dept. of Labor Licensing & Regulation, business incubation centers, and academic institutions across the state.

Again in FY'11 MCEC has an ambitious agenda and will use the funding commitment in hand to make continued progress. Although the economy continues to present challenges for Maryland, additional investment made now to advance clean energy, increase energy efficiency and instill green building practices will result in future payoffs in energy savings, economic growth, and most importantly—new job creation.

### **MCEC Funding & Financial Statements**

In total, the FY'10 Budget accounts for one full year of expenses. MCEC is currently funded largely by a grant from Montgomery County, which in part covered FY'10 expenses. This \$500,000.00 grant award was intended to cover the cost of staff and operational expenses over three fiscal years and will be exhausted at the end of FY'11, the current fiscal year. Without this generous commitment, MCEC would not have been able to get up and running nearly as successfully as the organization has in the past year.

The Maryland Energy Administration (MEA) also provided a funding source to get MCEC up and operating, in the form of a loan totaling \$400,000 payable over an eight year period beginning in FY'12 at no interest. MCEC utilized this funding throughout FY'10 and budgeted for the use of these funds in FY'11.

Sponsorship and donation funding received by MCEC in FY'10, totaled \$ 20, 160 and ended the fiscal year with an overall budget fund balance of \$49,000.



## APPENDICES

- A. MCEC Strategic Plan
- B. MCEC Advisory Board Members
- C. FY '10 Audit
- D. MCEC FY '11 Proposed Administrative Budget



## APPENDIX A: MCEC Strategic Plan



### Strategic Plan

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#### **Objective I: Increase the demand for clean energy, renewable energy and energy efficiency products, services & technologies from Maryland consumers.**

##### **Strategy I: Raise Awareness**

- Launch Website and other Communications & Marketing Initiatives
- Provide a resource data base of companies
- Publish a monthly Newsletter
- Host an annual Maryland Clean Energy Summit

##### **Strategy II: Increase Credibility**

- Recognize significance of credentialing and certification programs

##### **Strategy III: Provide Convenient Access**

- Implement Consumer Loan Programs based on PACE Model in partnership with interested municipalities and jurisdictions

#### **Objective II: Establish an environment conducive to success for clean energy and energy efficiency enterprise in Maryland.**

##### **Strategy I: Provide direct industry support**

- Operate a Maryland Clean Energy Technology Incubator (CETI)

##### **Strategy II: Identify and provide access to financing opportunities, for example:**

- Foster creation of and coalesce resources for a targeted Business Development Investment Fund including loan guarantees.
- Foster creation of a targeted Md. Clean Energy Venture Fund with associated tax credits advantageous for participation of investors

##### **Strategy III: Encourage research & development activity and collaboration, for example:**

- Seek resources for Proof of Concept Funds
- Seek resources for Market Feasibility Study Funds

##### **Strategy IV: Support adoption and implementation of appropriate policy**

- Appoint, engage and consult an MCEC Advisory Board
- Host Industry Stakeholder Collaborative Sessions
- Government Relations activities, including Legislative Receptions

##### **Strategy V: Provide and promote related workforce development opportunities**

- Organize and offer Solar Permitting & Inspections Workshops
- Foster partnerships with GWIB, Universities and Community Colleges in Maryland.

#### **Objective III: Achieve demonstrable results indicative of moving Maryland toward the clean energy economy in terms of economic, environmental and socio-cultural impacts.**

##### **Strategy I: Identify & track accountability measures.**

- Execute Initial Benchmarking of metrics and Impact Indicator Study
- Perform annual data collection and analysis based on established benchmark metrics to monitor trends over time.

## APPENDIX B: MCEC Advisory Board Members



### 2010 MCEC ADVISORY BOARD

Name	Company	Sector	County	Solar	Wind	EE	Biomass & Biofuel	Geotherm	Energy Storage	Hydro	Power	Bus	Other
<b>WESTERN MD</b>													
John Congedo	AC Wind	Wind	Alleghany		x								
Daniel H. Nadash	Potomac EnergyFund	Finance	FC										x
<b>CENTRAL MD</b>													
Gary Skulnik	Clean Currents	Energy Broker	MC								x		
John Spears	Sustainable Design	EE Contractor/Architect	MC			x							
Carlos Fernandez-Bueno	Potomac Wind Energy	Wind	MC		x								
Tony Clifford	Standard Solar	Solar	MC	x									
Phil Singerman	B&D Consulting	Business Development	MC									x	
Kim Watson	PEPCO	Power Distribution	MC								x		
Rich Thometz	Efficient Home	EE Auditor/Contractor	MC			x							
Chris Belchamber	Bethesda Green	Environ/Bus. Incubation	MC										x
Jean-Paul Crouzoulon	Areva	Renewable Energy	MC	x	x		x		x				x
Tim Firestine	Montgomery County	Government	MC										x
Mark Bowen	Lockheed Martin	Bus Dev & Energy Svcs	MC									x	x
Jay Birnbaum	The Current Group	Energy Management	MC			x							
Stewart Edelstein, PhD	Universities at Shady Grove	Academia	MC										x
Pat DeLaquil	IRG	Business Development	AA									x	
Brain Quinlan	Lars Energy	Biomass	AA				x						
Dave Buemi	Prescient Mktg.	Solar	AA	x									
Derek Robertson	Wave Bob	Hydro	AA							x			
Marc Hanks	Direct Energy	EE	AA			x							
Mark Schultz	Earth River Geothermal	Geothermal	AA					x					
Richard Deutschmann	GroSolar	Solar	HC	x									
Ken Green	BCS, Inc.	Energy Consultant	HC									x	
Stan Serson	Green Building Institute	EE/Architect	HC			x							x
Josh Feldmark	Howard Co. Office of Sustainability	Government	HC										x
Josh Goldberg	Astrum Solar	Solar	HC	x									
Ellen McBarnette	Urban Solar Solutions, LLC	Solar	PG	x									

## APPENDIX B: MCEC Advisory Board Members (Continued)

Name	Company	Sector	County	Solar	Wind	EE	Biomass & Biofuel	Geotherm	Energy Storage	Hydro	Power	Bus	Other
Eric Wachsmann, PhD	UMERC	Academia	PG										x
Kerinia Cusick	Sun Edison	Solar	PG	x									
Stephen Pattison	Greenhorne & O'Mara	Consulting Engineers	PG										x
Paul Wittemann	Greenspring Energy	Solar	Balt. City	x									
Peter Van Buren	Terra Logos	EE	Balt. City			x							
Sophie Dagenais	Baltimore City of Mayor's Office	Government	Balt. City										x
Brad Heavner	Environment Maryland	Environmental Advocate	Balt. City										x
Connie Lausten	New Gen Biofuels	Biofuel	Balt. City				x						
Michael D. Smith	Constellation Energy	Power Gen & Distribution	Balt. City								x		
R. Thomas Hoffmann	Ballard Spahr	Legal	Balt. City										x
Bill Cole	Pfister Energy	Renewable Energy	Balt. Co.	x	x	x		x					
Bill Blanchette	Chesapeake Geo Systems	Geothermal	Balt. Co.					x					
<b>EASTERN SHORE</b>													
Steve Arabia	NRG	Power Gen	Dorc. Co				x				x		
Virginia Warren	Cropper Oil	Biodiesel	Worc. Co				x						
Ryk Lesser	Green Energy Design	EE/Architect	TC			x							
Rich O'Brien	Essential Technology Centers	Project Mgmt & Finance	TC										x
<b>SO. MD</b>													
Ken Robinson	Potomac View Comm.	Marketing & PR	CS		x							x	
Kim Winslow	Aqua Well Drilling	Geothermal	StM					x					
John Hensley	Patuxent Environmental Group	EE	Calvert			x							
<b>STATEWIDE</b>													
Carl LaVerghetta	MES	Project Development	AA				x						
Paula Carmody	OPC	Government	Balt.City										x
LaWanda Edwards	PSC	Press Sec.	Balt.City										x
Larry Zarker	BPI	EE & Other					x						x
Ted Atwood	City of Baltimore Dept. of General Services	Government	Balt.City										

**MARYLAND CLEAN ENERGY CENTER  
Rockville, Maryland**

**FINANCIAL STATEMENTS**

**As of and for the year ended June 30, 2010**





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## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors  
Maryland Clean Energy Center

We have audited the accompanying statement of net assets of the Maryland Clean Energy Center (the Center), as of June 30, 2010, and the related statement of revenue, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. 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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the respective financial position of the Center as of June 30, 2010, and the respective changes in its financial position and cash flows, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2010, on our consideration of the Centers' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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The Management's Discussion and Analysis on pages 3 through 4, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we express no opinion on it.

Hunt Valley, Maryland  
September 22, 2010

**Maryland Clean Energy Center**  
**Management Discussion and Analysis**  
**As of and for the year ended June 30, 2010**

**Overview of Financial Statements**

The Maryland Clean Energy Center (the Center) is an instrumentality of the State of Maryland founded for the purpose of promoting clean energy economic development and jobs in the state, encouraging the deployment of clean energy technologies, assisting in the demonstration of newly developed technologies, analyzing and disseminating industry data, and providing outreach and technical support to expand the clean energy industry in Maryland.

The purpose of the discussion and analysis that follows is to provide an understanding of the financial performance and activities of the Center as of and for the fiscal year ended June 30, 2010. As required supplementary information, the accompanying analysis should be used in conjunction with the financial statements and related notes to assess the overall financial condition and reported operating results of the Center.

The Center commenced operations in October 2008 with the appointment of its Board. The executive director was appointed effective June 1, 2009.

The following table presents condensed financial information about the Center's net assets as of June 30, 2010 and 2009:

**Fiscal Year 2010**

Net assets represent the difference between total assets and total liabilities. Net assets are considered to be a measure of the Center's net worth. Total net assets increased from \$16,410 to \$276,242 as a result of operating results.

Net Assets		
	2010	2009
	-	-
Current and other assets	\$ 742,308	\$ 438,382
Long-term debt outstanding	400,000	400,000
Other liabilities	66,066	21,972
Total liabilities	466,066	421,972
Net assets:		
Unrestricted	276,242	16,410
Total net assets	\$ 276,242	\$ 16,410-

**Maryland Clean Energy Center**  
**Management Discussion and Analysis**  
**As of and for the year ended June 30, 2010**

**Revenues by Source**

**Fiscal Year 2010**

The Center's primary sources of revenue for general operating expenses were grants from Montgomery County, Maryland and the Maryland Department of Energy.

**Operating Expenses**

Operating expenses include those classified as administrative. Expenses were 68% of revenue in 2009 and 71% of revenue in 2010.

**Operating Income**

The Center reported operating income of \$16,410 in 2009 and \$259,832 in 2010.

**Investment in Capital Assets**

The Center owned no capital assets as of June 30, 2009 or 2010.

**Outstanding Debt**

**Fiscal Year 2009 and 2010**

The Center entered into a non-interest bearing loan agreement with the Maryland Department of Energy to fund start up costs. The balance of \$400,000 was outstanding as of June 30, 2010 and 2009.

**Contacting the Center's Financial Management**

This financial report is designed to provide a general overview of the Center's finances and to demonstrate the Center's accountability for the money it receives. If you have questions about this report or need additional information, contact the Maryland Clean Energy Center, 9636 Gudelsky Drive, 4th Floor, Rockville, MD 20850.



**MARYLAND CLEAN ENERGY CENTER  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2010**

**ASSETS**

Cash	\$ 694,444
Funds held by MES	14,352
Accounts receivable	<u>33,512</u>
 Total Assets	 <u><u>\$ 742,308</u></u>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts payable	\$ 40,067
Accrued salaries and benefits	<u>25,999</u>
Total Current Liabilities	66,066
Non current liabilities	
Due in more than one year	<u>400,000</u>
 Total Liabilities	 <u><u>466,066</u></u>

**NET ASSETS**

Unrestricted	<u>276,242</u>
 Total Liabilities and Net Assets	 <u><u>\$ 742,308</u></u>

The accompanying notes are an integral part of this financial statement.

**MARYLAND CLEAN ENERGY CENTER**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**REVENUE**

Grants	\$ 869,704
Other	38,143
	<hr/>
Total Revenue	907,847
	<hr/>

**EXPENSES**

Salaries and benefits	285,061
Interns and contractors	232,787
Legal	23,009
Public relations	2,000
Communication	2,210
Travel, meetings & events	11,732
Contractual services	71,190
Supplies	4,172
Government relations	15,016
Fixed charges	838
	<hr/>
Total Expenses	648,015
	<hr/>
Increase in Net Assets	259,832
Net Assets, beginning of year	16,410
	<hr/>
Net Assets, end of year	\$ 276,242
	<hr/> <hr/>

The accompanying notes are an integral part of this financial statement.

**MARYLAND CLEAN ENERGY CENTER  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Research contracts and grants	\$ 874,335
Payments to employees	(273,376)
Other Payments	(5,682)
Payments to suppliers and contractors	(330,545)
Net increase in cash and cash equivalents	<u>264,732</u>
 Cash and cash equivalents, beginning of year	 <u>429,712</u>
<b>Cash and cash equivalents, End of year</b>	<b><u><u>\$ 694,444</u></u></b>

**RECONCILIATION OF OPERATING INCOME TO NET CASH  
FROM OPERATING ACTIVITIES:**

Operating income	\$ 259,832
 Adjustments to reconcile operating income to net cash from operating activities:	
Effects of changes in non-cash operating assets and liabilities:	
Funds held by MES	(5,682)
Accounts receivables	(33,512)
Accounts payable	32,409
Accrued salaries and benefits	11,685
Net increase in cash and cash equivalents	<u><u>\$ 264,732</u></u>

The accompanying notes are an integral part of this financial statement.

**Maryland Clean Energy Center**  
**Notes to the Financial Statements**  
*June 30, 2010*

**(1) Organization and Summary of Significant Accounting Policies**

**(a) Reporting Entity**

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

The Center has determined that no other outside agency meets the criteria to be included as a component unit in the Center's financial statements. The Center also is not a component unit of any other government as defined by the Governmental Accounting Standards Board's Statements 14 and 39, as amended.

The Center is a public body politic and corporate of the State of Maryland. It is governed by a nine member board, eight of whom are appointed by the Governor with the advice and consent of the State Senate. The ninth member of the board is the Executive Director of the Center and is appointed by the board.

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

The Center is established to promote clean energy economic development and jobs in the state, encourage the deployment of clean energy technologies, assist in the demonstration of newly developed technologies, analyze and disseminate industry data, and provide outreach and technical support to expand the clean energy industry in Maryland.

**(b) Measurement Focus and Basis of Accounting**

**Basis of Accounting**

The accompanying financial statements of the Center have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The following is a summary of such significant policies.

**Maryland Clean Energy Center**  
**Notes to the Financial Statements**  
*June 30, 2010*

**(1) Organization and Summary of Significant Accounting Policies** (continued)

The accompanying financial statements, which are all business type activities, present the financial position and results of operations of all of the Center's activities. The Center utilizes the accrual basis of accounting and the economic measurement focus in preparing its financial statements wherein revenue is recognized when earned and expenses are recognized when incurred. Also, in preparing its financial statements, the Center has adopted paragraph 6 of GASB Statement No. 20 titled *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting* under which the Service has applied only the applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

**(c) Budgets and Budgetary Accounting**

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

**(d) Cash Equivalents**

Short-term investments with maturities of three months or less at date of purchase are classified as cash equivalents.

As of June 30, 2010, cash balances were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor per bank. The Center is required by Section 22(a) of Article 95 of the Annotated Code of Maryland to collateralize deposits in banks in excess of Federal deposit insurance. The Center's cash balances at Sun Trust Bank are included in the master list of public funds in Maryland that require collateralization. Accordingly, the Centers cash balances were properly insured or collateralized as of June 30, 2010.

Cash held by the Center was as follows at year-end:

	Carrying Amount	Collected Bank Balances at Fair Value	Total Collateral
Demand Deposit Accounts	\$ 694,444	\$ 694,444	\$ -

In addition to cash held in its own name, certain cash is held by the Maryland Environmental Service, a related party of the Center.

**Maryland Clean Energy Center**  
**Notes to the Financial Statements**  
*June 30, 2010*

**(1) Organization and Summary of Significant Accounting Policies (continued)**

**(e) Accounts Receivable**

Accounts receivable are recorded net of estimated uncollectible amounts.

**(f) Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies as of the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**(2) Net Assets**

Unrestricted net assets consist of assets in excess of liabilities that are not invested in capital assets, net of accumulated depreciation, and are not otherwise restricted through law or regulation.

**(3) Capital Assets**

The Center had no capital assets as of June 30, 2010.

The Center defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets useful life are not capitalized. Depreciation is computed using the straight-line method over the estimated useful life of the capital assets.

**Maryland Clean Energy Center**  
**Notes to the Financial Statements**  
*June 30, 2010*

**(4) Noncurrent Liabilities**

During the year ended June 30, 2010, the following changes occurred in the noncurrent liabilities of the Center:

	Balance July 1, 2009	Additions	Repayments	Balance June 30, 2010
MD Energy Administration	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>400,000</u>

Future minimum payments for long term debt as of June 30, 2010 are as follows:

Years ending	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
June 30:			
2011	-	-	-
2012	50,000	50,000	-
2013	50,000	50,000	-
2014	50,000	50,000	-
2015	50,000	50,000	-
2016-2019	<u>200,000</u>	<u>200,000</u>	<u>-</u>
	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ -</u>

Maryland Energy Administration Loan: The purpose of this loan is to provide the Center with funds to establish and commence operations, including programmatic activities and administrative and operating expenses. The loan is non-interest bearing with semi-annual principal payments of \$25,000 commencing in December 2012 through June 2019.

**(5) Related Party**

The Center entered into an agreement with the Maryland Environmental Service to provide administrative and operational support services for the Center. The employees performing services for the Center are Maryland Environmental Service employees. As such, under the Memorandum of Understanding, the Center reimburses the Maryland Environmental Service for services rendered by Maryland Environmental Service employees to the Center.



**Maryland Clean Energy Center**  
**Notes to the Financial Statements**  
*June 30, 2010*

**(6) Commitments and Contingencies**

The Center receives substantially all of its support from State and local governments. A significant reduction in the level of support, if this were to occur, could have an effect on the Center's programs and activities.

These grants are subject to review and audit by the respective agencies. Such audits could result in a request for reimbursement by the respective agency for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Center's management, such disallowances, if any, would be immaterial.



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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  
Maryland Clean Energy Center

We have audited the basic financial statements of the Maryland Clean Energy Center (the Center) as of and for the year ended June 30, 2010, and have issued our report thereon dated September 22, 2010. We conducted our audit in accordance with 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 of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Center's internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

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 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.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.



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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, management, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hunt Valley, Maryland  
September 22, 2010

## APPENDIX D: MCEC FY'11 Proposed Administrative Budget



### Proposed Administrative Budget FY '11

#### **Revenue**

Montgomery County grant	286,200
MEA Loan	200,000
Federal Funds	500,000
Donations	21,000
Interest	<u>2,000</u>

#### **Total Revenues**

**\$ 1,009,200**

#### **Expenditures**

##### **Salaries & Benefits**

Salaries	440,000	
Benefits	<u>141,900</u>	581,900

##### **Interns and Contractual Services**

<u>143,000</u>	143,000
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##### **Technical & Special Fees**

Legal	13,500	
Public relations	<u>3,500</u>	17,000

##### **Communication**

Telephone	1,900	
Postage	<u>1,000</u>	2,900

##### **Travel**

Business travel	6,700	
Meetings & Events	<u>4,000</u>	10,700

##### **Contractual services**

Information systems	3,000	
Accounting & auditing	30,500	
Marketing & promotion	<u>47,000</u>	80,500

##### **Supplies & Materials**

Office supplies	<u>5,850</u>	5,850
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##### **Government relations**

<u>65,000</u>	65,000
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##### **Fixed charges**

Dues & subscriptions	<u>1,500</u>	1,500
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##### **Transfers**

Contingency	<u>100,850</u>	100,850
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#### **Total Expenses**

**\$ 1,009,200**

Helping Consumers.....

Supporting Businesses.....

Advising Policy Makers.....

