
By: **Senators Dorman, Currie, Exum, Frosh, Hollinger, Kelley, Madden,
Pinsky, Sfikas, Teitelbaum, and Van Hollen**

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Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Electricity Regulation - Renewable Portfolio Standard**

3 FOR the purpose of requiring the Public Service Commission to establish a renewable
4 portfolio standard to apply to all retail electricity products sold in the State, at
5 certain levels in certain years; requiring the granting of certain credits for
6 certain electricity generation from certain sources; providing for the reporting,
7 verification, and enforcement of certain credits and requirements; stating the
8 intent of the General Assembly; defining and altering certain terms; and
9 generally relating to electricity regulation and a renewable portfolio standard.

10 BY repealing and reenacting, with amendments,
11 Article - Public Utility Companies
12 Section 1-101(z)
13 Annotated Code of Maryland
14 (1998 Volume and 1999 Supplement)

15 BY adding to
16 Article - Public Utility Companies
17 Section 7-601 through 7-605 to be under the new subtitle "Subtitle 6.
18 Renewable Portfolio Standard"
19 Annotated Code of Maryland
20 (1998 Volume and 1999 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
22 MARYLAND, That the Laws of Maryland read as follows:

23 **Article - Public Utility Companies**

24 1-101.

25 (z) "Renewable energy resource" means one or more of the following sources of
26 energy, energy technology, or related credit:

27 (1) solar;

- 1 (2) wind;
- 2 (3) [tidal] OCEAN, INCLUDING ENERGY FROM WAVES, TIDES,
3 CURRENTS, AND THERMAL DIFFERENCES;
- 4 (4) geothermal;
- 5 (5) biomass, including waste-to-energy and landfill gas recovery;
- 6 (6) hydroelectric facilities;
- 7 (7) digester gas; and
- 8 (8) a manufacturing or commercial waste-to-energy system or facility.

9 SUBTITLE 6. RENEWABLE PORTFOLIO STANDARD.

10 7-601.

11 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
12 INDICATED.

13 (B) "B.T.U." HAS THE MEANING STATED IN § 7-401 OF THIS TITLE.

14 (C) "RENEWABLE PORTFOLIO STANDARD" MEANS THE PERCENTAGE OF THE
15 ELECTRICITY IN EACH RETAIL ELECTRICITY PRODUCT IN THE STATE THAT MUST BE
16 DERIVED FROM ELIGIBLE RENEWABLE ENERGY RESOURCES UNDER § 7-603 OF THIS
17 SUBTITLE.

18 (D) "RETAIL ELECTRICITY PRODUCT" MEANS ELECTRICITY SOLD UNDER
19 IDENTICAL TERMS OF SERVICE AND NOT FOR RESALE.

20 7-602.

21 (A) IT IS THE INTENT OF THE GENERAL ASSEMBLY TO:

22 (1) RECOGNIZE THE ECONOMIC, ENVIRONMENTAL, AND FUEL
23 DIVERSITY BENEFITS OF RENEWABLE ENERGY RESOURCES;

24 (2) ESTABLISH A MARKET FOR ELECTRICITY FROM THESE RESOURCES
25 IN MARYLAND; AND

26 (3) LOWER THE COST TO CONSUMERS OF ELECTRICITY FROM THESE
27 RESOURCES.

28 (B) THE GENERAL ASSEMBLY FINDS THAT:

29 (1) THE BENEFITS OF ELECTRICITY FROM RENEWABLE ENERGY
30 RESOURCES ACCRUE TO THE PUBLIC AT LARGE; AND

1 (2) ELECTRICITY SUPPLIERS AND CONSUMERS SHARE AN OBLIGATION
2 TO DEVELOP A MINIMUM LEVEL OF THESE RESOURCES IN THE ELECTRICITY SUPPLY
3 PORTFOLIO OF THE STATE.

4 7-603.

5 (A) THE COMMISSION SHALL ESTABLISH A RENEWABLE PORTFOLIO
6 STANDARD THAT APPLIES TO ALL RETAIL ELECTRICITY PRODUCTS SOLD IN THE
7 STATE.

8 (B) THE RENEWABLE PORTFOLIO STANDARD SHALL:

9 (1) BEGIN AT 1% FOR THE YEAR STARTING JANUARY 1, 2002;

10 (2) INCREASE BY 0.5% ON JANUARY 1 FOR EACH SUCCEEDING YEAR
11 THROUGH 2012; AND

12 (3) REMAIN AT 6% FOR EACH YEAR THEREAFTER.

13 (C) BY ORDER OR REGULATION, THE COMMISSION SHALL ESTABLISH A
14 SYSTEM OF TRADABLE CREDITS FOR MEETING THE RENEWABLE PORTFOLIO
15 STANDARD.

16 (D) A HOLDER OF A CREDIT MAY TRADE OR SELL THE CREDIT TO ANOTHER
17 PERSON.

18 (E) IF, FOR A PARTICULAR RETAIL ELECTRICITY PRODUCT, AN ELECTRICITY
19 SUPPLIER DOES NOT RETAIN CREDITS EQUAL TO OR GREATER THAN THE AMOUNT
20 OF ELECTRICAL ENERGY IN THAT RETAIL ELECTRICITY PRODUCT FROM ELIGIBLE
21 RENEWABLE ENERGY RESOURCES, THEN THE AMOUNT OF ELECTRICAL ENERGY
22 FROM ELIGIBLE RENEWABLE ENERGY RESOURCES BEYOND THE RETAINED CREDITS
23 SHALL BE ASSIGNED THE REGIONAL AVERAGE FUEL MIX AND EMISSIONS
24 CHARACTERISTICS FOR THE PURPOSE OF DISCLOSURE UNDER § 7-505(B)(4) OF THIS
25 TITLE.

26 7-604.

27 (A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A
28 RENEWABLE ENERGY RESOURCE IS ELIGIBLE FOR CREDITS ISSUED AND TRADED
29 UNDER THIS SUBTITLE.

30 (2) THE FOLLOWING RENEWABLE ENERGY RESOURCES ARE NOT
31 ELIGIBLE FOR CREDITS:

32 (I) MUNICIPAL SOLID WASTE THAT IS COMBUSTED OR PYROLIZED;

33 (II) WOOD THAT CONTAINS A SIGNIFICANT AMOUNT OF A TOXIC
34 CHEMICAL OR TOXIC PAINT;

35 (III) A FOSSIL FUEL; OR

1 (IV) A HYDROELECTRIC FACILITY.

2 (B) THE COMMISSION SHALL ISSUE ONE CREDIT FOR EACH KILOWATT-HOUR
3 OF ELECTRICITY THAT:

4 (1) IS PRODUCED FROM AN ELIGIBLE RENEWABLE ENERGY RESOURCE;

5 (2) IS DELIVERED TO AN END-USER IN THE STATE NOT FOR RESALE;

6 (3) DOES NOT COUNT TOWARD MEETING A RENEWABLE ENERGY
7 REQUIREMENT IN ANOTHER STATE; AND

8 (4) IS NOT USED TO DETERMINE THE FUEL MIX OR EMISSIONS
9 CHARACTERISTICS OF A RETAIL ELECTRICITY PRODUCT IN ANOTHER STATE.

10 (C) IF AN ELIGIBLE RENEWABLE ENERGY RESOURCE IS USED IN
11 COMBINATION WITH ANOTHER ENERGY SOURCE, THE COMMISSION SHALL ISSUE
12 CREDITS FOR THE SHARE OF ELECTRICITY ATTRIBUTABLE TO THE USE OF THE
13 ELIGIBLE RENEWABLE ENERGY RESOURCE.

14 (D) THROUGH THE END OF DECEMBER 31, 2012, THE COMMISSION SHALL
15 ISSUE A SECOND CREDIT FOR EACH KILOWATT-HOUR OF ELECTRICITY QUALIFYING
16 UNDER SUBSECTION (B) OF THIS SECTION THAT IS PRODUCED FROM:

17 (1) SOLAR ENERGY; OR

18 (2) FUEL THAT IS:

19 (I) DERIVED FROM AN ELIGIBLE RENEWABLE ENERGY RESOURCE;
20 AND

21 (II) USED IN A FUEL CELL.

22 (E) THE COMMISSION SHALL GRANT CREDITS BASED ON ESTIMATED
23 GENERATION FROM AN ELIGIBLE RENEWABLE ENERGY RESOURCE TO A GENERATOR
24 THAT:

25 (1) (I) HAS A NAMEPLATE CAPACITY NOT EXCEEDING 80 KW; AND

26 (II) HAS UNMETERED OUTPUT OR NET ENERGY METERING;

27 (2) USES AN ELIGIBLE RENEWABLE ENERGY RESOURCE;

28 (3) IS TESTED AT LEAST ONCE EACH YEAR; AND

29 (4) HAS A SERVICE CONTRACT THAT GUARANTEES ANNUAL OUTPUT OF
30 AT LEAST THE LEVEL OF ESTIMATED GENERATION.

31 (F) (1) IF THE SYSTEM IS METERED, AN OWNER OF A SOLAR WATER
32 HEATING SYSTEM MAY RECEIVE CREDITS FOR THE SYSTEM'S WATER HEATING
33 OUTPUT.

1 (2) THE OWNER MAY RECEIVE ONE CREDIT FOR EACH 7,500 B.T.U. OF
2 WATER HEATING OUTPUT.

3 7-605.

4 (A) EACH ELECTRICITY SUPPLIER SHALL SUBMIT AN ANNUAL REPORT TO THE
5 COMMISSION, IN A FORM AND BY A DATE THE COMMISSION SPECIFIES,
6 DEMONSTRATING THAT THE ELECTRICITY SUPPLIER OWNS ENOUGH CREDITS FROM
7 THE PRECEDING YEAR FOR EACH OF ITS RETAIL ELECTRICITY PRODUCTS TO MEET
8 THE RENEWABLE PORTFOLIO STANDARD, IN ADDITION TO FULFILLING ANY
9 PROSPECTIVE OR RETROSPECTIVE CLAIMS REGARDING FUEL MIX.

10 (B) RENEWABLE ENERGY CREDITS SHALL BE CERTIFIED BY THE
11 COMMISSION OR ITS AGENT.

12 (C) (1) BY REGULATION OR ORDER, THE COMMISSION SHALL, IN
13 CONSULTATION WITH THE OFFICE OF THE ATTORNEY GENERAL, IMPOSE
14 SUFFICIENT PENALTIES TO ENSURE COMPLIANCE WITH THIS SUBTITLE.

15 (2) FAILURE TO PRODUCE A SUFFICIENT NUMBER OF CREDITS IS
16 SUBJECT TO A PENALTY EQUAL TO THREE TIMES THE MARKET VALUE OF A
17 RENEWABLE ENERGY CREDIT FOR EACH CREDIT THAT IS NOT PRODUCED.

18 (D) THE COMMISSION SHALL ADOPT ORDERS OR REGULATIONS THAT IT
19 CONSIDERS NECESSARY TO IMPLEMENT THIS SUBTITLE.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2000.