

BY: Economic Matters Committee

AMENDMENTS TO SENATE BILL NO. 175
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, after “Program” insert “and Solar Energy Grant Program”; in line 25, after “Fund;” insert “altering the maximum amount of certain grants under the Solar Energy Grant Program administered by the Maryland Energy Administration; establishing a Solar Energy Grant Fund to be administered by the Administration under Public Service Commission oversight for certain purposes; requiring the State Treasurer and the State Comptroller to perform certain functions related to the Solar Energy Grant Fund; authorizing the Solar Energy Grant Fund to be used for grants to eligible projects; limiting the amount of funds that may be used for certain administrative expenses; providing that certain money expended from the Solar Energy Grant Fund is supplemental to funding that otherwise would be appropriated for the Solar Energy Grant Program; requiring the Governor to include a certain proposed appropriation to the Solar Energy Grant Fund in the annual budget bill each fiscal year under certain circumstances; requiring that a certain percentage of certain compliance fees be paid into the Maryland Renewable Energy Fund and a certain percentage of certain compliance fees be paid into the Solar Energy Grant Fund; limiting the amount of certain compliance fees that may be paid into the Solar Energy Grant Fund;”; and in line 27, after “Program” insert “and the Solar Energy Grant Program and Fund”.

On page 2, in line 8, after “7-203” insert “and 7-705”; after line 10 insert:

“BY repealing and reenacting, with amendments,

Article - State Government

Section 9-2007

Annotated Code of Maryland

(2004 Replacement Volume and 2005 Supplement)”;

in line 13, after “Section” insert “9-2007.1; and”; in the same line, strike “9-21A-11” and substitute “9-21A-10”; and in line 29, strike “that the”.

(Over)

AMENDMENT NO. 2

On page 6, after line 23 insert:

“7-705.

(a) Each electricity supplier shall submit a report to the Commission each year in a form and by a date specified by the Commission that:

(1) demonstrates that the electricity supplier has complied with the applicable renewable energy portfolio standard under § 7-703 of this subtitle and includes the submission of the required amount of renewable energy credits; or

(2) demonstrates the amount of electricity sales by which the electricity supplier failed to meet the applicable renewable energy portfolio standard.

(b) (1) If an electricity supplier fails to comply with the renewable energy portfolio standard for the applicable year, the electricity supplier shall pay [into the Maryland Renewable Energy Fund established under § 7-707 of this subtitle]:

[(1)] (I) except as provided in [paragraph (2)] ITEM (II) of this [subsection] PARAGRAPH, a compliance fee of:

[(i)] 1. 2 cents for each kilowatt-hour of shortfall from required Tier 1 renewable sources; and

[(ii)] 2. 1.5 cents for each kilowatt-hour of shortfall from required Tier 2 renewable sources; or

[(2)] (II) for industrial process load:

[(i)] 1. for each kilowatt-hour of shortfall from required Tier 1 renewable sources, a compliance fee of:

[1.] A. 0.8 cents in 2006, 2007, and 2008;

[2.] B. 0.5 cents in 2009 and 2010;

- [3.] C. 0.4 cents in 2011 and 2012;
- [4.] D. 0.3 cents in 2013 and 2014;
- [5.] E. 0.25 cents in 2015 and 2016; and
- [6.] F. 0.2 cents in 2017 and later; and

[(ii)] 2. nothing for any shortfall from required Tier 2 renewable sources.

(2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, OF THE COMPLIANCE FEES PAID IN ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION, ONE-HALF SHALL BE PAID INTO THE MARYLAND RENEWABLE ENERGY FUND ESTABLISHED UNDER § 7-707 OF THIS SUBTITLE AND ONE-HALF SHALL BE PAID INTO THE SOLAR ENERGY GRANT FUND ESTABLISHED UNDER § 9-2007.1 OF THE STATE GOVERNMENT ARTICLE.

(3) NOT MORE THAN \$1,000,000 OF THE COMPLIANCE FEES PAID IN ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION MAY BE PAID EACH FISCAL YEAR INTO THE SOLAR ENERGY GRANT FUND ESTABLISHED UNDER § 9-2007.1 OF THE STATE GOVERNMENT ARTICLE.

(c) The Commission may allow an electricity supplier to submit the report required under § 7-505(b)(4) of this title to demonstrate compliance with the renewable energy portfolio standard.

(d) An aggregator or broker who assists an electricity customer in purchasing electricity but who does not supply the electricity or take title to or ownership of the electricity may require the electricity supplier who supplies the electricity to demonstrate compliance with this subtitle.”;

and after line 24, insert:

“9-2007.

(Over)

(a) (1) In this section the following words have the meanings indicated.

(2) “Photovoltaic property” means solar energy property that uses a solar photovoltaic process to generate electricity and that meets applicable performance and quality standards and certification requirements in effect at the time of acquisition of the property, as specified by the Maryland Energy Administration.

(3) “Program” means the Solar Energy Grant Program.

(4) (i) “Solar energy property” means equipment that uses solar energy:

1. to generate electricity;

2. to heat or cool a structure or provide hot water for use in a structure; or

3. to provide solar process heat.

(ii) “Solar energy property” does not include a swimming pool, hot tub, or any other energy storage medium that has a function other than storage.

(5) “Solar water heating property” means solar energy property that:

(i) when installed in connection with a structure, uses solar energy for the purpose of providing hot water for use within the structure; and

(ii) meets applicable performance and quality standards and certification requirements in effect at the time of acquisition of the property, as specified by the Maryland Energy Administration.

(b) There is a Solar Energy Grant Program in the Administration.

(c) The purpose of the Program is to provide grants to individuals, local governments, and businesses for a portion of the costs of acquiring and installing photovoltaic property and solar water heating property.

(d) The Administration shall:

(1) administer the Program;

(2) establish application procedures for the Program; and

(3) award grants from the Program.

(e) A grant awarded under the Program may not exceed:

(1) for photovoltaic property installed on residential property, THE SUM OF:

(I) the lesser of [\$3,000] \$20,000 or [20%] 50% of the total installed cost of the photovoltaic property; AND

(II) THE LESSER OF THE AMOUNT OF \$1 MULTIPLIED BY THE KILOWATT-HOURS OF ELECTRICITY PRODUCED FROM THE PHOTOVOLTAIC PROPERTY DURING ITS FIRST YEAR OF OPERATION, OR \$10,000;

(2) for photovoltaic property installed on nonresidential property, THE SUM OF:

(I) the lesser of [\$5,000] \$60,000 or [20%] 50% of the total installed cost of the photovoltaic property; and

(II) THE LESSER OF THE AMOUNT OF \$1 MULTIPLIED BY THE KILOWATT-HOURS OF ELECTRICITY PRODUCED FROM THE PHOTOVOLTAIC PROPERTY DURING ITS FIRST YEAR OF OPERATION, OR \$10,000; AND

(3) for solar water heating property, the lesser of [\$2,000] \$3,500 or [20%] 50% of the total installed cost of the solar water heating property.

9-2007.1.

(Over)

(A) THERE IS A SOLAR ENERGY GRANT FUND.

(B) THE PURPOSE OF THE FUND IS TO ENCOURAGE INDIVIDUALS, LOCAL GOVERNMENTS, AND BUSINESSES TO ACQUIRE AND INSTALL PHOTOVOLTAIC PROPERTY AND SOLAR WATER HEATING PROPERTY.

(C) SUBJECT TO OVERSIGHT BY THE PUBLIC SERVICE COMMISSION, THE ADMINISTRATION SHALL ADMINISTER THE FUND.

(D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE TREASURER SHALL HOLD THE FUND SEPARATELY AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(E) THE FUND CONSISTS OF:

(1) COMPLIANCE FEES PAID UNDER § 7-705 OF THE PUBLIC UTILITY COMPANIES ARTICLE;

(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

(3) INVESTMENT EARNINGS OF THE FUND; AND

(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(F) (1) THE FUND MAY BE USED ONLY TO AWARD GRANTS UNDER THE SOLAR ENERGY GRANT PROGRAM IN ACCORDANCE WITH § 9-2007 OF THIS SUBTITLE.

(2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE ADMINISTRATION MAY ALLOW THE USE OF MONEY OF THE FUND FOR ADMINISTRATIVE EXPENSES RELATED TO THE FUND AND PROJECT REVIEW AND OVERSIGHT.

(II) THE ADMINISTRATION MAY NOT SPEND MORE THAN 10% OF THE FUNDS PLACED IN THE FUND FOR ADMINISTRATIVE EXPENSES.

(G) (1) THE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE CREDITED TO THE FUND.

(H) (1) MONEY EXPENDED FROM THE FUND FOR THE SOLAR ENERGY GRANT PROGRAM IS SUPPLEMENTAL TO AND IS NOT INTENDED TO TAKE THE PLACE OF FUNDING THAT OTHERWISE WOULD BE APPROPRIATED FOR THE SOLAR ENERGY GRANT PROGRAM.

(2) THE GOVERNOR SHALL INCLUDE IN THE ANNUAL BUDGET BILL A PROPOSED GENERAL FUND APPROPRIATION TO THE FUND NOT EXCEEDING THE AMOUNT NEEDED TO BRING THE BALANCE OF THE FUND TO \$1,000,000 AT THE START OF THE FISCAL YEAR, TAKING INTO ACCOUNT PROJECTED:

(I) EXPENDITURES FROM THE FUND DURING THE PRECEDING FISCAL YEAR; AND

(II) COMPLIANCE FEES PAID IN ACCORDANCE WITH § 7-705 OF THE PUBLIC UTILITY COMPANIES ARTICLE.”.

On page 11, in lines 26 and 33, strike “3.” and “4.”, respectively, and substitute “2.” and “3.”, respectively.