

HOUSE BILL 328

M3

71r2598
CF SB 186

By: **Delegates Doory and Feldman**

Introduced and read first time: January 31, 2007

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Solar Energy Grant Fund**

3 FOR the purpose of establishing a Solar Energy Grant Fund to be administered by the
4 Maryland Energy Administration, subject to oversight by the Public Service
5 Commission; requiring the State Treasurer and the State Comptroller to
6 perform certain functions related to the Solar Energy Grant Fund; providing
7 that the Solar Energy Grant Fund consists of certain fees, investment earnings,
8 and other money appropriated to the Fund or accepted for the Fund from any
9 other source; authorizing the Solar Energy Grant Fund to be used for grants to
10 eligible projects; limiting the amount of funds that may be used for certain
11 administrative expenses; providing that certain money expended from the Solar
12 Energy Grant Fund is supplemental to funding that otherwise would be
13 appropriated for the Solar Energy Grant Program; requiring that a certain
14 percentage of certain compliance fees be paid into the Maryland Renewable
15 Energy Fund and a certain percentage of certain compliance fees be paid into
16 the Solar Energy Grant Fund; and generally relating to the Solar Energy Grant
17 Fund.

18 BY repealing and reenacting, with amendments,
19 Article – Public Utility Companies
20 Section 7–705
21 Annotated Code of Maryland
22 (1998 Volume and 2006 Supplement)

23 BY repealing and reenacting, without amendments,
24 Article – State Government

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 9–2007
2 Annotated Code of Maryland
3 (2004 Replacement Volume and 2006 Supplement)

4 BY adding to
5 Article – State Government
6 Section 9–2007.1
7 Annotated Code of Maryland
8 (2004 Replacement Volume and 2006 Supplement)

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

11 **Article – Public Utility Companies**

12 7–705.

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

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

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

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

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

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

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

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

1 [(i)] 1. for each kilowatt-hour of shortfall from required Tier
2 1 renewable sources, a compliance fee of:

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

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

5 [3.] C. 0.4 cents in 2011 and 2012;

6 [4.] D. 0.3 cents in 2013 and 2014;

7 [5.] E. 0.25 cents in 2015 and 2016; and

8 [6.] F. 0.2 cents in 2017 and later; and

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

11 **(2) OF THE COMPLIANCE FEES PAID IN ACCORDANCE WITH**
12 **PARAGRAPH (1) OF THIS SUBSECTION, 50% SHALL BE PAID INTO THE**
13 **MARYLAND RENEWABLE ENERGY FUND ESTABLISHED UNDER § 7-707 OF THIS**
14 **SUBTITLE AND 50% SHALL BE PAID INTO THE SOLAR ENERGY GRANT FUND**
15 **ESTABLISHED UNDER § 9-2007.1 OF THE STATE GOVERNMENT ARTICLE.**

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

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

23 Article – State Government

24 9-2007.

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

26 (2) “Photovoltaic property” means solar energy property that uses a
27 solar photovoltaic process to generate electricity and that meets applicable

1 performance and quality standards and certification requirements in effect at the time
2 of acquisition of the property, as specified by the Maryland Energy Administration.

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

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

6 1. to generate electricity;

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

9 3. to provide solar process heat.

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

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

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

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

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

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

22 (d) The Administration shall:

23 (1) administer the Program;

24 (2) establish application procedures for the Program; and

25 (3) award grants from the Program.

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

1 (1) for photovoltaic property installed on residential property, the
2 lesser of \$3,000 or 20% of the total installed cost of the photovoltaic property;

3 (2) for photovoltaic property installed on nonresidential property, the
4 lesser of \$5,000 or 20% of the total installed cost of the photovoltaic property; and

5 (3) for solar water heating property, the lesser of \$2,000 or 20% of the
6 total installed cost of the solar water heating property.

7 **9-2007.1.**

8 (A) **THERE IS A SOLAR ENERGY GRANT FUND.**

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

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

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

16 (2) **THE STATE TREASURER SHALL HOLD THE FUND
17 SEPARATELY AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

18 (E) **THE FUND CONSISTS OF:**

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

21 (2) **INVESTMENT EARNINGS OF THE FUND;**

22 (3) **MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;
23 AND**

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

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

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

8 **(II) THE ADMINISTRATION MAY NOT SPEND MORE THAN**
9 **10% OF THE FUNDS PLACED IN THE FUND FOR ADMINISTRATIVE EXPENSES.**

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

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

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

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 July 1, 2007.