

HOUSE BILL 375

M3

(8lr0234)

ENROLLED BILL

—Economic Matters / Finance—

Introduced by **The Speaker (By Request – Administration) and Delegates Stein, Ali, Barve, Bobo, Bronrott, Cardin, Carr, Doory, Dumais, Haynes, Hecht, Hixson, Howard, Hucker, Lee, Manno, Mizeur, Montgomery, Morhaim, Pena-Melnyk, Rosenberg, and ~~F. Turner~~ F. Turner, Burns, Feldman, Harrison, Kirk, Krysiak, and McHale**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Renewable Portfolio Standard Percentage Requirements – Acceleration**

3 FOR the purpose of altering the renewable energy portfolio standard by increasing the
4 percentages of electricity sales that must be met in certain years through the
5 accumulation of renewable energy credits from certain sources, subject to a
6 certain limitation; redefining a certain renewable energy credit; increasing the
7 maximum allowable alternative compliance payment, subject to a certain
8 limitation; providing for the effective dates of this Act; providing for the
9 termination of a certain provision of this Act; and generally relating to the
10 renewable energy portfolio standard.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber / conference committee amendments.



1 BY repealing and reenacting, without amendments,
 2 Article – Public Utility Companies
 3 Section 7–701(a) and 7–703(a)
 4 Annotated Code of Maryland
 5 (1998 Volume and 2007 Supplement)

6 BY repealing and reenacting, with amendments,
 7 Article – Public Utility Companies
 8 Section 7–701(i), 7–703(b), and 7–705(b)
 9 Annotated Code of Maryland
 10 (1998 Volume and 2007 Supplement)

11 BY adding to
 12 Article – Public Utility Companies
 13 Section 7–705(f)
 14 Annotated Code of Maryland
 15 (1998 Volume and 2007 Supplement)

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

18 **Article – Public Utility Companies**

19 ~~7–701.~~

20 ~~(a) In this subtitle the following words have the meanings indicated.~~

21 ~~(i) “Renewable energy credit” or “credit” means a credit equal to the~~
 22 ~~generation attributes of 1 megawatt-hour of electricity that is derived from a Tier 1~~
 23 ~~renewable source or a Tier 2 renewable source that is located:~~

24 ~~(1) in the PJM region [or in a state that is adjacent to the PJM~~
 25 ~~region]; or~~

26 ~~(2) outside the area described in item (1) of this subsection but in a~~
 27 ~~control area that is adjacent to the PJM region, if the electricity is delivered into the~~
 28 ~~PJM region.~~

29 7–703.

30 (a) (1) (i) The Commission shall implement a renewable energy
 31 portfolio standard that, except as provided under paragraph (2) of this subsection,
 32 applies to all retail electricity sales in the State by electricity suppliers.

33 (ii) If the standard becomes applicable to electricity sold to a
 34 customer after the start of a calendar year, the standard does not apply to electricity

1 sold to the customer during that portion of the year before the standard became
2 applicable.

3 (2) A renewable energy portfolio standard may not apply to electricity
4 sales at retail by any electricity supplier:

5 (i) in excess of 300,000,000 kilowatt–hours of industrial process
6 load to a single customer in a year;

7 (ii) to residential customers in a region of the State in which
8 electricity prices for residential customers are subject to a freeze or cap contained in a
9 settlement agreement entered into under § 7–505 of this title until the freeze or cap
10 has expired; or

11 (iii) to a customer served by an electric cooperative under an
12 electricity supplier purchase agreement that existed on October 1, 2004, until the
13 expiration of the agreement.

14 (b) The renewable energy portfolio standard shall be as follows:

15 (1) in 2006, 1% from Tier 1 renewable sources and 2.5% from Tier 2
16 renewable sources;

17 (2) in 2007, 1% from Tier 1 renewable sources and 2.5% from Tier 2
18 renewable sources;

19 (3) in 2008, 2.005% from Tier 1 renewable sources, including at least
20 0.005% derived from solar energy, and 2.5% from Tier 2 renewable sources;

21 (4) in 2009, [~~2.01%~~] ~~4.02%~~ 4.02% from Tier 1 renewable sources, including
22 at least 0.01% derived from solar energy, and 2.5% from Tier 2 renewable sources;

23 (5) in 2010, [~~3.025%~~] ~~6.05%~~ 6.05% from Tier 1 renewable sources, including
24 at least 0.025% derived from solar energy, and 2.5% from Tier 2 renewable sources;

25 (6) in 2011, [~~3.04%~~] ~~6.08%~~ 5.0% from Tier 1 renewable sources,
26 including at least 0.04% derived from solar energy, and 2.5% from Tier 2 renewable
27 sources;

28 (7) in 2012, [~~4.06%~~] ~~8.12%~~ 6.5% from Tier 1 renewable sources,
29 including at least 0.06% derived from solar energy, and 2.5% from Tier 2 renewable
30 sources;

31 (8) in 2013, [~~4.1%~~] ~~8.2%~~ 8.2% from Tier 1 renewable sources, including at
32 least 0.1% derived from solar energy, and 2.5% from Tier 2 renewable sources;

1 (9) in 2014, [5.15%] **10.3%** from Tier 1 renewable sources, including
 2 at least 0.15% derived from solar energy, and 2.5% from Tier 2 renewable sources;

3 (10) in 2015, [5.25%] **10.5%** from Tier 1 renewable sources, including
 4 at least 0.25% derived from solar energy, and 2.5% from Tier 2 renewable sources;

5 (11) in 2016, [6.35%] **12.7%** from Tier 1 renewable sources, including
 6 at least 0.35% derived from solar energy, and 2.5% from Tier 2 renewable sources;

7 (12) in 2017, [6.55%] **13.1%** from Tier 1 renewable sources, including
 8 at least 0.55% derived from solar energy, and 2.5% from Tier 2 renewable sources;

9 (13) in 2018, [7.9%] **15.8%** from Tier 1 renewable sources, including at
 10 least 0.9% derived from solar energy, and 2.5% from Tier 2 renewable sources;

11 (14) in 2019, [8.7%] **17.4%** from Tier 1 renewable sources, including at
 12 least 1.2% derived from solar energy, and 0% from Tier 2 renewable sources;

13 (15) in 2020, [9%] **18%** from Tier 1 renewable sources, including at
 14 least 1.5% derived from solar energy, and 0% from Tier 2 renewable sources;

15 (16) in 2021, [9.35%] **18.7%** from Tier 1 renewable sources, including
 16 at least 1.85% derived from solar energy, and 0% from Tier 2 renewable sources; and

17 (17) in 2022 and later, [9.5%] **20%** from Tier 1 renewable sources,
 18 including at least 2% derived from solar energy, and 0% from Tier 2 renewable
 19 sources.

20 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 21 read as follows:

22 **Article – Public Utility Companies**

23 7-701.

24 (a) In this subtitle the following words have the meanings indicated.

25 (i) “Renewable energy credit” or “credit” means a credit equal to the
 26 generation attributes of 1 megawatt-hour of electricity that is derived from a Tier 1
 27 renewable source or a Tier 2 renewable source that is located:

28 (1) in the PJM region [or in a state that is adjacent to the PJM region];
 29 or

1 (2) outside the area described in item (1) of this subsection but in a
2 control area that is adjacent to the PJM region, if the electricity is delivered into the
3 PJM region.

4 7–705.

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

8 (1) except as provided in item (2) of this subsection, a compliance fee
9 of:

10 (i) [2] 4 cents for each kilowatt–hour of shortfall from required
11 Tier 1 renewable sources other than the shortfall from the required Tier 1 renewable
12 sources that is to be derived from solar energy;

13 (ii) the following amounts for each kilowatt–hour of shortfall
14 from required Tier 1 renewable sources that is to be derived from solar energy:

- 15 1. 45 cents in 2008;
- 16 2. 40 cents in 2009 and 2010;
- 17 3. 35 cents in 2011 and 2012;
- 18 4. 30 cents in 2013 and 2014;
- 19 5. 25 cents in 2015 and 2016;
- 20 6. 20 cents in 2017 and 2018;
- 21 7. 15 cents in 2019 and 2020;
- 22 8. 10 cents in 2021 and 2022; and
- 23 9. 5 cents in 2023 and later; and

24 (iii) 1.5 cents for each kilowatt–hour of shortfall from required
25 Tier 2 renewable sources; or

26 (2) for industrial process load:

27 (i) for each kilowatt–hour of shortfall from required Tier 1
28 renewable sources, a compliance fee of:

- 29 1. 0.8 cents in 2006, 2007, and 2008;

1 (I) THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR
 2 TIER 1 APPLICABLE TO THE ELECTRICITY SUPPLIER UNDER THE DELAY
 3 CONTINUES FOR EACH SUBSEQUENT CONSECUTIVE YEAR THAT THE ACTUAL OR
 4 PROJECTED DOLLAR-FOR-DOLLAR COSTS INCURRED, OR TO BE INCURRED, BY
 5 THE ELECTRICITY SUPPLIER SOLELY FOR THE PURCHASE OF TIER 1 CREDITS
 6 OTHER THAN SOLAR CREDITS IS GREATER THAN OR EQUAL TO, OR IS
 7 ANTICIPATED TO BE GREATER THAN OR EQUAL TO, THE GREATER OF THE
 8 APPLICABLE TIER 1 PERCENTAGE OR 10% OF THE ELECTRICITY SUPPLIER'S
 9 TOTAL ANNUAL RETAIL ELECTRICITY SALES REVENUES IN MARYLAND; AND

10 (II) THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR
 11 TIER 1 APPLICABLE TO THE ELECTRICITY SUPPLIER UNDER THE DELAY IS
 12 INCREASED TO THE NEXT SCHEDULED PERCENTAGE INCREASE UNDER §
 13 7-703(B) OF THIS SUBTITLE FOR EACH YEAR IN WHICH THE ACTUAL OR
 14 PROJECTED DOLLAR-FOR-DOLLAR COSTS INCURRED, OR TO BE INCURRED, BY
 15 THE ELECTRICITY SUPPLIER SOLELY FOR THE PURCHASE OF TIER 1 CREDITS
 16 OTHER THAN SOLAR CREDITS IS LESS THAN, OR IS ANTICIPATED TO BE LESS
 17 THAN, THE GREATER OF THE APPLICABLE TIER 1 PERCENTAGE OR 10% OF THE
 18 ELECTRICITY SUPPLIER'S TOTAL ANNUAL RETAIL ELECTRICITY SALES
 19 REVENUES IN MARYLAND.

20 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
 21 take effect January 1, 2011.

22 SECTION 4. AND BE IT FURTHER ENACTED, That § 7-705(f) of the Public
 23 Utility Companies Article, as enacted by this Act, shall remain effective for a period of
 24 8 years and, at the end of December 31, 2018, with no further action required by the
 25 General Assembly, § 7-705(f) of the Public Utility Companies Article, as enacted by
 26 this Act, shall terminate and be of no further force and effect.

27 SECTION ~~2~~ 5. AND BE IT FURTHER ENACTED, That, except as provided in
 28 Section 3 of this Act, this Act shall take effect ~~October 1, 2008~~ January 1, 2009.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.