

# HOUSE BILL 375

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8lr0234  
CF SB 209

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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**

Introduced and read first time: January 25, 2008  
Assigned to: Economic Matters

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 27, 2008

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## 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.

11 BY repealing and reenacting, without amendments,  
12 Article - Public Utility Companies  
13 Section 7-701(a) and 7-703(a)  
14 Annotated Code of Maryland  
15 (1998 Volume and 2007 Supplement)

16 BY repealing and reenacting, with amendments,  
17 Article - Public Utility Companies  
18 Section 7-701(i), 7-703(b), and 7-705(b)  
19 Annotated Code of Maryland  
20 (1998 Volume and 2007 Supplement)

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**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.



1 BY adding to  
2 Article – Public Utility Companies  
3 Section 7–705(f)  
4 Annotated Code of Maryland  
5 (1998 Volume and 2007 Supplement)

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

8 **Article – Public Utility Companies**

9 7–701.

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

11 (i) “Renewable energy credit” or “credit” means a credit equal to the  
12 generation attributes of 1 megawatt–hour of electricity that is derived from a Tier 1  
13 renewable source or a Tier 2 renewable source that is located:

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

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

19 7–703.

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

23 (ii) If the standard becomes applicable to electricity sold to a  
24 customer after the start of a calendar year, the standard does not apply to electricity  
25 sold to the customer during that portion of the year before the standard became  
26 applicable.

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

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

31 (ii) to residential customers in a region of the State in which  
32 electricity prices for residential customers are subject to a freeze or cap contained in a

1 settlement agreement entered into under § 7-505 of this title until the freeze or cap  
2 has expired; or

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

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

7 (1) in 2006, 1% from Tier 1 renewable sources and 2.5% from Tier 2  
8 renewable sources;

9 (2) in 2007, 1% from Tier 1 renewable sources and 2.5% from Tier 2  
10 renewable sources;

11 (3) in 2008, 2.005% from Tier 1 renewable sources, including at least  
12 0.005% derived from solar energy, and 2.5% from Tier 2 renewable sources;

13 (4) in 2009, ~~2.01%~~ ~~4.02%~~ **4.02%** from Tier 1 renewable sources, including  
14 at least 0.01% derived from solar energy, and 2.5% from Tier 2 renewable sources;

15 (5) in 2010, ~~3.025%~~ ~~6.05%~~ **6.05%** from Tier 1 renewable sources, including  
16 at least 0.025% derived from solar energy, and 2.5% from Tier 2 renewable sources;

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

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

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

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

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

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

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

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

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

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

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

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

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

14 **Article – Public Utility Companies**

15 7–705.

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

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

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

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

26 1. 45 cents in 2008;

27 2. 40 cents in 2009 and 2010;

28 3. 35 cents in 2011 and 2012;

29 4. 30 cents in 2013 and 2014;

30 5. 25 cents in 2015 and 2016;

- 1                                   6.    20 cents in 2017 and 2018;  
 2                                   7.    15 cents in 2019 and 2020;  
 3                                   8.    10 cents in 2021 and 2022; and  
 4                                   9.    5 cents in 2023 and later; and

5                                   (iii) 1.5 cents for each kilowatt-hour of shortfall from required  
 6 Tier 2 renewable sources; or

7                                   (2)   for industrial process load:

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

- 10                                   1.    0.8 cents in 2006, 2007, and 2008;  
 11                                   2.    0.5 cents in 2009 and 2010;  
 12                                   3.    0.4 cents in 2011 and 2012;  
 13                                   4.    0.3 cents in 2013 and 2014;  
 14                                   5.    0.25 cents in 2015 and 2016; and  
 15                                   6.    0.2 cents in 2017 and later; and

16                                   (ii)   nothing for any shortfall from required Tier 2 renewable  
 17 sources.

18                                   **(F) (1) EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION,**  
 19 **AND NOTWITHSTANDING THE REQUIREMENTS OF § 7-703(B) OF THIS SUBTITLE,**  
 20 **IF THE ACTUAL OR PROJECTED DOLLAR-FOR-DOLLAR COST INCURRED OR TO**  
 21 **BE INCURRED BY AN ELECTRICITY SUPPLIER SOLELY FOR THE PURCHASE OF**  
 22 **TIER 1 RENEWABLE ENERGY CREDITS OTHER THAN SOLAR CREDITS IN ANY 1**  
 23 **YEAR IS GREATER THAN OR EQUAL TO, OR IS ANTICIPATED TO BE GREATER**  
 24 **THAN OR EQUAL TO, THE GREATER OF THE APPLICABLE TIER 1 PERCENTAGE**  
 25 **OR 10% OF THE ELECTRICITY SUPPLIER'S TOTAL ANNUAL ELECTRICITY SALES**  
 26 **REVENUES IN MARYLAND, THE ELECTRICITY SUPPLIER MAY REQUEST THAT**  
 27 **THE COMMISSION:**

28                                   **(I) DELAY BY 1 YEAR EACH OF THE SCHEDULED**  
 29 **PERCENTAGES FOR TIER 1 CREDITS UNDER § 7-703(B) OF THIS SUBTITLE THAT**  
 30 **WOULD APPLY TO THE ELECTRICITY SUPPLIER; AND**

1                   (II) ALLOW THE RENEWABLE ENERGY PORTFOLIO  
2 STANDARD FOR TIER 1 FOR THAT YEAR TO CONTINUE TO APPLY TO THE  
3 ELECTRICITY SUPPLIER FOR THE FOLLOWING YEAR.

4                   (2) IN MAKING ITS DETERMINATION UNDER PARAGRAPH (1) OF  
5 THIS SUBSECTION, THE COMMISSION SHALL CONSIDER THE ACTUAL OR  
6 PROJECTED DOLLAR-FOR-DOLLAR COMPLIANCE COSTS OF OTHER  
7 ELECTRICITY SUPPLIERS.

8                   (3) IF AN ELECTRICITY SUPPLIER MAKES A REQUEST UNDER  
9 PARAGRAPH (1) OF THIS SUBSECTION BASED ON PROJECTED COSTS, THE  
10 ELECTRICITY SUPPLIER SHALL PROVIDE VERIFIABLE EVIDENCE OF THE  
11 PROJECTIONS TO THE COMMISSION AT THE TIME OF THE REQUEST.

12                   (4) IF THE COMMISSION ALLOWS A DELAY UNDER PARAGRAPH  
13 (1) OF THIS SUBSECTION:

14                   (I) THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR  
15 TIER 1 APPLICABLE TO THE ELECTRICITY SUPPLIER UNDER THE DELAY  
16 CONTINUES FOR EACH SUBSEQUENT CONSECUTIVE YEAR THAT THE ACTUAL OR  
17 PROJECTED DOLLAR-FOR-DOLLAR COSTS INCURRED, OR TO BE INCURRED, BY  
18 THE ELECTRICITY SUPPLIER SOLELY FOR THE PURCHASE OF TIER 1 CREDITS  
19 OTHER THAN SOLAR CREDITS IS GREATER THAN OR EQUAL TO, OR IS  
20 ANTICIPATED TO BE GREATER THAN OR EQUAL TO, THE GREATER OF THE  
21 APPLICABLE TIER 1 PERCENTAGE OR 10% OF THE ELECTRICITY SUPPLIER'S  
22 TOTAL ANNUAL RETAIL ELECTRICITY SALES REVENUES IN MARYLAND; AND

23                   (II) THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR  
24 TIER 1 APPLICABLE TO THE ELECTRICITY SUPPLIER UNDER THE DELAY IS  
25 INCREASED TO THE NEXT SCHEDULED PERCENTAGE INCREASE UNDER §  
26 7-703(B) OF THIS SUBTITLE FOR EACH YEAR IN WHICH THE ACTUAL OR  
27 PROJECTED DOLLAR-FOR-DOLLAR COSTS INCURRED, OR TO BE INCURRED, BY  
28 THE ELECTRICITY SUPPLIER SOLELY FOR THE PURCHASE OF TIER 1 CREDITS  
29 OTHER THAN SOLAR CREDITS IS LESS THAN, OR IS ANTICIPATED TO BE LESS  
30 THAN, THE GREATER OF THE APPLICABLE TIER 1 PERCENTAGE OR 10% OF THE  
31 ELECTRICITY SUPPLIER'S TOTAL ANNUAL RETAIL ELECTRICITY SALES  
32 REVENUES IN MARYLAND.

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

35                   SECTION 4. AND BE IT FURTHER ENACTED, That § 7-705(f) of the Public  
36 Utility Companies Article, as enacted by this Act, shall remain effective for a period of  
37 8 years and, at the end of December 31, 2018, with no further action required by the

1 General Assembly, § 7-705(f) of the Public Utility Companies Article, as enacted by  
2 this Act, shall terminate and be of no further force and effect.

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

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.