

SENATE BILL 648

C5, P1

11r1268
CF 11r0682

By: **Senators Ramirez and Montgomery**
Introduced and read first time: February 4, 2011
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Renewable Energy Surcharge – Retail Electric Customers**

3 FOR the purpose of establishing a certain renewable energy surcharge on electricity
4 consumption above a certain amount by certain retail electric customers;
5 providing that the surcharge does not apply to customers receiving low-income
6 government assistance or unemployment benefits; requiring the Public Service
7 Commission to establish the amounts of the surcharge and of a certain rebate;
8 authorizing the Commission to establish different surcharge amounts for
9 different ratepayer classes for a certain purpose; requiring the Commission to
10 authorize electric companies to add the full amount of the surcharge to the bills
11 of customers subject to the surcharge; authorizing the Commission to adopt
12 reasonable regulations as necessary to carry out certain provisions of law;
13 requiring electric companies to collect the surcharge and provide a certain
14 rebate in a certain manner to certain customers; requiring the Comptroller to
15 collect the revenue from the surcharge and place it in the Maryland Strategic
16 Energy Investment Fund; adding the surcharge to the sources of funding for the
17 Fund; requiring revenue collected from the surcharge to be accounted for
18 separately within the Fund; providing for the allocation of revenue collected
19 from the surcharge within the Fund for certain purposes; prohibiting the use of
20 revenue collected from the surcharge for certain purposes; defining certain
21 terms; providing for the termination of this Act; and generally relating to a
22 renewable energy surcharge.

23 BY adding to

24 Article – Public Utilities
25 Section 7–801 through 7–805 to be under the new subtitle “Subtitle 8.
26 Renewable Energy Surcharge”
27 Annotated Code of Maryland
28 (2010 Replacement Volume)

29 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – State Government
2 Section 9–20B–05
3 Annotated Code of Maryland
4 (2009 Replacement Volume and 2010 Supplement)

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

7 **Article – Public Utilities**

8 **SUBTITLE 8. RENEWABLE ENERGY SURCHARGE.**

9 **7–801.**

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

12 (B) “CUSTOMER” MEANS RETAIL ELECTRIC CUSTOMERS OF ALL
13 RATEPAYER CLASSES.

14 (C) “RENEWABLE ENERGY SURCHARGE” MEANS THE RENEWABLE
15 ENERGY SURCHARGE ESTABLISHED UNDER THIS SUBTITLE.

16 (D) “TIER 1 RENEWABLE SOURCE” HAS THE MEANING STATED IN §
17 7–701 OF THIS TITLE.

18 **7–802.**

19 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,
20 ELECTRICITY CONSUMPTION BY A RETAIL ELECTRIC CUSTOMER OF ANY
21 RATEPAYER CLASS THAT EXCEEDS THE AVERAGE BY 25% IN A GIVEN MONTH BY
22 MEMBERS OF THE SAME RATEPAYER CLASS IS SUBJECT TO A RENEWABLE
23 ENERGY SURCHARGE FOR EACH ADDITIONAL KILOWATT–HOUR CONSUMED
24 ABOVE THE AVERAGE.

25 (B) ELECTRICITY CONSUMPTION BY A CUSTOMER WHO RECEIVES
26 LOW–INCOME GOVERNMENT ASSISTANCE OR UNEMPLOYMENT BENEFITS IS NOT
27 SUBJECT TO THE RENEWABLE ENERGY SURCHARGE.

28 **7–803.**

29 (A) (1) THE COMMISSION SHALL BY REGULATION ESTABLISH THE
30 AMOUNTS OF:

31 (I) THE RENEWABLE ENERGY SURCHARGE; AND

1 **(II) THE REBATE UNDER § 7-804 OF THIS SUBTITLE.**

2 **(2) THE COMMISSION MAY ESTABLISH DIFFERENT SURCHARGE**
3 **AMOUNTS FOR DIFFERENT RATEPAYER CLASSES TO ENSURE THAT THE**
4 **RENEWABLE ENERGY SURCHARGE EFFECTIVELY PROMOTES ENERGY**
5 **CONSERVATION AND ON-SITE ENERGY GENERATION.**

6 **(B) THE COMMISSION SHALL AUTHORIZE ELECTRIC COMPANIES TO**
7 **ADD THE FULL AMOUNT OF THE SURCHARGE TO THE BILLS OF CUSTOMERS**
8 **SUBJECT TO THE SURCHARGE.**

9 **(C) THE COMMISSION MAY ADOPT REASONABLE REGULATIONS AS**
10 **NECESSARY TO CARRY OUT THIS SUBTITLE.**

11 **7-804.**

12 **EACH ELECTRIC COMPANY SHALL:**

13 **(1) COLLECT THE RENEWABLE ENERGY SURCHARGE; AND**

14 **(2) PROVIDE A REBATE ON CUSTOMERS' BILLS IN AN AMOUNT**
15 **DETERMINED BY THE COMMISSION UNDER THIS SECTION TO CUSTOMERS WHO:**

16 **(I) ARE SUBJECT TO THE SURCHARGE; AND**

17 **(II) ELECT TO PURCHASE ELECTRICITY GENERATED FROM A**
18 **TIER 1 RENEWABLE SOURCE.**

19 **7-805.**

20 **REVENUE FROM THE RENEWABLE ENERGY SURCHARGE SHALL BE**
21 **COLLECTED BY THE COMPTROLLER AND PLACED IN THE MARYLAND**
22 **STRATEGIC ENERGY INVESTMENT FUND ESTABLISHED UNDER § 9-20B-05 OF**
23 **THE STATE GOVERNMENT ARTICLE.**

24 **Article - State Government**

25 **9-20B-05.**

26 **(a) There is a Maryland Strategic Energy Investment Fund.**

27 **(b) The purpose of the Fund is to implement the Strategic Energy**
28 **Investment Program.**

1 (c) The Administration shall administer the Fund.

2 (d) (1) The Fund is a special, nonlapsing fund that is not subject to §
3 7–302 of the State Finance and Procurement Article.

4 (2) The Treasurer shall hold the Fund separately and the Comptroller
5 shall account for the Fund.

6 (e) The Fund consists of:

7 (1) all of the proceeds from the sale of allowances under § 2–1002(g) of
8 the Environment Article;

9 (2) money appropriated in the State budget to the Program;

10 (3) repayments and prepayments of principal and interest on loans
11 made from the Fund;

12 (4) interest and investment earnings on the Fund;

13 (5) compliance fees paid under § 7–705 of the Public Utilities Article;
14 [and]

15 **(6) REVENUE FROM THE RENEWABLE ENERGY SURCHARGE**
16 **COLLECTED UNDER § 7–802 OF THE PUBLIC UTILITIES ARTICLE; AND**

17 **[(6)] (7)** money received from any public or private source for the
18 benefit of the Fund.

19 (f) The Administration shall use the Fund:

20 (1) to invest in the promotion, development, and implementation of:

21 (i) cost-effective energy efficiency and conservation programs,
22 projects, or activities, including measurement and verification of energy savings;

23 (ii) renewable and clean energy resources;

24 (iii) climate change programs directly related to reducing or
25 mitigating the effects of climate change; and

26 (iv) demand response programs that are designed to promote
27 changes in electric usage by customers in response to:

28 1. changes in the price of electricity over time; or

1 2. incentives designed to induce lower electricity use at
2 times of high wholesale market prices or when system reliability is jeopardized;

3 (2) to provide targeted programs, projects, activities, and investments
4 to reduce electricity consumption by customers in the low-income and
5 moderate-income residential sectors;

6 (3) to provide supplemental funds for low-income energy assistance
7 through the Electric Universal Service Program established under § 7-512.1 of the
8 Public Utilities Article and other electric assistance programs in the Department of
9 Human Resources;

10 (4) to provide rate relief by offsetting electricity rates of residential
11 customers, including an offset of surcharges imposed on ratepayers under § 7-211 of
12 the Public Utilities Article;

13 (5) to provide grants, loans, and other assistance and investment as
14 necessary and appropriate to implement the purposes of the Program as set forth in §
15 9-20B-03 of this subtitle;

16 (6) to implement energy-related public education and outreach
17 initiatives regarding reducing energy consumption and greenhouse gas emissions; and

18 (7) to pay the expenses of the Program.

19 (g) Except as provided in subsection (g-1) of this section, proceeds received
20 by the Fund from the sale of allowances under § 2-1002(g) of the Environment Article
21 shall be allocated to the following accounts:

22 (1) 17% shall be credited to an energy assistance account to be used
23 for the Electric Universal Service Program and other electricity assistance programs
24 in the Department of Human Resources;

25 (2) 23% shall be credited to a rate relief account to provide rate relief
26 by offsetting electricity rates of residential customers, including an offset of surcharges
27 imposed on ratepayers under § 7-211 of the Public Utilities Article, on a per customer
28 basis and in a manner prescribed by the Public Service Commission;

29 (3) at least 46% shall be credited to a low and moderate income
30 efficiency and conservation programs account and to a general efficiency and
31 conservation programs account for energy efficiency and conservation programs,
32 projects, or activities and demand response programs, of which at least one-half shall
33 be targeted to the low and moderate income efficiency and conservation programs
34 account for:

35 (i) the low-income residential sector at no cost to the
36 participants of the programs, projects, or activities; and

1 (ii) the moderate-income residential sector;

2 (4) up to 10.5% shall be credited to a renewable and clean energy
3 programs account for:

4 (i) subject to subsection (i) of this section, renewable and clean
5 energy programs and initiatives;

6 (ii) energy-related public education and outreach; and

7 (iii) climate change programs; and

8 (5) up to 3.5%, but not more than \$4,000,000, shall be credited to an
9 administrative expense account for costs related to the administration of the Fund,
10 including the review of electric company plans for achieving electricity savings and
11 demand reductions that the electric companies are required under law to submit to the
12 Administration.

13 (g-1) The proceeds described in subsection (g) of this section from the
14 allowances sold between March 1, 2009, and June 30, 2012, shall be allocated as
15 follows:

16 (1) up to 50% shall be credited to an energy assistance account to be
17 used as described in subsection (g)(1) of this section;

18 (2) 23% shall be credited to a rate relief account to be allocated as
19 provided in subsection (g)(2) of this section;

20 (3) at least 17.5% shall be credited to a low and moderate income
21 efficiency and conservation programs account and to a general efficiency and
22 conservation programs account to be allocated as provided in subsection (g)(3) of this
23 section;

24 (4) at least 6.5% shall be credited to a renewable and clean energy
25 programs account to be allocated as provided in subsection (g)(4) of this section; and

26 (5) up to 3.0%, but not more than \$4,000,000, shall be credited to an
27 administrative expense account to be allocated as provided in subsection (g)(5) of this
28 section.

29 (h) (1) Energy efficiency and conservation programs under subsection
30 (g)(3) of this section include:

31 (i) low-income energy efficiency programs;

32 (ii) residential and small business energy efficiency programs;

33 (iii) commercial and industrial energy efficiency programs;

- 1 (iv) State and local energy efficiency programs;
- 2 (v) demand response programs;
- 3 (vi) loan programs and alternative financing mechanisms; and
- 4 (vii) grants to training funds and other organizations supporting
5 job training for deployment of energy efficiency and energy conservation technology
6 and equipment.

7 (2) Energy-related public education and outreach and renewable and
8 clean energy programs and initiatives under subsection (g)(4)(i) and (ii) of this section
9 include:

- 10 (i) production incentives for specified renewable energy sources;
- 11 (ii) expansion of existing grant programs for solar, geothermal,
12 and wind programs;
- 13 (iii) loan programs and alternative financing mechanisms; and
- 14 (iv) consumer education and outreach programs that are
15 designed to reach low-income communities.

16 (i) (1) Except as provided in paragraph (2) of this subsection, compliance
17 fees paid under § 7-705(b) of the Public Utilities Article may be used only to make
18 loans and grants to support the creation of new Tier 1 renewable energy sources in the
19 State.

20 (2) Compliance fees paid under § 7-705(b)(1)(ii) of the Public Utilities
21 Article shall be accounted for separately within the Fund and may be used only to
22 make loans and grants to support the creation of new solar energy sources in the
23 State.

24 **(J) (1) REVENUE RECEIVED BY THE FUND FROM THE RENEWABLE**
25 **ENERGY SURCHARGE COLLECTED UNDER § 7-802 OF THE PUBLIC UTILITIES**
26 **ARTICLE SHALL BE ACCOUNTED FOR SEPARATELY WITHIN THE FUND.**

27 **(2) REVENUE RECEIVED BY THE FUND FROM THE RENEWABLE**
28 **ENERGY SURCHARGE SHALL BE ALLOCATED AS FOLLOWS:**

29 **(I) AT LEAST 50% SHALL BE CREDITED TO PROGRAMS**
30 **OFFERING INCENTIVES FOR THE INSTALLATION ON RESIDENTIAL AND**
31 **COMMERCIAL PROPERTIES OF TECHNOLOGY AND EQUIPMENT FOR ENERGY**
32 **CONSERVATION AND ON-SITE GENERATION OF ELECTRICITY FROM TIER 1**
33 **RENEWABLE SOURCES;**

1 **(II) AT LEAST 25% SHALL BE CREDITED TO PROGRAMS**
2 **OFFERING LOW-INTEREST LOANS TO INSTALL TIER 1 REUSABLE SOURCES;**

3 **(III) AT LEAST 10% SHALL BE CREDITED TO PROGRAMS**
4 **OFFERING INCENTIVES TO SUPPORT IN-STATE MANUFACTURING OF TIER 1**
5 **REUSABLE SOURCES;**

6 **(IV) AT LEAST 8% SHALL BE CREDITED TO**
7 **ENERGY-RELATED PUBLIC EDUCATION AND OUTREACH;**

8 **(V) UP TO 5% MAY BE CREDITED TO AN ADMINISTRATIVE**
9 **EXPENSE ACCOUNT FOR COSTS RELATED TO THE ADMINISTRATION OF THE**
10 **FUND; AND**

11 **(VI) UP TO 2% MAY BE CREDITED TO AN ADMINISTRATIVE**
12 **EXPENSE ACCOUNT FOR COSTS RELATED TO MONITORING AND EVALUATING**
13 **THE USE OF THE REVENUE FROM THE SURCHARGE.**

14 **(3) REVENUE RECEIVED BY THE FUND FROM THE RENEWABLE**
15 **ENERGY SURCHARGE MAY NOT BE USED FOR ENERGY ASSISTANCE OR RATE**
16 **RELIEF AS PROVIDED IN SUBSECTION (F) OF THIS SECTION.**

17 **[(j)] (K)** (1) The Treasurer shall invest the money of the Fund in the
18 same manner as other State money may be invested.

19 (2) Any investment earnings of the Fund shall be paid into an
20 administrative expense account within the Fund.

21 (3) Any repayment of principal and interest on loans made from the
22 Fund shall be paid into the Fund.

23 (4) Balances in the Fund shall be held for the benefit of the Program,
24 shall be expended solely for the purposes of the Program, and may not be used for the
25 general obligations of government.

26 **[(k)] (L)** Expenditures from the Fund shall be made by:

27 (1) an appropriation in the annual State budget; or

28 (2) a budget amendment in accordance with § 7-209 of the State
29 Finance and Procurement Article.

30 **[(l)] (M)** An expenditure by budget amendment may be made under
31 subsection **[(k)] (L)** of this section only after:

1 (1) the Administration has submitted the proposed budget amendment
2 and supporting documentation to the Senate Budget and Taxation Committee, Senate
3 Finance Committee, House Appropriations Committee, and House Economic Matters
4 Committee; and

5 (2) the committees have had 45 days for review and comment.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 October 1, 2011. It shall remain effective for a period of 10 years and, at the end of
8 September 30, 2021, with no further action required by the General Assembly, this Act
9 shall be abrogated and of no further force and effect.