# By: Delegates Conway, Arentz, Cane, Eckardt, Haddaway-Riccio, Otto, Proctor, Rudolph, and Smigiel

Introduced and read first time: February 6, 2014 Assigned to: Economic Matters

Committee Report: Favorable with amendments House action: Adopted Read second time: March 28, 2014

CHAPTER \_\_\_\_\_

1 AN ACT concerning

M4, C5, P1

2 Agriculture – Poultry Litter – Energy–Generating Cooperative Program

3

**Energy-Generating Cooperative Advisory Committee** 

4 FOR the purpose of establishing a Poultry Litter Energy-Generating Cooperative Program: prohibiting the rates and structure of the Program from being used for  $\mathbf{5}$ 6 distributed generation from other sources of energy; requiring the State 7 Department of Agriculture to consult with the Energy-Generating Cooperative Advisory Committee on the administration of the Program; providing for the 8 credit structure for the energy generated from an energy-generating 9 cooperative: providing for the allocation of unsubscribed energy: requiring an 10 energy-generating cooperative to pay a certain infrastructure use and 11 distribution rate to an electric company; authorizing a cooperative organization 12to contract with a third party for certain purposes; prohibiting the Department, 13 the Public Service Commission, and an electric company from changing the 14terms of a contract entered into under this Act; establishing the 1516 Energy–Generating Cooperative Advisory Committee; providing for the 17membership, staffing, duties, meetings, and structure of the Committee; prohibiting members of the Committee from receiving certain compensation, but 18 19 authorizing the reimbursement of certain expenses; requiring the Committee to 20assist the Department with the development and implementation of the Program; requiring the Committee to create two subcommittees and specifying 21 22the duties of each subcommittee; specifying the duties of the Committee; 23requiring the Committee to make a certain report to the <del>Department; requiring</del>

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

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



the Department, in coordination with the Maryland Energy Administration, to
make a certain report to the General Assembly on or before a certain date;
providing for the regulation of electricity from a certain source in a certain
manner; requiring the Administration to meet certain requirements of this Act;
defining certain terms; stating certain findings of the General Assembly on or
before a certain date; providing for the construction of this Act; providing for the
termination of this Act; and generally relating to energy-generating
cooperatives.

9	<u>RV adding to</u>
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10	Article – Agriculture
11	Section 10-2001 through 10-2009 to be under the new subtitle "Subtitle 20.
12	Poultry Litter"
13	Annotated Code of Maryland

- 14 (2007 Replacement Volume and 2013 Supplement)
- 15 BY adding to
- 16 Article Public Utilities
- 17 Section 7–306.1
- 18 Annotated Code of Maryland
- 19 (2010 Replacement Volume and 2013 Supplement)
- 20 BY adding to

25

- 21 Article State Government
- 22 Section 9–2009
- 23 Annotated Code of Maryland
- 24 (2009 Replacement Volume and 2013 Supplement)
  - Preamble 1
- 26 WHEREAS, The State of Maryland produces nearly 500,000 tons of poultry 27 litter every year; and

### 28 WHEREAS, Poultry litter has nearly equivalent levels of phosphorus and 29 nitrogen, but many crops require significantly less phosphorus than nitrogen, and

- 30 application of poultry litter may result in phosphorus-saturated soils; and
- 31WHEREAS, High levels of phosphorus in the Chesapeake Bay lead to algae32blooms, oxygen-deprived environments, poor water quality, degraded habitats, and
- 33 low populations of many species of fish and shellfish; and
- 34 WHEREAS, In order to meet the Environmental Protection Agency's 35 Chesapeake Bay Total Maximum Daily Load, the State of Maryland must reduce 36 phosphorus loads to the Chesapeake Bay by 14.9% below 2010 levels by 2025; and
- 37 WHEREAS, Poultry litter is a beneficial resource that can be used to generate 38 clean energy, helping the State achieve its renewable energy portfolio standard; and

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$1 \\ 2$				<del>zing poultry litter as an energy source will reduce the overall</del> <del>s who raise poultry; now, therefore,</del>
$\frac{3}{4}$		-		E IT ENACTED BY THE GENERAL ASSEMBLY OF <del>.aws of Maryland read as follows</del> :
5	<u>(a)</u>	There	<u>e is an</u>	Energy–Generating Cooperative Advisory Committee.
6	<u>(b)</u>	<u>The</u> (	<u>Commi</u>	ttee consists of the following members:
7 8	President o	<u>(1)</u> f the S		member of the Senate of Maryland, appointed by the
9 10	of the Hous	<u>(2)</u> e;	<u>One</u>	member of the House of Delegates, appointed by the Speaker
11		<u>(3)</u>	The S	Secretary of Agriculture, or the Secretary's designee;
$\begin{array}{c} 12 \\ 13 \end{array}$	<u>Director's d</u>	(4) esigne		Director of the Maryland Energy Administration, or the
$\begin{array}{c} 14 \\ 15 \end{array}$	<u>designee:</u>	<u>(5)</u>	<u>The</u>	Chair of the Public Service Commission, or the Chair's
$\begin{array}{c} 16 \\ 17 \end{array}$	<u>the Executi</u>	<u>(6)</u> ve Dire		<u>Executive Director of the Maryland Clean Energy Center, or</u> <u>designee; and</u>
18		<u>(7)</u>	<u>The f</u>	collowing members appointed by the Governor:
19			<u>(i)</u>	<u>One representative of the electric utility industry:</u>
20			<u>(ii)</u>	One representative of the electric cooperative industry;
21			<u>(iii)</u>	<u>One representative of the poultry industry:</u>
22			<u>(iv)</u>	<u>One poultry farmer; and</u>
23			<u>(v)</u>	One representative of the environmental community.
$24 \\ 25 \\ 26$	<u>(c)</u> <u>Director of</u> <u>cochair the</u>	the N	Iarylar	ary of Agriculture, or the Secretary's designee, and the nd Energy Administration, or the Director's designee, shall
$\begin{array}{c} 27\\ 28 \end{array}$	<u>(d)</u> Committee.		<u>State v</u>	units represented on the Committee shall provide staff for the

	4 <b>HOUSE BILL 1076</b>
1	(e) <u>A member of the Committee:</u>
2	(1) May not receive compensation as a member of the Committee; but
$\frac{3}{4}$	(2) <u>Is entitled to reimbursement for expenses under the Standard</u> <u>State Travel Regulations, as provided in the State budget.</u>
5	(f) <u>The Committee shall evaluate:</u>
$6 \\ 7$	(1) <u>The most efficient, cost–effective, and environmentally sound</u> <u>methods for utilizing poultry litter;</u>
$\frac{8}{9}$	(2) <u>Whether anaerobic decomposition of poultry litter is an</u> appropriate method to reduce the State's nutrient load to the Chesapeake Bay;
10 11	(3) <u>The potential for reduced air emissions from anaerobic</u> <u>decomposition of poultry litter:</u>
$12 \\ 13 \\ 14$	(4) <u>Funding sources for poultry litter energy–generating cooperatives,</u> <u>including the Strategic Energy Investment Fund, manure transport programs, and</u> <u>other available funding;</u>
$15 \\ 16 \\ 17 \\ 18 \\ 19$	(5) <u>A tariff structure that is appropriate for poultry litter</u> <u>energy–generating cooperatives, that will avoid costs to and subsidies from customers</u> <u>of an electric company, and that will ensure that an electric company receives full and</u> <u>timely recovery of prudently incurred costs, while encouraging poultry litter</u> <u>energy–generating cooperatives, by considering:</u>
20	(i) <u>Ancillary services and volt–ampere reactive support;</u>
21	(ii) <u>Reduced land costs;</u>
22	(iii) Demand charge management;
23	(iv) <u>Electric service reliability;</u>
24 25 26 27	(v) The value of renewable energy credits associated with energy generation from poultry litter and the relationship between that value and any subsidization, regional electricity pricing mechanisms, and other aspects of the tariff structure; and
28 29 30 31	(vi) The relationship of various aspects of the tariff structure and the energy–generating cooperative structure to the costs of distribution and generation to the energy–generating cooperative, other generators, transmission companies, distribution utilities, and electric ratepayers;

$rac{1}{2}$	(6) <u>A tariff structure and related regulatory structure designed to</u> operate the energy–generating cooperative at least cost;
$\frac{3}{4}$	(7) <u>Whether an energy–generating cooperative and its cooperative</u> members should be compensated or assessed costs;
$5 \\ 6$	(8) <u>The size and number of energy–generating cooperatives that the</u> <u>State can support; and</u>
7	(9) Any other issue that the Committee determines is necessary.
8 9	(g) <u>On or before December 31, 2015, the Committee shall report to the</u> <u>General Assembly, in accordance with § 2–1246 of the State Government Article, on:</u>
10 11	(1) <u>A tariff structure that encourages poultry litter energy–generating</u> cooperatives and allows an electric company to recover prudently incurred costs;
$12 \\ 13 \\ 14$	(2) <u>An appropriate regulatory structure that provides necessary</u> oversight while allowing the energy–generating cooperative to be operated at least <u>cost</u> ;
15 16	(3) <u>Whether an energy–generating cooperative and its cooperative</u> members should be compensated or assessed costs;
17 18	(4) <u>The size and number of energy–generating cooperatives that the</u> State can support;
19 20	(5) <u>The most efficient, cost–effective, and environmentally sound</u> methods for utilizing poultry litter; and
$\begin{array}{c} 21 \\ 22 \end{array}$	(6) <u>Other matters the Committee considers necessary or advisable to</u> bring to the attention of the General Assembly.
23	Article – Agriculture
24	SUBTITLE 20. POULTRY LITTER.
25	$\frac{10-2001}{10}$
$\frac{26}{27}$	(A) In this subtitle the following words have the meanings indicated.
28	(B) "Commission" means the Public Service Commission.
29 30	(C) "Committee" means the Energy-Generating Cooperative Advisory Committee.

(D) "COOPERATIVE MEMBER" MEANS A RETAIL CUSTOMER OF AN ENERGY-GENERATING COOPERATIVE WHO: (1) OWNS A SUBSCRIPTION TO THE COOPERATIVE: HAS A RESIDENCE OR PLACE OF BUSINESS THAT IS LOCATED <del>(2)</del> IN THE SAME ELECTRIC COMPANY SERVICE TERRITORY AS THE COOPERATIVE **CUSTOMER'S ORGANIZATION: AND** (3) HAS IDENTIFIED ONE OR MORE INDIVIDUAL METERS OR ACCOUNTS TO WHICH THE SUBSCRIPTION SHALL BE ATTRIBUTED. (E) (1) "COOPERATIVE ORGANIZATION" MEANS AN ORGANIZATION WHOSE SOLE PURPOSE IS TO BENEFICIALLY OWN OR OPERATE AN ENERGY-GENERATING COOPERATIVE FOR A COOPERATIVE MEMBER. <del>(2)</del> "COOPERATIVE ORGANIZATION" MAY BE ANY FOR-PROFIT OR NONPROFIT ENTITY ORGANIZED UNDER STATE LAW. (F) (1) "ENERGY-GENERATING COOPERATIVE" MEANS A RENEWABLE ENERGY FACILITY THAT:

16(i)GENERATES ELECTRICITY FROM THE ANAEROBIC17DECOMPOSITION OF POULTRY LITTER;

18(II)CREDITS ITS GENERATED ELECTRICITY TO ITS19COOPERATIVE MEMBERS;

20(III)Is located in the same electric company service21Territory as its cooperative members;

22

- (IV) HAS AT LEAST TWO COOPERATIVE MEMBERS;
- 23(v)Does not utilize more than 20,000 tons of24POULTRY LITTER IN A SINGLE YEAR; AND

25(VI)MAY BE OWNED BY ANY PERSON, INCLUDING A PUBLIC26SERVICE COMPANY OR A COOPERATIVE ORGANIZATION.

27 (2) "ENERGY-GENERATING COOPERATIVE" DOES NOT INCLUDE A
 28 RENEWABLE ENERGY FACILITY THAT BURNS POULTRY LITTER TO GENERATE
 29 ENERGY.

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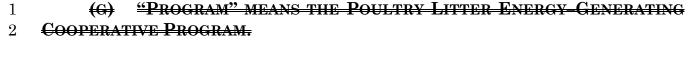
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3 (II) "POULTRY LITTER" MEANS THE FECAL AND URINARY EXCRETIONS
 4 OF POULTRY, INCLUDING WOOD SHAVINGS, SAWDUST, STRAW, RICE HULLS, AND
 5 OTHER BEDDING MATERIAL FOR THE DISPOSITION OF MANURE.

6 (I) "SUBSCRIPTION" MEANS AN INTEREST IN AN ENERGY-GENERATING 7 COOPERATIVE.

### 8 <del>10-2002.</del>

9 THE GENERAL ASSEMBLY FINDS THAT ENERGY-GENERATING 10 COOPERATIVES THAT USE POULTRY LITTER AS AN ENERGY SOURCE ALLOW 11 RESIDENTS AND BUSINESSES INCREASED ACCESS TO RENEWABLE ELECTRICITY 12 WHILE ENCOURAGING PRIVATE INVESTMENT IN RENEWABLE RESOURCES, 13 STIMULATING IN STATE ECONOMIC GROWTH, ENHANCING CONTINUED 14 DIVERSIFICATION OF THE STATE'S ENERGY RESOURCE MIX, AND PROTECTING 15 THE CHESAPEAKE BAY BY REDUCING THE NUTRIENT LOAD ENTERING THE BAY.

### 16 <del>10-2003.</del>

17 DUE TO THE NATURE AND COMPLEXITY OF ANAEROBIC DECOMPOSITION
 18 OF POULTRY LITTER, THE RATES AND STRUCTURE OF THE PROGRAM
 19 ESTABLISHED IN THIS SECTION MAY NOT BE USED FOR DISTRIBUTED
 20 GENERATION FROM OTHER SOURCES OF ENERGY.

21 **10–2004.** 

22 (A) THERE IS A PROGRAM ON ENERGY GENERATING COOPERATIVES 23 Administered by the Department.

24 (B) THE DEPARTMENT SHALL CONSULT WITH THE COMMITTEE ON THE 25 ADMINISTRATION OF THE PROGRAM.

26 <del>10-2005.</del>

27 (A) THE COOPERATIVE ORGANIZATION SHALL NOTIFY THE ELECTRIC
 28 COMPANY OF THE CREDIT AMOUNT TO BE POSTED ON EACH COOPERATIVE
 29 MEMBER'S BILL.

30 (B) AN ELECTRIC COMPANY SHALL CREDIT KILOWATT-HOURS TO A
 31 COOPERATIVE MEMBER ON A MONTHLY BASIS FOR THE COOPERATIVE
 32 MEMBER'S PORTION OF THE ENERGY-GENERATING COOPERATIVE.

1 (C) IF ELECTRICITY GENERATED BY THE ENERGY-GENERATING 2 **COOPERATIVE IS NOT FULLY ALLOCATED TO COOPERATIVE MEMBERS. THE** 3 ELECTRIC COMPANY SHALL RECEIVE THE REMAINING UNSUBSCRIBED ENERGY AT NO COST. 4 5 10-2006. THE ENERGY-GENERATING COOPERATIVE SHALL PAY AN 6 <del>(A)</del>  $\overline{7}$ INFRASTRUCTURE USE AND DISTRIBUTION RATE TO THE ELECTRIC COMPANY. 8 <del>(B)</del> THE INFRASTRUCTURE USE AND DISTRIBUTION RATE PAID BY THE 9 ENERGY-GENERATING COOPERATIVE UNDER SUBSECTION (A) OF THIS SECTION SHALL BE 25% OF THE DISTRIBUTION RATE NORMALLY CHARGED BY THE 10 11 ELECTRIC COMPANY TO A CUSTOMER OF THE SAME CLASS AS THE SUBSCRIBER. <del>10\_2007.</del> 12 13 (A) A COOPERATIVE ORGANIZATION MAY CONTRACT WITH A THIRD 14 PARTY FOR THE THIRD PARTY TO FINANCE, BUILD, OWN, OR OPERATE AN 15 ENERGY-GENERATING COOPERATIVE. 16 THE DEPARTMENT. THE COMMISSION. AND THE ELECTRIC <del>(B)</del> 17 COMPANY MAY NOT CHANGE THE TERMS OF THE CONTRACT. <u>10-2008</u> 18 (A) THERE IS AN ENERGY-GENERATING COOPERATIVE ADVISORY 19 20 COMMITTEE. 21 <del>(B)</del> THE COMMITTEE CONSISTS OF THE FOLLOWING MEMBERS: 22(1) ONE MEMBER OF THE SENATE OF MARYLAND, APPOINTED BY 23 THE PRESIDENT OF THE SENATE: (2) ONE MEMBER OF THE HOUSE OF DELEGATES, APPOINTED BY 2425THE SPEAKER OF THE HOUSE: THE SECRETARY. OR THE SECRETARY'S DESIGNEE: 26(3) THE DIRECTOR OF THE MARYLAND ENERGY 27<del>(4)</del> 28**ADMINISTRATION. OR THE DIRECTOR'S DESIGNEE:** 

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1		<del>(5)</del>	THE	CHAIR OF THE PUBLIC SERVICE COMMISSION, OR THE
2	CHAIR'S DE	SIGN	<del>ee; an</del>	$\oplus$
			ŗ	
3		<del>(6)</del>	THE	FOLLOWING MEMBERS APPOINTED BY THE GOVERNOR:
4			<del>(I)</del>	ONE REPRESENTATIVE OF THE ELECTRIC UTILITY
<b>5</b>	INDUSTRY;		()	
	,			
6			<del>(II)</del>	ONE REPRESENTATIVE OF THE POULTRY INDUSTRY;
7			<del>(III)</del>	<b>One poultry farmer; and</b>
8			<del>(IV)</del>	<b>One representative of the environmental</b>
9	COMMUNIT	¥.		
-		-		
10	<del>(C)</del>	THE	-SECI	RETARY, OR THE SECRETARY'S DESIGNEE, AND THE
11				RYLAND ENERGY ADMINISTRATION, OR THE DIRECTOR'S
12				HAIR THE COMMITTEE.
13	<del>(D)</del>	THE	-STAT	FE UNITS REPRESENTED ON THE COMMITTEE SHALL
14	• • •			HE COMMITTEE.
15	<del>(E)</del>	<del>A me</del>	MBER	<del>OF THE COMMITTEE:</del>
16		<del>(1)</del>	MAY	NOT RECEIVE COMPENSATION AS A MEMBER OF THE
17	COMMITTE	``		
	0 0 1 1 1 1 1 1 1	_,	-	
18		<del>(2)</del>	Is en	WTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE
19	<b>Standard</b>	<u> </u>		RAVEL REGULATIONS, AS PROVIDED IN THE STATE
20	BUDGET.			
_0	Deballi			
21	<del>(F)</del>	THE	COMN	ATTEE SHALL:
22		<del>(1)</del>	Assi	ST THE DEPARTMENT WITH THE DEVELOPMENT AND
23	IMPLEMEN'	<del>ratio</del>		THE PROGRAM;
24		<del>(2)</del>	CRE	ATE A SUBCOMMITTEE ON ENVIRONMENT AND A
25	SUBCOMMI'	· /		ERGY FROM AMONG MEMBERS OF THE COMMITTEE;
	~			
26		<del>(3)</del>	REP	ORT TO THE DEPARTMENT ON THE SUBCOMMITTEES'
$\frac{10}{27}$	RECOMMEN	(-)		INDER SUBSECTION (G) OF THIS SECTION IN ORDER TO
28				ENT WITH THE REPORT REQUIRED UNDER § 10–2009 OF
29	THIS SUBTI			
-		-, -		

	10 HOUSE BILL 1076
1	(4) Meet at least once each year to evaluate the
$\overline{2}$	PERFORMANCE OF THE PROGRAM AND MAKE RECOMMENDATIONS FOR
3	IMPROVEMENTS TO THE PROGRAM.
4	(G) (1) THE SUBCOMMITTEE ON ENVIRONMENT ESTABLISHED UNDER
5	SUBSECTION (F)(2) OF THIS SECTION SHALL EVALUATE AND MAKE
6	RECOMMENDATIONS TO THE COMMITTEE ON:
7	<del>(i)</del> <del>The most efficient, cost-effective, and</del>
8	ENVIRONMENTALLY SOUND METHODS FOR UTILIZING POULTRY LITTER;
9	(II) WHETHER ANAEROBIC DECOMPOSITION OF POULTRY
10	LITTER IS AN APPROPRIATE METHOD TO REDUCE THE STATE'S NUTRIENT LOAD
11	<del>to the Chesapeake Bay;</del>
12	(III) THE POTENTIAL FOR REDUCED AIR EMISSIONS FROM
13	ANAEROBIC DECOMPOSITION OF POULTRY LITTER; AND
14	(iv) Any other issue the Committee determines is
15	NECESSARY.
16	(2) The subcommittee on energy established under
1617	(2) THE SUBCOMMITTEE ON ENERGY ESTABLISHED UNDER SUBSECTION (F)(2) OF THIS SECTION SHALL EVALUATE AND MAKE
	(2) THE SUBCOMMITTEE ON ENERGY ESTABLISHED UNDER SUBSECTION (F)(2) OF THIS SECTION SHALL EVALUATE AND MAKE RECOMMENDATIONS TO THE COMMITTEE ON:
17	SUBSECTION (F)(2) OF THIS SECTION SHALL EVALUATE AND MAKE
17 18	SUBSECTION (F)(2) OF THIS SECTION SHALL EVALUATE AND MAKE RECOMMENDATIONS TO THE COMMITTEE ON:
17 18 19	SUBSECTION (F)(2) OF THIS SECTION SHALL EVALUATE AND MAKERECOMMENDATIONS TO THE COMMITTEE ON:(I) A TARIFF STRUCTURE FOR POULTRY LITTER
17 18 19 20 21 22	SUBSECTION       (F)(2)       OF       THIS       SECTION       SHALL       EVALUATE       AND       MAKE         RECOMMENDATIONS TO THE COMMITTEE ON:       (1)       A       TARIFF       STRUCTURE       FOR       POULTRY       LITTER         ENERGY-GENERATING       COOPERATIVES       THAT       ALLOWS       AN       ELECTRIC       COMPANY
17 18 19 20 21	SUBSECTION (F)(2) OF THIS SECTION SHALL EVALUATE AND MAKE RECOMMENDATIONS TO THE COMMITTEE ON: (I) A TARIFF STRUCTURE FOR POULTRY LITTER ENERGY-GENERATING COOPERATIVES THAT ALLOWS AN ELECTRIC COMPANY TO RECOVER FOR DISTRIBUTION COSTS AND ADMINISTRATIVE COSTS WHILE
17 18 19 20 21 22	SUBSECTION (F)(2) OF THIS SECTION SHALL EVALUATE AND MAKE RECOMMENDATIONS TO THE COMMITTEE ON: (I) A TARIFF STRUCTURE FOR POULTRY LITTER ENERGY-GENERATING COOPERATIVES THAT ALLOWS AN ELECTRIC COMPANY TO RECOVER FOR DISTRIBUTION COSTS AND ADMINISTRATIVE COSTS WHILE ENCOURAGING POULTRY LITTER ENERGY-GENERATING COOPERATIVES BY
17 18 19 20 21 22 23	SUBSECTION (F)(2) OF THIS SECTION SHALL EVALUATE AND MAKE RECOMMENDATIONS TO THE COMMITTEE ON: (1) A TARIFF STRUCTURE FOR POULTRY LITTER ENERGY-GENERATING COOPERATIVES THAT ALLOWS AN ELECTRIC COMPANY TO RECOVER FOR DISTRIBUTION COSTS AND ADMINISTRATIVE COSTS WHILE ENCOURAGING POULTRY LITTER ENERGY-GENERATING COOPERATIVES BY CONSIDERING:
<ol> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> <li>23</li> <li>24</li> <li>25</li> </ol>	SUBSECTION (F)(2) OF THIS SECTION SHALL EVALUATE AND MAKE RECOMMENDATIONS TO THE COMMITTEE ON: (1) A TARIFF STRUCTURE FOR POULTRY LITTER ENERGY-GENERATING COOPERATIVES THAT ALLOWS AN ELECTRIC COMPANY TO RECOVER FOR DISTRIBUTION COSTS AND ADMINISTRATIVE COSTS WHILE ENCOURAGING POULTRY LITTER ENERGY-GENERATING COOPERATIVES BY CONSIDERING: 1. Avoided TRANSMission and Distribution Line LOSSES;
<ol> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> <li>23</li> <li>24</li> <li>25</li> <li>26</li> </ol>	SUBSECTION (F)(2) OF THIS SECTION SHALL EVALUATE AND MAKE RECOMMENDATIONS TO THE COMMITTEE ON: (1) A TARIFF STRUCTURE FOR POULTRY LITTER ENERGY-GENERATING COOPERATIVES THAT ALLOWS AN ELECTRIC COMPANY TO RECOVER FOR DISTRIBUTION COSTS AND ADMINISTRATIVE COSTS WHILE ENCOURAGING POULTRY LITTER ENERGY-GENERATING COOPERATIVES BY CONSIDERING: 1. AVOIDED TRANSMISSION AND DISTRIBUTION LINE LOSSES; 2. TRANSMISSION AND DISTRIBUTION - UPGRADE
<ol> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> <li>23</li> <li>24</li> <li>25</li> </ol>	SUBSECTION (F)(2) OF THIS SECTION SHALL EVALUATE AND MAKE RECOMMENDATIONS TO THE COMMITTEE ON: (1) A TARIFF STRUCTURE FOR POULTRY LITTER ENERGY-GENERATING COOPERATIVES THAT ALLOWS AN ELECTRIC COMPANY TO RECOVER FOR DISTRIBUTION COSTS AND ADMINISTRATIVE COSTS WHILE ENCOURAGING POULTRY LITTER ENERGY-GENERATING COOPERATIVES BY CONSIDERING: 1. Avoided TRANSMission and Distribution Line LOSSES;
<ol> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> <li>23</li> <li>24</li> <li>25</li> <li>26</li> </ol>	SUBSECTION (F)(2) OF THIS SECTION SHALL EVALUATE AND MAKE RECOMMENDATIONS TO THE COMMITTEE ON: (1) A TARIFF STRUCTURE FOR POULTRY LITTER ENERGY-GENERATING COOPERATIVES THAT ALLOWS AN ELECTRIC COMPANY TO RECOVER FOR DISTRIBUTION COSTS AND ADMINISTRATIVE COSTS WHILE ENCOURAGING POULTRY LITTER ENERGY-GENERATING COOPERATIVES BY CONSIDERING: 1. AVOIDED TRANSMISSION AND DISTRIBUTION LINE LOSSES; 2. TRANSMISSION AND DISTRIBUTION - UPGRADE
<ol> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> <li>23</li> <li>24</li> <li>25</li> <li>26</li> <li>27</li> </ol>	SUBSECTION (F)(2) OF THIS SECTION SHALL EVALUATE AND MAKE RECOMMENDATIONS TO THE COMMITTEE ON: (1) A TARIFF STRUCTURE FOR POULTRY LITTER ENERGY-GENERATING COOPERATIVES THAT ALLOWS AN ELECTRIC COMPANY TO RECOVER FOR DISTRIBUTION COSTS AND ADMINISTRATIVE COSTS WHILE ENCOURAGING POULTRY LITTER ENERGY-GENERATING COOPERATIVES BY CONSIDERING: 1. AVOIDED TRANSMISSION AND DISTRIBUTION LINE LOSSES; 2. TRANSMISSION AND DISTRIBUTION - UPGRADE DEFERRALS;
<ol> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> <li>23</li> <li>24</li> <li>25</li> <li>26</li> <li>27</li> <li>28</li> </ol>	SUBSECTION (F)(2) OF THIS SECTION SHALL EVALUATE AND MAKE RECOMMENDATIONS TO THE COMMITTEE ON:         (f)       A TARIFF STRUCTURE FOR POULTRY LITTER         ENERGY-GENERATING COOPERATIVES THAT ALLOWS AN ELECTRIC COMPANY         TO RECOVER FOR DISTRIBUTION COSTS AND ADMINISTRATIVE COSTS WHILE         ENCOURAGING POULTRY LITTER ENERGY-GENERATING COOPERATIVES BY         CONSIDERING:         1.       AVOIDED TRANSMISSION AND DISTRIBUTION LINE         LOSSES;       2.         TRANSMISSION AND DISTRIBUTION - UPGRADE         DEFERRALS;       3.         AVOIDED INTERCONNECTION COSTS;

1	6. DEMAND CHARGE MANAGEMENT; AND
2	7. ELECTRIC SERVICE RELIABILITY;
3	(II) A CREDIT MECHANISM TO OPERATE THE
4	ENERGY-GENERATING COOPERATIVE AT LEAST COST;
<b>5</b>	(III) WHETHER AN ENERGY-GENERATING COOPERATIVE
6	AND ITS COOPERATIVE MEMBERS SHOULD BE COMPENSATED FOR AVOIDED
7	TRANSMISSION AND DISTRIBUTION COSTS;
8	(iv) The size and number of energy-generating
9	COOPERATIVES THAT THE STATE CAN SUPPORT; AND
10	(v) Any other issue that the Committee determines
11	IS NECESSARY.
12	<del>10–2009.</del>
13	ΩΝ ΟΡ ΠΕΘΩΡΕ ΠΕΘΕΜΠΕΡ 91 9015 ΤΗΕ ΠΕΠΑΡΤΜΕΝΤ ΙΝ
13 14	ON OR BEFORE DECEMBER 31, 2015, THE DEPARTMENT, IN COORDINATION WITH THE MARYLAND ENERGY ADMINISTRATION, SHALL
14 $15$	REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2–1246 OF THE
16	STATE GOVERNMENT ARTICLE, ON:
17	(1) A TARIFF STRUCTURE THAT ENCOURAGES POULTRY LITTER
18	ENERGY-GENERATING COOPERATIVES AND ALLOWS AN ELECTRIC COMPANY TO
19	RECOVER FOR DISTRIBUTION COSTS;
20	(2) An appropriate credit mechanism that allows the
21	ENERGY-GENERATING COOPERATIVE TO BE OPERATED AT LEAST COST;
22	(3) WHETHER AN ENERGY-GENERATING COOPERATIVE AND ITS
23	COOPERATIVE MEMBERS SHOULD BE COMPENSATED FOR AVOIDED
24	TRANSMISSION AND DISTRIBUTION COSTS;
25	(4) THE AMOUNT AND TYPE OF NECESSARY OVERSIGHT;
26	(5) The size and number of energy-generating
$\frac{20}{27}$	COOPERATIVES THAT THE STATE CAN SUPPORT; AND
28	<del>(6)</del> <del>The most efficient, cost-effective, and</del>
$\frac{20}{29}$	ENVIRONMENTALLY SOUND METHODS FOR UTILIZING POULTRY LITTER.
30	Article – Public Utilities

# 1 **7-306.1.**

# 2 The regulation of electricity generated by 3 ENERGY-GENERATING COOPERATIVES AS DEFINED IN § 10-2001 OF THE 4 AGRICULTURE ARTICLE SHALL BE GOVERNED UNDER TITLE 10, SUBTITLE 20 5 OF THE AGRICULTURE ARTICLE.

6

Article - State Government

# 7 <del>9-2009.</del>

# 8 THE ADMINISTRATION SHALL COMPLY WITH THE REQUIREMENTS THAT 9 APPLY TO IT UNDER TITLE 10, SUBTITLE 20 OF THE AGRICULTURE ARTICLE.

10 <u>SECTION 2. AND BE IT FURTHER ENACTED, That this Act may not be</u> 11 <u>construed to apply to, to interfere with, or to affect in any way any project or</u> 12 <u>application that may involve the use of poultry litter for energy generation that may</u> 13 <u>be undertaken under Maryland law in effect as of the effective date of this Act.</u>

SECTION 2. 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2014. It shall remain effective for a period of 2 years and, at the end of May 31, 2016, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.

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