

SENATE BILL 282

C5

8lr1804
CF HB 529

By: **Senator Middleton**

Introduced and read first time: January 22, 2018

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 31, 2018

CHAPTER _____

1 AN ACT concerning

2 **Renewable Energy ~~Tier 2 Eligibility Extension~~ Tiers 1 and 2 Sources –**
3 **Modifications and Compliance Fee**

4 FOR the purpose of altering the definition of “Tier 1 renewable source” to exclude
5 waste-to-energy; extending the eligibility of certain Tier 2 renewable sources for
6 purposes of the renewable energy portfolio standard in certain years; altering the
7 compliance fee for a shortfall from the required percentage of energy from Tier 2
8 renewable sources for the renewable energy portfolio standard in certain years;
9 providing for the application of this Act; and generally relating to the renewable
10 energy portfolio standard.

11 BY repealing and reenacting, without amendments,
12 Article – Public Utilities
13 Section 7-701(a) and (s)
14 Annotated Code of Maryland
15 (2010 Replacement Volume and 2017 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – Public Utilities
18 Section 7-701(r), 7-703(b), and 7-704(a)(4), and 7-705(b)
19 Annotated Code of Maryland
20 (2010 Replacement Volume and 2017 Supplement)

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

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.



Article – Public Utilities

1

2 7–701.

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

4 (r) “Tier 1 renewable source” means one or more of the following types of energy
5 sources:6 (1) solar energy, including energy from photovoltaic technologies and solar
7 water heating systems;8 (2) wind;9 (3) qualifying biomass;10 (4) methane from the anaerobic decomposition of organic materials in a
11 landfill or wastewater treatment plant;12 (5) geothermal, including energy generated through geothermal exchange
13 from or thermal energy avoided by, groundwater or a shallow ground source;14 (6) ocean, including energy from waves, tides, currents, and thermal
15 differences;16 (7) a fuel cell that produces electricity from a Tier 1 renewable source
17 under item (3) or (4) of this subsection;18 (8) a small hydroelectric power plant of less than 30 megawatts in capacity
19 that is licensed or exempt from licensing by the Federal Energy Regulatory Commission;20 (9) poultry litter-to-energy;21 ~~[(10) waste-to-energy;]~~22 ~~[(11) (10) refuse-derived fuel; and~~23 ~~[(12) (11) thermal energy from a thermal biomass system.~~24 (s) “Tier 2 renewable source” means hydroelectric power other than pump storage
25 generation.

26 7–703.

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

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

3 (2) in 2007, 1% from Tier 1 renewable sources and 2.5% from Tier 2
4 renewable sources;

5 (3) in 2008, 2.005% from Tier 1 renewable sources, including at least
6 0.005% derived from solar energy, and 2.5% from Tier 2 renewable sources;

7 (4) in 2009, 2.01% from Tier 1 renewable sources, including at least 0.01%
8 derived from solar energy, and 2.5% from Tier 2 renewable sources;

9 (5) in 2010, 3.025% from Tier 1 renewable sources, including at least
10 0.025% derived from solar energy, and 2.5% from Tier 2 renewable sources;

11 (6) in 2011, 5.0% from Tier 1 renewable sources, including at least 0.05%
12 derived from solar energy, and 2.5% from Tier 2 renewable sources;

13 (7) in 2012, 6.5% from Tier 1 renewable sources, including at least 0.1%
14 derived from solar energy, and 2.5% from Tier 2 renewable sources;

15 (8) in 2013, 8.2% from Tier 1 renewable sources, including at least 0.25%
16 derived from solar energy, and 2.5% from Tier 2 renewable sources;

17 (9) in 2014, 10.3% from Tier 1 renewable sources, including at least 0.35%
18 derived from solar energy, and 2.5% from Tier 2 renewable sources;

19 (10) in 2015, 10.5% from Tier 1 renewable sources, including at least 0.5%
20 derived from solar energy, and 2.5% from Tier 2 renewable sources;

21 (11) in 2016, 12.7% from Tier 1 renewable sources, including at least 0.7%
22 derived from solar energy, and 2.5% from Tier 2 renewable sources;

23 (12) in 2017:

24 (i) 13.1% from Tier 1 renewable sources, including:

25 1. at least 1.15% derived from solar energy; and

26 2. an amount set by the Commission under § 7-704.2(a) of
27 this subtitle, not to exceed 2.5%, derived from offshore wind energy; and

28 (ii) 2.5% from Tier 2 renewable sources;

29 (13) in 2018:

30 (i) 15.8% from Tier 1 renewable sources, including:

- 1 1. at least 1.5% derived from solar energy; and
- 2 2. an amount set by the Commission under § 7–704.2(a) of
3 this subtitle, not to exceed 2.5%, derived from offshore wind energy; and
- 4 (ii) 2.5% from Tier 2 renewable sources;
- 5 (14) in 2019[.]:
- 6 (I) 20.4% from Tier 1 renewable sources, including:
- 7 [(i)] 1. at least 1.95% derived from solar energy; and
- 8 [(ii)] 2. an amount set by the Commission under § 7–704.2(a) of
9 this subtitle, not to exceed 2.5%, derived from offshore wind energy; and
- 10 (II) **2.5% FROM TIER 2 RENEWABLE SOURCES;**
- 11 (15) in 2020 [and later,] ~~AND 2021~~:
- 12 (I) 25% from Tier 1 renewable sources, including:
- 13 [(i)] 1. at least 2.5% derived from solar energy; and
- 14 [(ii)] 2. an amount set by the Commission under § 7–704.2(a) of
15 this subtitle, not to exceed 2.5%, derived from offshore wind energy; **AND**
- 16 (II) **2.5% FROM TIER 2 RENEWABLE SOURCES; AND**
- 17 **(16) IN ~~2022~~ 2021 AND LATER, AT LEAST 25% FROM TIER 1**
18 **RENEWABLE SOURCES, INCLUDING:**
- 19 (I) **AT LEAST 2.5% DERIVED FROM SOLAR ENERGY; AND**
- 20 (II) **AN AMOUNT SET BY THE COMMISSION UNDER § 7–704.2(A)**
21 **OF THIS SUBTITLE, NOT TO EXCEED 2.5%, DERIVED FROM OFFSHORE WIND ENERGY.**
- 22 7–704.

23 (a) (4) Energy from a Tier 2 renewable source under § 7–701(s) of this subtitle
24 is eligible for inclusion in meeting the renewable energy portfolio standard through [2018]
25 ~~2021~~ **2020** if it is generated at a system or facility that existed and was operational as of
26 January 1, 2004, even if the facility or system was not capable of generating electricity on
27 that date.

1 7-705.

2 (b) (1) This subsection does not apply to a shortfall from the required Tier 1
3 renewable sources that is to be derived from offshore wind energy.

4 (2) If an electricity supplier fails to comply with the renewable energy
5 portfolio standard for the applicable year, the electricity supplier shall pay into the
6 Maryland Strategic Energy Investment Fund established under § 9-20B-05 of the State
7 Government Article:

8 (i) except as provided in item (ii) of this paragraph, a compliance fee
9 of:

10 1. the following amounts for each kilowatt-hour of shortfall
11 from required Tier 1 renewable sources other than the shortfall from the required Tier 1
12 renewable sources that is to be derived from solar energy:

13 A. 4 cents through 2016; and

14 B. 3.75 cents in 2017 and later;

15 2. the following amounts for each kilowatt-hour of shortfall
16 from required Tier 1 renewable sources that is to be derived from solar energy:

17 A. 45 cents in 2008;

18 B. 40 cents in 2009 through 2014;

19 C. 35 cents in 2015 and 2016;

20 D. 19.5 cents in 2017;

21 E. 17.5 cents in 2018;

22 F. 15 cents in 2019;

23 G. 12.5 cents in 2020;

24 H. 10 cents in 2021;

25 I. 7.5 cents in 2022;

26 J. 6 cents in 2023; and

27 K. 5 cents in 2024 and later; and

1 3. A. EXCEPT AS PROVIDED IN ITEM B OF THIS ITEM,
 2 1.5 cents for each kilowatt-hour of shortfall from required Tier 2 renewable sources; OR

3 B. .0005 CENTS FOR EACH KILOWATT-HOUR OF
 4 SHORTFALL FROM REQUIRED TIER 2 RENEWABLE SOURCES IN 2019 THROUGH 2021;
 5 or

6 (ii) for industrial process load:

7 1. for each kilowatt-hour of shortfall from required Tier 1
 8 renewable sources, a compliance fee of:

9 A. 0.8 cents in 2006, 2007, and 2008;

10 B. 0.5 cents in 2009 and 2010;

11 C. 0.4 cents in 2011 and 2012;

12 D. 0.3 cents in 2013 and 2014;

13 E. 0.25 cents in 2015 and 2016; and

14 F. except as provided in paragraph (3) of this subsection, 0.2
 15 cents in 2017 and later; and

16 2. A. EXCEPT AS PROVIDED IN ITEM B OF THIS ITEM,
 17 nothing for any shortfall from required Tier 2 renewable sources; OR

18 B. .0005 CENTS FOR EACH KILOWATT-HOUR OF
 19 SHORTFALL FROM REQUIRED TIER 2 RENEWABLE SOURCES IN 2019 THROUGH 2021.

20 (3) For industrial process load, the compliance fee for each kilowatt-hour
 21 of shortfall from required Tier 1 renewable sources is:

22 (i) 0.1 cents in any year during which suppliers are required to
 23 purchase ORECs under § 7-704.2 of this subtitle; and

24 (ii) nothing for the year following any year during which, after final
 25 calculations, the net rate impact per megawatt-hour from qualified offshore wind projects
 26 exceeded \$1.65 in 2012 dollars.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to
 28 apply only prospectively and may not be applied or interpreted to have any effect on or
 29 application to any contract existing before the effective date of this Act.

1 SECTION ~~2~~ 3 AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2018.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.