

SENATE BILL 516

M5, C5, C8
SB 732/18 – FIN

9lr1721
CF 9lr2730

By: **Senators Feldman, Beidle, Benson, Carter, Elfreth, Ellis, Ferguson, Griffith, Guzzone, Hester, Kagan, Kelley, King, Kramer, Lam, Lee, Nathan-Pulliam, Patterson, Peters, Pinsky, Rosapepe, Smith, Waldstreicher, Washington, Young, Zirkin, and Zucker**

Introduced and read first time: February 4, 2019

Assigned to: Finance

A BILL ENTITLED

AN ACT concerning

Clean Energy Jobs

FOR the purpose of requiring the Small, Minority, and Women–Owned Businesses Account to receive certain money from the Strategic Energy Investment Fund; exempting certain money received by the Small, Minority, and Women–Owned Businesses Account from the requirement to ensure that at least a certain percentage of grants be allocated within certain jurisdictions and communities; requiring the Department of Commerce to make certain grants to certain eligible fund managers for certain purposes; authorizing eligible fund managers to use and to retain certain money for certain purposes, including certain investments, loans, compensation, and interest; establishing the Clean Energy Workforce Account in the Maryland Employment Advancement Right Now Program; providing for the funding of the Account; requiring the Account to be used to support a certain workforce development program with certain requirements; requiring the Department of Labor, Licensing, and Regulation to include certain information about the Account in a certain annual report; establishing certain criteria for qualified offshore wind projects applied for on or after a certain date; altering and extending the minimum required percentage of energy that must be derived from Tier 1 renewable sources in the State’s renewable energy portfolio standard in certain years; altering and extending the minimum required percentage of Tier 1 renewable energy that must be derived from solar energy in the State’s renewable energy portfolio standard in certain years; altering and extending the minimum required percentage of Tier 1 renewable energy that must be derived from offshore wind energy in the State’s renewable energy portfolio standard in certain years and certain energy sources required in those years; requiring the Public Service Commission to provide certain additional application periods for consideration of Round 2 offshore wind projects; establishing certain criteria for the Commission to consider with respect to approval of an application for a Round 2 offshore wind project, including limits on certain rate

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



impacts measured in certain dollars; requiring the Commission to approve certain applications for a Round 2 offshore wind project under certain circumstances and conditions; requiring the Commission to approve orders representing a certain minimum nameplate capacity of Round 2 offshore wind project applications under certain circumstances; altering the compliance fee for an electricity supplier that fails to comply with certain renewable energy portfolio standards for certain years; establishing certain compliance fees for an electricity supplier that fails to comply with certain renewable energy portfolio standards for certain years; requiring the Power Plant Research Program to conduct a supplemental study on the renewable energy portfolio standard and certain related matters; altering the scope of a certain study and providing for the scope of the supplemental study; providing certain specific subjects that the supplemental study must address; requiring the Program to report to the Governor and the General Assembly on or before certain dates; authorizing the Maryland Energy Administration to use the Strategic Energy Investment Fund for certain purposes; requiring certain loans or grants from the Fund to comply with certain provisions; authorizing the use of certain funds from the Fund by eligible fund managers for certain purposes; requiring at least a certain number of workers participating in a certain project or program to reside within a certain area with respect to the project or program; removing certain forms of energy from the definition of a Tier 1 renewable source after a certain date; providing that energy derived from certain forms of energy is not eligible for inclusion in meeting the renewable energy portfolio standard after a certain date; stating and amending the intent of the General Assembly concerning certain matters; defining certain terms and altering certain definitions; making conforming and clarifying changes; altering the termination date of a certain Act; providing that existing obligations or contract rights may not be impaired by this Act; making the provisions of this Act severable; providing for a delayed effective date for certain provisions of this Act; and generally relating to the renewable energy portfolio standard and economic development.

BY repealing and reenacting, without amendments,

Article – Economic Development

Section 5–1501(a)

Annotated Code of Maryland

(2018 Replacement Volume)

BY repealing and reenacting, with amendments,

Article – Economic Development

Section 5–1501(b) through (d) and (g)

Annotated Code of Maryland

(2018 Replacement Volume)

BY adding to

Article – Economic Development

Section 5–1501(g)

Annotated Code of Maryland

(2018 Replacement Volume)

BY adding to

Article – Labor and Employment
Section 11–708.1
Annotated Code of Maryland
(2016 Replacement Volume and 2018 Supplement)

BY repealing and reenacting, with amendments,

Article – Labor and Employment
Section 11–709
Annotated Code of Maryland
(2016 Replacement Volume and 2018 Supplement)

BY repealing and reenacting, without amendments,

Article – Public Utilities
Section 7–701(a) and (h)
Annotated Code of Maryland
(2010 Replacement Volume and 2018 Supplement)

BY repealing and reenacting, with amendments,

Article – Public Utilities
Section 7–701(k), (n), and (r), 7–702, 7–703, 7–704(a)(2), 7–704.1, 7–704.2(a)(1) and
(c)(1), 7–705(b), and 7–714
Annotated Code of Maryland
(2010 Replacement Volume and 2018 Supplement)

BY adding to

Article – Public Utilities
Section 7–701(p–1) and (p–2)
Annotated Code of Maryland
(2010 Replacement Volume and 2018 Supplement)

BY repealing and reenacting, without amendments,

Article – State Government
Section 9–20B–01(a) and (d) and 9–20B–05(a)
Annotated Code of Maryland
(2014 Replacement Volume and 2018 Supplement)

BY repealing and reenacting, with amendments,

Article – State Government
Section 9–20B–05(f) and (i)
Annotated Code of Maryland
(2014 Replacement Volume and 2018 Supplement)

BY repealing

Article – State Government
Section 9–20B–05(f–1)

Annotated Code of Maryland
(2014 Replacement Volume and 2018 Supplement)

BY adding to

Article – State Government
Section 9–20B–05(f–1) and (m)
Annotated Code of Maryland
(2014 Replacement Volume and 2018 Supplement)

BY repealing and reenacting, with amendments,
Chapter 393 of the Acts of the General Assembly of 2017
Section 2

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

Article – Economic Development

5–1501.

(a) There is a Small, Minority, and Women–Owned Businesses Account under the authority of the Department.

(b) (1) (i) The Account shall receive money as required under § 9–1A–27 of the State Government Article.

(ii) The Account [may] **SHALL** receive money from the Strategic Energy Investment Fund **AS REQUIRED** under § 9–20B–05 of the State Government Article.

(2) Money in the Account shall be invested and reinvested by the Treasurer and interest and earnings shall accrue to the Account.

(3) The Comptroller shall:

(i) account for the Account; and

(ii) on a properly approved transmittal prepared by the Department, issue a warrant to pay out money from the Account in the manner provided under this section.

(4) The Account is a special, nonlapsing fund that is not subject to § 7–302 of the State Finance and Procurement Article.

(5) Expenditures from the Account shall only be made on a properly approved transmittal prepared by the Department as provided under subsection (c) of this section.

(c) (1) In this subsection, “eligible fund manager”:

(I) means an entity that has significant financial or investment experience, under criteria developed by the Department; AND

(II) INCLUDES AN ENTITY THAT THE DEPARTMENT DESIGNATES TO MANAGE FUNDS RECEIVED UNDER SUBSECTION (B)(1)(I) OF THIS SECTION.

(2) Subject to the provisions of paragraph (3) of this subsection, the Department shall make grants to eligible fund managers to provide investment capital and loans to small, minority, and women–owned businesses in the State.

(3) [The] EXCEPT FOR MONEY RECEIVED FROM THE STRATEGIC ENERGY INVESTMENT FUND, THE Department shall ensure that eligible fund managers allocate at least 50% of the funds from this Account to small, minority, and women–owned businesses in the jurisdictions and communities surrounding a video lottery facility.

(d) (1) Any money received from the Strategic Energy Investment Fund shall be used to benefit small, minority, [and] women–owned, AND VETERAN–OWNED businesses in the clean energy industry in the State.

(2) THE DEPARTMENT SHALL MAKE GRANTS TO ELIGIBLE FUND MANAGERS TO PROVIDE INVESTMENT CAPITAL, INCLUDING DIRECT EQUITY INVESTMENTS AND SIMILAR INVESTMENTS AND LOANS TO SMALL, MINORITY, WOMEN–OWNED, AND VETERAN–OWNED BUSINESSES IN THE CLEAN ENERGY INDUSTRY IN THE STATE.

(G) (1) SUBJECT TO PARAGRAPHS (2) THROUGH (4) OF THIS SUBSECTION, AN ELIGIBLE FUND MANAGER MAY USE MONEY FROM A GRANT RECEIVED UNDER SUBSECTION (D)(1) OF THIS SECTION TO PAY EXPENSES FOR ADMINISTRATIVE, ACTUARIAL, LEGAL, MARKETING, AND TECHNICAL SERVICES AND MANAGEMENT FEES.

(2) THE DEPARTMENT SHALL:

(I) MAINTAIN ALL MONEY RECEIVED FROM THE STRATEGIC ENERGY INVESTMENT FUND IN A SINGLE ACCOUNT; AND

(II) MAKE GRANT ALLOCATIONS TO AN ELIGIBLE FUND MANAGER AS THE MANAGER ADVISES THE DEPARTMENT THAT THE MANAGER HAS APPROVED AND PREPARED TO FUND AN INVESTMENT OR A LOAN.

(3) ANY ALLOCATION THAT THE DEPARTMENT MAKES TO AN

ELIGIBLE FUND MANAGER FROM THE STRATEGIC ENERGY INVESTMENT FUND SHALL INCLUDE:

(I) THE AMOUNT OF THE INVESTMENT OR LOAN; AND

(II) AN ADDITIONAL 20% OF THE TOTAL INVESTMENT OR LOAN COMMITMENT AMOUNT AS A MANAGEMENT FEE FOR THE BENEFIT AND COMPENSATION OF THE ELIGIBLE FUND MANAGER.

(4) AN ELIGIBLE FUND MANAGER THAT RECEIVES AN ALLOCATION FROM THE STRATEGIC ENERGY INVESTMENT FUND SHALL RETAIN FOR THE MANAGER'S BENEFIT:

(I) ALL MANAGEMENT FEES PAID BY THE DEPARTMENT; AND

(II) ALL INTEREST EARNED FROM A LOAN MADE BY THE ELIGIBLE FUND MANAGER UNDER THIS SUBSECTION.

[(g)] (H) The Legislative Auditor shall audit the utilization of the funds that are allocated to small, minority, and women-owned businesses by eligible fund managers under subsection (c)(3) of this section during an audit of the applicable State unit as provided in § 2-1220 of the State Government Article.

Article – Labor and Employment

11-708.1.

(A) THERE IS A CLEAN ENERGY WORKFORCE ACCOUNT.

(B) THE ACCOUNT SHALL BE FUNDED FROM THE STRATEGIC ENERGY INVESTMENT FUND IN ACCORDANCE WITH § 9-20B-05(F)(10) AND (I) OF THE STATE GOVERNMENT ARTICLE.

(C) (1) THE ACCOUNT SHALL BE USED TO SUPPORT A WORKFORCE DEVELOPMENT PROGRAM THAT PROVIDES PRE-APPRENTICESHIP JOBS TRAINING IN ACCORDANCE WITH THIS SUBSECTION.

(2) THE PROGRAM MUST:

(I) BE DESIGNED TO PREPARE INDIVIDUALS TO ENTER AND SUCCEED IN AN APPRENTICESHIP PROGRAM REGISTERED BY THE MARYLAND APPRENTICESHIP AND TRAINING COUNCIL; AND

(II) INCLUDE:

1. TRAINING AND CURRICULUM THAT PREPARES INDIVIDUALS WITH THE SKILLS AND COMPETENCIES TO ENTER ONE OR MORE STATE-REGISTERED APPRENTICESHIP PROGRAMS THAT PREPARE WORKERS FOR CAREERS IN THE CLEAN ENERGY INDUSTRY;

2. A DOCUMENTED STRATEGY FOR INCREASING APPRENTICESHIP OPPORTUNITIES FOR UNEMPLOYED AND UNDEREMPLOYED INDIVIDUALS; AND

3. RIGOROUS PERFORMANCE AND EVALUATION METHODS TO ENSURE PROGRAM EFFECTIVENESS AND IMPROVEMENT.

(3) ELIGIBLE CLEAN ENERGY INDUSTRY JOBS INCLUDE POSITIONS IN:

- (I) RENEWABLE ENERGY;**
- (II) ENERGY EFFICIENCY;**
- (III) ENERGY STORAGE;**
- (IV) RESOURCE CONSERVATION; AND**
- (V) ADVANCED TRANSPORTATION.**

11-709.

(a) On or before December 31 of each year, the Department shall report to the Governor and, in accordance with § 2-1246 of the State Government Article, to the Senate Finance Committee and the House Economic Matters Committee on the Maryland EARN Program.

(b) The report required under subsection (a) of this section shall include:

(1) an identification of training needs statewide, including industries in urgent need of qualified workers;

(2) information on measures being used to track the success and accountability of the Maryland EARN Program, including use of the StateStat accountability process under § 3-1003(b) of the State Finance and Procurement Article;

(3) (i) a description of each strategic industry partnership receiving grant funding and the status of the partnership; and

(ii) the jurisdiction of the State in which each strategic industry partnership is located;

(4) the number of individuals:

(i) by sex, race, national origin, income, county of residence, and educational attainment, participating in each component of the Maryland EARN Program; and

(ii) participating in the Maryland EARN Program who, as a result of the Program, have obtained:

1. a credential or an identifiable skill;
2. a new employment position;
3. a title promotion; or
4. a wage promotion; [and]

(5) an assessment of whether and to what extent the approved strategic industry partnerships utilized existing data concerning:

(i) training needs in the State identified in previous studies; and

(ii) applicable skills needs identified in existing workforce studies, plans, or research; **AND**

(6) INFORMATION ON THE SUCCESS OF FUNDING WORKFORCE DEVELOPMENT PROGRAMS UNDER § 11-708.1 OF THIS SUBTITLE.

Article – Public Utilities

7-701.

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

(h) “Offshore wind renewable energy credit” or “OREC” means a renewable energy credit equal to the generation attributes of 1 megawatt-hour of electricity that is derived from offshore wind energy.

(k) “Qualified offshore wind project” means a wind turbine electricity generation facility, including the associated transmission-related interconnection facilities and equipment, that:

(1) is located on the outer continental shelf of the Atlantic Ocean in an area

that[:

(i)] the United States Department of the Interior designates for leasing after coordination and consultation with the State in accordance with § 388(a) of the Energy Policy Act of 2005; and

[(ii) is between 10 and 30 miles off the coast of the State;]

(2) interconnects to the PJM Interconnection grid at a point located on the Delmarva Peninsula[; and

(3) the Commission approves under § 7-704.1 of this subtitle].

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

(1) in the PJM region;

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

(3) on the outer continental shelf of the Atlantic Ocean in an area that:

(i) the United States Department of the Interior designates for leasing after coordination and consultation with the State in accordance with § 388(a) of the Energy Policy Act of 2005; and

(ii) is between 10 and [30] 80 miles off the coast of the State.

(P-1) “ROUND 1 OFFSHORE WIND PROJECT” MEANS A QUALIFIED OFFSHORE WIND PROJECT THAT:

(1) IS BETWEEN 10 AND 30 MILES OFF THE COAST OF THE STATE; AND

(2) THE COMMISSION APPROVED UNDER § 7-704.1 OF THIS SUBTITLE BEFORE JULY 1, 2017.

(P-2) “ROUND 2 OFFSHORE WIND PROJECT” MEANS A QUALIFIED OFFSHORE WIND PROJECT THAT:

(1) IS NOT LESS THAN 10 MILES OFF THE COAST OF THE STATE; AND

(2) THE COMMISSION APPROVES UNDER § 7-704.1 OF THIS SUBTITLE

ON OR AFTER JULY 1, 2017.

7-702.

(a) It is the intent of the General Assembly to:

(1) recognize the economic, environmental, fuel diversity, and security benefits of renewable energy resources;

(2) REDUCE GREENHOUSE GAS EMISSIONS AND ELIMINATE CARBON-FUELED GENERATION FROM THE STATE'S ELECTRIC GRID BY USING THESE RESOURCES;

(3) establish a market for electricity from these resources in Maryland; and

~~[(3)]~~ **(4)** lower the cost to consumers of electricity produced from these resources.

(b) The General Assembly finds that:

(1) the benefits of electricity from renewable energy resources, including long-term decreased emissions, a healthier environment, increased energy security, and decreased reliance on and vulnerability from imported energy sources, accrue to the public at large; [and]

(2) electricity suppliers and consumers share an obligation to develop a minimum level of these resources in the electricity supply portfolio of the State; AND

(3) THE STATE NEEDS TO INCREASE ITS RELIANCE ON RENEWABLE ENERGY IN ORDER TO REDUCE GREENHOUSE GAS EMISSIONS AND MEET THE STATE'S GREENHOUSE GAS EMISSIONS REDUCTION GOALS UNDER § 2-1205 OF THE ENVIRONMENT ARTICLE.

7-703.

(a) (1) (i) The Commission shall implement a renewable energy portfolio standard that, except as provided under paragraphs (2) and (3) of this subsection, applies to all retail electricity sales in the State by electricity suppliers.

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

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

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

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

(iii) to a customer served by an electric cooperative under an electricity supplier purchase agreement that existed on October 1, 2004, until the expiration of the agreement, as the agreement may be renewed or amended.

(3) The portion of a renewable energy portfolio standard that represents offshore wind energy may not apply to electricity sales at retail by any electricity supplier in excess of:

(i) 75,000,000 kilowatt–hours of industrial process load to a single customer in a year; and

(ii) 3,000 kilowatt–hours of electricity in a month to a customer who is an owner of agricultural land and files an Internal Revenue Service form 1040, schedule F.

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

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

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

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

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

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

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

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

(8) in 2013, 8.2% from Tier 1 renewable sources, including at least 0.25%

derived from solar energy, and 2.5% from Tier 2 renewable sources;

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

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

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

(12) in 2017:

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

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

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

(ii) 2.5% from Tier 2 renewable sources;

(13) in 2018:

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

1. at least 1.5% derived from solar energy; and

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

(ii) 2.5% from Tier 2 renewable sources;

(14) in 2019, ~~[20.4%]~~ **20.7%** from Tier 1 renewable sources, including:

(i) at least ~~[1.95%]~~ **5.5%** derived from solar energy; and

(ii) an amount set by the Commission under § 7-704.2(a) of this subtitle, not to exceed 2.5%, derived from offshore wind energy; ~~[and]~~

(15) in 2020 ~~[and later]~~, ~~[25%]~~ **28%** from Tier 1 renewable sources, including:

(i) at least ~~[2.5%]~~ **6%** derived from solar energy; and

(ii) an amount set by the Commission under § 7-704.2(a) of this

subtitle, not to exceed 2.5%, derived from offshore wind energy;

(16) IN 2021, 30.8% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:

(I) AT LEAST 7.5% DERIVED FROM SOLAR ENERGY; AND

(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A) OF THIS SUBTITLE DERIVED FROM OFFSHORE WIND ENERGY;

(17) IN 2022, 33.1% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:

(I) AT LEAST 8.5% DERIVED FROM SOLAR ENERGY; AND

(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A) OF THIS SUBTITLE DERIVED FROM OFFSHORE WIND ENERGY;

(18) IN 2023, 35.4% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:

(I) AT LEAST 9.5% DERIVED FROM SOLAR ENERGY; AND

(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A) OF THIS SUBTITLE DERIVED FROM OFFSHORE WIND ENERGY;

(19) IN 2024, 37.7% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:

(I) AT LEAST 10.5% DERIVED FROM SOLAR ENERGY; AND

(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A) OF THIS SUBTITLE DERIVED FROM OFFSHORE WIND ENERGY;

(20) IN 2025, 40% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:

(I) AT LEAST 11.5% DERIVED FROM SOLAR ENERGY; AND

(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A) OF THIS SUBTITLE, NOT TO EXCEED 10%, DERIVED FROM OFFSHORE WIND ENERGY;

(21) IN 2026, 42.5% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:

(I) AT LEAST 12.5% DERIVED FROM SOLAR ENERGY; AND

(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A) OF THIS SUBTITLE DERIVED FROM OFFSHORE WIND ENERGY, INCLUDING AT LEAST

400 MEGAWATTS OF ROUND 2 OFFSHORE WIND PROJECTS;

(22) IN 2027, 45.5% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:

(I) AT LEAST 13.5% DERIVED FROM SOLAR ENERGY; AND

(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A) OF THIS SUBTITLE DERIVED FROM OFFSHORE WIND ENERGY, INCLUDING AT LEAST 400 MEGAWATTS OF ROUND 2 OFFSHORE WIND PROJECTS;

(23) IN 2028, 47.5% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:

(I) AT LEAST 14.5% DERIVED FROM SOLAR ENERGY; AND

(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A) OF THIS SUBTITLE DERIVED FROM OFFSHORE WIND ENERGY, INCLUDING AT LEAST 800 MEGAWATTS OF ROUND 2 OFFSHORE WIND PROJECTS;

(24) IN 2029, 49.5% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:

(I) AT LEAST 14.5% DERIVED FROM SOLAR ENERGY; AND

(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A) OF THIS SUBTITLE DERIVED FROM OFFSHORE WIND ENERGY, INCLUDING AT LEAST 800 MEGAWATTS OF ROUND 2 OFFSHORE WIND PROJECTS; AND

(25) IN 2030 AND LATER, 50% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:

(I) AT LEAST 14.5% DERIVED FROM SOLAR ENERGY; AND

(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A) OF THIS SUBTITLE DERIVED FROM OFFSHORE WIND ENERGY, INCLUDING AT LEAST 1,200 MEGAWATTS OF ROUND 2 OFFSHORE WIND PROJECTS.

(c) Before calculating the number of credits required to meet the percentages established under subsection (b) of this section, an electricity supplier shall exclude from its total retail electricity sales all retail electricity sales described in subsection (a)(2) and (3) of this section.

(d) Subject to subsections (a) and (c) of this section and in accordance with § 7-704.2 of this subtitle, an electricity supplier shall meet the renewable energy portfolio standard by accumulating the equivalent amount of renewable energy credits that equal the percentages required under this section.

7-704.1.

(a) (1) **THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:**

(I) **THE DEVELOPMENT OF OFFSHORE WIND ENERGY IS IMPORTANT TO THE ECONOMIC WELL-BEING OF THE STATE AND THE NATION; AND**

(II) **IT IS IN THE PUBLIC INTEREST OF THE STATE TO FACILITATE THE CONSTRUCTION OF AT LEAST 1,200 MEGAWATTS OF ROUND 2 OFFSHORE WIND PROJECTS IN ORDER TO:**

1. **POSITION THE STATE TO TAKE ADVANTAGE OF THE ECONOMIC DEVELOPMENT BENEFITS OF THE EMERGING OFFSHORE WIND INDUSTRY;**

2. **PROMOTE THE DEVELOPMENT OF RENEWABLE ENERGY SOURCES THAT INCREASE THE NATION'S INDEPENDENCE FROM FOREIGN SOURCES OF FOSSIL FUELS;**

3. **REDUCE THE ADVERSE ENVIRONMENTAL AND HEALTH IMPACTS OF TRADITIONAL FOSSIL FUEL ENERGY SOURCES; AND**

4. **PROVIDE A LONG-TERM HEDGE AGAINST VOLATILE PRICES OF FOSSIL FUELS.**

(2) After the effective date of Commission regulations implementing this section and § 7-704.2 of this subtitle, **AND BEFORE JUNE 30, 2017**, a person may submit an application to the Commission for approval of a proposed **ROUND 1** offshore wind project.

~~(2)~~ (3) (i) On receipt of the application for approval of a [qualified] **ROUND 1** offshore wind project, the Commission shall:

1. open an application period when other interested persons may submit applications for approval of [qualified] **ROUND 1** offshore wind projects; and

2. provide notice that the Commission is accepting applications for approval of [qualified] **ROUND 1** offshore wind projects.

(ii) The Commission shall set the closing date for the application period to be no sooner than 90 days after the notice provided under subparagraph (i) of this paragraph.

(4) THE COMMISSION SHALL PROVIDE ADDITIONAL APPLICATION PERIODS BEGINNING, RESPECTIVELY:

(I) JANUARY 1, 2020, FOR CONSIDERATION OF ROUND 2 OFFSHORE WIND PROJECTS TO BEGIN CREATING ORECS NOT LATER THAN 2026;

(II) JANUARY 1, 2021, FOR CONSIDERATION OF ROUND 2 OFFSHORE WIND PROJECTS TO BEGIN CREATING ORECS NOT LATER THAN 2028; AND

(III) JANUARY 1, 2022, FOR CONSIDERATION OF ROUND 2 OFFSHORE WIND PROJECTS TO BEGIN CREATING ORECS NOT LATER THAN 2030.

[(3)] (5) In its discretion, the Commission may provide for additional application periods.

(b) Unless extended by mutual consent of the parties, the Commission shall approve, conditionally approve, or deny an application within 180 days after the close of the application period.

(c) An application shall include:

(1) a detailed description and financial analysis of the offshore wind project;

(2) the proposed method of financing the offshore wind project, including documentation demonstrating that the applicant has applied for all current eligible State and federal grants, rebates, tax credits, loan guarantees, or other programs available to offset the cost of the project or provide tax advantages;

(3) a cost–benefit analysis that shall include at a minimum:

(i) a detailed input–output analysis of the impact of the offshore wind project on income, employment, wages, and taxes in the State with particular emphasis on in–State manufacturing employment;

(ii) detailed information concerning assumed employment impacts in the State, including the expected duration of employment opportunities, the salary of each position, and other supporting evidence of employment impacts;

(iii) an analysis of the anticipated environmental benefits, health benefits, and environmental impacts of the offshore wind project to the citizens of the State;

(iv) an analysis of any impact on residential, commercial, and industrial ratepayers over the life of the offshore wind project;

(v) an analysis of any long-term effect on energy and capacity markets as a result of the proposed offshore wind project;

(vi) an analysis of any impact on businesses in the State; and

(vii) other benefits, such as increased in-State construction, operations, maintenance, and equipment purchase;

(4) a proposed OREC pricing schedule for the offshore wind project that shall [set] **SPECIFY** a price for the generation attributes, including the energy, capacity, ancillary services, and environmental attributes;

(5) a decommissioning plan for the project, including provisions for decommissioning as required by the United States Department of the Interior;

(6) a commitment to:

(i) abide by the requirements set forth in subsection (e) of this section; and

(ii) deposit at least \$6,000,000, in the manner required under subsection (g) of this section, into the Maryland Offshore Wind Business Development Fund established under § 9-20C-03 of the State Government Article;

(7) a description of the applicant's plan for engaging small businesses, as defined in § 14-501 of the State Finance and Procurement Article;

(8) a commitment that the applicant will:

(i) use best efforts to apply for all eligible State and federal grants, rebates, tax credits, loan guarantees, or other similar benefits as those benefits become available; and

(ii) pass along to ratepayers, without the need for any subsequent Commission approval, 80% of the value of any state or federal grants, rebates, tax credits, loan guarantees, or other similar benefits received by the project and not included in the application; and

(9) any other information the Commission requires.

(d) (1) The Commission shall use the following criteria to evaluate and compare proposed offshore wind projects **SUBMITTED DURING AN APPLICATION PERIOD**:

(i) lowest cost impact on ratepayers of the price set under a proposed OREC pricing schedule;

(ii) potential reductions in transmission congestion prices within the

State;

- (iii) potential changes in capacity prices within the State;
 - (iv) potential reductions in locational marginal pricing;
 - (v) potential long-term changes in capacity prices within the State from the offshore wind project as it compares to conventional energy sources;
 - (vi) the extent to which the cost-benefit analysis submitted under subsection (c)(3) of this section demonstrates positive net economic, environmental, and health benefits to the State;
 - (vii) the extent to which an applicant's plan for engaging small businesses meets the goals specified in Title 14, Subtitle 5 of the State Finance and Procurement Article;
 - (viii) the extent to which an applicant's plan provides for the use of skilled labor, particularly with regard to the construction and manufacturing components of the project, through outreach, hiring, or referral systems that are affiliated with registered apprenticeship programs under Title 11, Subtitle 4 of the Labor and Employment Article;
 - (ix) the extent to which an applicant's plan provides for the use of an agreement designed to ensure the use of skilled labor and to promote the prompt, efficient, and safe completion of the project, particularly with regard to the construction, manufacturing, and maintenance of the project;
 - (x) the extent to which an applicant's plan provides for compensation to its employees and subcontractors consistent with wages outlined under §§ 17-201 through 17-228 of the State Finance and Procurement Article;
 - (xi) siting and project feasibility;
 - (xii) the extent to which the proposed offshore wind project would require transmission or distribution infrastructure improvements in the State;
 - (xiii) estimated ability to assist in meeting the renewable energy portfolio standard under § 7-703 of this subtitle; and
 - (xiv) any other criteria that the Commission determines to be appropriate.
- (2) In evaluating and comparing an applicant's proposed offshore wind project under paragraph (1) of this subsection, the Commission shall contract for the services of independent consultants and experts.

(3) The Commission shall verify that representatives of the United States Department of Defense and the maritime industry have had the opportunity, through the federal leasing process, to express concerns regarding project siting.

(4) (i) In this paragraph, “minority” means an individual who is a member of any of the groups listed in § 14–301(k)(1)(i) of the State Finance and Procurement Article.

(ii) If an applicant is seeking investors in a proposed offshore wind project, it shall take the following steps before the Commission may approve the proposed project:

1. make serious, good–faith efforts to solicit and interview a reasonable number of minority investors;

2. as part of the application, submit a statement to the Commission that lists the names and addresses of all minority investors interviewed and whether or not any of those investors have purchased an equity share in the entity submitting an application; and

3. as a condition to the Commission’s approval of the offshore wind project, sign a memorandum of understanding with the Commission that requires the applicant to again make serious, good–faith efforts to interview minority investors in any future attempts to raise venture capital or attract new investors to the offshore wind project.

(iii) The Governor’s Office of Small, Minority, and Women Business Affairs, in consultation with the Office of the Attorney General, shall provide assistance to all potential applicants and potential minority investors to satisfy the requirements under subparagraph (ii)1 and 3 of this paragraph.

(e) (1) (I) [The Commission may not approve an applicant’s proposed offshore wind project unless:

(i) the proposed offshore wind project demonstrates] **IF THE COMMISSION RECEIVES REASONABLE PROPOSALS THAT DEMONSTRATE** positive net economic, environmental, and health benefits to the State, based on the criteria specified in subsection (c)(3) of this section[;], **AND SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE COMMISSION SHALL APPROVE ORDERS TO FACILITATE THE FINANCING OF QUALIFIED OFFSHORE WIND PROJECTS, INCLUDING AT LEAST 1,200 MEGAWATTS OF ROUND 2 OFFSHORE WIND PROJECTS.**

(ii) **THE COMMISSION MAY NOT APPROVE AN APPLICANT’S PROPOSED OFFSHORE WIND PROJECT UNLESS:**

1. FOR A ROUND 1 OFFSHORE WIND PROJECT

APPLICATION:

A. the projected net rate impact for an average residential customer, based on annual consumption of 12,000 kilowatt–hours, combined with the projected net rate impact of other [qualified] **ROUND 1** offshore wind projects, does not exceed \$1.50 per month in 2012 dollars, over the duration of the proposed OREC pricing schedule;

[(iii)] **B.** the projected net rate impact for all nonresidential customers considered as a blended average, combined with the projected net rate impact of other [qualified] **ROUND 1** offshore wind projects, does not exceed 1.5% of nonresidential customers' total annual electric bills, over the duration of the proposed OREC pricing schedule; and

[(iv)] **C.** the price [set] **SPECIFIED** in the proposed OREC price schedule does not exceed \$190 per megawatt–hour in 2012 dollars; **AND**

2. FOR A ROUND 2 OFFSHORE WIND PROJECT

APPLICATION:

A. THE PROJECTED INCREMENTAL NET RATE IMPACT FOR AN AVERAGE RESIDENTIAL CUSTOMER, BASED ON ANNUAL CONSUMPTION OF 12 MEGAWATT–HOURS, COMBINED WITH THE PROJECTED INCREMENTAL NET RATE IMPACT OF OTHER ROUND 2 OFFSHORE WIND PROJECTS, DOES NOT EXCEED 88 CENTS PER MONTH IN 2018 DOLLARS, OVER THE DURATION OF THE PROPOSED OREC PRICING SCHEDULE; AND

B. THE PROJECTED INCREMENTAL NET RATE IMPACT FOR ALL NONRESIDENTIAL CUSTOMERS CONSIDERED AS A BLENDED AVERAGE, COMBINED WITH THE PROJECTED NET RATE IMPACT OF OTHER ROUND 2 OFFSHORE WIND PROJECTS, DOES NOT EXCEED 0.9% OF NONRESIDENTIAL CUSTOMERS' TOTAL ANNUAL ELECTRIC BILLS DURING ANY YEAR OF THE PROPOSED OREC PRICING SCHEDULE.

(2) (i) When calculating the net benefits to the State under paragraph (1)(i) of this subsection, the Commission shall contract for the services of independent consultants and experts.

(ii) When calculating the projected net average rate impacts **FOR ROUND 1 OFFSHORE WIND PROJECTS** under paragraph [(1)(ii) and (iii)] **(1)(II)1A AND B OF THIS SUBSECTION AND FOR ROUND 2 OFFSHORE WIND PROJECTS UNDER PARAGRAPH (1)(II)2A AND B** of this subsection, the Commission shall apply the same net OREC cost per megawatt–hour to residential and nonresidential customers.

(f) (1) An order the Commission issues approving a proposed offshore wind

project shall:

(i) specify the OREC price schedule, which may not authorize an OREC price greater than, **FOR A ROUND 1 OFFSHORE WIND PROJECT**, \$190 per megawatt-hour in 2012 dollars;

(ii) specify the duration of the OREC pricing schedule, not to exceed 20 years;

(iii) specify the number of ORECs the offshore wind project may sell each year;

(iv) provide that:

1. a payment may not be made for an OREC until electricity supply is generated by the offshore wind project; and

2. ratepayers, purchasers of ORECs, and the State shall be held harmless for any cost overruns associated with the offshore wind project; and

(v) require that any debt instrument issued in connection with a qualified offshore wind project include language specifying that the debt instrument does not establish a debt, obligation, or liability of the State.

(2) An order approving a proposed offshore wind project vests the owner of the qualified offshore wind project with the right to receive payments for ORECs according to the terms in the order.

(g) FOR ROUND 2 OFFSHORE WIND PROJECT APPLICATIONS, THE COMMISSION SHALL APPROVE OREC ORDERS REPRESENTING A MINIMUM OF 400 MEGAWATTS OF NAMEPLATE CAPACITY PROPOSED DURING EACH APPLICATION PERIOD UNLESS:

(1) NOT ENOUGH ROUND 2 OFFSHORE WIND PROJECT APPLICATIONS ARE SUBMITTED TO MEET THE NET BENEFIT TEST UNDER SUBSECTION (C)(3) OF THIS SECTION; OR

(2) THE CUMULATIVE NET RATEPAYER IMPACT EXCEEDS THE MAXIMUMS PROVIDED IN SUBSECTION (E)(1)(II)2 OF THIS SECTION.

(H) (1) Within 60 days after the Commission approves the application of a proposed offshore wind project, the qualified offshore wind project shall deposit \$2,000,000 into the Maryland Offshore Wind Business Development Fund established under § 9–20C–03 of the State Government Article.

(2) Within 1 year after the initial deposit under paragraph (1) of this

subsection, the qualified offshore wind project shall deposit an additional \$2,000,000 into the Maryland Offshore Wind Business Development Fund.

(3) Within 2 years after the initial deposit under paragraph (1) of this subsection, the qualified offshore wind project shall deposit an additional \$2,000,000 into the Maryland Offshore Wind Business Development Fund.

7-704.2.

(a) (1) The Commission shall determine the offshore wind energy component of the renewable energy portfolio standard under § 7-703(b)(12) through ~~[(15)]~~ **(25)** of this subtitle based on the projected annual creation of ORECs by qualified offshore wind projects.

(c) (1) Each electricity supplier shall purchase from the escrow account established under this section the number of ORECs required to satisfy the offshore wind energy component of the renewable energy portfolio standard under § 7-703(b)(12) through ~~[(15)]~~ **(25)** of this subtitle.

7-705.

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

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

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

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

- A. 4 cents through 2016; [and]
- B. 3.75 cents in 2017 **AND 2018;**
- C. **3 CENTS IN 2019 THROUGH 2023;**
- D. **2.75 CENTS IN 2024;**
- E. **2.5 CENTS IN 2025;**

- F. **2.475 CENTS IN 2026;**
- G. **2.45 CENTS IN 2027;**
- H. **2.25 CENTS IN 2028 AND 2029; AND**
- I. **2.235 CENTS IN 2030** and later;

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

- A. 45 cents in 2008;
- B. 40 cents in 2009 through 2014;
- C. 35 cents in 2015 and 2016;
- D. 19.5 cents in 2017;
- E. 17.5 cents in 2018;
- F. **[15] 10** cents in 2019;
- G. **[12.5] 10** cents in 2020;
- H. **[10] 8** cents in 2021;
- I. **[7.5] 6** cents in 2022;
- J. **[6] 4.5** cents in 2023; **[and]**
- K. **[5] 4** cents in 2024;
- L. **3.5 CENTS IN 2025;**
- M. **3 CENTS IN 2026;**
- N. **2.5 CENTS IN 2027 AND 2028;**
- O. **2.25 CENTS IN 2029; AND**
- P. **2.235 CENTS IN 2030** and later; and

3. 1.5 cents for each kilowatt–hour of shortfall from required Tier 2 renewable sources; or

(ii) for industrial process load:

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

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

B. 0.5 cents in 2009 and 2010;

C. 0.4 cents in 2011 and 2012;

D. 0.3 cents in 2013 and 2014;

E. 0.25 cents in 2015 and 2016; and

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

2. nothing for any shortfall from required Tier 2 renewable sources.

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

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

(ii) nothing for the year following any year during which, after final calculations, the net rate impact per megawatt-hour from [qualified] **ROUND 1** offshore wind projects exceeded \$1.65 in 2012 dollars.

7-714.

(a) The Power Plant Research Program shall conduct a study of the renewable energy portfolio standard and related matters in accordance with this section.

(b) The study shall be a comprehensive review of the history, implementation, overall costs and benefits, and effectiveness of the renewable energy portfolio standard in relation to the energy policies of the State, including:

(1) the availability of all clean energy sources at reasonable and affordable rates, including in-State and out-of-state renewable energy options;

(2) the economic and environmental impacts of the deployment of renewable energy sources in the State and in surrounding areas of the PJM region;

(3) the effectiveness of the standard in encouraging development and deployment of renewable energy sources;

(4) the impact of alterations that have been made in the components of each tier of the standard, the implementation of different specific goals for particular sources, and the effect of different percentages and alternative compliance payment scales for energy in the tiers;

(5) an assessment of alternative models of regulation and market-based tools that may be available or advisable to promote the goals of the standard and the energy policies of the State; and

(6) the potential to alter or otherwise evolve the standard in order to increase and maintain its effectiveness in promoting the State's energy policies.

(c) Particular subjects to be addressed in the study include:

(1) the role and effectiveness that the standard may have in reducing the carbon content of imported electricity and whether existing or new additional complementary policies or programs could help address the carbon emissions associated with electricity imported into the State;

(2) the net environmental and fiscal impacts that may be associated with long-term contracts tied to clean energy projects, including:

(i) ratepayer impacts that resulted in other states from the use of long-term contracts for the procurement of renewable energy for the other states' standard offer service and whether the use of long-term contracts incentivized new renewable energy generation development; and

(ii) ratepayer impacts that may result in the State from the use of long-term contracts for each energy source in the State's Tier 1 and whether, for each of the sources, the use of long-term contracts would incentivize new renewable energy generation development in that source;

(3) whether the standard is able to meet current and potential future targets without the inclusion of certain technologies;

(4) what industries are projected to grow, and to what extent, as a result of incentives associated with the standard;

(5) whether the public health and environmental benefits of the growing clean energy industries supported by the standard are being equitably distributed across overburdened and underserved environmental justice communities;

(6) whether the State is likely to meet its existing goals under the standard and, if the State were to increase those goals, whether electricity suppliers should expect

to find an adequate supply to meet the additional demand for credits;

(7) additional opportunities that may be available to promote local job creation within the industries that are projected to grow as a result of the standard;

(8) system flexibility that the State would need under future goals under the standard, including the quantities of system peaking and ramping that may be required;

(9) how energy storage technology and other flexibility resources should continue to be addressed in support of renewable energy and State energy policy, including:

(i) whether the resources should be encouraged through a procurement, a production, or an installation incentive;

(ii) the advisability of providing incentives for energy storage devices to increase hosting capacity of increased renewable on-site generation on the distribution system; and

(iii) discussion of the costs and benefits of energy storage deployment in the State under future goals scenarios for renewable generation;

(10) **(I)** the role of in-State clean energy in achieving greenhouse gas emission reductions and promoting local jobs and economic activity in the State;

(II) THE IMPACT OF ITEM (I) OF THIS ITEM ON RATEPAYERS WITH RESPECT TO THE REQUIREMENT OF IN-STATE CLEAN ENERGY GENERATION AS AN INCREASING PERCENTAGE OF THE STANDARD; AND

(III) THE IMPACT OF ALL ENERGY SOURCES THAT QUALIFY UNDER THE STANDARD WITH RESPECT TO THE REQUIREMENT OF IN-STATE CLEAN ENERGY GENERATION AS AN INCREASING PERCENTAGE OF THE STANDARD;

(11) an assessment of any change in solar renewable energy credit prices over the immediate 24 months preceding the submission of the interim report required under subsection (e) of this section; and

(12) any other matters the Program considers relevant to the analysis of the issues outlined in this section.

(d) (1) The Commission, the Administration, the Department of the Environment, the Department of Natural Resources, and other State and local units shall cooperate with the Program in the conduct of the study under this section, including sharing of information, data, and resources, subject to appropriate legal protection of commercially sensitive and other information.

(2) The Program shall consult with representatives of various segments of the clean energy industry and other stakeholders.

(e) (1) (i) On or before December 1, 2018, the Program shall submit an interim report on any preliminary findings of the study under this section, including any observations and requests for alteration or clarification of the scope, subjects, procedures, and intergovernmental cooperation that may be required to complete the study and submit a final report under this subsection.

(ii) If the Program determines that any preliminary findings under subparagraph (i) of this paragraph warrant reporting earlier than December 1, 2018, the Program may submit a preliminary interim report on those preliminary findings.

(2) On or before December 1, 2019, the Program shall submit a final report on the findings of the study, including proposals for any alteration of the renewable portfolio standard, alternative mechanisms for furthering the State's energy policies, and related matters, and any proposed legislative or regulatory changes recommended to implement the findings of the study.

(3) The interim, any preliminary interim, and final reports shall be submitted to the Governor and, subject to § 2-1246 of the State Government Article, the Senate Finance Committee and the House Economic Matters Committee.

(F) (1) THE PROGRAM SHALL CONDUCT A SUPPLEMENTAL STUDY TO ASSESS THE OVERALL COSTS AND BENEFITS OF INCREASING THE RENEWABLE ENERGY PORTFOLIO STANDARD TO A GOAL OF 100% RENEWABLE ENERGY BY 2040.

(2) PARTICULAR SUBJECTS TO BE ADDRESSED IN THE SUPPLEMENTAL STUDY SHALL INCLUDE:

(I) ALL RELEVANT SUBJECTS LISTED IN SUBSECTIONS (B) AND (C) OF THIS SECTION; AND

(II) AN ASSESSMENT OF WHETHER CERTAIN IN-STATE INDUSTRIES COULD BE DISPLACED BY A 100% RENEWABLE ENERGY PORTFOLIO STANDARD, AND RECOMMENDATIONS ON HOW TO PROVIDE AND FUND A JUST TRANSITION FOR WORKERS AND COMMUNITIES THAT RELY ON THOSE INDUSTRIES THAT COULD FACE DISPLACEMENT.

(3) ON COMPLETION OF THE SUPPLEMENTAL STUDY, THE PROGRAM SHALL USE THE FINDINGS OF THE STUDY TO PUBLISH A COMPREHENSIVE PLAN WITH SPECIFIC RECOMMENDATIONS THAT, IF EXECUTED, WOULD HAVE THE STATE ACHIEVE A RENEWABLE ENERGY PORTFOLIO STANDARD OF 100% BY 2040.

(4) ON OR BEFORE JANUARY 1, 2023, THE PROGRAM SHALL SUBMIT

THE SUPPLEMENTAL STUDY AND PLAN TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY.

(5) ON REVIEW OF THE SUPPLEMENTAL STUDY AND PLAN, THE GENERAL ASSEMBLY MAY ACT TO REVISE OR INCREASE THE RENEWABLE ENERGY PORTFOLIO STANDARD TARGETS UNDER § 7-703(B) OF THIS SUBTITLE.

Article – State Government

9-20B-01.

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

(d) “Clean energy industry” means a group of employers that are associated by their promotion of:

(1) products and services that improve energy efficiency and conservation, including products and services provided by:

(i) electricians;

(ii) heating, ventilation, and air-conditioning installers;

(iii) plumbers; and

(iv) energy auditors; and

(2) renewable and clean energy resources.

9-20B-05.

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

(f) The Administration shall use the Fund:

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

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

(ii) renewable and clean energy resources;

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

(iv) demand response programs that are designed to promote

changes in electric usage by customers in response to:

1. changes in the price of electricity over time; or
 2. incentives designed to induce lower electricity use at times of high wholesale market prices or when system reliability is jeopardized;
- (2) to provide targeted programs, projects, activities, and investments to reduce electricity consumption by customers in the low-income and moderate-income residential sectors;
- (3) to provide supplemental funds for low-income energy assistance through the Electric Universal Service Program established under § 7-512.1 of the Public Utilities Article and other electric assistance programs in the Department of Human Services;
- (4) to provide rate relief by offsetting electricity rates of residential customers, including an offset of surcharges imposed on ratepayers under § 7-211 of the Public Utilities Article;
- (5) to provide grants, loans, and other assistance and investment as necessary and appropriate to implement the purposes of the Program as set forth in § 9-20B-03 of this subtitle;
- (6) to implement energy-related public education and outreach initiatives regarding reducing energy consumption and greenhouse gas emissions;
- (7) to provide rebates under the Electric Vehicle Recharging Equipment Rebate Program established under § 9-2009 of this title;
- (8) to provide grants to encourage combined heat and power projects at industrial facilities; [and]

(9) SUBJECT TO SUBSECTION (F-1) OF THIS SECTION, TO PROVIDE \$7,000,000 IN FUNDING FOR ACCESS TO CAPITAL FOR SMALL, MINORITY, WOMEN-OWNED, AND VETERAN-OWNED BUSINESSES IN THE CLEAN ENERGY INDUSTRY UNDER § 5-1501 OF THE ECONOMIC DEVELOPMENT ARTICLE, ALLOCATED IN ANNUAL INCREMENTS AS FOLLOWS:

(I) \$200,000 IN FISCAL YEAR 2021;

(II) \$500,000 IN FISCAL YEAR 2022;

(III) \$500,000 IN FISCAL YEAR 2023;

(IV) \$1,000,000 IN FISCAL YEAR 2024; AND

(V) \$1,200,000 IN EACH FISCAL YEAR FROM 2025 THROUGH 2028;

(10) TO INVEST IN PRE-APPRENTICESHIP, APPRENTICESHIP, AND OTHER WORKFORCE DEVELOPMENT PROGRAMS TO ESTABLISH CAREER PATHS IN THE CLEAN ENERGY INDUSTRY UNDER § 11-708.1 OF THE LABOR AND EMPLOYMENT ARTICLE, AS FOLLOWS:

(I) UP TO \$250,000 EACH YEAR FOR 2 YEARS STARTING IN FISCAL YEAR 2021 TO APPRENTICESHIP SPONSORS TO CREATE CLEAN ENERGY APPRENTICESHIPS; AND

(II) UP TO \$250,000 EACH YEAR FOR 2 YEARS STARTING IN FISCAL YEAR 2021 TO CAREER AND TECHNICAL EDUCATION SCHOOLS TO LAUNCH AND UPGRADE RELEVANT CAREER AND TECHNICAL EDUCATION PROGRAMS;

(11) TO PROVIDE THE LESSER OF \$500,000 OR THE ACTUAL TOTAL AMOUNT OF TAX CREDITS CLAIMED UNDER § 10-742 OF THE TAX - GENERAL ARTICLE FOR APPRENTICESHIPS IN THE CLEAN ENERGY INDUSTRY IN EACH OF FISCAL YEARS 2021 AND 2022; AND

[(9)] (12) to pay the expenses of the Program.

[(f-1) The Administration may use the Fund, including money that the Fund receives under Public Service Commission Order Number 86372, to provide funding for access to capital for small, minority, and women-owned businesses in the clean energy industry under § 5-1501 of the Economic Development Article.]

(F-1) (1) ANY FUNDING PROVIDED UNDER SUBSECTION (F)(9) OF THIS SECTION THAT IS NOT SPENT IN A GIVEN FISCAL YEAR SHALL REVERT TO THE FUND IN THE FOLLOWING FISCAL YEAR.

(2) FUNDING THAT IS PROVIDED FOR ACCESS TO CAPITAL FOR SMALL, MINORITY, WOMEN-OWNED, AND VETERAN-OWNED BUSINESSES UNDER SUBSECTION (F)(9) OF THIS SECTION SHALL BE USED TO PROVIDE GRANTS TO ELIGIBLE FUND MANAGERS TO PROVIDE INVESTMENT CAPITAL, INCLUDING EQUITY AND SIMILAR INVESTMENTS, AND LOANS TO SMALL, MINORITY, WOMEN-OWNED, AND VETERAN-OWNED BUSINESSES IN THE STATE IN THE CLEAN ENERGY INDUSTRY.

(3) ELIGIBLE FUND MANAGERS RECEIVING GRANTS UNDER SUBSECTION (F)(9) OF THIS SECTION MAY USE A PORTION OF THE MONEY RECEIVED TO PAY EXPENSES FOR ADMINISTRATIVE, ACTUARIAL, LEGAL, MARKETING, AND

TECHNICAL SERVICES AND MANAGEMENT FEES.

(4) THE ADMINISTRATION MAY PROVIDE ADDITIONAL FUNDING FOR THE PURPOSES STATED IN SUBSECTION (F)(9) OF THIS SECTION.

(i) (1) IN THIS SUBSECTION, “LOW-INCOME” MEANS HAVING AN ANNUAL HOUSEHOLD INCOME THAT IS AT OR BELOW 175% OF THE FEDERAL POVERTY LEVEL.

(2) Except as provided in paragraph [(2)] (3) of this subsection, compliance fees paid under § 7-705(b) of the Public Utilities Article may be used only to make loans and grants to support the creation of new Tier 1 renewable energy sources in the State THAT ARE OWNED BY OR DIRECTLY BENEFIT LOW-INCOME RESIDENTS OF THE STATE.

[(2)] (3) Compliance fees paid under § 7-705(b)(2)(i)2 of the Public Utilities Article shall be accounted for separately within the Fund and may be used only to make loans and grants to support the creation of new solar energy sources in the State THAT ARE OWNED BY OR DIRECTLY BENEFIT LOW-INCOME RESIDENTS OF THE STATE.

(M) (1) A LOAN OR GRANT MADE AVAILABLE FROM THE FUND TO A UNIT OF STATE OR LOCAL GOVERNMENT SHALL COMPLY WITH §§ 14-416 AND 17-303 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) AT LEAST 80% OF WORKERS PARTICIPATING IN A PROJECT OR PROGRAM THAT RECEIVES MONEY FROM THE FUND MUST RESIDE WITHIN 50 MILES OF THE PROJECT OR PROGRAM, OR ANOTHER DISTANCE DEFINED BY THE LOCAL JURISDICTION WHERE THE PROJECT OR PROGRAM IS LOCATED.

Chapter 393 of the Acts of 2017

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2017. It shall remain effective for a period of [3] 6 years and 1 month and, at the end of June 30, [2020] 2023, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.

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

Article – Public Utilities

7-701.

(r) “Tier 1 renewable source” means one or more of the following types of energy

sources:

- (1) solar energy, including energy from photovoltaic technologies and solar water heating systems;
- (2) wind;
- (3) qualifying biomass;
- (4) methane from the anaerobic decomposition of organic materials in a landfill or wastewater treatment plant;
- (5) geothermal, including energy generated through geothermal exchange from or thermal energy avoided by, groundwater or a shallow ground source;
- (6) ocean, including energy from waves, tides, currents, and thermal differences;
- (7) a fuel cell that produces electricity from a Tier 1 renewable source under item (3) or (4) of this subsection;
- (8) a small hydroelectric power plant of less than 30 megawatts in capacity that is licensed or exempt from licensing by the Federal Energy Regulatory Commission;
- (9) poultry litter-to-energy; **AND**
- (10) **[waste-to-energy;**
- (11) refuse-derived fuel; and
- (12)] thermal energy from a thermal biomass system.

7-704.

(a) (2) (i) Energy from a Tier 1 renewable source under § 7-701(r)(1), (5), **OR (9)[, (10), or (11)]** of this subtitle is eligible for inclusion in meeting the renewable energy portfolio standard only if the source is connected with the electric distribution grid serving Maryland.

(ii) If the owner of a solar generating system in this State chooses to sell solar renewable energy credits from that system, the owner must first offer the credits for sale to an electricity supplier or electric company that shall apply them toward compliance with the renewable energy portfolio standard under § 7-703 of this subtitle.

SECTION 3. AND BE IT FURTHER ENACTED, That a presently existing obligation or contract right may not be impaired in any way by this Act.

SECTION 4. AND BE IT FURTHER ENACTED, That, if any provision of this Act or the application thereof to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other application of this Act that can be given effect without the invalid provision or application, and for this purpose the provisions of this Act are declared severable.

SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect January 1, 2020.

SECTION 6. AND BE IT FURTHER ENACTED, That, except as provided in Section 5 of this Act, this Act shall take effect October 1, 2019.