

HOUSE BILL 1349

M5, C5

0lr2729
CF SB 890

By: **Delegate Adams**

Introduced and read first time: February 7, 2020

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Clean Energy Attribute Credits and Procurement**

3 FOR the purpose of establishing a clean energy attribute credit standard for certain
4 purposes; repealing certain provisions relating to the renewable energy portfolio
5 standard; stating certain findings of the General Assembly; stating certain policies
6 of the State regarding certain energy sources and markets; requiring the Public
7 Service Commission to appoint an independent administrator for certain purposes
8 with certain qualifications and certain duties; providing for the term and
9 reappointment of the independent administrator; establishing certain annual
10 targets for procurement of clean energy attribute credits in certain years; requiring
11 the independent administrator to procure certain credits in certain years; requiring
12 certain credits to be cleared in a competitive auction format; providing for the
13 requirements of the auction; authorizing the independent administrator to procure
14 certain additional credits for certain purposes and in a certain manner; authorizing
15 the independent administrator to procure certain voluntary purchases; authorizing
16 the independent administrator to procure certain credits in certain combined or
17 regional auctions under certain circumstances; requiring the Commission to set the
18 social cost of carbon at certain levels in certain years; providing for the application
19 of the social cost of carbon to calculate a certain procurement cap in a certain
20 manner; establishing a certain cap on the annual cost of complying with this Act in
21 certain years; providing that the owner of certain clean energy resources may
22 participate in certain auctions under this Act; providing for the conversion of certain
23 credits under prior law to be converted and applied to certain goals; providing for the
24 qualification of certain resources for procurement of certain clean energy attribute
25 credits; providing for the location of certain clean energy resources for certain
26 purposes; requiring an energy supplier to document certain credits in a certain
27 tracking system and manner; requiring the independent administrator to establish
28 a procedure for forecasting and acquiring certain credits; providing that the
29 Commission, through the independent administrator, has certain authority to take
30 certain steps; requiring the Commission and the independent administrator to
31 develop a certain program in a certain manner; authorizing the independent

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 administrator to recover certain costs in a certain manner; requiring all electricity
2 suppliers in the State to procure certain credits; authorizing certain persons to
3 submit certain bids as a voluntary buyer; requiring the independent administrator
4 to conduct certain clean energy attribute credit procurement auctions in certain
5 manners for certain years and durations; authorizing the owner of a new clean
6 energy resource to secure certain commitments over a term of years in a certain
7 manner; providing for the conduct of certain auctions during a certain transition
8 period; providing that the results of certain auctions are subject to the approval of
9 the independent administrator; requiring certain buyers to be responsible for certain
10 payments; providing for the construction of this Act; repealing a certain requirement
11 regarding oversight of compliance with certain solar requirements; making
12 conforming changes; defining certain terms and altering certain definitions;
13 providing that existing obligations or contract rights may not be impaired by this
14 Act; making the provisions of this Act severable; providing for a delayed effective
15 date; and generally relating to the competitive clean energy attribute credit
16 standard.

17 BY repealing

18 Article – Public Utilities

19 Section 7–701(h), (n), (o), (p–1), and (p–2) and 7–702 through 7–705

20 Annotated Code of Maryland

21 (2010 Replacement Volume and 2019 Supplement)

22 BY renumbering

23 Article – Public Utilities

24 Section 7–701(c) through (g), (i) through (m), and (p) through (s) and 7–706,
25 respectively

26 to be Section 7–701(g) through (j), (m) through (t), and (v) through (x) and 7–707,
27 respectively

28 Annotated Code of Maryland

29 (2010 Replacement Volume and 2019 Supplement)

30 BY repealing and reenacting, without amendments,

31 Article – Public Utilities

32 Section 7–701(a) and (b)

33 Annotated Code of Maryland

34 (2010 Replacement Volume and 2019 Supplement)

35 BY adding to

36 Article – Public Utilities

37 Section 7–701(c) through (f), (i), (k), (l), and (u) and 7–702 through 7–706

38 Annotated Code of Maryland

39 (2010 Replacement Volume and 2019 Supplement)

40 (As enacted by Section 2 of this Act)

41 BY repealing and reenacting, without amendments,

42 Article – Public Utilities

1 Section 7–701(g), (h), (j), (m) through (p), (r) through (t), and (v) through (x)
 2 Annotated Code of Maryland
 3 (2010 Replacement Volume and 2019 Supplement)
 4 (As enacted by Section 2 of this Act)

5 BY repealing and reenacting, with amendments,
 6 Article – Public Utilities
 7 Section 7–701(q) and 7–707
 8 Annotated Code of Maryland
 9 (2010 Replacement Volume and 2019 Supplement)
 10 (As enacted by Section 2 of this Act)

11 BY repealing and reenacting, with amendments,
 12 Article – Public Utilities
 13 Section 7–708 through 7–711 and 7–713
 14 Annotated Code of Maryland
 15 (2010 Replacement Volume and 2019 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 17 That Section(s) 7–701(h), (n), (o), (p–1), and (p–2) and 7–702 through 7–705 of
 18 Article – Public Utilities of the Annotated Code of Maryland be repealed.

19 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 7–701(c) through
 20 (g), (i) through (m), and (p) through (s) and 7–706, respectively, of Article – Public Utilities
 21 of the Annotated Code of Maryland be renumbered to be Section(s) 7–701(g) through (j),
 22 (m) through (t), and (v) through (x) and 7–707, respectively.

23 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
 24 as follows:

25 Article – Public Utilities

26 7–701.

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

28 (b) “Administration” means the Maryland Energy Administration.

29 (c) **“BATTERY STORAGE PROJECT” MEANS A PROJECT DESIGNED TO**
 30 **ABSORB, STORE, AND DISCHARGE ELECTRIC ENERGY GENERATED FROM A CLEAN**
 31 **ENERGY RESOURCE.**

32 (d) **“CARBON CAPTURE RESOURCE” MEANS AN ELECTRIC GENERATING**
 33 **FACILITY THAT:**

34 (1) **USES FOSSIL FUELS AS A FEEDSTOCK; AND**

1 **(2) CAPTURES AND SEQUESTERS CARBON DIOXIDE EMISSIONS SO**
2 **THAT NET CARBON DIOXIDE EMISSIONS ARE REDUCED TO BELOW 20% OF THE**
3 **EMISSIONS RATE OF A NEW NATURAL GAS COMBINED CYCLE PLANT.**

4 **(E) (1) “CLEAN ENERGY ATTRIBUTE CREDIT” OR “CREDIT” MEANS A**
5 **CREDIT EQUAL TO THE ENVIRONMENTAL ATTRIBUTES OF ONE MEGAWATT-HOUR OF**
6 **ENERGY REDUCTION OR GENERATION PRODUCED FROM A CLEAN ENERGY**
7 **RESOURCE.**

8 **(2) “CLEAN ENERGY ATTRIBUTE CREDIT” DOES NOT INCLUDE THE**
9 **PHYSICAL ENERGY PRODUCTION OF THE ENERGY.**

10 **(F) “CLEAN ENERGY RESOURCE” MEANS:**

11 **(1) A BATTERY STORAGE PROJECT;**

12 **(2) A CARBON CAPTURE RESOURCE;**

13 **(3) A NUCLEAR RESOURCE;**

14 **(4) A QUALIFIED OFFSHORE WIND PROJECT;**

15 **(5) A TIER 1 RENEWABLE SOURCE;**

16 **(6) A TIER 2 RENEWABLE SOURCE; OR**

17 **(7) ANY OTHER RESOURCES THAT THE COMMISSION APPROVES AS**
18 **PRODUCING NET ZERO-CARBON EMISSION ENERGY.**

19 (g) “Fund” means the Maryland Strategic Energy Investment Fund established
20 under § 9-20B-05 of the State Government Article.

21 (h) “Geothermal heating and cooling system” means a system that:

22 (1) exchanges thermal energy from groundwater or a shallow ground
23 source to generate thermal energy through a geothermal heat pump or a system of
24 geothermal heat pumps interconnected with any geothermal extraction facility that is:

25 (i) a closed loop or a series of closed loop systems in which fluid is
26 permanently confined within a pipe or tubing and does not come in contact with the outside
27 environment; or

28 (ii) an open loop system in which ground or surface water is

1 circulated in an environmentally safe manner directly into the facility and returned to the
2 same aquifer or surface water source;

3 (2) meets or exceeds the current federal Energy Star product specification
4 standards;

5 (3) replaces or displaces inefficient space or water heating systems whose
6 primary fuel is electricity or a nonnatural gas fuel source;

7 (4) replaces or displaces inefficient space cooling systems that do not meet
8 federal Energy Star product specification standards;

9 (5) is manufactured, installed, and operated in accordance with applicable
10 government and industry standards; and

11 (6) does not feed electricity back to the grid.

12 **(I) “INDEPENDENT ADMINISTRATOR” MEANS A QUALIFIED PERSON THAT**
13 **THE COMMISSION APPOINTS TO CONDUCT CLEAN ENERGY AUCTIONS UNDER THIS**
14 **SUBTITLE.**

15 (j) “Industrial process load” means the consumption of electricity by a
16 manufacturing process at an establishment classified in the manufacturing sector under
17 the North American Industry Classification System, Codes 31 through 33.

18 **(K) “NEW CLEAN ENERGY RESOURCE” MEANS A CLEAN ENERGY RESOURCE**
19 **THAT HAS NOT YET BEGUN OPERATION AS OF THE FIRST TIME THAT THE RESOURCE**
20 **COMMITTS TO SELL CLEAN ENERGY ATTRIBUTE CREDITS WITHIN A CLEAN ENERGY**
21 **ATTRIBUTE CREDIT PROCUREMENT AUCTION.**

22 **(L) “NUCLEAR RESOURCE” MEANS A RESOURCE THAT PRODUCES**
23 **ELECTRICITY FROM NUCLEAR FISSION.**

24 (m) “Offshore wind energy” means energy generated by a qualified offshore wind
25 project.

26 (n) “Old growth timber” means timber from a forest:

27 (1) at least 5 acres in size with a preponderance of old trees, of which the
28 oldest exceed at least half the projected maximum attainable age for the species; and

29 (2) that exhibits several of the following characteristics:

30 (i) shade-tolerant species are present in all age and size classes;

31 (ii) randomly distributed canopy gaps are present;

1 (iii) a high degree of structural diversity characterized by multiple
2 growth layers reflecting a broad spectrum of ages is present;

3 (iv) an accumulation of dead wood of varying sizes and stages of
4 decomposition accompanied by decadence in live dominant trees is present; and

5 (v) pit and mound topography can be observed.

6 (o) "PJM region" means the control area administered by the PJM
7 Interconnection, as the area may change from time to time.

8 (p) "Poultry litter" means the fecal and urinary excretions of poultry, including
9 wood shavings, sawdust, straw, rice hulls, and other bedding material for the disposition
10 of manure.

11 (q) "Qualified offshore wind project" means a wind turbine electricity generation
12 facility, including the associated transmission-related interconnection facilities and
13 equipment, that:

14 (1) is located **NOT LESS THAN 10 MILES OFF THE COAST OF THE STATE**
15 on the outer continental shelf of the Atlantic Ocean in an area that the United States
16 Department of the Interior designates for leasing after coordination and consultation with
17 the State in accordance with § 388(a) of the Energy Policy Act of 2005; and

18 (2) interconnects to the PJM Interconnection grid at a point located on the
19 Delmarva Peninsula.

20 (r) (1) "Qualifying biomass" means a nonhazardous, organic material that is
21 available on a renewable or recurring basis, and is:

22 (i) waste material that is segregated from inorganic waste material
23 and is derived from sources including:

24 1. except for old growth timber, any of the following
25 forest-related resources:

26 A. mill residue, except sawdust and wood shavings;

27 B. precommercial soft wood thinning;

28 C. slash;

29 D. brush; or

30 E. yard waste;

1 2. a pallet, crate, or dunnage;

2 3. agricultural and silvicultural sources, including tree
3 crops, vineyard materials, grain, legumes, sugar, and other crop by-products or residues;
4 or

5 4. gas produced from the anaerobic decomposition of animal
6 waste or poultry waste; or

7 (ii) a plant that is cultivated exclusively for purposes of being used
8 at a Tier 1 renewable source or a Tier 2 renewable source to produce electricity.

9 (2) “Qualifying biomass” includes biomass listed in paragraph (1) of this
10 subsection that is used for co-firing, subject to § 7-704(d) of this subtitle.

11 (3) “Qualifying biomass” does not include:

12 (i) unsegregated solid waste or postconsumer wastepaper; or

13 (ii) an invasive exotic plant species.

14 (s) “Thermal biomass system” means a system that:

15 (1) uses:

16 (i) primarily animal manure, including poultry litter, and
17 associated bedding to generate thermal energy; and

18 (ii) food waste or qualifying biomass for the remainder of the
19 feedstock;

20 (2) is used in the State; and

21 (3) complies with all applicable State and federal statutes and regulations,
22 as determined by the appropriate regulatory authority.

23 (t) “Renewable on-site generator” means a person who generates electricity on
24 site from a Tier 1 renewable source or a Tier 2 renewable source for the person’s own use.

25 **(U) “SOCIAL COST OF CARBON” MEANS THE FACTOR ESTABLISHED BY THE**
26 **COMMISSION UNDER § 7-704(G) OF THIS SUBTITLE TO ADJUST THE CAP ON THE**
27 **ANNUAL COST OF COMPLYING WITH THIS SUBTITLE.**

28 (v) (1) “Solar water heating system” means a system that:

29 (i) consists of glazed liquid-type flat-plate or tubular solar
30 collectors or concentrating solar thermal collectors as defined and certified to the OG-100

1 standard of the Solar Ratings and Certification Corporation;

2 (ii) generates energy using solar radiation for the purpose of heating
3 water; and

4 (iii) does not feed electricity back to the electric grid.

5 (2) “Solar water heating system” does not include a system that generates
6 energy using solar radiation for the sole purpose of heating a hot tub or swimming pool.

7 (w) “Tier 1 renewable source” means one or more of the following types of energy
8 sources:

9 (1) solar energy, including energy from photovoltaic technologies and solar
10 water heating systems;

11 (2) wind;

12 (3) qualifying biomass;

13 (4) methane from the anaerobic decomposition of organic materials in a
14 landfill or wastewater treatment plant;

15 (5) geothermal, including energy generated through geothermal exchange
16 from or thermal energy avoided by, groundwater or a shallow ground source;

17 (6) ocean, including energy from waves, tides, currents, and thermal
18 differences;

19 (7) a fuel cell that produces electricity from a Tier 1 renewable source
20 under item (3) or (4) of this subsection;

21 (8) a small hydroelectric power plant of less than 30 megawatts in capacity
22 that is licensed or exempt from licensing by the Federal Energy Regulatory Commission;

23 (9) poultry litter-to-energy;

24 (10) waste-to-energy;

25 (11) refuse-derived fuel; and

26 (12) thermal energy from a thermal biomass system.

27 (x) “Tier 2 renewable source” means hydroelectric power other than pump storage
28 generation.

29 **7-702.**

1 **(A) THE GENERAL ASSEMBLY FINDS THAT:**

2 **(1) THE STATE SEEKS TO BE A NATIONAL LEADER IN PROMOTING**
3 **ELECTRICITY GENERATION THAT EMITS ZERO GREENHOUSE GAS EMISSIONS,**
4 **CONSISTENT WITH TARGETS SET UNDER THE PARIS CLIMATE AGREEMENT, AND**
5 **DESIRES TO PURSUE IMMEDIATE ACTION ON POLICIES THAT WILL GROW THE CLEAN**
6 **ENERGY SECTOR WHILE MINIMIZING CONSUMER COSTS;**

7 **(2) THE POLICY OF THE STATE SHOULD BE TO ADOPT ELECTRICITY**
8 **SECTOR CARBON EMISSION TARGETS AIMED AT ELIMINATING ALL NET CARBON**
9 **EMISSIONS FROM THE STATE'S ELECTRIC ENERGY SUPPLY BY 2040, WHILE**
10 **ENCOURAGING JOB GROWTH AND PRIVATE SECTOR INNOVATION;**

11 **(3) THE UNIFORM AMERICAN EXPERIENCE IS THAT COMPETITIVE**
12 **MARKETS DRIVE INNOVATION IN THE ELECTRICITY SECTOR AND THAT**
13 **COMPETITIVE WHOLESALE AND RETAIL ELECTRIC MARKETS HAVE DELIVERED**
14 **EXTRAORDINARY BENEFITS FOR RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL**
15 **CONSUMERS, INCLUDING TENS OF BILLIONS OF DOLLARS IN SAVINGS AS A RESULT**
16 **OF COMPETITION AND CUSTOMER CHOICE;**

17 **(4) THE STATE SEEKS TO USE THESE SAME MARKET PRINCIPLES IN**
18 **ITS QUEST TO ELIMINATE CARBON EMISSIONS FROM ITS ELECTRICITY SECTOR;**

19 **(5) THE STATE HAS DETERMINED THAT, GOING FORWARD, EVERY**
20 **INCREMENT OF CLEAN ELECTRICITY HAS THE SAME VALUE TO FIGHTING CLIMATE**
21 **CHANGE;**

22 **(6) MARKET SOLUTIONS PROVIDE INCENTIVES TO POTENTIAL**
23 **DEVELOPERS, INNOVATORS, AND ENTREPRENEURS TO INVEST IN ZERO CARBON**
24 **RESOURCES, AND SHOULD BE EMBRACED;**

25 **(7) THE LOWEST-COST PATH TO DECARBONIZATION IS BEST**
26 **IDENTIFIED BY PROVIDING OPPORTUNITIES FOR INNOVATION AND BROAD**
27 **COMPETITION AMONG ALL CLEAN ENERGY RESOURCE TYPES;**

28 **(8) ACHIEVING THE STATE'S CLEAN ENERGY GOALS WHILE**
29 **PROTECTING CONSUMERS AND JOBS WILL REQUIRE HARNESSING THE POWER OF**
30 **THE COMPETITIVE MARKETPLACE TO FIND THE FASTEST, LOWEST COST, AND MOST**
31 **EFFECTIVE DECARBONIZATION SOLUTIONS;**

32 **(9) THE STATE'S ENERGY POLICY SHOULD CONTINUE TO EMPOWER**
33 **CONSUMERS TO ACCESS A COMPETITIVE MARKETPLACE FOR CLEAN ELECTRICITY**

1 SO THAT CONSUMERS MAY INDIVIDUALLY CHOOSE TO MEET OR EXCEED THE
2 STATEWIDE DECARBONIZATION TARGETS;

3 (10) THE STATE'S CLEAN ENERGY MARKET OF THE FUTURE SHOULD BE
4 STRUCTURED TO COMPENSATE EXISTING CARBON-FREE RESOURCES FOR THEIR
5 ENVIRONMENTAL ATTRIBUTES, AS WELL AS ALLOW PROJECT FINANCING FOR, AND
6 SUPPORT THE DEVELOPMENT OF, NEW AND INNOVATIVE CLEAN ENERGY
7 RESOURCES; AND

8 (11) IT IS IN THE PUBLIC INTEREST TO:

9 (I) ACCELERATE THE DECARBONIZATION OF THE ELECTRICITY
10 SECTOR, IF IT IS POSSIBLE TO DO SO AT LOW PRICES; AND

11 (II) ALLOW INDIVIDUAL CONSUMERS, MUNICIPALITIES, AND
12 OTHER ENTITIES TO EXCEED THE PORTION OF CARBON-FREE ENERGY SUPPLY
13 MANDATED BY THE STATE THROUGH VOLUNTARY PARTICIPATION IN A CLEAN
14 ENERGY MARKET.

15 (B) IT IS THE POLICY OF THE STATE THAT:

16 (1) THE STATE SHOULD EMBRACE A TECHNOLOGICALLY INCLUSIVE
17 APPROACH TO DECARBONIZING ITS ELECTRICITY SECTOR, WHEREVER POSSIBLE;

18 (2) MARYLAND SHOULD CONTINUE TO PROMOTE THE DEVELOPMENT
19 OF A COMPETITIVE CLEAN ENERGY MARKET, WITH A PROCUREMENT APPROACH
20 THAT ALLOWS ALL PROJECTS AND IDEAS TO COMPETE AGAINST ONE ANOTHER ON A
21 LEVEL PLAYING FIELD TO DELIVER THE HIGHEST VALUE CLEAN ENERGY SOLUTIONS
22 AT THE LOWEST COST TO CONSUMERS; AND

23 (3) THE LOWEST-COST ENVIRONMENTAL ATTRIBUTES SHOULD BE
24 PROCURED FROM THE FULL RANGE OF AVAILABLE CARBON-FREE RESOURCES ON A
25 FAIR AND COMPETITIVE BASIS.

26 7-703.

27 (A) AFTER ISSUING A REQUEST FOR PROPOSALS, THE COMMISSION SHALL
28 APPOINT AN INDEPENDENT ADMINISTRATOR TO CARRY OUT ITS RESPONSIBILITIES
29 UNDER THIS SUBTITLE.

30 (B) IN APPOINTING THE INDEPENDENT ADMINISTRATOR, THE
31 COMMISSION:

1 **(1) MAY NOT BE REQUIRED TO ACCEPT THE LOWEST RESPONSIBLE**
2 **BID; AND**

3 **(2) SHALL ENSURE THAT THE PERSON SELECTED AS THE**
4 **INDEPENDENT ADMINISTRATOR POSSESSES THE NECESSARY EXPERTISE AND**
5 **EXPERIENCE IN:**

6 **(I) CONDUCTING POWER AUCTIONS;**

7 **(II) TRACKING RENEWABLE ENERGY ATTRIBUTES;**

8 **(III) ENSURING CREDIT REQUIREMENTS; AND**

9 **(IV) IMPLEMENTING SETTLEMENTS.**

10 **(c) (1) THE TERM OF THE INDEPENDENT ADMINISTRATOR IS 5 YEARS.**

11 **(2) AN INDEPENDENT ADMINISTRATOR MAY BE REAPPOINTED AFTER**
12 **A REQUEST FOR PROPOSALS AND REVIEW BY THE COMMISSION.**

13 **7-704.**

14 **(A) FOR PURPOSES OF THIS SUBTITLE, THE DELIVERY YEAR FOR CLEAN**
15 **ENERGY ATTRIBUTE CREDITS BEGINS JUNE 1.**

16 **(B) (1) BEGINNING JUNE 1, 2021, THE ANNUAL TARGET PROCUREMENT**
17 **OF CLEAN ENERGY ATTRIBUTE CREDITS SHALL BE:**

18 **(I) SUBJECT TO THE COST CAP SET FORTH IN SUBSECTION (H)**
19 **OF THIS SECTION;**

20 **(II) EQUAL TO A PERCENTAGE OF TOTAL ELECTRICITY**
21 **CONSUMPTION REPORTED FOR EACH ELECTRICITY SUPPLIER IN THE STATE; AND**

22 **(III) INCREASE IN ACCORDANCE WITH THE SCHEDULE IN**
23 **PARAGRAPH (2) OF THIS SUBSECTION, SO THAT BY THE DELIVERY YEAR BEGINNING**
24 **JUNE 1, 2040, THE INDEPENDENT ADMINISTRATOR WILL PROCURE CLEAN ENERGY**
25 **ATTRIBUTE CREDITS IN AN AMOUNT EQUAL TO 100% OF THE TOTAL ELECTRICITY**
26 **SALES BY ELECTRICITY SUPPLIERS IN THE STATE, PLUS ANY ADDITIONAL VOLUMES**
27 **PROCURED ON BEHALF OF VOLUNTARY BUYERS.**

28 **(2) THE TARGET PROCUREMENT OF CLEAN ENERGY ATTRIBUTE**
29 **CREDITS FOR A DELIVERY YEAR SHALL BE AT LEAST:**

- 1 **(I) 50% IN 2021;**
2 **(II) 52.6% IN 2022;**
3 **(III) 55.3% IN 2023;**
4 **(IV) 57.9% IN 2024;**
5 **(V) 60.5% IN 2025;**
6 **(VI) 63.2% IN 2026;**
7 **(VII) 65.8% IN 2027;**
8 **(VIII) 68.4% IN 2028;**
9 **(IX) 71.1% IN 2029;**
10 **(X) 73.7% IN 2030;**
11 **(XI) 76.3% IN 2031;**
12 **(XII) 78.9% IN 2032;**
13 **(XIII) 81.6% IN 2033;**
14 **(XIV) 84.2% IN 2034;**
15 **(XV) 86.8% IN 2035;**
16 **(XVI) 89.5% IN 2036;**
17 **(XVII) 92.1% IN 2037;**
18 **(XVIII) 94.7% IN 2038;**
19 **(XIX) 97.4% IN 2039; AND**
20 **(XX) 100% IN 2040 AND LATER.**

21 **(C) (1) SUBJECT TO THE COST CAP UNDER SUBSECTION (H) OF THIS**
22 **SECTION, THE INDEPENDENT ADMINISTRATOR SHALL ATTEMPT TO PROCURE CLEAN**

1 ENERGY ATTRIBUTE CREDITS IN A QUANTITY THAT MEETS OR EXCEEDS THE ANNUAL
2 TARGET PROCUREMENT FOR EACH DELIVERY YEAR.

3 (2) THE ACTUAL QUANTITY OF CLEAN ENERGY ATTRIBUTE CREDITS
4 THAT AN ELECTRICITY SUPPLIER IS REQUIRED TO PROCURE IN ANY GIVEN YEAR
5 SHALL EQUAL THE PERCENTAGE OF THE TOTAL ELECTRICITY CONSUMPTION IN THE
6 STATE CONSISTENT WITH THE PROCUREMENT LEVELS THAT THE INDEPENDENT
7 ADMINISTRATOR PROCURES CLEAN ENERGY ATTRIBUTE CREDITS THROUGH THE
8 COMPETITIVE AUCTION CONDUCTED IN ACCORDANCE WITH THIS SECTION.

9 (D) (1) ALL CLEAN ENERGY ATTRIBUTE CREDITS SHALL BE CLEARED IN
10 A COMPETITIVE AUCTION FORMAT.

11 (2) IN THE AUCTION:

12 (I) THE LOWEST-PRICE CLEAN ENERGY ATTRIBUTE CREDITS
13 ARE PROCURED FIRST; AND

14 (II) ALL CLEARED VOLUMES ARE PROCURED AT A UNIFORM
15 PRICE, REGARDLESS OF THE TECHNOLOGY, AGE, OR OTHER ATTRIBUTES OF THE
16 CLEAN ENERGY RESOURCE THAT GENERATES THE CLEAN ENERGY ATTRIBUTE
17 CREDIT.

18 (E) (1) IF THE INDEPENDENT ADMINISTRATOR IS ABLE TO OBTAIN THE
19 TARGET VOLUME OF CLEAN ENERGY ATTRIBUTE CREDITS IN ANY GIVEN DELIVERY
20 YEAR AT A TOTAL COST THAT IS LESS THAN THE COST CAP UNDER SUBSECTION (H)
21 OF THIS SECTION, THE INDEPENDENT ADMINISTRATOR MAY PROCURE ADDITIONAL
22 CLEAN ENERGY ATTRIBUTE CREDITS WITHIN EACH PROCUREMENT AUCTION,
23 SUBJECT TO THE COST CAP, BASED ON A DEMAND CURVE FOR CLEAN ENERGY
24 ATTRIBUTE CREDITS THE INDEPENDENT ADMINISTRATOR DEVELOPS AND THE
25 COMMISSION APPROVES.

26 (2) IF THE INDEPENDENT ADMINISTRATOR PROCURES ADDITIONAL
27 CREDITS UNDER PARAGRAPH (1) OF THIS SUBSECTION, A HIGHER AMOUNT OF
28 CLEAN ENERGY ATTRIBUTE CREDITS WILL BE PROCURED AS PRICES DECREASE, IN
29 A MANNER THAT THE PRICE OF EACH CLEAN ENERGY CREDIT ATTRIBUTE
30 PROCURED AND THE TOTAL COST OF ALL CLEAN ENERGY CREDIT ATTRIBUTES BOTH
31 DECREASE AS MORE CLEAN ENERGY ATTRIBUTE CREDITS ARE PROCURED.

32 (F) (1) (I) THE INDEPENDENT ADMINISTRATOR SHALL ALSO PROCURE
33 CLEAN ENERGY ATTRIBUTE CREDITS FOR ANY ELIGIBLE PERSON THAT SUBMITS A
34 QUALIFYING VOLUNTARY PURCHASE BID TO PURCHASE IN ANY AUCTION UNDER THE
35 GUIDELINES THAT THE INDEPENDENT ADMINISTRATOR ESTABLISHES AND THE

1 COMMISSION ADOPTS BY REGULATION OR ORDER.

2 (II) A PERSON IS ELIGIBLE TO SUBMIT A BID IF THE PERSON
3 SATISFIES CREDIT AND OTHER ELIGIBILITY REQUIREMENTS THAT THE
4 INDEPENDENT ADMINISTRATOR ESTABLISHES AND THE COMMISSION ADOPTS BY
5 REGULATION OR ORDER.

6 (2) (I) A QUALIFYING VOLUNTARY PURCHASE BID SHALL SPECIFY
7 THE MAXIMUM AUCTION CLEARING PRICE AT WHICH THE BUYER WISHES TO
8 PROCURE THE SPECIFIED NUMBER OF CLEAN ENERGY ATTRIBUTE CREDITS.

9 (II) THE VOLUNTARY PURCHASE BIDS SHALL BE COMBINED
10 WITH THE SLOPING STATE DEMAND BID UNDER SUBSECTION (E) OF THIS SECTION
11 TO DEVELOP AN AGGREGATE DEMAND CURVE FOR THE PROCUREMENT AUCTION.

12 (3) (I) A VOLUNTARY PURCHASE BID WILL CLEAR IN ANY AUCTION
13 WHERE THE CLEARING PRICE IS BELOW THE BID PRICE.

14 (II) IF THE PURCHASE BID CLEARS, THE PURCHASER WILL BE
15 OBLIGATED TO PAY THE AUCTION CLEARING PRICE FOR THE CLEARED VOLUME.

16 (G) IF THE COMMISSION FINDS IT TO BE IN THE PUBLIC INTEREST, THE
17 INDEPENDENT ADMINISTRATOR MAY SATISFY THE REQUIREMENTS OF THIS
18 SECTION TO PROCURE CLEAN ENERGY ATTRIBUTE CREDITS VOLUMES BY
19 PROCURING CLEAN ENERGY ATTRIBUTE CREDITS:

20 (1) IN A COMBINED AUCTION WITH OTHER JURISDICTIONS;

21 (2) IN A COMBINED AUCTION WITH ANY INTERREGIONAL,
22 INDEPENDENT ENTITIES; OR

23 (3) WITHIN ANOTHER CENTRALIZED AUCTION WITH A
24 SUBSTANTIALLY SIMILAR AUCTION DESIGN THAT THE COMMISSION AND THE
25 INDEPENDENT ADMINISTRATOR DETERMINE TO BE ACCEPTABLE UNDER THIS
26 SECTION.

27 (H) (I) (I) THE COMMISSION SHALL SET THE SOCIAL COST OF
28 CARBON.

29 (II) THE SOCIAL COST OF CARBON:

30 1. MAY NOT BE LOWER THAN \$20 PER MEGAWATT-HOUR
31 IN 2021;

1 **2. SHALL INCREASE BY 4% EACH YEAR THROUGH 2025;**
2 **AND**

3 **3. MAY BE ADJUSTED THEREAFTER BY THE**
4 **COMMISSION FOR GOOD CAUSE BASED ON A DETERMINATION OF THE MONETIZED**
5 **DAMAGES ASSOCIATED WITH AN INCREMENTAL INCREASE IN CARBON EMISSIONS IN**
6 **A GIVEN YEAR, INCLUDING CHANGES IN NET AGRICULTURAL PRODUCTIVITY,**
7 **HUMAN HEALTH, PROPERTY DAMAGES FROM INCREASED FLOOD RISK, AND THE**
8 **VALUE OF ECOSYSTEM SERVICES DUE TO CLIMATE CHANGE.**

9 **(III) THE SOCIAL COST OF CARBON, AS USED IN THIS SUBTITLE**
10 **FOR THE PURPOSE OF ESTABLISHING PRICING PARAMETERS IN THE CLEAN ENERGY**
11 **ATTRIBUTE PROCUREMENT AUCTIONS, SUBTRACTS FROM THE ESTIMATED VALUE**
12 **ANY PORTION OF THE DAMAGES DESCRIBED IN SUBPARAGRAPH (II)3 OF THIS**
13 **PARAGRAPH THAT ARE ALREADY INTERNALIZED INTO ELECTRICITY MARKET**
14 **PRICES THROUGH THE APPLICATION OF A STATE, REGIONAL, OR FEDERAL CARBON**
15 **PRICING OR CAP-AND-TRADE PROGRAM.**

16 **(2) (I) PRICES AWARDED FOR CLEAN ENERGY ATTRIBUTE**
17 **CREDITS TO SATISFY THE REQUIREMENTS OF THIS SECTION ARE SUBJECT TO A**
18 **PRICE CAP.**

19 **(II) THE PRICE CAP IS EQUAL TO 1.5 TIMES THE SOCIAL COST OF**
20 **CARBON.**

21 **(III) THE PRICE CAP, MULTIPLIED BY THE TARGET**
22 **PROCUREMENT VOLUME DEFINED IN SUBSECTION (B) OF THIS SECTION, IS THE**
23 **MAXIMUM PROGRAM COST FOR ACHIEVING THE CLEAN ENERGY ATTRIBUTE CREDIT**
24 **PROCUREMENT TARGET IN THE GIVEN DELIVERY YEAR.**

25 **7-705.**

26 **(A) (1) THE OWNER OF A CLEAN ENERGY RESOURCE IS ELIGIBLE TO**
27 **PARTICIPATE IN THE CLEAN ENERGY ATTRIBUTE CREDIT PROCUREMENT AUCTIONS**
28 **CONDUCTED BY THE INDEPENDENT ADMINISTRATOR UNDER THIS SUBTITLE IF THE**
29 **CLEAN ENERGY RESOURCE MEETS ALL APPLICABLE REQUIREMENTS THE**
30 **INDEPENDENT ADMINISTRATOR ESTABLISHES AND THE COMMISSION APPROVES.**

31 **(2) ALL ALTERNATIVE ENERGY CREDITS OR CLEAN ENERGY CREDITS**
32 **SECURED UNDER PRIOR LAW, INCLUDING RENEWABLE ENERGY CREDITS, SOLAR**
33 **RENEWABLE ENERGY CREDITS, AND OFFSHORE WIND RENEWABLE ENERGY**
34 **CREDITS, SHALL BE:**

1 (I) CONVERTED INTO THEIR EQUIVALENT CLEAN ENERGY
2 ATTRIBUTE CREDITS BY THE INDEPENDENT ADMINISTRATOR; AND

3 (II) APPLIED TO MEET THE TARGETED PROCUREMENT GOAL
4 FOR THE APPLICABLE DELIVERY YEAR UNDER § 7-704 OF THIS SUBTITLE.

5 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A CLEAN
6 ENERGY ATTRIBUTE CREDIT MAY BE PROCURED FROM ANY PERSON THAT OWNS A
7 CLEAN ENERGY RESOURCE THAT IS:

8 (I) LOCATED IN THE STATE; OR

9 (II) INTERCONNECTED WITH THE ELECTRIC DISTRIBUTION
10 GRID SERVING THE STATE.

11 (2) (I) ANY QUALIFIED OFFSHORE WIND PROJECT SHALL BE
12 ELIGIBLE TO FULFILL OBLIGATIONS OF ALL ELECTRICITY SUPPLIERS IN THE STATE
13 UNDER THIS SUBTITLE.

14 (II) A NONNUCLEAR CLEAN ENERGY RESOURCE THAT IS
15 LOCATED OUTSIDE THE STATE BUT LOCATED WITHIN THE PJM REGION IS ELIGIBLE
16 TO FULFILL THE COMPLIANCE OBLIGATION OF AN ELECTRICITY SUPPLIER UNDER
17 THIS SUBTITLE.

18 (3) AN ELECTRICITY SUPPLIER SHALL DOCUMENT, THROUGH THE
19 PJM GENERATION ATTRIBUTE TRACKING SYSTEM (GATS) OR ANOTHER
20 TRACKING SYSTEM THAT THE COMMISSION APPROVES, THAT A CREDIT SUBMITTED
21 TO SATISFY THE TARGETED PROCUREMENT GOAL UNDER THIS SUBTITLE WAS NOT
22 USED TO SATISFY ANOTHER STATE'S RENEWABLE ENERGY PORTFOLIO STANDARD
23 OR OTHER CLEAN ELECTRICITY GOAL.

24 7-706.

25 (A) (1) IN CONSULTATION WITH THE COMMISSION, THE INDEPENDENT
26 ADMINISTRATOR SHALL ESTABLISH PROCEDURES FOR FORECASTING THE
27 REQUIRED QUANTITY AND ACQUIRING CLEAN ENERGY ATTRIBUTE CREDITS.

28 (2) THE COMMISSION, THROUGH THE INDEPENDENT
29 ADMINISTRATOR, SHALL HAVE THE AUTHORITY TO TAKE ALL STEPS NECESSARY TO
30 IMPLEMENT THIS SECTION CONSISTENT WITH APPLICABLE FEDERAL TARIFFS.

31 (3) THE INDEPENDENT ADMINISTRATOR AND THE COMMISSION

1 SHALL JOINTLY DESIGN, DEVELOP, AND IMPLEMENT THE CLEAN ENERGY
2 ATTRIBUTE CREDIT PROGRAM IN A WAY THAT IS COST-EFFECTIVE AND THAT
3 MAINTAINS AND PROMOTES THE DEVELOPMENT OF THE COMPETITIVE RETAIL
4 ELECTRIC MARKET IN THE STATE.

5 (4) THE INDEPENDENT ADMINISTRATOR MAY RECOVER THE COSTS
6 OF CONDUCTING THE PROCUREMENT AUCTIONS AND ANY RELATED ACTIVITIES ON
7 A PRO RATA BASIS FROM CUSTOMERS AND VOLUNTARY BUYERS THAT HAVE BEEN
8 ALLOCATED PROCURED VOLUMES.

9 (B) (1) ALL ELECTRICITY SUPPLIERS IN THE STATE SHALL PROCURE
10 CLEAN ENERGY ATTRIBUTE CREDITS.

11 (2) (I) ANY PERSON MAY SUBMIT TO THE INDEPENDENT
12 ADMINISTRATOR A BID TO PURCHASE CLEAN ENERGY ATTRIBUTE CREDITS BEFORE
13 ANY PROCUREMENT AUCTION AS A VOLUNTARY BUYER, WITHIN AN AUCTION
14 TIMELINE AND PROCESS ESTABLISHED BY THE INDEPENDENT ADMINISTRATOR.

15 (II) THE INDEPENDENT ADMINISTRATOR SHALL PROCESS
16 VOLUNTARY PURCHASE BIDS IN ACCORDANCE WITH THE STANDARDS ESTABLISHED
17 FOR ELECTRICITY SUPPLIERS THAT ARE REQUIRED TO PROCURE CLEAN ENERGY
18 ATTRIBUTE CREDITS UNDER THIS SUBTITLE.

19 (3) (I) BEGINNING WITH THE PROCUREMENT FOR THE DELIVERY
20 YEAR BEGINNING JUNE 1, 2021, THE INDEPENDENT ADMINISTRATOR SHALL
21 CONDUCT CLEAN ENERGY ATTRIBUTE CREDIT PROCUREMENT AUCTIONS TO
22 PROCURE CLEAN ENERGY ATTRIBUTE CREDITS TO SATISFY THE OBLIGATIONS OF
23 THIS SECTION.

24 (II) AFTER AN INITIAL TRANSITION PERIOD, THE INDEPENDENT
25 ADMINISTRATOR SHALL CONDUCT ONE CLEAN ENERGY ATTRIBUTE CREDIT
26 PROCUREMENT AUCTION IN JANUARY OF EACH YEAR.

27 (4) THE CLEAN ENERGY ATTRIBUTE CREDIT AUCTIONS WILL SECURE
28 VOLUMES OF CLEAN ENERGY ATTRIBUTE CREDITS FROM CLEAN ENERGY
29 RESOURCES THROUGH COMMITMENTS OF 1-YEAR DURATION THAT COMMENCE IN
30 THE DELIVERY YEAR THAT OCCURS 3 YEARS AFTER THE PROCUREMENT AUCTION.

31 (C) (1) THE OWNER OF A NEW CLEAN ENERGY RESOURCE THAT SECURES
32 A COMMITMENT TO SELL CLEAN ENERGY ATTRIBUTE CREDITS THROUGH A CLEAN
33 ENERGY ATTRIBUTE CREDIT PROCUREMENT AUCTION MAY ELECT TO EXTEND THE
34 TERM OF THE COMMITMENT FOR UP TO A TOTAL OF 7 YEARS AT THE OWNER'S SOLE
35 DISCRETION.

1 **(2) IN THAT CASE, THE AUCTION CLEARING PRICE AWARDED FOR THE**
2 **FIRST YEAR MAY BE EARNED BY THE NEW CLEAN ENERGY RESOURCE FOR ALL**
3 **SUBSEQUENT YEARS OF THE COMMITMENT, UP TO THE MAXIMUM OF 7 YEARS.**

4 **(3) AFTER THE COMMITMENT UNDER PARAGRAPH (2) OF THIS**
5 **SUBSECTION IS COMPLETED, THE NEW CLEAN ENERGY RESOURCE MAY CONTINUE**
6 **TO PARTICIPATE IN FUTURE CLEAN ENERGY ATTRIBUTE CREDIT PROCUREMENT**
7 **AUCTIONS IN COMPETITION WITH OTHER CLEAN ENERGY RESOURCES TO EARN**
8 **COMMITMENTS OF 1-YEAR DURATION.**

9 **(D) (1) FOR AN INITIAL TRANSITION PERIOD UNTIL THE FULL 3-YEAR**
10 **FORWARD PERIOD IS ACHIEVED, THE INDEPENDENT ADMINISTRATOR SHALL**
11 **CONDUCT INITIAL CLEAN ENERGY ATTRIBUTE CREDIT PROCUREMENT AUCTIONS**
12 **APPROXIMATELY EVERY 6 MONTHS TO SECURE CLEAN ENERGY ATTRIBUTE CREDITS**
13 **FOR DELIVERY IN THE DELIVERY YEARS COMMENCING JUNE 1 OF 2021, 2022, AND**
14 **2023, AND EACH SUBSEQUENT DELIVERY YEAR UNTIL THE FULL 3-YEAR FORWARD**
15 **PERIOD IS ACHIEVED.**

16 **(2) CONTRACTS RESULTING FROM THE INITIAL CLEAN ENERGY**
17 **ATTRIBUTE CREDIT PROCUREMENT AUCTIONS MUST BE CONSISTENT WITH THE**
18 **TERMS SET FORTH IN THIS SECTION.**

19 **(E) (1) THE RESULTS OF EACH CLEAN ENERGY ATTRIBUTE CREDIT**
20 **PROCUREMENT AUCTION SHALL BE SUBJECT TO APPROVAL BY THE INDEPENDENT**
21 **ADMINISTRATOR.**

22 **(2) ON APPROVAL OF THE RESULTS OF AN ANNUAL AUCTION, EACH**
23 **ELECTRICITY SUPPLIER OR OTHER VOLUNTARY BUYER ALLOCATED A PROCURED**
24 **VOLUME FROM THE AUCTION SHALL BE RESPONSIBLE FOR PAYING ITS PRO RATA**
25 **SHARE OF THE COSTS TO PAY CLEAN ENERGY RESOURCES.**

26 **(3) WINNING SELLERS OF CLEAN ENERGY SUPPLY SHALL EARN**
27 **PAYMENTS FOR CLEAN ENERGY ATTRIBUTE CREDITS CLEARED IN THE AUCTION:**

28 **(I) UNDER A SETTLEMENTS APPROACH THE INDEPENDENT**
29 **ADMINISTRATOR ESTABLISHES; AND**

30 **(II) SUBJECT TO DELIVERY REQUIREMENTS THE INDEPENDENT**
31 **ADMINISTRATOR ESTABLISHES.**

32 7-707.

33 (a) (1) Except as provided in paragraph (2) of this subsection, in accordance

1 with the obligation to provide standard offer service through the bid process created under
2 § 7–510 of this title, the Commission shall allow an electricity supplier to recover actual
3 dollar–for–dollar costs incurred[, including a compliance fee under § 7–705 of this subtitle,]
4 in complying with [a State–mandated renewable energy portfolio standard] **THIS**
5 **SUBTITLE**.

6 (2) In accordance with the Phase II settlement agreement approved by the
7 Commission in Order No. 78710 in Case No. 8908 on September 30, 2003, for any
8 full–service agreement executed before the **FORMER** renewable energy **PORTFOLIO**
9 standard under this subtitle applies to an electric company, the electric company and its
10 wholesale electricity suppliers may pass through their commercially reasonable additional
11 costs, if any, associated with complying with the standard, **OR THE CLEAN ENERGY**
12 **ATTRIBUTE CREDIT REQUIREMENTS UNDER THIS SUBTITLE**, through the end of the
13 year of standard offer service in which the requirement took effect.

14 (b) [An electricity supplier may recover a compliance fee if:

15 (1) the payment of a compliance fee is the least–cost measure to customers
16 as compared to the purchase of Tier 1 renewable sources to comply with a renewable energy
17 portfolio standard;

18 (2) there are insufficient Tier 1 renewable sources available for the
19 electricity supplier to comply with a renewable energy portfolio standard; or

20 (3) a wholesale electricity supplier defaults or otherwise fails to deliver
21 renewable energy credits under a supply contract approved by the Commission.

22 (c) Any cost recovery under this section:

23 (1) for all electricity suppliers, may be in the form of a generation surcharge
24 payable by all current electricity supply customers, except as otherwise provided in §
25 7–704(e) of this subtitle;

26 (2) shall be disclosed to customers in a manner to be determined by the
27 Commission; and

28 (3) may not include the costs for a power purchase contract under the
29 federal Public Utility Regulatory Policy Act contemplated in rates or restructuring
30 proceedings.

31 (d)] (1) In accordance with regulations adopted by the Commission in
32 consultation with the Department of Commerce, the Commission may waive the recovery
33 of all or part of the [compliance] **CLEAN ENERGY ATTRIBUTE CREDIT** fee assessed on the
34 load of a particular industrial or nonretail commercial customer for a particular year, based
35 on a demonstration by the applicant of an extreme economic hardship that significantly
36 impairs the continued operation of the applicant.

1 (2) Any [compliance] **CLEAN ENERGY ATTRIBUTE CREDIT** fee recovery
2 that is waived under this subsection may not be assessed against other customers.

3 (3) An electricity supplier is not liable for any [compliance] **CLEAN**
4 **ENERGY ATTRIBUTE CREDIT** fee that is waived under this subsection.

5 7–708.

6 (a) (1) The Commission shall establish and maintain a market-based
7 renewable electricity trading system to facilitate the creation and transfer of [renewable]
8 **CLEAN** energy **ATTRIBUTE** credits.

9 (2) To the extent practicable, the trading system shall be consistent with
10 and operate in conjunction with the trading system developed by PJM Interconnection, Inc.,
11 if available.

12 (3) The Commission may contract with a for-profit or a nonprofit entity to
13 assist in the administration of the electricity trading system required under paragraph (1)
14 of this subsection.

15 (b) (1) The system shall include a registry of pertinent information regarding
16 all:

17 (i) available [renewable] **CLEAN** energy **ATTRIBUTE** credits; and

18 (ii) [renewable] **CLEAN** energy **ATTRIBUTE** credit transactions
19 among electricity suppliers in the State, including:

20 1. the creation and application of [renewable] **CLEAN** energy
21 **ATTRIBUTE** credits;

22 2. the number of [renewable] **CLEAN** energy **ATTRIBUTE**
23 credits sold or transferred; and

24 3. the price paid for the sale or transfer of [renewable]
25 **CLEAN** energy **ATTRIBUTE** credits.

26 (2) (i) The registry shall provide current information to electricity
27 suppliers and the public on the status of [renewable] **CLEAN** energy **ATTRIBUTE** credits
28 created, sold, or transferred in the State.

29 (ii) Registry information shall be available by computer network
30 access through the Internet.

31 7–709.

1 (a) An electricity supplier may use accumulated [renewable] CLEAN energy
2 ATTRIBUTE credits to meet the renewable energy portfolio standard, including credits
3 created by a renewable on-site generator.

4 (b) A [renewable] CLEAN energy ATTRIBUTE credit may be sold or otherwise
5 transferred.

6 (c) [(1) (i) If an electricity supplier purchases solar renewable energy
7 credits directly from a renewable on-site generator with a capacity that exceeds 10
8 kilowatts to meet the solar component of the Tier 1 renewable energy portfolio standard,
9 the duration of the contract term for the solar renewable energy credits may not be less
10 than 15 years.

11 (ii) The minimum required term under subparagraph (i) of this
12 paragraph does not affect the ability of the parties to negotiate a price for a solar renewable
13 energy credit that varies over time in any manner.

14 (2) (i) An electricity supplier that purchases solar renewable energy
15 credits from a renewable on-site generator with a capacity not exceeding 10 kilowatts shall
16 purchase the credits with a single initial payment representing the full estimated
17 production of the system for the life of the contract.

18 (ii) The Commission shall:

19 1. develop a method for estimating annual production from
20 the type of system described in subparagraph (i) of this paragraph and allocating the credits
21 to the electricity supplier in a manner that is consistent with the duration of the contract;
22 and

23 2. determine the rate for a payment made to a renewable
24 on-site generator under subparagraph (i) of this paragraph.

25 (d) (1) Except as authorized under paragraph (2) of this subsection OR §
26 7-706(C) OF THIS SUBTITLE, a [renewable] CLEAN energy ATTRIBUTE credit shall exist
27 for 3 years from the date created.

28 (2) A [renewable] CLEAN energy ATTRIBUTE credit may be diminished or
29 extinguished before the expiration of 3 years by:

30 (i) the electricity supplier that received the credit;

31 (ii) a nonaffiliated entity of the electricity supplier:

32 1. that purchased the credit from the electricity supplier
33 receiving the credit; or

1 2. to whom the electricity supplier otherwise transferred the
2 credit; or

3 (iii) demonstrated noncompliance by the generating facility with the
4 requirements of [§ 7-704(f) of] this subtitle.

5 [(e) Notwithstanding subsection (d)(2)(iii) of this section, and only if the
6 demonstrated noncompliance does not result in environmental degradation, an electricity
7 supplier that reasonably includes in its annual report under § 7-705 of this subtitle a
8 renewable energy credit that is extinguished for noncompliance with § 7-704(f)(1) or (2) of
9 this subtitle:

10 (1) may continue to rely on that credit for that year; but

11 (2) for later years must:

12 (i) demonstrate a return to compliance of the generating facility
13 under § 7-704(f) of this subtitle; or

14 (ii) replace the credit with a renewable energy credit from another
15 source.

16 (f) (D) The Commission by regulation shall establish requirements for
17 documentation and verification of [renewable] CLEAN energy ATTRIBUTE credits by
18 licensed electricity suppliers and other generators that create and receive credits for
19 compliance with [the standards for Tier 1 renewable sources and Tier 2 renewable sources]
20 THIS SUBTITLE.

21 (E) BEGINNING WITH THE DELIVERY YEAR STARTING JUNE 1, 2021, AND
22 NOTWITHSTANDING ANY OTHER CONTRARY PROVISION OF THIS SUBTITLE:

23 (1) NOTHING IN THIS SECTION MAY BE CONSTRUED TO ALTER ANY
24 PERSON’S RIGHTS OR OBLIGATIONS UNDER CONTRACTS EXECUTED BEFORE
25 JANUARY 1, 2021, FOR THE PURCHASE OR SALE OF CREDITS UNDER THE
26 RENEWABLE ENERGY PORTFOLIO STANDARD; AND

27 (2) THE QUANTITIES OR RENEWABLE ENERGY CREDITS AND
28 OFFSHORE RENEWABLE ENERGY CREDITS PROCURED UNDER THOSE CONTRACTS
29 SHALL BE SUBTRACTED FROM THE MINIMUM QUANTITY OF CLEAN ENERGY
30 ATTRIBUTE CREDITS TO BE PROCURED BY ELECTRICITY SUPPLIERS.

31 7-710.

32 The Commission may impose an administrative fee on a [renewable] CLEAN energy

1 **ATTRIBUTE** credit transaction, but the amount of the fee may not exceed the Commission's
2 actual direct cost of processing the transaction.

3 7-711.

4 [(a)] The Commission has the same power and authority with respect to an
5 electricity supplier under this subtitle that the Commission has with respect to any public
6 service company under this division for the purposes of investigating and examining the
7 electricity supplier to determine compliance with this subtitle and with other applicable
8 law.

9 [(b) (1)] Beginning January 1, 2008, the Commission shall designate an
10 individual to be responsible for the oversight of compliance with the requirements of Tier 1
11 renewable sources that are to be derived from solar energy.

12 (2) The individual designated under paragraph (1) of this subsection shall:

13 (i) develop the program for the requirements for Tier 1 renewable
14 sources derived from solar energy;

15 (ii) provide education and outreach to promote the use of solar
16 energy; and

17 (iii) make policy recommendations to the Commission regarding
18 improving the State's use of solar energy, including the development of clear, simple, and
19 straightforward forms, requirements, and procedures to facilitate participation by
20 homeowners and small businesses in deployment of solar generation in the State.]

21 7-713.

22 The Commission shall adopt regulations to [implement the provisions of] **CARRY**
23 **OUT** this subtitle.

24 **SECTION 4. AND BE IT FURTHER ENACTED**, That a presently existing obligation
25 or contract right may not be impaired in any way by this Act.

26 **SECTION 5. AND BE IT FURTHER ENACTED**, That, if any provision of this Act or
27 the application thereof to any person or circumstance is held invalid for any reason in a
28 court of competent jurisdiction, the invalidity does not affect other provisions or any other
29 application of this Act that can be given effect without the invalid provision or application,
30 and for this purpose the provisions of this Act are declared severable.

31 **SECTION 6. AND BE IT FURTHER ENACTED**, That this Act shall take effect
32 January 1, 2021.