

SENATE BILL 53

M5, C5
SB 890/20 – FIN

(PRE-FILED)

11r1299
CF HB 220

By: **Senator Hershey**

Requested: October 30, 2020

Introduced and read first time: January 13, 2021

Assigned to: Finance

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

20 BY repealing

21 Article – Public Utilities

22 Section 7–701(g), (m), (n), (p), and (p–1), 7–702 through 7–704.2, and 7–705

23 Annotated Code of Maryland

24 (2020 Replacement Volume and 2020 Supplement)

25 BY renumbering

26 Article – Public Utilities

27 Section 7–701(c), (d), (e), (f), (h) through (l), (o), and (q) through (t) and
28 7–706, respectively

29 to be Section 7–701(g), (h), (j), (m), (n), (o) through (r), (s), and (u) through (x) and
30 7–707, respectively

31 Annotated Code of Maryland

32 (2020 Replacement Volume and 2020 Supplement)

33 BY repealing and reenacting, without amendments,

34 Article – Public Utilities

35 Section 7–701(a) and (b)

36 Annotated Code of Maryland

37 (2020 Replacement Volume and 2020 Supplement)

38 BY adding to

39 Article – Public Utilities

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

41 Annotated Code of Maryland

42 (2020 Replacement Volume and 2020 Supplement)

1 BY repealing and reenacting, without amendments,
2 Article – Public Utilities
3 Section 7–701(g), (h), (j), (m) through (p), (r), (s), and (u) through (x)
4 Annotated Code of Maryland
5 (2020 Replacement Volume and 2020 Supplement)
6 (As enacted by Section 2 of this Act)

7 BY repealing and reenacting, with amendments,
8 Article – Public Utilities
9 Section 7–701(q) and 7–707
10 Annotated Code of Maryland
11 (2020 Replacement Volume and 2020 Supplement)
12 (As enacted by Section 2 of this Act)

13 BY repealing and reenacting, with amendments,
14 Article – Public Utilities
15 Section 7–708 through 7–711 and 7–713
16 Annotated Code of Maryland
17 (2020 Replacement Volume and 2020 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
19 That Section(s) 7–701(g), (m), (n), (p), and (p–1), 7–702 through 7–704.2, and 7–705 of
20 Article – Public Utilities of the Annotated Code of Maryland be repealed.

21 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 7–701(c), (d), (e),
22 (f), (h) through (l), (o), and (q) through (t) and 7–706, respectively, of Article – Public
23 Utilities of the Annotated Code of Maryland be renumbered to be Section(s) 7–701(g), (h),
24 (j), (m), (n), (o) through (r), (s), and (u) through (x) and 7–707, respectively.

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

27 **Article – Public Utilities**

28 7–701.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (ii) an open loop system in which ground or surface water is
2 circulated in an environmentally safe manner directly into the facility and returned to the
3 same aquifer or surface water source;

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

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

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

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

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

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

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

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

23 **(L) "NUCLEAR RESOURCE" MEANS A RESOURCE THAT PRODUCES**
24 **ELECTRICITY FROM NUCLEAR FISSION.**

25 (m) "Offshore wind energy" means energy generated by a qualified offshore wind
26 project.

27 (n) "Old growth timber" means timber from a forest:

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

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

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

1 (ii) randomly distributed canopy gaps are present;

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

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

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

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

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

12 (q) “Qualified offshore wind project” means a wind turbine electricity generation
13 facility, including the associated transmission–related interconnection facilities and
14 equipment, that:

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

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

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

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

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

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

28 B. precommercial soft wood thinning;

29 C. slash;

30 D. brush; or

1 E. yard waste;

2 2. a pallet, crate, or dunnage;

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

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

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

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

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

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

14 (ii) an invasive exotic plant species.

15 (s) “Renewable on-site generator” means a person who generates electricity on
16 site from a Tier 1 renewable source or a Tier 2 renewable source for the person’s own use.

17 **(T) “SOCIAL COST OF CARBON” MEANS THE FACTOR ESTABLISHED BY THE**
18 **COMMISSION UNDER § 7-704(H) OF THIS SUBTITLE TO ADJUST THE CAP ON THE**
19 **ANNUAL COST OF COMPLYING WITH THIS SUBTITLE.**

20 (u) (1) “Solar water heating system” means a system that:

21 (i) consists of glazed liquid-type flat-plate or tubular solar
22 collectors or concentrating solar thermal collectors as defined and certified to the OG-100
23 standard of the Solar Ratings and Certification Corporation;

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

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

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

29 (v) “Thermal biomass system” means a system that:

30 (1) uses:

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

3 (ii) food waste or qualifying biomass for the remainder of the
4 feedstock;

5 (2) is used in the State; and

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

8 (w) "Tier 1 renewable source" means one or more of the following types of energy
9 sources:

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

12 (2) wind;

13 (3) qualifying biomass;

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

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

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

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

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

24 (9) poultry litter-to-energy;

25 (10) waste-to-energy;

26 (11) refuse-derived fuel; and

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

28 (x) "Tier 2 renewable source" means hydroelectric power other than pump storage
29 generation.

1 7-702.

2 (A) THE GENERAL ASSEMBLY FINDS THAT:

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

8 (2) THE POLICY OF THE STATE SHOULD BE TO ADOPT ELECTRICITY
9 SECTOR CARBON EMISSION TARGETS AIMED AT ELIMINATING ALL NET CARBON
10 EMISSIONS FROM THE STATE'S ELECTRIC ENERGY SUPPLY BY 2042, WHILE
11 ENCOURAGING JOB GROWTH AND PRIVATE SECTOR INNOVATION;

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

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

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

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

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

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

1 **(9) THE STATE’S ENERGY POLICY SHOULD CONTINUE TO EMPOWER**
2 **CONSUMERS TO ACCESS A COMPETITIVE MARKETPLACE FOR CLEAN ELECTRICITY**
3 **SO THAT CONSUMERS MAY INDIVIDUALLY CHOOSE TO MEET OR EXCEED THE**
4 **STATEWIDE DECARBONIZATION TARGETS;**

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

10 **(11) IT IS IN THE PUBLIC INTEREST TO:**

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

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

17 **(B) IT IS THE POLICY OF THE STATE THAT:**

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

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

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

28 **7-703.**

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

32 **(B) IN APPOINTING THE INDEPENDENT ADMINISTRATOR, THE**

1 COMMISSION:

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

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

7 (I) CONDUCTING POWER AUCTIONS;

8 (II) TRACKING RENEWABLE ENERGY ATTRIBUTES;

9 (III) ENSURING CREDIT REQUIREMENTS; AND

10 (IV) IMPLEMENTING SETTLEMENTS.

11 (C) (1) THE TERM OF THE INDEPENDENT ADMINISTRATOR IS 5 YEARS.

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

14 7-704.

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

17 (B) (1) BEGINNING JUNE 1, 2023, THE ANNUAL TARGET PROCUREMENT
18 OF CLEAN ENERGY ATTRIBUTE CREDITS SHALL:

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

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

23 (III) INCREASE IN ACCORDANCE WITH THE SCHEDULE IN
24 PARAGRAPH (2) OF THIS SUBSECTION, SO THAT BY THE DELIVERY YEAR BEGINNING
25 JUNE 1, 2041, THE INDEPENDENT ADMINISTRATOR WILL PROCURE CLEAN ENERGY
26 ATTRIBUTE CREDITS IN AN AMOUNT EQUAL TO 100% OF THE TOTAL ELECTRICITY
27 SALES BY ELECTRICITY SUPPLIERS IN THE STATE, PLUS ANY ADDITIONAL VOLUMES
28 PROCURED ON BEHALF OF VOLUNTARY BUYERS.

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

3 **(I) 50% IN 2023;**

4 **(II) 52.6% IN 2024;**

5 **(III) 55.3% IN 2025;**

6 **(IV) 57.9% IN 2026;**

7 **(V) 60.5% IN 2027;**

8 **(VI) 63.2% IN 2028;**

9 **(VII) 65.8% IN 2029;**

10 **(VIII) 68.4% IN 2030;**

11 **(IX) 71.1% IN 2031;**

12 **(X) 73.7% IN 2032;**

13 **(XI) 76.3% IN 2033;**

14 **(XII) 78.9% IN 2034;**

15 **(XIII) 81.6% IN 2035;**

16 **(XIV) 84.2% IN 2036;**

17 **(XV) 86.8% IN 2037;**

18 **(XVI) 89.5% IN 2038;**

19 **(XVII) 92.1% IN 2039;**

20 **(XVIII) 94.7% IN 2040;**

21 **(XIX) 97.4% IN 2041; AND**

22 **(XX) 100% IN 2042 AND LATER.**

1 **(C) (1) SUBJECT TO THE COST CAP UNDER SUBSECTION (H) OF THIS**
2 **SECTION, THE INDEPENDENT ADMINISTRATOR SHALL ATTEMPT TO PROCURE CLEAN**
3 **ENERGY ATTRIBUTE CREDITS IN A QUANTITY THAT MEETS OR EXCEEDS THE ANNUAL**
4 **TARGET PROCUREMENT FOR EACH DELIVERY YEAR.**

5 **(2) THE ACTUAL QUANTITY OF CLEAN ENERGY ATTRIBUTE CREDITS**
6 **THAT AN ELECTRICITY SUPPLIER IS REQUIRED TO PROCURE IN ANY GIVEN YEAR**
7 **SHALL EQUAL THE PERCENTAGE TARGET PROCUREMENT PERCENTAGE SET IN**
8 **SUBSECTION (B)(2) OF THIS SECTION MULTIPLIED BY THE TOTAL ELECTRICITY**
9 **CONSUMPTION IN THE STATE ALLOCATED TO ELECTRICITY SUPPLIERS PRORATED**
10 **TO THE LOAD THEY SERVE CONSISTENT WITH § 7-706(B)(1) OF THIS SUBTITLE.**

11 **(D) (1) ALL CLEAN ENERGY ATTRIBUTE CREDITS SHALL BE CLEARED IN**
12 **A COMPETITIVE AUCTION FORMAT.**

13 **(2) IN THE AUCTION:**

14 **(I) THE LOWEST-PRICE CLEAN ENERGY ATTRIBUTE CREDITS**
15 **ARE PROCURED FIRST; AND**

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

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

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

34 **(F) (1) (I) THE INDEPENDENT ADMINISTRATOR SHALL ALSO PROCURE**
35 **CLEAN ENERGY ATTRIBUTE CREDITS FOR ANY ELIGIBLE PERSON THAT SUBMITS A**

1 QUALIFYING VOLUNTARY PURCHASE BID TO PURCHASE IN ANY AUCTION UNDER THE
2 GUIDELINES THAT THE INDEPENDENT ADMINISTRATOR ESTABLISHES AND THE
3 COMMISSION ADOPTS BY REGULATION OR ORDER.

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

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

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

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

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

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

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

23 (2) IN A COMBINED AUCTION WITH ANY INTERREGIONAL,
24 INDEPENDENT ENTITIES; OR

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

29 (H) (1) (I) THE COMMISSION SHALL SET THE SOCIAL COST OF
30 CARBON.

31 (II) THE SOCIAL COST OF CARBON:

1 1. MAY NOT BE LOWER THAN \$20 PER MEGAWATT-HOUR
2 IN 2023;

3 2. SHALL INCREASE BY 4% EACH YEAR THROUGH 2027;
4 AND

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

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

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

21 (II) THE PRICE CAP IS EQUAL TO 1.5 TIMES THE SOCIAL COST OF
22 CARBON.

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

27 **7-705.**

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

33 (2) ALL ALTERNATIVE ENERGY CREDITS OR CLEAN ENERGY CREDITS
34 SECURED UNDER PRIOR LAW, INCLUDING RENEWABLE ENERGY CREDITS, SOLAR

1 RENEWABLE ENERGY CREDITS, AND OFFSHORE WIND RENEWABLE ENERGY
2 CREDITS, SHALL BE:

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

5 (II) INCLUDED AS SUPPLY IN AUCTION CLEARING AND APPLIED
6 TO MEET THE TARGETED PROCUREMENT GOAL FOR THE APPLICABLE DELIVERY
7 YEAR UNDER § 7-704 OF THIS SUBTITLE.

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

11 (I) LOCATED IN THE STATE; OR

12 (II) INTERCONNECTED WITH THE ELECTRIC DISTRIBUTION
13 GRID SERVING THE STATE.

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

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

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

27 7-706.

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

31 (2) THE COMMISSION, THROUGH THE INDEPENDENT
32 ADMINISTRATOR, SHALL HAVE THE AUTHORITY TO TAKE ALL STEPS NECESSARY TO

1 IMPLEMENT THIS SECTION CONSISTENT WITH APPLICABLE FEDERAL TARIFFS.

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

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

11 (B) (1) (I) ALL ELECTRICITY SUPPLIERS IN THE STATE SHALL
12 PROCURE CLEAN ENERGY ATTRIBUTE CREDITS IN ACCORDANCE WITH THE TARGET
13 PROCUREMENT LEVELS UNDER § 7-704(B)(2) OF THIS SUBTITLE.

14 (II) CLEAN ENERGY ATTRIBUTE CREDITS MAY BE USED ONLY
15 FOR COMPLIANCE WITH THIS SUBSECTION FOR:

16 1. THE YEAR FOR WHICH THE CLEAN ENERGY
17 ATTRIBUTE CREDIT IS ISSUED; OR

18 2. EITHER OF THE 2 SUBSEQUENT YEARS.

19 (III) AN ELECTRIC COMPANY SHALL PROCURE CLEAN ENERGY
20 ATTRIBUTE CREDITS FOR ELECTRICITY PROVIDED AS STANDARD OFFER SERVICES
21 CONSISTENT WITH SUBSECTION (A) OF THIS SECTION.

22 (IV) EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF THIS
23 PARAGRAPH AND SUBJECT TO SUBPARAGRAPH (V) OF THIS PARAGRAPH, AN
24 ELECTRICITY SUPPLIER SHALL PROCURE CLEAN ENERGY ATTRIBUTE CREDITS BY:

25 1. HAVING THE OBLIGATION OF THE ELECTRICITY
26 SUPPLIER TO PROCURE CLEAN ENERGY ATTRIBUTE CREDITS AGGREGATED AS PART
27 OF THE BID DEVELOPED BY THE INDEPENDENT ADMINISTRATOR DESCRIBED IN §
28 7-704(E) OF THIS SUBTITLE;

29 2. SUBMITTING ONE OR MORE VOLUNTARY PURCHASE
30 BIDS AS DESCRIBED IN § 7-704(F) OF THIS SUBTITLE, WHICH COULD BE USED TO
31 VOLUNTARILY PROCURE QUANTITIES BEYOND THE MINIMUM REQUIRED VOLUME;
32 OR

1 **3. PROCURING CLEAN ENERGY ATTRIBUTE CREDITS IN**
2 **ADVANCE OF THE COMPETITIVE AUCTION THROUGH SELF-SUPPLY OR BILATERAL**
3 **ARRANGEMENTS.**

4 **(v) 1. ANY VOLUMES DESIGNATED AS SELF-SUPPLY BY AN**
5 **ELECTRICITY SUPPLIER IN ADVANCE OF A PROCUREMENT AUCTION SHALL BE**
6 **COUNTED TOWARD THE PROCUREMENT OBLIGATION OF THE ELECTRICITY**
7 **SUPPLIER.**

8 **2. A SELF-SUPPLY OBLIGATION IN ACCORDANCE WITH**
9 **SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH SHALL PASS THROUGH THE**
10 **PROCUREMENT AUCTION WITHOUT INCURRING ANY FINANCIAL OBLIGATIONS OR**
11 **REVENUES TO THE ELECTRICITY SUPPLIER.**

12 **3. AT THE END OF THE COMPLIANCE PERIOD, ANY**
13 **CLEARED SELF-SUPPLY VOLUMES SHALL BE MATCHED AGAINST AN EQUIVALENT**
14 **QUANTITY OF OBLIGATION OF THE ELECTRICITY SUPPLIER AND REDUCE THAT**
15 **SUPPLIER'S OBLIGATION ON BEHALF OF THE SUPPLIER'S RETAIL CUSTOMERS.**

16 **(2) (i) ANY PERSON MAY SUBMIT TO THE INDEPENDENT**
17 **ADMINISTRATOR A BID TO PURCHASE CLEAN ENERGY ATTRIBUTE CREDITS BEFORE**
18 **ANY PROCUREMENT AUCTION AS A VOLUNTARY BUYER, WITHIN AN AUCTION**
19 **TIMELINE AND PROCESS ESTABLISHED BY THE INDEPENDENT ADMINISTRATOR.**

20 **(ii) THE INDEPENDENT ADMINISTRATOR SHALL PROCESS**
21 **VOLUNTARY PURCHASE BIDS IN ACCORDANCE WITH THE STANDARDS ESTABLISHED**
22 **FOR ELECTRICITY SUPPLIERS THAT ARE REQUIRED TO PROCURE CLEAN ENERGY**
23 **ATTRIBUTE CREDITS UNDER THIS SUBTITLE.**

24 **(3) (i) BEGINNING WITH THE PROCUREMENT FOR THE DELIVERY**
25 **YEAR BEGINNING JUNE 1, 2023, THE INDEPENDENT ADMINISTRATOR SHALL**
26 **CONDUCT CLEAN ENERGY ATTRIBUTE CREDIT PROCUREMENT AUCTIONS TO**
27 **PROCURE CLEAN ENERGY ATTRIBUTE CREDITS TO SATISFY THE OBLIGATIONS OF**
28 **THIS SECTION.**

29 **(ii) AFTER AN INITIAL TRANSITION PERIOD, THE INDEPENDENT**
30 **ADMINISTRATOR SHALL CONDUCT ONE CLEAN ENERGY ATTRIBUTE CREDIT**
31 **PROCUREMENT AUCTION IN JANUARY OF EACH YEAR.**

32 **(4) THE CLEAN ENERGY ATTRIBUTE CREDIT AUCTIONS WILL SECURE**
33 **VOLUMES OF CLEAN ENERGY ATTRIBUTE CREDITS FROM CLEAN ENERGY**
34 **RESOURCES THROUGH COMMITMENTS OF 1-YEAR DURATION THAT COMMENCE IN**
35 **THE DELIVERY YEAR THAT OCCURS 3 YEARS AFTER THE PROCUREMENT AUCTION.**

1 **(C) (1) THE OWNER OF A NEW CLEAN ENERGY RESOURCE THAT SECURES**
2 **A COMMITMENT TO SELL CLEAN ENERGY ATTRIBUTE CREDITS THROUGH A CLEAN**
3 **ENERGY ATTRIBUTE CREDIT PROCUREMENT AUCTION MAY ELECT TO EXTEND THE**
4 **TERM OF THE COMMITMENT FOR UP TO A TOTAL OF 7 YEARS AT THE OWNER’S SOLE**
5 **DISCRETION.**

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

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

14 **(D) (1) FOR AN INITIAL TRANSITION PERIOD UNTIL THE FULL 3-YEAR**
15 **FORWARD PERIOD IS ACHIEVED, THE INDEPENDENT ADMINISTRATOR SHALL**
16 **CONDUCT INITIAL CLEAN ENERGY ATTRIBUTE CREDIT PROCUREMENT AUCTIONS**
17 **APPROXIMATELY EVERY 6 MONTHS TO SECURE CLEAN ENERGY ATTRIBUTE CREDITS**
18 **FOR DELIVERY IN THE DELIVERY YEARS COMMENCING JUNE 1 OF 2023, 2024, AND**
19 **2025, AND EACH SUBSEQUENT DELIVERY YEAR UNTIL THE FULL 3-YEAR FORWARD**
20 **PERIOD IS ACHIEVED.**

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

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

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

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

33 **(I) UNDER A SETTLEMENTS APPROACH THE INDEPENDENT**
34 **ADMINISTRATOR ESTABLISHES; AND**

1 **(II) SUBJECT TO DELIVERY REQUIREMENTS THE INDEPENDENT**
2 **ADMINISTRATOR ESTABLISHES.**

3 7-707.

4 (a) (1) Except as provided in paragraph (2) of this subsection, in accordance
5 with the obligation to provide standard offer service through the bid process created under
6 § 7-510 of this title, the Commission shall allow an electricity supplier to recover actual
7 dollar-for-dollar costs incurred[, including a compliance fee under § 7-705 of this subtitle,]
8 in complying with [a State-mandated renewable energy portfolio standard] **THIS**
9 **SUBTITLE.**

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

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

19 (1) the payment of a compliance fee is the least-cost measure to customers
20 as compared to the purchase of Tier 1 renewable sources to comply with a renewable energy
21 portfolio standard;

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

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

26 (c) Any cost recovery under this section:

27 (1) for all electricity suppliers, may be in the form of a generation surcharge
28 payable by all current electricity supply customers, except as otherwise provided in §
29 7-704(e) of this subtitle;

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

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

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

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

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

11 7-708.

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

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

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

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

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

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

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

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

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

32 (2) (i) The registry shall provide current information to electricity

1 suppliers and the public on the status of [renewable] CLEAN energy ATTRIBUTE credits
2 created, sold, or transferred in the State.

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

5 7-709.

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

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

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

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

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

23 (ii) The Commission shall:

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

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

30 (d) (1) Except as authorized under paragraph (2) of this subsection **OR §**
31 **7-706(C) OF THIS SUBTITLE**, a [renewable] CLEAN energy ATTRIBUTE credit shall exist
32 for 3 years from the date created.

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

- 1 (i) the electricity supplier that received the credit;
- 2 (ii) a nonaffiliated entity of the electricity supplier:
- 3 1. that purchased the credit from the electricity supplier
4 receiving the credit; or
- 5 2. to whom the electricity supplier otherwise transferred the
6 credit; or
- 7 (iii) demonstrated noncompliance by the generating facility with the
8 requirements of [§ 7-704(f) of] this subtitle.

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

- 14 (1) may continue to rely on that credit for that year; but
- 15 (2) for later years must:
- 16 (i) demonstrate a return to compliance of the generating facility
17 under § 7-704(f) of this subtitle; or
- 18 (ii) replace the credit with a renewable energy credit from another
19 source.

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

25 (2) COMPLIANCE WITH THIS SUBTITLE MAY BE ENFORCED THROUGH:

26 (I) A NONFORWARD AUCTION COINCIDENT WITH THE
27 COMPLIANCE DEADLINE AFTER EACH DELIVERY YEAR;

28 (II) A NONCOMPLIANCE FEE SET AT 1.5 TIMES THE SOCIAL COST
29 OF CARBON; OR

30 (III) BOTH A NONFORWARD AUCTION AND NONCOMPLIANCE FEE
31 IN ACCORDANCE WITH ITEMS (I) AND (II) OF THIS PARAGRAPH.

1 **(E) BEGINNING WITH THE DELIVERY YEAR STARTING JUNE 1, 2023, AND**
2 **NOTWITHSTANDING ANY OTHER CONTRARY PROVISION OF THIS SUBTITLE:**

3 **(1) NOTHING IN THIS SECTION MAY BE CONSTRUED TO ALTER ANY**
4 **PERSON'S RIGHTS OR OBLIGATIONS UNDER CONTRACTS EXECUTED BEFORE**
5 **JANUARY 1, 2023, FOR THE PURCHASE OR SALE OF CREDITS UNDER THE**
6 **RENEWABLE ENERGY PORTFOLIO STANDARD; AND**

7 **(2) THE QUANTITIES OR RENEWABLE ENERGY CREDITS AND**
8 **OFFSHORE RENEWABLE ENERGY CREDITS PROCURED UNDER THOSE CONTRACTS**
9 **SHALL BE SUBTRACTED FROM THE MINIMUM QUANTITY OF CLEAN ENERGY**
10 **ATTRIBUTE CREDITS TO BE PROCURED BY ELECTRICITY SUPPLIERS.**

11 7-710.

12 The Commission may impose an administrative fee on a [renewable] CLEAN energy
13 **ATTRIBUTE** credit transaction, but the amount of the fee may not exceed the Commission's
14 actual direct cost of processing the transaction.

15 7-711.

16 **[(a)]** The Commission has the same power and authority with respect to an
17 electricity supplier under this subtitle that the Commission has with respect to any public
18 service company under this division for the purposes of investigating and examining the
19 electricity supplier to determine compliance with this subtitle and with other applicable
20 law.

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

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

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

27 (ii) provide education and outreach to promote the use of solar
28 energy; and

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

33 7-713.

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

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

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

10 **SECTION 6. AND BE IT FURTHER ENACTED,** That this Act shall take effect
11 January 1, 2022.