

UNOFFICIAL COPY OF HOUSE BILL 398

HOUSE BILL 398

C5, P2, Q7

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CF SB 316

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By: **Delegate Charkoudian**

Introduced and read first time: January 16, 2025

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Abundant Affordable Clean Energy - Procurement and Development**  
3 **(AACE Act)**

4 FOR the purpose of requiring each electric company in the State to submit to the Public  
5 Service Commission by certain dates plans for the construction or procurement of  
6 distribution-connected front-of-the-meter energy storage devices and to construct or procure the  
7 devices in accordance with the plan; providing for the creation of zero-emission  
8 credits by beneficial nuclear facilities; requiring the Commission to pursue certain  
9 coordinated approaches to offshore wind energy transmission development; altering  
10 the requirements for a certain transmission system analysis and the scope of certain  
11 transmission proposals that the Commission may evaluate; repealing a certain draft  
12 solicitation requirement; requiring that certain alternative compliance fees be paid  
13 into a certain escrow account rather than into the Maryland Strategic Energy  
14 Investment Fund; requiring that renewable energy credits be procured in a certain  
15 order; providing for the apportionment of the renewable energy portfolio standard under certain  
circumstances; establishing the Utility-Scale SREC-II Program and the ~~Small~~ Distributed  
Solar  
16 Facilities Incentive Program for the creation of SREC-II credits; establishing certain  
17 processes and requirements for the procurement of certain front-of-the-meter  
18 transmission energy storage devices and certain credits from certain solar,  
19 hydroelectric, and land-based wind energy generating systems; requiring the  
20 Commission to establish and the Maryland Energy Administration to supervise a  
21 certain escrow account; authorizing certain units of State government to issue  
22 certain competitive sealed bids for projects that are higher than the amount  
23 authorized for small procurements; authorizing the Chief Procurement Officer to  
24 approve certain procurement contracts; altering the distribution of sales and use tax  
25 revenue attributable to certain data centers; altering the distribution of franchise  
26 tax revenue attributable to certain data centers; and generally relating to the  
27 procurement and development of clean energy resources.

28 BY repealing and reenacting, with amendments,  
29 Article - Public Utilities

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1 Section 7-207(b)(1), 7-216(a), 7-703(b)(23) through (25), 7-704.3(a), (b), and (e)(2), 7-704.4(e),  
 2 7-705(b), and  
 3 7-709(b)  
 4 Annotated Code of Maryland  
 (2020 Replacement Volume and 2024 Supplement)

5 BY adding to

6 Article - Public Utilities

7 Section 7-216.2; 7-231 through 7-235 to be under the new part "Part III.

8 Zero-Emission Credits"; 7-701(m-1), (p-2), and (p-3), 7-703(g), 7-709.2, and 7-709.3; and  
 7-1201

9 through 7-1221 to be under the new subtitle "Subtitle 12. Energy  
 10 Procurement"

11 Annotated Code of Maryland

12 (2020 Replacement Volume and 2024 Supplement)

13 BY repealing and reenacting, without amendments,

14 Article - Public Utilities

15 Section 7-701(a) and (m), 7-704.3(c), 7-704.4(d), 7-709(a), and 7-709.1(a)

16 Annotated Code of Maryland

17 (2020 Replacement Volume and 2024 Supplement)

18 BY repealing and reenacting, with amendments,

19 Article - State Finance and Procurement

20 Section 13-102(a)

21 Annotated Code of Maryland

22 (2021 Replacement Volume and 2024 Supplement)

23 BY adding to

24 Article - State Finance and Procurement

25 Section 13-117

26 Annotated Code of Maryland

27 (2021 Replacement Volume and 2024 Supplement)

28 BY repealing and reenacting, without amendments,

29 Article - State Government

30 Section 9-20B-05(a)

31 Annotated Code of Maryland

32 (2021 Replacement Volume and 2024 Supplement)

33 BY repealing and reenacting, with amendments,

34 Article - State Government

35 Section 9-20B-05(e) and (i-1)

36 Annotated Code of Maryland

37 (2021 Replacement Volume and 2024 Supplement)

38 BY repealing

39 Article - State Government

40 Section 9-20B-05(g-1) and (i)

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1 Annotated Code of Maryland  
2 (2021 Replacement Volume and 2024 Supplement)

3 BY repealing and reenacting, with amendments,  
4 Article - Tax - General  
5 Section 2-1201 and 2-1303  
6 Annotated Code of Maryland  
7 (2022 Replacement Volume and 2024 Supplement)

8 BY adding to  
9 Article - Tax - General  
10 Section 2-1302.5  
11 Annotated Code of Maryland  
12 (2022 Replacement Volume and 2024 Supplement)

13 BY repealing and reenacting, without amendments,  
14 Article - Tax - General  
15 Section 11-239(a)(1), (2), and (5)  
16 Annotated Code of Maryland  
17 (2022 Replacement Volume and 2024 Supplement)

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

20 **Article - Public Utilities**

21 7-207.

22 (b) (1) (i) Unless a certificate of public convenience and necessity for the  
23 construction is first obtained from the Commission, a person may not begin construction in  
24 the State of:

- 25 1. a generating station; or
- 26 2. a qualified generator lead line.

27 (ii) If a person obtains Commission approval for construction under  
28 § 7-207.1 of this subtitle **OR SUBTITLE 12, PART II OF THIS TITLE**, the Commission shall  
29 exempt a person from the requirement to obtain a certificate of public convenience and  
30 necessity under this section.

31 (iii) Notwithstanding subparagraph (i) of this paragraph, a person  
32 may not apply to obtain a certificate of public convenience and necessity for construction of  
33 a qualified generator lead line unless:

- 34 1. at least 90 days before the filing of an application for a  
35 certificate of public convenience and necessity, the person had in good faith offered the

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1 electric company that owns that portion of the electric grid in Maryland to which the  
2 qualified generator lead line would interconnect a full and fair opportunity for the electric  
3 company to construct the qualified generator lead line; and

4 2. at any time at least 10 days before the filing of an  
5 application for a certificate of public convenience and necessity, the electric company:

6 A. did not accept from the person a proposal or a negotiated  
7 version of the proposal under which the electric company would construct the qualified  
8 generator lead line; or

9 B. stated in writing that the electric company did not intend  
10 to construct the qualified generator lead line.

11 7-216.

12 (a) (1) In this section the following words have the meanings indicated.

13 (2) (i) "Energy storage device" means a resource capable of absorbing  
14 electrical energy, storing it for a period of time, and delivering the energy for use at a later  
15 time as needed, regardless of where the resource is located on the electric [distribution]  
16 system.

17 (ii) "Energy storage device" includes all types of electric storage  
18 technologies, regardless of their size, storage medium, or operational purpose, including:

- 19 1. thermal storage;
- 20 2. electrochemical storage;
- 21 3. [virtual power plants] **THERMO-MECHANICAL**  
22 **STORAGE**; and
- 23 4. hydrogen-based storage.

24 (3) "Investor-owned electric company" means an electric company that is  
25 not a municipal electric utility or an electric cooperative.

26 **7-216.2.**

27 **(A) IN THIS SECTION, "ENERGY STORAGE DEVICE" HAS THE MEANING**  
28 **STATED IN § 7-216 OF THIS SUBTITLE.**

29 **(B) (1) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT THE**  
30 **STATE HAS A GOAL OF REACHING AT LEAST 150 MEGAWATTS OF DISTRIBUTION-CONNECTED**  
31 **FRONT-OF-THE-METER**  
**ENERGY STORAGE DEVICES.**

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1           (2)     ON OR BEFORE JULY 1, 2025, AND ON OR BEFORE JULY 1, 2026,  
 2 THE COMMISSION SHALL NOTIFY EACH ELECTRIC COMPANY OF ITS PROPORTION OF  
 3 THE GOAL ESTABLISHED UNDER THIS SUBSECTION, BASED ON :

(I) THE ELECTRIC  
 4 COMPANY'S SERVICE LOAD ; OR

(II)     OTHER CRITERIA ESTABLISHED BY THE COMMISSION.

5           (c)     (1)     ON OR BEFORE NOVEMBER 1, 2025, AND ON OR BEFORE  
 6 NOVEMBER 1, 2026, THE COMMISSION SHALL REQUIRE EACH ELECTRIC COMPANY  
 7 TO DEVELOP AND IMPLEMENT A PLAN TO ACHIEVE THE PROPORTION OF  
 8 DISTRIBUTION-CONNECTED FRONT-OF-THE-METER ENERGY STORAGE DEVICES NECESSARY TO REACH THE  
 9 ELECTRIC COMPANY'S APPORTIONMENT OF THE GOAL STATED IN SUBSECTION (B)  
 10 OF THIS SECTION.

11           (2)     ON OR BEFORE MARCH 1, 2026, FOR PLANS SUBMITTED BY  
 12 NOVEMBER 1, 2025, AND ON OR BEFORE MARCH 1, 2027, FOR PLANS SUBMITTED BY  
 13 NOVEMBER 1, 2026, THE COMMISSION SHALL:

14                   (I)     EVALUATE EACH PLAN;

15                   (II)    ACCEPT PUBLIC COMMENTS ON EACH PLAN; AND

16                   (III)   ISSUE AN ORDER FOR EACH PLAN THAT ~~EITHER:~~

17                           1.     APPROVES THE PLAN; ~~OR~~

18                           2.     APPROVES THE PLAN WITH MODIFICATIONS THAT  
 19 THE COMMISSION CONSIDERS NECESSARY ; OR

3.     REJECTS THE PLAN.

20           (3)     THE ENERGY STORAGE DEVICES CONSTRUCTED OR PROCURED  
 21 UNDER EACH PLAN SHALL INCLUDE A COMBINATION OF DEVICES OWNED BY THE  
 22 ELECTRIC COMPANY AND DEVICES OWNED BY A THIRD PARTY, WITH ~~NOT MORE~~  
 23 ~~THAN~~ 30% OF THE DEVICES BEING OWNED BY A THIRD PARTY.

24           (4)     (I)     THE ENERGY STORAGE DEVICES THAT ARE CONSTRUCTED  
 25 OR PROCURED UNDER A PLAN SUBMITTED BY NOVEMBER 1, 2025, SHALL BE  
 26 OPERATIONAL BY AUGUST 1, 2027.

27                   (II)    THE ENERGY STORAGE DEVICES THAT ARE CONSTRUCTED  
 28 OR PROCURED UNDER A PLAN SUBMITTED BY NOVEMBER 1, 2026, SHALL BE  
 29 OPERATIONAL BY AUGUST 1, 2028.

30                   (III)   THE COMMISSION MAY EXTEND A DEADLINE UNDER THIS  
 31 PARAGRAPH FOR GOOD CAUSE.

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1 (D) THE COMMISSION SHALL REQUIRE EACH PLAN TO DEMONSTRATE THAT  
2 THE CONSTRUCTION OR PROCUREMENT OF EACH ENERGY STORAGE DEVICE:

3 (1) ~~IS BENEFICIAL IN TERMS OF COST~~ IS COST-EFFECTIVE, INCLUDING A  
4 DEMONSTRATION  
5 OF ANY:

6 (I) AVOIDED OR DELAYED TRANSMISSION, DISTRIBUTION, AND  
7 GENERATION COSTS; AND

8 (II) AVOIDED EMISSIONS IN THE SHORT-TERM AND PROJECTED EMISSIONS IN THE  
9 LONG-TERM, MEASURED USING THE SOCIAL COST OF CARBON, AS DETERMINED BY THE U.S. ENVIRONMENTAL  
10 PROTECTION  
11 AGENCY AS OF JANUARY 1, 2025; AND

12 (2) CAN BE COMPLETED WITHIN 18 MONTHS AFTER THE PLAN IS  
13 APPROVED.

14 (E) (1) A DEVELOPER OF A THIRD-PARTY-OWNED ENERGY STORAGE  
15 DEVICE CONSTRUCTED IN ACCORDANCE WITH THIS SECTION SHALL ENSURE THAT  
16 WORKERS ARE PAID NOT LESS THAN THE PREVAILING WAGE RATE DETERMINED  
17 UNDER TITLE 17, SUBTITLE 2 OF THE STATE FINANCE AND PROCUREMENT  
18 ARTICLE.

19 (2) AN ENERGY STORAGE DEVICE CONSTRUCTED AND OWNED BY AN  
20 ELECTRIC COMPANY SHALL BE CONSTRUCTED BY:

21 (I) EMPLOYEES OF THE ELECTRIC COMPANY; OR

22 (II) CONTRACTORS THAT SHALL ENSURE THAT WORKERS  
23 CONSTRUCTING THE ENERGY STORAGE DEVICE ARE PAID NOT LESS THAN THE  
24 PREVAILING WAGE RATE DETERMINED UNDER TITLE 17, SUBTITLE 2 OF THE STATE  
25 FINANCE AND PROCUREMENT ARTICLE.

26 (3) AN ELECTRIC COMPANY SHALL PROVIDE ITS EMPLOYEE  
27 BARGAINING UNIT AN OPPORTUNITY TO PROVIDE MAINTENANCE AND OPERATIONS  
28 FOR ANY ENERGY STORAGE DEVICE OWNED BY THE ELECTRIC COMPANY.

29 (4) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, AN  
30 ELECTRIC COMPANY MAY CONTRACT ANY WORK UNDER THIS SECTION NOT  
CONDUCTED BY THE COMPANY'S EMPLOYEE BARGAINING UNIT TO A QUALIFIED  
CONTRACTOR.

(II) AN ELECTRIC COMPANY SHALL REQUIRE A CONTRACTOR  
OR SUBCONTRACTOR ON A PROJECT UNDER THIS SECTION TO:

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1. PAY THE AREA PREVAILING WAGE RATE DETERMINED  
BY THE COMMISSIONER OF LABOR AND INDUSTRY, INCLUDING WAGES AND FRINGE  
BENEFITS; AND

2. OFFER HEALTH CARE AND RETIREMENT BENEFITS TO  
THE EMPLOYEES WORKING ON THE PROJECT.

7-229. RESERVED.

7-230. RESERVED.

PART III. ZERO-EMISSION CREDITS.

7-231.

(A) IN THIS PART THE FOLLOWING WORDS HAVE THE MEANINGS  
INDICATED.

(B) "BENEFICIAL NUCLEAR FACILITY" MEANS A NUCLEAR REACTOR THAT  
IS :

(1) PLACED IN SERVICE ON OR BEFORE JUNE 1, 2025; AND

(2) LOCATED IN AND PROVIDES ENVIRONMENTAL BENEFITS TO THE STATE.

(C) "ZERO-EMISSION CREDIT" OR "ZEC" MEANS A PAYMENT EQUAL TO THE  
GENERATION ATTRIBUTES OF 1 MEGAWATT-HOUR OF ELECTRICITY THAT IS  
DERIVED FROM A BENEFICIAL NUCLEAR FACILITY.

7-232.

(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A BENEFICIAL NUCLEAR  
FACILITY MAY SUBMIT AN APPLICATION TO THE COMMISSION TO RECEIVE  
ZERO-EMISSION CREDITS FOR A PERIOD OF 10 YEARS.

(B) (1) A BENEFICIAL NUCLEAR FACILITY MAY NOT RECEIVE  
ZERO-EMISSION CREDITS DURING ANY PERIOD IN WHICH THE FACILITY RECEIVES  
ZERO-EMISSION NUCLEAR POWER PRODUCTION TAX CREDITS UNDER § 13105 OF  
THE INFLATION REDUCTION ACT OF 2022.

(2) THE COMMISSION MAY NOT OFFER ZERO-EMISSION CREDITS  
AFTER 2055.

(3) TO BE ELIGIBLE TO RECEIVE A ZERO-EMISSION CREDIT, A  
BENEFICIAL NUCLEAR FACILITY :

(i) MUST MAINTAIN A NEUTRAL POSITION IN ANY  
LABOR ORGANIZING THAT TAKES PLACE AT THE FACILITY ; AND

(ii) SHALL ENSURE THAT ANY WORKERS EMPLOYED BY A  
CONTRACTOR OR SUBCONTRACTOR IN THE MODIFICATION OR REPAIR OF THE FACILITY BE PAID  
NOT LESS THAN THE PREVAILING WAGE RATE DETERMINED BY THE COMMISSIONER OF  
LABOR AND INDUSTRY UNDER TITLE 17, SUBTITLE 2 OF THE STATE FINANCE AND  
PROCUREMENT ARTICLE.

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1 7-233.

2 (A) AFTER NOTICE AND AN OPPORTUNITY FOR A HEARING, THE  
 3 COMMISSION SHALL APPROVE OR DENY AN APPLICATION SUBMITTED UNDER §  
 4 7-232 OF THIS SUBTITLE WITHIN 9 MONTHS AFTER THE APPLICATION IS FILED.

5 (B) THE COMMISSION MAY APPROVE AN APPLICATION:

6 (1) IN WHOLE OR IN PART; AND

7 (2) SUBJECT TO ANY LIMITATIONS AND QUALIFICATIONS THAT THE  
 8 COMMISSION CONSIDERS NECESSARY AND IN THE PUBLIC INTEREST.

9 7-234.

10 ~~(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE PRICE FOR A~~  
 11 ~~ZERO-EMISSION CREDIT SHALL BE EQUAL TO [\$15/MWh - 80% x (GROSS~~  
 12 ~~RECEIPTS - \$25/MWh)].~~

13 ~~(B) THE \$15/MWh AND \$25/MWh CALCULATIONS SHALL BE ADJUSTED FOR~~  
 14 ~~INFLATION.~~

(A) (1) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE  
PRICE FOR A ZERO-EMISSION CREDIT SHALL BE CALCULATED ANNUALLY TO BE EQUAL TO THE  
AMOUNT THAT THE BASE ZEC PRICE EXCEEDS THE REDUCTION AMOUNT.

(2) THE BASE ZEC PRICE SHALL BE \$15 PER  
MEGAWATT-HOUR.

(3) THE REDUCTION AMOUNT SHALL BE EQUAL TO 80% OF THE  
AMOUNT THAT THE MARKET INDEX PRICE EXCEEDS \$25 PER MEGAWATT-HOUR.

(4) THE MARKET INDEX PRICE SHALL BE EQUAL TO THE SUM  
OF:

(i) THE ANNUAL AVERAGE LOCATIONAL MARGINAL PRICE FOR THE  
PJM WESTERN HUB FOR THE APPLICABLE DELIVERY YEAR, AS DETERMINED BY PJM  
INTERCONNECTION, LLC; AND

(ii) THE BASE RESIDUAL AUCTION PRICE FOR THE SOUTHWEST  
MID-ATLANTIC AREA COUNCIL LOCATIONAL DELIVERABILITY AREA FOR THE APPLICABLE DELIVERY  
YEAR, AS DETERMINED BY PJM INTERCONNECTION, LLC DIVIDED BY 24 HOURS PER  
DAY.

(B) THE \$15 PER MEGAWATT-HOUR AND \$25 PER MEGAWATT-HOUR  
FIGURES IN SUBSECTION (A) OF THIS SECTION SHALL BE ADJUSTED FOR INFLATION FROM A  
BASE YEAR OF 2024.

(C) EACH ELECTRIC COMPANY SHALL PURCHASE THE NUMBER OF  
ZERO-EMISSION CREDITS APPROVED BY THE COMMISSION THAT EQUALS THE RATIO OF THE  
ELECTRIC COMPANY'S DISTRIBUTION SALES DURING EACH DELIVERY YEAR COMPARED TO THE  
TOTAL DISTRIBUTION SALES IN THE STATE DURING THAT YEAR.

15 7-235.

16 (A) THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT THIS  
 17 PART NOT LATER THAN 365 DAYS BEFORE THE EXPIRATION OF THE AVAILABILITY  
 18 OF ZERO-EMISSION NUCLEAR POWER PRODUCTION TAX CREDITS UNDER § 13105 OF  
 19 THE INFLATION REDUCTION ACT OF 2022.

20 (B) THE REGULATIONS SHALL:



21 (1) INCLUDE DATA SUBMISSION REQUIREMENTS NECESSARY TO  
22 EVALUATE A BENEFICIAL NUCLEAR FACILITY'S PROJECTED ENVIRONMENTAL  
23 BENEFITS AND ANNUAL GROSS RECEIPTS; ~~AND~~

24 (2) INCLUDE A MECHANISM TO REDUCE THE ZEC PRICE BASED ON OTHER REVENUE NOT CONSIDERED IN  
THE FORMULA IN § 7-234(A) OF THIS SUBTITLE;

(3) ESTABLISH A NONBYPASSABLE SURCHARGE APPLICABLE TO ALL  
DISTRIBUTION CUSTOMERS THAT ALLOWS EACH ELECTRIC COMPANY TO RECOVER ITS COSTS  
ASSOCIATED WITH THE PURCHASE OF ZERO-EMISSION CREDITS; AND

(4) PROVIDE FOR THE RECAPTURE OF THE ALLOCATION OF ANY  
25 ZERO-EMISSION CREDIT WITHIN THE PREVIOUS 3 YEARS TO A BENEFICIAL NUCLEAR  
26 FACILITY THAT PERMANENTLY TERMINATES OPERATIONS, EXCEPT IN THE CASE OF  
27 FORCE MAJEURE.

28 7-701.

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

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(m) "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 80 miles off the coast of the State.

**(M-1) "RENEWABLE ENERGY CREDIT-II" OR "REC-II" MEANS A RENEWABLE ENERGY CREDIT THAT IS DERIVED FROM AN ENERGY GENERATING SYSTEM PROCURED IN ACCORDANCE WITH SUBTITLE 12 OF THIS TITLE.**

**(P-2) "SOLAR RENEWABLE ENERGY CREDIT" OR "SREC" MEANS A RENEWABLE ENERGY CREDIT THAT IS DERIVED FROM A SOLAR ENERGY GENERATING SYSTEM THAT IS NOT CERTIFIED TO GENERATE SREC-II CREDITS.**

**(P-3) "SOLAR RENEWABLE ENERGY CREDIT-II" OR "SREC-II" HAS THE MEANING STATED IN § 7-709.2 OF THIS SUBTITLE.**

7-703.

(b) Except as provided in subsections (e) and (f) of this section, the renewable energy portfolio standard shall be as follows:

(23) in 2028:

(i) 43% from Tier 1 renewable sources, including:

1. [at least 11% derived from solar energy] AN AMOUNT SET BY THE COMMISSION DERIVED FROM SOLAR ENERGY TO EQUAL THE AMOUNT OF SRECS AND SREC-IIS EXISTING IN THE STATE;

2. 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

3. at least 1% derived from post-2022 geothermal systems; and

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

(24) in 2029:

(i) 49.5% from Tier 1 renewable sources, including:

1. [at least 12.5% derived from solar energy] AN AMOUNT SET BY THE COMMISSION DERIVED FROM SOLAR ENERGY TO EQUAL THE AMOUNT OF SRECS AND SREC-IIS EXISTING IN THE STATE;

2. 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

3. at least 1% derived from post-2022 geothermal systems; and

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

(25) in 2030 and later:

(i) 50% from Tier 1 renewable sources, including:

1. [at least 14.5% derived from solar energy] AN AMOUNT  
SET BY THE COMMISSION DERIVED FROM SOLAR ENERGY TO EQUAL THE AMOUNT OF SRECS  
AND SREC-IIS EXISTING IN THE STATE;

2. 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; and

3. at least 1% derived from post-2022 geothermal systems; and

(ii) 2.5% from Tier 2 renewable sources.

**(G) SOLAR ENERGY SYSTEMS ELIGIBLE FOR THE RENEWABLE ENERGY  
PORTFOLIO STANDARD AND PLACED IN OPERATION AFTER DECEMBER 31, 2027, OR BY THE  
DATE THE DISTRIBUTED SOLAR FACILITIES INCENTIVE PROGRAM ESTABLISHED UNDER §  
7-709.3 OF THIS SUBTITLE BEGINS ACCEPTING APPLICATIONS, WHICHEVER IS LATER:**

**(1) MAY NOT GENERATE:**

**(i) SRECS; OR**

**(ii) CERTIFIED SRECS UNDER § 7-709.1 OF THIS SUBTITLE;**

**BUT**

**(2) MAY GENERATE:**

**(i) SREC-IIS;**

**(ii) REC-IIS; OR**

**(iii) RENEWABLE ENERGY CREDITS OTHER THAN ORECS, REC-IIS,  
SRECS, CERTIFIED SRECS, AND SREC-IIS.**

16 7-704.3.

17 (a) **(1)** The General Assembly finds and declares that it is:

18 **(I)** in the public interest to upgrade and expand the transmission  
19 system to accommodate the buildout of at least 8,500 megawatts of offshore wind energy  
20 from qualified offshore wind projects serving the State by 2031; AND

21 **(II) THE PUBLIC POLICY OF THE STATE TO ENGAGE IN**  
22 **COORDINATED TRANSMISSION PLANNING TO SUPPORT OFFSHORE WIND ENERGY ON**  
23 **A MULTISTATE, REGIONAL, OR INTER-REGIONAL BASIS.**

24 **(2) TO FURTHER THE PUBLIC POLICY STATED IN PARAGRAPH (1)(II)**  
25 **OF THIS SUBSECTION, THE COMMISSION SHALL PURSUE ONE OF THE FOLLOWING**  
26 **COORDINATED APPROACHES TO THE TRANSMISSION OF ENERGY DERIVED FROM**  
27 **OFFSHORE WIND:**

28 **(I) PJM INTERCONNECTION'S LONG-TERM TRANSMISSION**  
29 **PLANNING PROCESS; OR**

30 **(II) AN ALTERNATIVE VOLUNTARY AGREEMENT.**

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1 (b) (1) To meet the goals established under § 7-703 of this subtitle and  
 2 subsection (a) of this section, the Commission, in consultation with the Maryland Energy  
 3 Administration, shall request that PJM Interconnection conduct an analysis of  
 4 transmission system upgrade and expansion options that take into consideration both  
 5 onshore and offshore infrastructure.

6 (2) The Commission:

7 (i) shall consult with other states served by PJM Interconnection to  
 8 evaluate regional transmission cooperation that could help achieve the State's renewable  
 9 energy and offshore wind energy goals with greater efficiency;

10 (ii) shall work with PJM Interconnection to ensure that the analysis  
 11 requested under paragraph (1) of this subsection includes an analysis of solutions that:

12 1. use an open-access collector transmission system to allow  
 13 for the interconnection of multiple qualified offshore wind projects at a single [substation]  
 14 **OR AT MULTIPLE SUBSTATIONS LOCATED IN OR NEAR THE DELMARVA PENINSULA;**

15 **2. TO THE EXTENT POSSIBLE, USE UPGRADES TO**  
 16 **EXISTING TRANSMISSION SYSTEMS BEFORE CONSIDERING NEW TRANSMISSION**  
 17 **SYSTEM ELEMENTS, INCLUDING USING UPGRADES TO THE EXISTING 138 KILOVOLTS**  
 18 **AND 230 KILOVOLTS TRANSMISSION ELEMENTS IN THE DELMARVA PENINSULA TO**  
 19 **HIGHER VOLTAGE LEVELS;**

20 **3. SUPPORT 8,500 MEGAWATTS OF OFFSHORE WIND**  
 21 **ENERGY GENERATION TO SERVE THE STATE'S LOAD EITHER THROUGH INTRASTATE**  
 22 **TRANSMISSION UPGRADES OR INTERSTATE TRANSMISSION UPGRADES BETWEEN**  
 23 **THE STATE AND DELAWARE;**

24 [2.] 4. avoid a significant outage, or single contingency, of any  
 25 part of the transmission system;

26 [3.] 5. reduce permitting risks, impacts on communities, and  
 27 unnecessary high costs;

28 [4. leverage existing infrastructure;

29 5.] 6. offer benefits that address additional grid challenges; and

30 [6.] 7. address any other issues that the Commission identifies;  
 31 [and]

32 (iii) **SHALL ENSURE THE COMPLETION OF A COST-BENEFIT**  
 33 **ANALYSIS OF VARIOUS APPROACHES FOR UPGRADING AND EXPANDING THE**

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**1 TRANSMISSION SYSTEM TO MEET THE STATE'S OFFSHORE WIND ENERGY TARGETS  
2 AND ENERGY NEEDS, INCLUDING:**

**1. AN ANALYSIS OF THE FOLLOWING THREE SCENARIOS:**

**A. INTERCONNECTING OFFSHORE WIND FACILITIES TO  
THE PJM INTERCONNECTION SYSTEM ON A RADIAL BASIS, BASED ON STUDY  
ESTIMATES OF PAST RADIAL INTERCONNECTION COSTS AND FUTURE PROJECTED  
RADIAL INTERCONNECTION COSTS;**

**B. A COORDINATED TRANSMISSION SOLUTION THAT  
CONNECTS ENERGY DERIVED FROM OFFSHORE WIND DIRECTLY TO MAJOR LOAD  
CENTERS IN THE STATE; AND**

**C. A COORDINATED TRANSMISSION SOLUTION THAT  
DOES NOT CONNECT ENERGY DERIVED FROM OFFSHORE WIND DIRECTLY TO MAJOR  
LOAD CENTERS IN THE STATE; AND**

**2. AN ECONOMIC ANALYSIS THAT CONSIDERS, OVER THE  
EXPECTED LIFE OF EACH FACILITY:**

**A. THE COSTS OF ANY TRANSMISSION CONSTRUCTION  
OR UPGRADES THAT ARE AVOIDED BY ANY NEW OFFSHORE WIND ENERGY  
GENERATION AND TRANSMISSION DEVELOPMENT;**

**B. ANY PRODUCTION COST SAVINGS THAT RESULT FROM  
MEETING THE STATE'S OFFSHORE WIND ENERGY TARGETS;**

**C. ANY REDUCTION IN TRANSMISSION LOSSES;**

**D. CHANGES IN TOTAL PJM INTERCONNECTION  
MARKET COSTS;**

**E. ENVIRONMENTAL BENEFITS;**

**F. RELIABILITY BENEFITS; AND**

**G. ANY OTHER BENEFITS OR COSTS IDENTIFIED BY THE  
COMMISSION; AND**

**(IV)** may consult with owners of transmission facilities in the State to  
gather relevant technical information.

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(3) The Commission may enter into any necessary agreements with PJM Interconnection for transmission planning to:

(i) initiate PJM Interconnection's analysis; or

(ii) assist with the solicitation of proposals for offshore wind transmission projects.

(4) On or before July 1, 2024, the Commission shall submit a status update on the analysis requested under paragraph (1) of this subsection to the General Assembly, in accordance with § 2-1257 of the State Government Article.

(c) (1) On or before July 1, 2025, the Commission shall issue, or request that PJM Interconnection issue, one or more competitive solicitations for proposals for open access offshore wind transmission facilities and complementary onshore transmission upgrades and expansions.

(2) The Commission may issue, or request that PJM Interconnection issue, further solicitations for proposals after this date if determined necessary by the Commission.

(e) (2) The Commission may evaluate, or request that PJM Interconnection assist with the evaluation of, proposals that include:

(i) upgrading the existing transmission grid **AND DEPLOYING ADVANCED TRANSMISSION TECHNOLOGIES;**

(ii) extending the existing transmission grid onshore and offshore to be closer to offshore wind energy locations;

(iii) interconnecting between offshore substations;

(iv) adding energy storage; and

(v) the use of HVDC converter technology to support potential weaknesses in the transmission grid.

7-704.4.

(d) (1) The State shall:

(i) issue a draft solicitation for procurement of offshore wind energy for public comment and review on or before June 1, 2024;

(ii) issue a procurement for offshore wind energy on or before July 31, 2024;

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1 (iii) provide a procurement submission process window of not less  
2 than 180 days; and

3 (iv) award contracts in a timely manner.

4 (2) (i) Subject to subparagraph (ii) of this paragraph, on or before  
5 September 1, 2025, the State may enter into a contract or contracts for the procurement  
6 issued under paragraph (1) of this subsection.

7 (ii) The State may modify the date established in subparagraph (i)  
8 of this paragraph if an unforeseen circumstance adversely affects the procurement  
9 submission process.

10 (e) (1) In addition to the solicitation and procurement issued under subsection  
11 (d) of this section, the State[:

12 (i) shall issue a draft solicitation for procurement of offshore wind  
13 energy for public comment and review on or before September 1, 2025; and

14 (ii)] shall issue a procurement for offshore wind energy on or before  
15 December 31, 2025.

16 (2) Subject to paragraph (3) of this subsection and in addition to any  
17 contract entered into under subsection (d) of this section, on or before March 31, 2027, the  
18 State may enter into a contract or contracts for the procurement issued under paragraph  
19 (1) of this subsection.

20 (3) The State may modify the date established in paragraph (2) of this  
21 subsection if an unforeseen circumstance adversely affects the procurement submission  
22 process.

23 7-705.

24 (b) (1) This subsection does not apply to a shortfall from the required Tier 1  
25 renewable sources that is to be derived from post-2022 geothermal systems.

26 (2) **[If] BEGINNING OCTOBER 1, 2025, IF** an electricity supplier fails to  
27 comply with the renewable energy portfolio standard for the applicable year, the electricity  
28 supplier shall pay into the **[Maryland Strategic Energy Investment Fund established under**  
29 **§ 9-20B-05 of the State Government Article] ESCROW ACCOUNT ESTABLISHED UNDER**  
30 **PARAGRAPH (4) OF THIS SUBSECTION:**

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

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14

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

4                   A.       4 cents through 2016;

5                   B.       3.75 cents in 2017 and 2018;

6                   C.       3 cents in 2019 through 2023;

7                   D.       2.75 cents in 2024;

8                   E.       2.5 cents in 2025;

9                   F.       2.475 cents in 2026;

10                  G.       2.45 cents in 2027;

11                  H.       2.25 cents in 2028 and 2029; and

12                  I.       2.235 cents in 2030 and later;

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

15                  A.       45 cents in 2008;

16                  B.       40 cents in 2009 through 2014;

17                  C.       35 cents in 2015 and 2016;

18                  D.       19.5 cents in 2017;

19                  E.       17.5 cents in 2018;

20                  F.       10 cents in 2019;

21                  G.       10 cents in 2020;

22                  H.       8 cents in 2021;

23                  I.       6 cents in 2022;

24                  J.       6 cents in 2023;

25                  K.       6 cents in 2024;



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- L. 5.5 cents in 2025;
- M. 4.5 cents in 2026;
- N. 3.5 cents in 2027;
- O. 3.25 cents in 2028;
- P. 2.5 cents in 2029; and
- Q. 2.25 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 nothing for the year following any year during which, after final calculations, the net rate impact per megawatt-hour from Round 1 offshore wind projects exceeded \$1.65 in 2012 dollars.

**(4) (I) SUBJECT TO ANY ESCROW ACCOUNT RESERVE REQUIREMENT THE COMMISSION ESTABLISHES, THE COMPLIANCE FEES PAID INTO THE ESCROW ACCOUNT ESTABLISHED IN ACCORDANCE WITH THIS SUBSECTION SHALL BE DISTRIBUTED TO ELECTRIC COMPANIES TO BE REFUNDED OR CREDITED TO EACH DISTRIBUTION CUSTOMER BASED ON THE CUSTOMER'S CONSUMPTION OF**

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1 ELECTRICITY SUPPLY THAT IS SUBJECT TO THE RENEWABLE ENERGY PORTFOLIO  
2 STANDARD.

3 (II) THE PROCESS UNDER SUBPARAGRAPH (I) OF THIS  
4 PARAGRAPH RELATED TO THE REFUNDING OR CREDITING OF AMOUNTS TO  
5 DISTRIBUTION CUSTOMERS SHALL BE DIRECTED AND OVERSEEN BY THE  
6 COMMISSION.

7 (5) THE COMMISSION SHALL REQUIRE ELECTRIC COMPANIES TO JOINTLY SELECT AN ESCROW  
ADMINISTRATOR, IN CONSULTATION WITH THE COMMISSION.

8 (6) THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT  
9 THIS SUBSECTION, INCLUDING:

9 (I) THE ESTABLISHMENT OF AN ESCROW ACCOUNT ~~TO BE~~  
10 ~~UNDER, SUBJECT TO PARAGRAPH (4)(I) OF THIS SUBSECTION, THE SUPERVISION OF~~  
11 ~~THE MARYLAND ENERGY ADMINISTRATION; AND~~

12 (II) DEFINING RULES TO FACILITATE AND ENSURE THE SECURE  
13 AND TRANSPARENT TRANSFER OF COMPLIANCE FEE PAYMENTS TO ELECTRIC  
14 COMPANIES TO BE DISTRIBUTED BACK TO DISTRIBUTION CUSTOMERS.

15 7-709.

16 (a) An electricity supplier may use accumulated renewable energy credits to meet  
17 the renewable energy portfolio standard, including credits created by a renewable on-site  
18 generator.

19 (b) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE  
20 MEANINGS INDICATED.

21 (II) "CERTIFIED SREC" HAS THE MEANING STATED IN §  
22 7-709.1 OF THIS SUBTITLE.

23 (III) "SREC-II" HAS THE MEANING STATED IN § 7-709.2 OF THIS  
24 SUBTITLE.

25 (2) A renewable energy credit may be sold or otherwise transferred.

26 (3) AN ELECTRICITY SUPPLIER THAT PROCURES RENEWABLE  
27 ENERGY CREDITS TO MEET THE RENEWABLE ENERGY PORTFOLIO STANDARD SHALL  
28 PROCURE CREDITS TO MEET THE STANDARD IN THE FOLLOWING ORDER:

29 (I) FIRST, ORECS, REC-IIs, AND SREC-IIs;

30 (II) SECOND, CERTIFIED SRECS AND SRECS; AND

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(III) THIRD, RENEWABLE ENERGY CREDITS OTHER THAN  
ORECs, REC-IIs, SREC-IIs, ~~AND~~ CERTIFIED SRECS, AND SRECS.

(4) THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR ELECTRICITY  
SUPPLIERS IN ANY YEAR SHALL BE:

(I) REDUCED BY THE AMOUNT OF ORECS, REC-IIs, CERTIFIED  
SRECS, AND SREC-IIs THAT ARE PURCHASED BY ELECTRIC COMPANIES FOR THAT YEAR IN  
ACCORDANCE WITH § 7-1219 OF THIS TITLE; AND

(II) AFTER THE REDUCTION UNDER ITEM (I) OF THIS PARAGRAPH,  
APPORTIONED TO EACH ELECTRICITY SUPPLIER BASED ON THE PROPORTION OF ELECTRICITY  
USED IN THE STATE THAT IS SUPPLIED BY THAT ELECTRICITY SUPPLIER.

7-709.1.

(a) (1) In this section the following words have the meanings indicated.

(2) "Brownfield" has the meaning stated in § 7-207 of this title.

(3) "Certified SREC" means a solar renewable energy credit generated by  
a certified system.

(4) "Certified system" means a solar energy generating system certified by  
the Commission under the Program to generate certified SRECs with the compliance value  
specified in subsection (c) of this section.

(5) "Program" means the Small Solar Energy Generating System Incentive  
Program.

7-709.2.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
INDICATED.

(2) "PROGRAM" MEANS THE UTILITY-SCALE SREC-II PROGRAM.

(3) "QUALIFYING ~~SMALL~~ DISTRIBUTED SYSTEM" HAS THE MEANING STATED IN  
§ 7-709.3 OF THIS SUBTITLE.

(4) "QUALIFYING SYSTEM" MEANS A UTILITY-SCALE SOLAR ENERGY  
GENERATING SYSTEM CERTIFIED TO GENERATE SREC-IIs.

(5) "SREC-II" MEANS A SOLAR RENEWABLE ENERGY CREDIT EQUAL  
TO THE GENERATION ATTRIBUTES OF 1 MEGAWATT-HOUR OF ELECTRICITY THAT IS  
DERIVED FROM A QUALIFYING SYSTEM OR A QUALIFYING ~~SMALL~~ DISTRIBUTED SYSTEM.

(6) "UTILITY-SCALE SOLAR ENERGY GENERATING SYSTEM" MEANS A  
SOLAR PHOTOVOLTAIC SYSTEM THAT HAS A GENERATING CAPACITY THAT EXCEEDS  
5 MEGAWATTS, AS MEASURED BY THE ALTERNATING CURRENT RATING OF THE  
SYSTEM'S INVERTER.

(B) THERE IS A UTILITY-SCALE SREC-II PROGRAM IN THE COMMISSION.

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(C) THE PROGRAM SHALL PROVIDE INCENTIVES FOR THE DEVELOPMENT OF AT LEAST 3,000 MEGAWATTS OF NEW UTILITY-SCALE SOLAR GENERATION BY 2035.

(D) (1) UNDER THE PROGRAM, A QUALIFYING SYSTEM SHALL GENERATE SREC-IIs.

(2) A QUALIFYING SYSTEM THAT GENERATES SREC-IIs UNDER THE PROGRAM MAY NOT SIMULTANEOUSLY RECEIVE REC-IIs, RECs, OR ANY OTHER EQUIVALENT CERTIFICATES.

(3) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE PROVISIONS OF THIS SUBTITLE RELATING TO RENEWABLE ENERGY CREDITS SHALL APPLY TO SREC-IIs GENERATED UNDER THE PROGRAM.

(4) AN SREC-II GENERATED UNDER THE PROGRAM MAY BE APPLIED ONLY TOWARD MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD BEGINNING WITH THE YEAR IN WHICH THE SREC-II IS GENERATED.

(E) THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT THIS SECTION, INCLUDING REGULATIONS TO ESTABLISH REQUIREMENTS FOR CERTIFICATION AS A QUALIFYING SYSTEM UNDER THE PROGRAM.

7-709.3.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "ADMINISTRATIVELY DETERMINED INCENTIVE" MEANS THE MONETARY VALUE OF AN SREC-II GENERATED BY A QUALIFYING ~~SMALL~~ DISTRIBUTED SYSTEM UNDER THE PROGRAM.

(3) "CAPACITY BLOCK" MEANS THE MAXIMUM AMOUNT OF GENERATING CAPACITY, MEASURED IN MEGAWATTS, THAT THE COMMISSION DETERMINES CAN BE ALLOTTED TO A SPECIFIC MARKET SEGMENT FOR A GIVEN INCENTIVE YEAR.

(4) "COMMUNITY SOLAR ENERGY GENERATING SYSTEM" HAS THE MEANING STATED IN § 7-306.2 OF THIS TITLE.

(5) "ELIGIBLE CUSTOMER-GENERATOR" HAS THE MEANING STATED IN § 7-306 OF THIS TITLE.

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19

1 (6) "MARKET SEGMENT" MEANS THE GROUP CLASSIFICATION FOR  
2 THE TYPE OF ~~SMALL~~ DISTRIBUTED SOLAR ENERGY GENERATING SYSTEMS ELIGIBLE FOR  
3 CERTIFICATION UNDER THE PROGRAM.

4 (7) "NET METERED SOLAR ENERGY GENERATING SYSTEM" MEANS A  
5 ~~SMALL~~ DISTRIBUTED SOLAR ENERGY GENERATING SYSTEM USED BY AN ELIGIBLE  
6 CUSTOMER-GENERATOR FOR NET METERING IN ACCORDANCE WITH § 7-306 OF  
7 THIS TITLE.

8 (8) "PROGRAM" MEANS THE ~~SMALL~~ DISTRIBUTED SOLAR FACILITIES INCENTIVE  
9 PROGRAM.

10 (9) "PROJECT OFF-TAKER" MEANS THE END USER OF SREC-IIS  
11 THAT ARE GENERATED BY A QUALIFYING ~~SMALL~~ DISTRIBUTED SYSTEM.

12 (10) "QUALIFYING ~~SMALL~~ DISTRIBUTED SYSTEM" MEANS A ~~SMALL~~  
DISTRIBUTED SOLAR ENERGY  
13 GENERATING SYSTEM CERTIFIED TO GENERATE SREC-IIS UNDER THE PROGRAM.

14 (11) "~~SMALL~~ DISTRIBUTED SOLAR ENERGY GENERATING SYSTEM" MEANS A  
15 PHOTOVOLTAIC SYSTEM THAT HAS A GENERATING CAPACITY OF 5 MEGAWATTS OR  
16 LESS, AS MEASURED BY THE ALTERNATING CURRENT RATING OF THE SYSTEM'S  
17 INVERTER.

18 (12) "SREC-II" HAS THE MEANING STATED IN § 7-709.2 OF THIS  
19 SUBTITLE.

20 (B) (1) THERE IS A ~~SMALL~~ DISTRIBUTED SOLAR FACILITIES INCENTIVE  
PROGRAM.

21 (2) THE COMMISSION SHALL ADMINISTER THE PROGRAM.

22 (C) THE PROGRAM SHALL PROVIDE INCENTIVES FOR THE DEVELOPMENT  
23 OF, BY 2035, AT LEAST 3,000 MEGAWATTS OF NEW SOLAR ENERGY GENERATION BY  
24 OWNERS OF ~~SMALL~~ DISTRIBUTED SOLAR ENERGY GENERATING SYSTEMS THAT ARE:

25 (1) COMMUNITY SOLAR ENERGY GENERATING SYSTEMS; OR

26 (2) NET METERED SOLAR ENERGY GENERATING SYSTEMS.

27 (D) (1) THE COMMISSION SHALL ESTABLISH ELIGIBILITY CRITERIA AND  
28 AN APPLICATION PROCESS BY WHICH AN OWNER OF A ~~SMALL~~ DISTRIBUTED SOLAR ENERGY  
29 GENERATING SYSTEM MAY APPLY TO BECOME A QUALIFYING ~~SMALL~~ DISTRIBUTED SYSTEM AND  
30 GENERATE SREC-IIS UNDER THE PROGRAM.

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(2) IN ADDITION TO ANY REQUIREMENTS ESTABLISHED BY THE COMMISSION UNDER PARAGRAPH (1) OF THIS SUBSECTION, TO BE ELIGIBLE UNDER THE PROGRAM, A ~~SMALL~~ DISTRIBUTED SOLAR ENERGY GENERATING SYSTEM SHALL:

(I) BE LOCATED IN THE STATE;

(II) BE ELIGIBLE FOR INCLUSION IN MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD;

(III) HAVE A GENERATING CAPACITY OF 5 MEGAWATTS OR LESS, AS MEASURED BY THE ALTERNATING CURRENT RATING OF THE SYSTEM'S INVERTER;

(IV) BE PLACED IN SERVICE ON OR AFTER JULY 1, 2027; AND

(V) ~~BE BENEFICIAL TO THE ELECTRIC DISTRIBUTION SYSTEM IN THE STATE~~ CONTRIBUTE TOWARD MEETING MARYLAND'S ENERGY SUPPLY NEEDS.

(E) ON OR BEFORE JANUARY 1, 2028, THE PROGRAM SHALL BEGIN ACCEPTING APPLICATIONS FROM QUALIFYING ~~SMALL~~ DISTRIBUTED SYSTEMS TO FULFILL CAPACITY WITHIN A CAPACITY BLOCK ON A FIRST-COME, FIRST-SERVED BASIS.

(F) (1) ON OR BEFORE JANUARY 1, 2027, AND EVERY 3 YEARS THEREAFTER, THE COMMISSION SHALL ESTABLISH AN ADMINISTRATIVELY DETERMINED INCENTIVE AND ANNUAL CAPACITY BLOCK FOR EACH OF THE FOLLOWING MARKET SEGMENTS UNDER THE PROGRAM:

(I) BEHIND-THE-METER RESIDENTIAL;

(II) BEHIND-THE-METER NONRESIDENTIAL;

(III) AGGREGATED NET METERING; ~~AND~~

(IV) COMMUNITY SOLAR ; AND

(V) ANY OTHER MARKET SEGMENT DEFINED BY THE COMMISSION.

(2) At ~~ANY TIME~~ LEAST 90 DAYS OR MORE AFTER PROVIDING PUBLIC NOTICE THE COMMISSION MAY ADJUST THE ADMINISTRATIVELY DETERMINED INCENTIVE AND ANNUAL CAPACITY BLOCKS IF THE COMMISSION DETERMINES AN ADJUSTMENT IS NECESSARY.

(3) THE ADMINISTRATIVELY DETERMINED INCENTIVE FOR A QUALIFIED ~~SMALL~~ DISTRIBUTED SYSTEM SHALL BE FIXED FOR 15 YEARS AT THE AMOUNT OF THE ADMINISTRATIVELY DETERMINED INCENTIVE THAT WAS ESTABLISHED IN THE YEAR

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IN WHICH THE QUALIFYING ~~SMALL~~ DISTRIBUTED SYSTEM WAS CONSTRUCTED OR RECEIVED  
CERTIFICATION AS A QUALIFYING SMALL SYSTEM, WHICHEVER IS LATER HAS RESERVED  
CAPACITY.

(4) (I) IN ESTABLISHING AN ADMINISTRATIVELY DETERMINED  
INCENTIVE AND ANNUAL CAPACITY BLOCKS UNDER PARAGRAPH (1) OF THIS  
SUBSECTION, THE COMMISSION SHALL BALANCE THE NEED FOR CONTINUED  
MARKET DEVELOPMENT FOR EACH MARKET SEGMENT WHILE LIMITING THE  
PROJECTED NET RATE IMPACT FOR ALL CUSTOMERS TO 5% OF THE ~~TOTAL~~  
~~ELECTRICITY~~ AVERAGE ANNUAL RESIDENTIAL BILL OVER THE DURATION OF THE PROGRAM.

~~(H) THE NET RATE IMPACT CALCULATIONS SHALL TAKE INTO~~  
~~ACCOUNT ANY COSTS AND BENEFITS ATTRIBUTABLE TO THE PROGRAM AS~~  
~~DETERMINED BY THE COMMISSION, INCLUDING:~~

~~1. ENERGY GENERATED;~~

~~2. THE CAPACITY OF QUALIFYING SMALL SYSTEMS IN~~  
~~THE PROGRAM; AND~~

~~3. THE TRANSMISSION AND DISTRIBUTION OF THE~~  
~~ENERGY THROUGH THE TRANSMISSION AND DISTRIBUTION SYSTEMS.~~

(II) THE NET RATE IMPACT CALCULATIONS SHALL TAKE INTO  
ACCOUNT:

1. THE COST OF ANY ADMINISTRATIVELY DETERMINED  
INCENTIVE SREC-IIS REQUIRED TO BE PURCHASED BY ELECTRIC COMPANIES; AND

2. BENEFITS ATTRIBUTABLE TO THE PROGRAM AS DETERMINED  
BY THE COMMISSION, INCLUDING:

A. ENERGY GENERATED;

B. THE CAPACITY OF QUALIFYING DISTRIBUTED SYSTEMS IN THE  
PROGRAM; AND

C. AVOIDED TRANSMISSION AND DISTRIBUTION LINE COSTS.

(G) IN DETERMINING THE ADMINISTRATIVELY DETERMINED INCENTIVE  
FOR EACH MARKET SEGMENT UNDER SUBSECTION (F)(1) OF THIS SECTION, THE  
COMMISSION ~~SHALL:~~

(1) FOR EACH MARKET SEGMENT, MAY CONSIDER PRICE DIFFERENTIALS  
BASED ON THE FOLLOWING CRITERIA:

(I) PROJECT SIZE;

(II) ~~PROJECT OFF-TAKER~~ ELIGIBLE CUSTOMER-GENERATOR TYPE;

(III) PROJECT LOCATION; ~~AND~~

~~(IV) ELECTRIC COMPANY SERVICE TERRITORY~~

(IV) FEDERAL POLICIES AND PROGRAMS RELATING TO SOLAR ENERGY  
GENERATING SYSTEMS;

(V) COST TO CONSTRUCT AND FINANCE A PROJECT;

(VI) COSTS ASSOCIATED WITH CUSTOMER ACQUISITION;

(VII)      ELECTRIC COMPANY SERVICE TERRITORY; AND

(VIII)     CRITERIA AS DETERMINED BY THE COMMISSION;

26            (2) SHALL   ESTABLISH MONETARY VALUES THAT ENCOURAGE MARKET  
27   DEVELOPMENT WHILE BALANCING RATEPAYER INTERESTS; AND

28            (3) SHALL   STRIVE TO ACHIEVE MARKET DIVERSITY, INCLUDING  
29   GEOGRAPHIC DIVERSITY ~~AND PROJECT OFF-TAKER DIVERSITY.~~



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(H) IN ESTABLISHING THE CAPACITY BLOCK FOR EACH MARKET SEGMENT UNDER SUBSECTION (F)(1) OF THIS SECTION, THE COMMISSION SHALL:

(1) ENABLE MEANINGFUL AND CONTINUED MARKET GROWTH FOR EACH MARKET SEGMENT;

(2) CONSIDER THE VALUE OF REDUCING ELECTRICITY DEMAND AND THE COST OF INSTALLING GENERATING CAPACITY ON THE TRANSMISSION AND DISTRIBUTION SYSTEMS; AND

(3) FOR ~~THE BEHIND-THE-METER RESIDENTIAL~~ EVERY MARKET SEGMENT, ENSURE THAT THE NEXT CAPACITY BLOCK IS ESTABLISHED AS SOON AS REASONABLY POSSIBLE AFTER THE CURRENT CAPACITY BLOCK HAS BEEN FULLY RESERVED AND MAINTAIN A WAITLIST FOR PROJECTS UNTIL THE NEXT CAPACITY BLOCK IS AVAILABLE.

(I) (1) A QUALIFYING ~~SMALL~~ DISTRIBUTED SYSTEM THAT GENERATES SREC-IIs UNDER THIS PROGRAM MAY NOT SIMULTANEOUSLY RECEIVE REC-IIs, RECs, OR ANY OTHER EQUIVALENT CREDITS.

(2) EXCEPT AS OTHERWISE PROVIDED IN SECTION, THE PROVISIONS OF THIS SUBTITLE RELATING TO RENEWABLE ENERGY CREDITS SHALL APPLY TO SREC-IIs GENERATED UNDER THE PROGRAM.

(3) AN SREC-II GENERATED UNDER THE PROGRAM MAY BE APPLIED ONLY TOWARD MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD BEGINNING WITH THE YEAR IN WHICH THE SREC-II IS GENERATED.

SUBTITLE 12. ENERGY PROCUREMENT.

PART I. DEFINITIONS; GENERAL PROVISIONS.

7-1201.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "EFFECTIVE NAMEPLATE CAPACITY" MEANS THE AMOUNT OF ENERGY AN ENERGY STORAGE DEVICE CAN DELIVER CONTINUOUSLY TO THE ELECTRIC DISTRIBUTION SYSTEM OVER A 4-HOUR PERIOD.

(C) "ENERGY STORAGE DEVICE" HAS THE MEANING STATED IN § 7-216 OF THIS TITLE.

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(D) "REC-II" HAS THE MEANING STATED IN § 7-701 OF THIS TITLE.

(E) "REC-II PAYMENT" MEANS THE MONETARY VALUE OF A REC-II  
GENERATED AND SOLD BY AN ENERGY GENERATING SYSTEM AWARDED A CONTRACT  
IN ACCORDANCE WITH THIS SUBTITLE.

7-1202.

(A) AN APPLICATION FOR A PROPOSED PROJECT UNDER THIS SUBTITLE IS  
SUBJECT TO A COMMUNITY BENEFIT AGREEMENT.

(B) A COMMUNITY BENEFIT AGREEMENT SHALL:

(1) PROMOTE INCREASED OPPORTUNITIES FOR LOCAL BUSINESSES  
AND SMALL, MINORITY, WOMEN-OWNED, AND VETERAN-OWNED BUSINESSES IN THE  
CLEAN ENERGY INDUSTRY;

(2) ENSURE THE TIMELY, SAFE, AND EFFICIENT COMPLETION OF THE  
PROJECT BY:

(I) FACILITATING A STEADY SUPPLY OF HIGHLY SKILLED  
CRAFT WORKERS WHO SHALL BE PAID NOT LESS THAN THE PREVAILING WAGE RATE  
DETERMINED BY THE COMMISSIONER OF LABOR AND INDUSTRY UNDER TITLE 17,  
SUBTITLE 2 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; AND

(II) GUARANTEEING THAT THE CONSTRUCTION WORK  
PERFORMED IN CONNECTION WITH THE PROJECT WILL BE SUBJECT TO AN  
AGREEMENT THAT:

1. ESTABLISHES THE TERMS AND CONDITIONS OF  
EMPLOYMENT AT THE CONSTRUCTION SITE OF THE PROJECT OR A PORTION OF THE  
PROJECT;

2. GUARANTEES AGAINST STRIKES, LOCKOUTS, AND  
SIMILAR DISRUPTIONS;

3. ENSURES THAT ALL WORK ON THE PROJECT FULLY  
CONFORMS TO ALL RELEVANT STATE AND FEDERAL LAWS, RULES, AND  
REGULATIONS, INCLUDING ALL REQUIRED TRAINING FOR EMPLOYEES;

4. CREATES MUTUALLY BINDING PROCEDURES FOR  
RESOLVING LABOR DISPUTES ARISING DURING THE TERM OF THE PROJECT;

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5. SETS FORTH OTHER MECHANISMS FOR

LABOR-MANAGEMENT COOPERATION ON MATTERS OF MUTUAL INTEREST AND  
CONCERN, INCLUDING PRODUCTIVITY, QUALITY OF WORK, SAFETY, AND HEALTH;  
AND

6. BINDS ALL CONTRACTORS AND SUBCONTRACTORS TO  
THE TERMS OF THE AGREEMENT THROUGH THE INCLUSION OF APPROPRIATE  
PROVISIONS IN ALL RELEVANT SOLICITATION AND CONTRACT DOCUMENTS;

(3) PROMOTE SAFE COMPLETION OF THE PROJECT BY ENSURING  
THAT AT LEAST 80% OF THE CRAFT WORKERS ON THE PROJECT HAVE COMPLETED  
AN OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION 10-HOUR COURSE;

(4) PROMOTE CAREER TRAINING OPPORTUNITIES IN THE  
MANUFACTURING, MAINTENANCE, AND CONSTRUCTION INDUSTRIES FOR LOCAL  
RESIDENTS, VETERANS, WOMEN, MINORITIES, AND FORMERLY INCARCERATED  
INDIVIDUALS;

(5) INCLUDE PROVISIONS FOR LOCAL HIRING AND THE HIRING OF  
HISTORICALLY DISADVANTAGED GROUPS;

(6) USE LOCALLY, SUSTAINABLY, AND DOMESTICALLY  
MANUFACTURED CONSTRUCTION MATERIALS AND COMPONENTS TO THE EXTENT  
PRACTICABLE;

(7) REQUIRE THE USE OF SKILLED LOCAL LABOR, PARTICULARLY  
WITH REGARD TO THE CONSTRUCTION AND MANUFACTURING COMPONENTS OF THE  
PROJECT, USING METHODS INCLUDING OUTREACH, HIRING, OR REFERRAL  
METHODS THAT ARE AFFILIATED WITH REGISTERED APPRENTICESHIP PROGRAMS  
UNDER TITLE 11, SUBTITLE 4 OF THE LABOR AND EMPLOYMENT ARTICLE; AND

(8) AUTHORIZE THE MARYLAND DEPARTMENT OF LABOR AND THE  
COMMISSION TO CONSIDER, REVIEW, AND ENFORCE A STORAGE DEVELOPER OR  
ENERGY DEVELOPER'S COMPLIANCE WITH ANY COMMUNITY BENEFIT AGREEMENT.

7-1203.

THE COMMISSION MAY CONTRACT FOR THE SERVICES OF INDEPENDENT  
CONSULTANTS AND EXPERTS TO IMPLEMENT AND EXECUTE ANY PART OF THIS  
SUBTITLE.

7-1204. RESERVED.

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1 7-1205. RESERVED.

2 PART II. TRANSMISSION ENERGY STORAGE DEVICES.

3 7-1206.

4 (A) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT THE STATE HAS  
5 A GOAL OF REACHING 1,600 MEGAWATTS OF FRONT-OF-THE-METER TRANSMISSION  
6 ENERGY STORAGE DEVICES.

7 (B) THE COMMISSION SHALL, BY REGULATION OR ORDER, ESTABLISH A  
8 COMPETITIVE PROCESS FOR THE PROCUREMENT OF PROJECTS FOR THE  
9 CONSTRUCTION AND DEPLOYMENT OF FRONT-OF-THE-METER TRANSMISSION  
10 ENERGY STORAGE DEVICES.

11 (C) (1) (I) ON OR BEFORE JANUARY 1, 2026, THE COMMISSION SHALL  
12 ISSUE A PROCUREMENT SOLICITATION FOR APPLICATIONS FOR PROJECTS FOR THE  
13 CONSTRUCTION AND DEPLOYMENT OF FRONT-OF-THE-METER TRANSMISSION  
14 ENERGY STORAGE DEVICES.

15 (II) THE PROCUREMENT SOLICITATION SHALL BE FOR A  
16 MAXIMUM OF 800 MEGAWATTS OF CUMULATIVE ENERGY STORAGE CAPACITY, AS  
17 MEASURED IN EFFECTIVE NAMEPLATE CAPACITY.

18 (2) ON OR BEFORE OCTOBER 1, 2026, THE COMMISSION SHALL ISSUE  
19 A DECISION ON WHETHER TO APPROVE ONE OR MORE PROPOSALS IN ACCORDANCE  
20 WITH § 7-1208(B) OF THIS SUBTITLE.

21 (3) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS  
22 PARAGRAPH, THE TRANSMISSION ENERGY STORAGE DEVICES PROCURED IN  
23 ACCORDANCE WITH THIS SUBSECTION SHALL BE OPERATIONAL WITHIN ~~18~~ 24 MONTHS  
24 AFTER A PROJECT IS SELECTED BY THE COMMISSION.

25 (II) THE COMMISSION MAY EXTEND THE OPERATING DEADLINE  
26 UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH FOR GOOD CAUSE SHOWN.

27 (D) (1) ON OR BEFORE JANUARY 1, 2027, THE COMMISSION SHALL ISSUE  
28 A SECOND PROCUREMENT SOLICITATION FOR THE PROCUREMENT OF PROJECTS  
29 FOR THE CONSTRUCTION AND DEPLOYMENT OF FRONT-OF-THE-METER  
30 TRANSMISSION ENERGY STORAGE DEVICES.

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26

1 (2) THE PROCUREMENT SOLICITATION SHALL BE FOR A MAXIMUM OF  
2 800 MEGAWATTS OF CUMULATIVE ENERGY STORAGE CAPACITY, AS MEASURED IN  
3 EFFECTIVE NAMEPLATE CAPACITY.

4 (3) ON OR BEFORE OCTOBER 1, 2027, THE COMMISSION SHALL ISSUE  
5 A DECISION ON WHETHER TO APPROVE ONE OR MORE PROPOSALS IN ACCORDANCE  
6 WITH § 7-1208(B) OF THIS SUBTITLE.

7 (4) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS  
8 PARAGRAPH, THE TRANSMISSION ENERGY STORAGE DEVICES PROCURED IN  
9 ACCORDANCE WITH THIS SUBSECTION SHALL BE OPERATIONAL WITHIN ~~18~~ 24 MONTHS  
10 AFTER A PROJECT IS SELECTED BY THE COMMISSION.

11 (II) THE COMMISSION MAY EXTEND THE OPERATING DEADLINE  
12 UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH FOR GOOD CAUSE SHOWN.

13 7-1207.

14 (A) THE COMMISSION SHALL INCLUDE SPECIFICATIONS IN A  
15 PROCUREMENT SOLICITATION ISSUED UNDER § 7-1206 OF THIS SUBTITLE THAT  
16 REQUIRE EACH PROPOSAL TO:

17 (1) INCLUDE A PROPOSED PRICING SCHEDULE FOR THE  
18 TRANSMISSION ENERGY STORAGE ~~DEVICE~~ PROJECT THAT:

(I) IS FOR AT LEAST 15 YEARS; AND

(II) REPRESENTS THE ANTICIPATED MONTHLY WHOLESALE VALUE OF  
CAPACITY PER MEGAWATT AND OTHER BENEFITS IDENTIFIED IN A COST-BENEFIT ANALYSIS,  
BUT NOT INCLUDING ANY ANTICIPATED WHOLESALE ENERGY AND ANCILLARY SERVICES  
REVENUE;

19 (2) INCLUDE A COST-BENEFIT ANALYSIS OF THE PROJECT AND THE  
20 PROPOSED PRICING SCHEDULE, INCLUDING AN ANALYSIS OF:

21 (I) THE LOCATIONAL VALUE, DURATION, AND TIME TO  
22 DEPLOYMENT OF THE ENERGY STORAGE DEVICES;

23 (II) AVOIDED OR DELAYED TRANSMISSION, GENERATION, AND  
24 DISTRIBUTION COSTS;

25 (III) AVOIDED EMISSIONS IN THE SHORT TERM AND PROJECTED  
26 AVOIDED EMISSIONS IN THE LONG TERM, MEASURED USING THE SOCIAL COST OF  
27 CARBON, AS DETERMINED BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY AS  
28 OF JANUARY 1, 2025;

29 (IV) THE VALUE OF THE RAPID DEPLOYMENT OF ENERGY  
30 STORAGE DEVICES; AND

31 (V) ANY OTHER AVOIDED COSTS;

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1 (3) ENSURE THAT THE OWNER OR OPERATOR OF THE PROJECT HAS  
 2 THE CAPABILITY TO EXPORT ELECTRICITY FOR SALE ON THE WHOLESALE MARKET  
 3 AND BID INTO THE PJM CAPACITY MARKET UNDER AN AGREEMENT WITH PJM  
 4 INTERCONNECTION;

5 (4) ENSURE THAT THE ENERGY STORAGE DEVICES CAN DELIVER  
 6 THEIR EFFECTIVE NAMEPLATE CAPACITY;

7 (5) INCORPORATE A COMMUNITY BENEFIT AGREEMENT;

8 (6) ATTEST IN WRITING THAT ALL CONTRACTORS AND  
 9 SUBCONTRACTORS WORKING ON THE PROJECT HAVE BEEN IN COMPLIANCE WITH  
 10 FEDERAL AND STATE WAGE AND HOUR LAWS FOR THE IMMEDIATELY PRECEDING 3  
 11 YEARS OR THE DURATION OF THE CONTRACTOR'S OR SUBCONTRACTOR'S BUSINESS  
 12 OPERATION, WHICHEVER IS LONGER; AND

13 (7) ENSURE A COMPETITIVE BIDDING PROCESS ,INCLUDING BY REDACTING  
 14 PROPRIETARY INFORMATION PROVIDED TO THE COMMISSION.

15 (B) AN ENERGY STORAGE DEVICE SHALL BE CONSIDERED CAPABLE OF DELIVERING ITS EFFECTIVE NAMEPLATE  
 CAPACITY UNDER THIS SECTION IF:

(1) THE ENERGY STORAGE DEVICE WILL HAVE THE CAPACITY  
 INTERCONNECTION RIGHTS WITH PJM INTERCONNECTION, LLC EQUAL TO ITS EFFECTIVE  
 NAMEPLATE CAPACITY; OR

(2) (I) THE ENERGY STORAGE DEVICE WILL HAVE SURPLUS  
 INTERCONNECTION SERVICE WITH PJM INTERCONNECTION, LLC; AND

(II) THE ABILITY OF THE ENERGY STORAGE DEVICE TO DELIVER ITS  
 EFFECTIVE NAMEPLATE CAPACITY WILL BE LIMITED ONLY BY THE GENERATION OF ANOTHER  
 NONENERGY STORAGE GENERATION RESOURCE WITH WHICH THE ENERGY STORAGE DEVICE  
 SHARES A POINT OF INTERCONNECTION TO THE TRANSMISSION SYSTEM.

(C) FRONT-OF-THE-METER TRANSMISSION ENERGY STORAGE DEVICES  
 16 PAIRED WITH TIER 1 OR TIER 2 RENEWABLE SOURCES, AS DEFINED UNDER § 7-701  
 17 OF THIS TITLE, MAY BE INCLUDED IN A PROPOSAL IN RESPONSE TO A PROCUREMENT  
 18 SOLICITATION UNDER § 7-1206 OF THIS SUBTITLE.

19 7-1208.

20 (A) IN SELECTING A PROPOSAL FOR A FRONT-OF-THE-METER  
 21 TRANSMISSION ENERGY STORAGE DEVICE PROJECT, THE COMMISSION:

22 ~~(4) SHALL SPECIFY THE PRICING SCHEDULE, WHICH SHALL BE A~~  
 23 ~~MONTHLY FIXED PRICE REPRESENTING THE VALUE OF THE FRONT OF THE METER~~  
 24 ~~TRANSMISSION ENERGY STORAGE DEVICE BEYOND THE PAYMENTS RECEIVED FROM~~  
 25 ~~PJM WHOLESALE MARKETS;~~

(1) SHALL SPECIFY:

(I) A PRICING SCHEDULE FOR 15 YEARS, WHICH SHALL BE A  
 MONTHLY FIXED PRICE FOR EACH MEGAWATT REPRESENTING THE ANTICIPATED MONTHLY  
 WHOLESALE VALUE OF CAPACITY FOR THE FRONT-OF-THE-METER TRANSMISSION ENERGY  
 STORAGE DEVICE AND THE BENEFITS IDENTIFIED IN § 7-1207(A)(2) OF THIS  
 SUBTITLE;

(II) THAT EACH ELECTRICITY SUPPLIER SHALL BE RESPONSIBLE FOR  
 PURCHASING STORAGE CAPACITY CREDITS AT THE MONTHLY FIXED PRICE SCHEDULE

PROPORTIONAL TO THE ELECTRICITY SUPPLIER'S CAPACITY OBLIGATION;

(III) THAT ALL PJM CAPACITY MARKET REVENUE EARNED BY THE ENERGY STORAGE DEVICE PROJECT SHALL BE TRANSMITTED TO THE COMMISSION TO BE HELD IN ESCROW FOR DISTRIBUTION TO ELECTRIC COMPANIES TO BE REFUNDED OR CREDITED TO EACH DISTRIBUTION CUSTOMER PROPORTIONAL TO THE ELECTRICITY SUPPLIER'S MONTHLY CAPACITY PURCHASE OBLIGATION; AND

(IV) THAT THE ENERGY STORAGE DEVICE PROJECT SHALL RETAIN ANY ENERGY AND ANCILLARY SERVICES REVENUE EARNED;

26 (2) SHALL SPECIFY THAT FOR CONTINUED RECEIPT OF PAYMENT  
27 UNDER ITEM (1) OF THIS SUBSECTION, AN APPLICANT SHALL DEMONSTRATE, TO  
28 THE SATISFACTION OF THE COMMISSION, THAT THE APPLICANT'S ENERGY STORAGE  
29 DEVICE IS AVAILABLE AND ~~PARTICIPATING IN THE PJM ENERGY AND CAPACITY~~  
30 ~~MARKET AT NOT LESS THAN THE CLASS AVERAGE AVAILABILITY RATE ESTABLISHED~~  
31 ~~BY PJM INTERCONNECTION FOR COMPARABLE DEVICES~~ BIDDING INTO THE PJM CAPACITY MARKET;

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28

1 (3) SHALL INCORPORATE PENALTIES FOR NONPERFORMANCE OR UNDERPERFORMANCE IN  
 2 THE  
 3 CONTRACT, INCLUDING WITHHOLDING OF PAYMENT THAT REFLECTS THE DEGREE OF UNDERPERFORMANCE, FOR  
 4 ENERGY STORAGE  
 5 DEVICES THAT FAIL TO MEET AVAILABILITY METRICS;

6 (4) MAY TERMINATE ENERGY STORAGE DEVICES FROM THE PROGRAM  
 7 IF DEVICE PERFORMANCE DOES NOT IMPROVE AFTER APPROPRIATE NOTICE AND  
 8 OPPORTUNITY TO CURE; ~~AND~~

9 (5) ~~MAY~~ SHALL CONSIDER OTHER NONPRICE FACTORS TO ENSURE PROJECT  
DELIVERABILITY WITHIN 24 MONTHS AFTER THE AWARD DATE, SUCH AS:

10 (I) PROJECT MATURITY DATES;

11 (II) INTERCONNECTION QUEUE STATUS;

(III) SITE CONTROL; ~~AND~~

(IV) DEVELOPER EXPERIENCE INCLUDING PROCURING,  
CONSTRUCTING, AND OPERATING FRONT-OF-THE-METER TRANSMISSION ENERGY STORAGE  
DEVICES;

(V) ANY EVIDENCE OF KEY DEVELOPMENT MILESTONES TO  
SUBSTANTIATE PROJECT DELIVERABILITY FROM 24 MONTHS AFTER THE AWARD DATE;

(VI) SAFETY PLANS; AND

12 ~~(VII)~~ (VII) ANY OTHER RELEVANT NONPRICE FACTORS AS  
 13 DETERMINED BY THE COMMISSION ; AND

(6) AT A MINIMUM, REQUIRE ALL ENERGY STORAGE DEVICES THAT  
UTILIZE LITHIUM-ION BATTERIES TO COMPLY WITH THE MOST UP-TO-DATE REVISION OF THE  
NATIONAL FIRE PROTECTION ASSOCIATION 855: STANDARD FOR ESS AND LITHIUM  
BATTERY STORAGE SAFETY IN EFFECT AT THE PROJECT'S FINAL PERMIT APPLICATION  
DATE.

14 (B) THE COMMISSION SHALL:

15 (1) AFTER GIVING PUBLIC NOTICE, HOLD ONE OR MORE PUBLIC  
 16 HEARINGS TO RECEIVE PUBLIC COMMENT AND EVALUATE THE PROPOSALS; AND

17 (2) SUBJECT TO SUBSECTION (C) OF THIS SECTION, ISSUE ONE OR  
 18 MORE ORDERS TO SELECT A PROPOSAL OR PROPOSALS FOR DEVELOPMENT.

19 ~~(C) IF THE COMMISSION FINDS THAT NONE OF THE PROPOSALS~~  
 20 ~~ADEQUATELY SUPPORT THE GOALS ESTABLISHED UNDER THIS SUBTITLE THE~~  
 21 ~~COMMISSION MAY END THE SOLICITATION PROCESS WITHOUT SELECTING A~~  
 22 ~~PROPOSAL.~~

(C) THE COMMISSION MAY END THE SOLICITATION PROCESS WITHOUT  
SELECTING A PROPOSAL IF THE COMMISSION FINDS THAT NONE OF THE PROPOSALS  
ADEQUATELY SUPPORT THE GOALS ESTABLISHED UNDER THIS SUBTITLE, INCLUDING THE GOAL  
OF SECURING AFFORDABLE, RELIABLE ELECTRICAL SERVICE FOR MARYLAND  
RESIDENTS.

23 7-1209.

(A) FOR ANY PROPOSAL SELECTED UNDER THIS PART, THE COMMISSION  
 MAY ADOPT CONDITIONS FOR THE CONSTRUCTION AND OPERATION OF FACILITIES



24 INCLUDED IN THE PROPOSAL.

25 (B) AN ORDER SELECTING A PROPOSAL UNDER § 7-1208 OF THIS SUBTITLE  
26 BESTOWS THE SAME RIGHTS TO THE SELECTED PROPOSAL THAT A GENERATING  
27 SYSTEM WOULD OTHERWISE BE GRANTED THROUGH A CERTIFICATE OF PUBLIC  
28 CONVENIENCE AND NECESSITY UNDER § 7-207 OF THIS TITLE IF THE SELECTED  
29 PROPOSAL IS REVIEWED UNDER AN ALTERNATIVE PROCESS AS DETERMINED BY THE  
30 COMMISSION.

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1 **7-1210.**

2 **ANY TRANSMISSION ENERGY STORAGE DEVICE BUILT IN ACCORDANCE WITH**  
3 **THIS SUBTITLE SHALL COUNT TOWARD THE ENERGY STORAGE DEVICE**  
4 **DEPLOYMENT GOALS UNDER § 7-216.2 OF THIS TITLE.**

5 **7-1211.**

6 **ON OR BEFORE DECEMBER 31, 2026, THE COMMISSION SHALL REPORT, IN**  
7 **ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, TO THE**  
8 **GENERAL ASSEMBLY ON THE EFFECTIVENESS OF THE PROCUREMENT PROCESS**  
9 **ESTABLISHED UNDER THIS PART.**

10 **7-1212. RESERVED.**

11 **7-1213. RESERVED.**

12 **PART III. RENEWABLE ENERGY CREDITS.**

13 **7-1214.**

14 **(A) IN THIS PART THE FOLLOWING WORDS HAVE THE MEANINGS**  
15 **INDICATED.**

16 **(B) "BROWNFIELD" HAS THE MEANING STATED IN § 7-207 OF THIS TITLE.**

17 **(C) "QUALIFYING SYSTEM" HAS THE MEANING STATED IN § 7-709.2 OF THIS**  
18 **TITLE.**

19 **(D) "REC ESCROW ADMINISTRATOR" MEANS THE ENTITY CHOSEN, IN**  
20 **ACCORDANCE WITH § 7-1219 OF THIS SUBTITLE, TO SUPERVISE THE ESCROW**  
21 **ACCOUNT CREATED UNDER THIS SUBTITLE TO ENSURE THE SECURE AND**  
22 **TRANSPARENT TRANSFER OF REVENUES, SREC-IIS, AND REC-IIS AMONG**  
23 **QUALIFYING SYSTEMS, WIND SYSTEMS, SMALL HYDROELECTRIC SYSTEMS, AND**  
24 **ELECTRIC COMPANIES.**

25 **(E) "RENEWABLE ENERGY CREDIT" HAS THE MEANING STATED IN § 7-701**  
26 **OF THIS TITLE.**

27 **(F) "SMALL HYDROELECTRIC SYSTEM" HAS THE MEANING STATED IN §**  
28 **7-701(S)(8) OF THIS TITLE.**

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1 (G) "SOLAR ENERGY GENERATING SYSTEM" HAS THE MEANING STATED IN §  
2 7-709.2 OF THIS TITLE.

3 (H) "SREC-II" HAS THE MEANING STATED IN § 7-709.2 OF THIS TITLE.

4 (I) "SREC-II PAYMENT" MEANS THE MONETARY VALUE OF AN SREC-II  
5 GENERATED AND SOLD BY A SOLAR ENERGY GENERATING SYSTEM AWARDED A  
6 CONTRACT IN ACCORDANCE WITH THIS SUBTITLE.

7 (J) "WIND SYSTEM" MEANS A LAND-BASED WIND ENERGY GENERATING  
8 SYSTEM.

9 7-1215.

10 (A) THROUGH REGULATION OR ORDER, THE COMMISSION SHALL  
11 ESTABLISH A COMPETITIVE PROCESS FOR THE PROCUREMENT OF:

12 (1) SREC-IIS FROM QUALIFYING SYSTEMS; AND

13 (2) REC-IIS FROM SMALL HYDROELECTRIC SYSTEMS AND WIND  
14 SYSTEMS.

15 (B) THE COMPETITIVE PROCESS ESTABLISHED UNDER THIS PART SHALL  
16 REQUIRE THAT:

17 (1) BIDS FROM QUALIFYING SYSTEMS, SMALL HYDROELECTRIC  
18 SYSTEMS, AND WIND SYSTEMS SHALL BE ONLY FOR THE PROCUREMENT OF  
19 SREC-IIS AND REC-IIS; AND

20 (2) BIDS SUBMITTED FOR THE PROCUREMENT OF SREC-IIS OR  
21 REC-IIS SHALL INCLUDE AN SREC-II OR REC-II PRICING SCHEDULE THAT  
22 SPECIFIES A PRICE FOR THE GENERATION ATTRIBUTES OF THE ORIGINATING  
23 ENERGY GENERATING SYSTEM, INCLUDING ENERGY, CAPACITY, ANCILLARY  
24 SERVICES, AND ENVIRONMENTAL ATTRIBUTES.

(C) AN APPROVED PROPOSED PROCUREMENT UNDER THIS PART DOES NOT  
PRECLUDE THE COMMISSION FROM REJECTING AN APPLICATION FOR A CERTIFICATE OF PUBLIC  
CONVENIENCE AND NECESSITY FOR THE CONSTRUCTION OF THE GENERATING  
SYSTEM.

25 7-1216.

26 AN ORDER THE COMMISSION ISSUES APPROVING A PROPOSED  
27 PROCUREMENT UNDER THIS PART SHALL:

28 (1) SPECIFY THE SREC-II OR REC-II PRICING SCHEDULE;

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(2) SPECIFY THE DURATION OF THE SREC-II OR REC-II PRICING SCHEDULE, NOT TO EXCEED 30 YEARS;

(3) SPECIFY THE NUMBER OF SREC-IIs OR REC-IIs THAT MAY BE PURCHASED EACH YEAR FROM THE QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM;

(4) PROVIDE THAT:

(I) A PAYMENT MAY NOT BE MADE FOR AN SREC-II OR REC-II UNTIL ELECTRICITY SUPPLY IS GENERATED UNDER THE PROCUREMENT; AND

(II) RATEPAYERS, PURCHASERS OF SREC-IIs AND REC-IIs, AND THE STATE SHALL BE HELD HARMLESS FOR ANY COST OVERRUNS ASSOCIATED WITH THE QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM;

(5) REQUIRE THAT ANY DEBT INSTRUMENT ISSUED IN CONNECTION WITH THE QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM INCLUDE LANGUAGE SPECIFYING THAT THE DEBT INSTRUMENT DOES NOT ESTABLISH A DEBT, AN OBLIGATION, OR A LIABILITY OF THE STATE; AND

(6) REQUIRE THAT THE OWNER OR OPERATOR OF A QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM EXECUTE AND COMPLY WITH A COMMUNITY BENEFIT AGREEMENT UNDER § 7-1202 OF THIS SUBTITLE.

7-1217.

TO BE ELIGIBLE TO PARTICIPATE IN THE COMPETITIVE PROCUREMENT PROCESS UNDER THIS PART, A QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM SHALL:

(1) BE LOCATED IN THE STATE OR OTHERWISE DEMONSTRATE AN ABILITY TO ADDRESS THE RESOURCE ADEQUACY NEEDS OF THE STATE;

(2) BE ELIGIBLE FOR INCLUSION IN MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD UNDER § 7-703(B) OF THIS TITLE; ~~AND~~

(3) BE NEWLY CONSTRUCTED OR RECONSTRUCTED; AND

(4) FOR SMALL HYDROELECTRIC SYSTEMS:

(I) HAVE A GENERATING CAPACITY OF LESS THAN 30 MEGAWATTS; AND

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(II) BE LICENSED OR EXEMPT FROM LICENSING BY THE  
FEDERAL ENERGY REGULATORY COMMISSION.

7-1218.

UNLESS EXTENDED BY MUTUAL CONSENT OF THE PARTIES, THE COMMISSION  
SHALL APPROVE, CONDITIONALLY APPROVE, OR DENY A PROCUREMENT UNDER  
THIS PART WITHIN 180 DAYS AFTER THE CLOSE OF A SOLICITATION PERIOD.

7-1219.

(A) FOR THE PROCUREMENT PROCESS ESTABLISHED UNDER THIS PART, BY  
REGULATION OR ORDER, THE COMMISSION SHALL:

(1) ESTABLISH AN SREC-II AND REC-II PURCHASER'S OBLIGATION  
FOR SREC-II AND REC-II PURCHASERS TO PURCHASE SREC-IIS AND REC-IIS  
FOR EACH YEAR:

(I) ON A FORWARD-LOOKING BASIS; AND

(II) AT LEAST 1 YEAR BEFORE THE YEAR IN WHICH THAT  
SREC-II AND REC-II PURCHASE OBLIGATION BECOMES EFFECTIVE TO ALLOW AN  
ELECTRIC COMPANY TO REFLECT SREC-II AND REC-II COSTS AS A  
NONBYPASSABLE SURCHARGE PAID BY ALL DISTRIBUTION CUSTOMERS OF THE  
ELECTRIC COMPANY;

(2) ESTABLISH A NONBYPASSABLE SURCHARGE THAT ALLOWS AN  
ELECTRIC COMPANY TO RECOVER ALL COSTS ASSOCIATED WITH THE PURCHASE OF  
SREC-IIS AND REC-IIS FROM ALL DISTRIBUTION CUSTOMERS OF THE ELECTRIC  
COMPANY;

(3) ESTABLISH AN ESCROW ACCOUNT THAT IS UNDER THE  
SUPERVISION OF THE REC ESCROW ADMINISTRATOR; AND

(4) DIRECT THE ELECTRIC COMPANIES, IN CONSULTATION WITH THE  
COMMISSION, TO JOINTLY SELECT A REC ESCROW ADMINISTRATOR.

(B) (1) EACH ELECTRIC COMPANY SHALL PROCURE FROM THE ESCROW  
ACCOUNT ESTABLISHED BY REGULATION OR ORDER UNDER THIS SECTION THE  
NUMBER OF SREC-IIS AND REC-IIS REQUIRED TO SATISFY THE SREC-II AND  
REC-II PURCHASER'S OBLIGATIONS.

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(2) SUBJECT TO ANY ESCROW ACCOUNT RESERVE REQUIREMENT THE COMMISSION ESTABLISHES:

(I) IF THERE ARE INSUFFICIENT SREC-IIs OR REC-IIs AVAILABLE TO SATISFY THE ELECTRIC COMPANIES' SREC-II AND REC-II PURCHASER'S OBLIGATION, THE OVERPAYMENT SHALL BE DISTRIBUTED TO ELECTRIC COMPANIES TO BE REFUNDED OR CREDITED TO EACH DISTRIBUTION CUSTOMER BASED ON THE CUSTOMER'S CONSUMPTION OF ELECTRICITY SUPPLY THAT IS SUBJECT TO THE RENEWABLE ENERGY PORTFOLIO STANDARD; AND

(II) THE CALCULATION OF AN ELECTRIC COMPANY'S SREC-II AND REC-II PURCHASE OBLIGATION SHALL BE BASED ON FINAL ELECTRICITY SALES DATA AS REPORTED BY PJM INTERCONNECTION AS MEASURED AT THE CUSTOMER'S METER.

(3) FOR EACH SREC-II AND REC-II FOR WHICH A QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM RECEIVES PAYMENT, THE QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM SHALL:

(I) SELL ALL ENERGY, CAPACITY, AND ANCILLARY SERVICES ASSOCIATED WITH THE CREATION OF THE SREC-IIs OR REC-IIs INTO THE MARKETS OPERATED BY PJM INTERCONNECTION; AND

(II) DISTRIBUTE THE PROCEEDS RECEIVED FROM THE SALES UNDER ITEM (I) OF THIS PARAGRAPH TO ELECTRIC COMPANIES TO BE REFUNDED OR CREDITED TO EACH DISTRIBUTION CUSTOMER BASED ON THE CUSTOMER'S CONSUMPTION OF ELECTRICITY SUPPLY THAT IS SUBJECT TO THE RENEWABLE ENERGY PORTFOLIO STANDARD.

7-1220.

BY REGULATION OR ORDER, THE COMMISSION SHALL SPECIFY THE TRANSFER AND EXPIRATION OF SREC-IIs AND REC-IIs CREATED BY QUALIFYING SYSTEMS, SMALL HYDROELECTRIC SYSTEMS, OR WIND SYSTEMS IN EXCESS OF THE ESTABLISHED SREC-II OR REC-II PRICING SCHEDULE.

7-1221.

A DEBT, AN OBLIGATION, OR A LIABILITY OF A QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM OR OF AN OWNER OR OPERATOR OF A QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM MAY NOT BE CONSIDERED A DEBT, AN OBLIGATION, OR A LIABILITY OF THE STATE.

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1 **Article - State Finance and Procurement**

2 13-102.

3 (a) The following procurement methods are authorized at the procurement  
4 officer's discretion, where applicable:

5 (1) competitive sealed bids under § 13-103 of this subtitle;

6 (2) competitive sealed proposals under § 13-104 or § 13-105 of this  
7 subtitle;

8 (3) noncompetitive negotiation under § 13-106 of this subtitle;

9 (4) sole source procurement under § 13-107 of this subtitle;

10 (5) emergency or expedited procurement under § 13-108 of this subtitle;

11 (6) small procurement under § 13-109 of this subtitle;

12 (7) an intergovernmental cooperative purchasing agreement under §  
13 13-110 of this subtitle;

14 (8) auction bids under § 13-111 of this subtitle;

15 (9) architectural, engineering, and land surveying services qualification  
16 based selection under § 13-112 of this subtitle;

17 (10) master contracting under § 13-113 of this subtitle; [or]

18 (11) pay-for-success contracting under § 13-112.1 of this subtitle; **OR**

19 **(12) LEGISLATIVE FAST-TRACK PROCUREMENTS UNDER § 13-117 OF**  
20 **THIS SUBTITLE.**

21 **13-117.**

22 **(A) IT IS THE INTENT OF THE GENERAL ASSEMBLY TO:**

23 **(1) RECOGNIZE THE NEED FOR STATE AGENCIES TO BE RESPONSIVE**  
24 **TO THE REQUESTS AND LEGISLATIVE DIRECTIVES OF THE GENERAL ASSEMBLY;**

25 **(2) REDUCE THE TIME IT TAKES FOR STATE AGENCIES TO PROCURE**  
26 **CONSULTANTS TO ASSIST WITH LEGISLATIVE MANDATES THAT HAVE DEADLINES**  
27 **SPECIFIED IN LAW; AND**

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1 (3) BE TIMELY IN ADDRESSING CLIMATE CHANGE, ENVIRONMENTAL,  
2 ENERGY, AND GREENHOUSE GAS EMISSIONS RELATED ISSUES.

3 (B) THIS SECTION APPLIES ONLY TO THE PROCUREMENT OF CONSULTANTS  
4 THAT:

5 (1) ARE LEGISLATIVELY MANDATED WITH SPECIFIC TIME FRAMES  
6 ESTABLISHED IN LAW; AND

7 (2) WILL ADDRESS ISSUES RELATED ONLY TO CLIMATE CHANGE,  
8 ENVIRONMENTAL, ENERGY, AND GREENHOUSE GAS EMISSIONS.

9 (C) THE FOLLOWING UNITS ARE AUTHORIZED TO ISSUE COMPETITIVE  
10 SEALED BIDS HIGHER THAN THEIR DESIGNATED SMALL PROCUREMENT  
11 DELEGATION AUTHORITIES:

12 (1) THE PUBLIC SERVICE COMMISSION;

13 (2) THE OFFICE OF PEOPLE'S COUNSEL;

14 (3) THE MARYLAND ENERGY ADMINISTRATION;

15 (4) THE DEPARTMENT OF THE ENVIRONMENT; AND

16 (5) THE DEPARTMENT OF NATURAL RESOURCES.

17 (D) BEFORE AWARDING A PROCUREMENT CONTRACT UNDER THIS SECTION,  
18 THE PROCUREMENT OFFICER SHALL OBTAIN THE APPROVAL OF:

19 (1) THE HEAD OF THE UNIT; AND

20 (2) THE CHIEF PROCUREMENT OFFICER, OR THEIR DESIGNEE.

21 (E) (1) THE CHIEF PROCUREMENT OFFICER, OR THEIR DESIGNEE,  
22 SHALL APPROVE A PROCUREMENT CONTRACT SUBMITTED UNDER THIS SECTION IF  
23 IT COMPLIES WITH THE REQUIREMENTS OF THIS SECTION.

24 (2) IF THE CHIEF PROCUREMENT OFFICER, OR THEIR DESIGNEE,  
25 DOES NOT APPROVE A PROCUREMENT CONTRACT SUBMITTED UNDER THIS SECTION  
26 WITHIN 5 BUSINESS DAYS AFTER RECEIVING THE CONTRACT, THE CONTRACT SHALL  
27 BE CONSIDERED APPROVED.



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## Article - State Government

9-20B-05.

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

(e) The Fund consists of:

(1) all of the proceeds from the sale of allowances under § 2-1002(g) of the Environment Article;

(2) money appropriated in the State budget to the Program;

(3) repayments and prepayments of principal and interest on loans made from the Fund;

(4) interest and investment earnings on the Fund;

(5) compliance fees paid under [§ 7-705] **§ 7-705(B-1)** of the Public Utilities Article;

(6) money received from any public or private source for the benefit of the Fund;

(7) money transferred from the Public Service Commission under § 7-207.2(c)(3) of the Public Utilities Article; and

(8) money distributed under § 2-614.1 of the Tax - General Article.

[(g-1) Proceeds received by the Fund from compliance fees under § 7-705(b)(2)(i)2 of the Public Utilities Article shall be allocated as follows:

(1) beginning in fiscal year 2025, at least 20% of the proceeds shall be used to provide grants to support the installation of new solar energy generating systems under the Customer-Sited Solar Program;

(2) up to 10% of the proceeds shall be credited to an administrative expense account for costs related to the administration of the Fund;

(3) proceeds collected but unused from a previous year shall be used before proceeds allocated for the current year; and

(4) the Administration shall reallocate to other authorized uses any proceeds that are not used within 3 fiscal years after collection.]

[(i) (1) Except as provided in paragraph (2) of this subsection, compliance fees paid under § 7-705(b) of the Public Utilities Article may be used only to make loans and

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1 grants to support the creation of new Tier 1 renewable energy sources in the State that are  
2 owned by or directly benefit:

3 (i) low- to moderate-income communities located in a census tract  
4 with an average median income at or below 80% of the average median income for the State;  
5 or

6 (ii) overburdened or underserved communities, as defined in § 1-701  
7 of the Environment Article.

8 (2) Compliance fees paid under § 7-705(b)(2)(i)2 of the Public Utilities  
9 Article shall be accounted for separately within the Fund and may be used only to make  
10 loans and grants to support the creation of new solar energy sources in the State that are  
11 owned by or directly benefit:

12 (i) low- to moderate-income communities located in a census tract  
13 with an average median income at or below 80% of the average median income for the State;

14 (ii) overburdened or underserved communities, as defined in § 1-701  
15 of the Environment Article; or

16 (iii) households with low to moderate income, as defined in § 9-2016  
17 of this title.]

18 **[(i-1)] (I)** (1) (i) In this subsection the following words have the meanings  
19 indicated.

20 (ii) "Area median income" has the meaning stated in § 4-1801 of the  
21 Housing and Community Development Article.

22 (iii) "Low and moderate income" means having an annual household  
23 income that is at or below 120% of the area median income.

24 (2) Compliance fees paid under § 7-705(b-1) of the Public Utilities Article  
25 shall be accounted for separately within the Fund and may be used only to make loans and  
26 grants to promote increased opportunities for the growth and development of small,  
27 minority, women-owned, and veteran-owned businesses in the State that install  
28 geothermal systems in the State.

**Article - Tax - General**

30 2-1201.

31 **(A) IN THIS SECTION, "QUALIFIED DATA CENTER" HAS THE MEANING**  
32 **STATED IN § 11-239 OF THIS ARTICLE.**

1           **(B)**       The Comptroller shall pay refunds relating to the public service company  
2 franchise tax from the General Fund of the State.

3 (C) THE COMPTROLLER SHALL DISTRIBUTE 75% OF THE FRANCHISE TAX  
4 REVENUE FROM PUBLIC SERVICE COMPANIES IMPOSED UNDER § 8-402.1 OF THIS  
5 ARTICLE, THAT IS ATTRIBUTABLE TO THE KILOWATT-HOURS OF ELECTRICITY  
6 DELIVERED TO QUALIFIED DATA CENTERS THAT ARE OPERATIONAL ON OR AFTER  
7 JANUARY 1, 2026, TO THE ESCROW ACCOUNT ESTABLISHED BY THE PUBLIC  
8 SERVICE COMMISSION UNDER § 7-705 OF THE PUBLIC UTILITIES ARTICLE.

9 **2-1302.5.**

10           (A)     IN THIS SECTION, "QUALIFIED DATA CENTER" HAS THE MEANING  
11     STATED IN § 11-239 OF THIS ARTICLE.

12           **(B) THE COMPTROLLER SHALL DISTRIBUTE 75% OF THE SALES AND USE**  
13 **TAX REVENUES ATTRIBUTABLE TO THE SALE OF ELECTRICITY DELIVERED TO**  
14 **QUALIFIED DATA CENTERS THAT ARE OPERATIONAL ON OR AFTER JANUARY 1, 2026,**  
15 **TO THE ESCROW ACCOUNT ESTABLISHED BY THE PUBLIC SERVICE COMMISSION**  
16 **UNDER § 7-705 OF THE PUBLIC UTILITIES ARTICLE.**

17 2-1303.

18 After making the distributions required under §§ 2-1301 through [2-1302.4]  
19 **2-1302.5** of this subtitle, the Comptroller shall pay:

20 (1) revenues from the hotel surcharge into the Dorchester County  
21 Economic Development Fund established under § 10-130 of the Economic Development  
22 Article;

23           (2)       to the Blueprint for Maryland's Future Fund established under § 5-206  
24 of the Education Article, the following percentage of the remaining sales and use tax  
25 revenues:

26 (i) for fiscal year 2023, 9.2%;

27 (ii) for fiscal year 2024, 11.0%;

28 (iii) for fiscal year 2025, 11.3%;

29 (iv) for fiscal year 2026, 11.7%; and

30 (v) for fiscal year 2027 and each fiscal year thereafter, 12.1%; and

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(3) the remaining sales and use tax revenue into the General Fund of the State.

11-239.

(a) (1) In this section the following words have the meanings indicated.

(2) "Data center" means a building or group of buildings used to house computer systems, computer storage equipment, and associated infrastructure that businesses or other organizations use to organize, process, store, and disseminate large amounts of data.

(5) (i) "Qualified data center" means a data center located in the State in which an individual or a corporation, within 3 years after submitting an application for the sales and use tax exemption under this section, has:

1. for a data center located within a Tier I area, invested at least \$2,000,000 in qualified data center personal property and created at least five qualified positions; or

2. for a data center located in any other area of the State, invested at least \$5,000,000 in qualified data center personal property and created at least five qualified positions.

(ii) "Qualified data center" includes:

1. a data center that is a co-located or hosting data center where equipment, space, and bandwidth are available to lease to multiple customers; and

2. an enterprise data center owned and operated by the company it supports.

SECTION 2. AND BE IT FURTHER ENACTED, That the General Assembly supports the extension or renewal of the Federal Nuclear Regulatory Commission license for the Calvert Cliffs Nuclear Power Plant's nuclear reactors in the years 2034 and 2036.

SECTION 3. AND BE IT FURTHER ENACTED, That nothing in this Act shall be construed to alter the requirements of § 7-306(d) of the Public Utilities Article.

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

~~SECTION 5.~~ AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2025.