
By: **Senators Dorman, Conway, Dyson, Green, Hollinger, Kelley, McFadden,
Mitchell, Munson, Sfikas, Stone, Teitelbaum, and Van Hollen**

Introduced and read first time: February 7, 2001

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Electricity Regulation - Clean Energy Portfolio Standard**

3 FOR the purpose of requiring the Public Service Commission to establish a clean
4 energy portfolio standard to apply to all retail electricity products sold in the
5 State, at certain levels in certain years; requiring electricity suppliers to report
6 to the Commission on the compliance of certain products with the clean energy
7 portfolio standard; requiring the payment of a certain compliance fee under
8 certain circumstances; establishing a Clean Energy Fund for certain purposes;
9 providing for the payment of certain funds to certain persons from the Fund;
10 stating the intent of the General Assembly; defining certain terms; and
11 generally relating to electricity regulation and a clean energy portfolio standard.

12 BY adding to

13 Article - Public Utility Companies

14 Section 7-701 through 7-708 to be under the new subtitle "Subtitle 7. Clean
15 Energy Portfolio Standard"

16 Annotated Code of Maryland

17 (1998 Volume and 2000 Supplement)

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

20 **Article - Public Utility Companies**

21 **SUBTITLE 7. CLEAN ENERGY PORTFOLIO STANDARD.**

22 7-701.

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

25 (B) "CLEAN ENERGY PORTFOLIO STANDARD" MEANS THE PERCENTAGE OF
26 THE ELECTRICITY IN EACH RETAIL ELECTRICITY PRODUCT IN THE STATE THAT

1 MUST BE DERIVED FROM ELIGIBLE ENERGY RESOURCES UNDER § 7-703 OF THIS
2 SUBTITLE.

3 (C) "ELIGIBLE ENERGY RESOURCE" MEANS ONE OR MORE OF THE FOLLOWING
4 ENERGY SOURCES:

5 (1) SOLAR;

6 (2) WIND;

7 (3) QUALIFYING BIOMASS;

8 (4) METHANE FROM THE ANAEROBIC DECOMPOSITION OF ORGANIC
9 MATERIALS IN A LANDFILL OR WASTEWATER TREATMENT PLANT;

10 (5) GEOTHERMAL; OR

11 (6) OCEAN, INCLUDING ENERGY FROM WAVES, TIDES, CURRENTS, AND
12 THERMAL DIFFERENCES.

13 (D) "FUND" MEANS THE CLEAN ENERGY FUND ESTABLISHED UNDER § 7-706
14 OF THIS SUBTITLE.

15 (E) (1) "QUALIFYING BIOMASS" MEANS A SOLID, NONHAZARDOUS,
16 CELLULOSIC WASTE MATERIAL THAT IS SEGREGATED FROM OTHER WASTE
17 MATERIALS AND IS DERIVED FROM:

18 (I) ANY OF THE FOLLOWING FOREST-RELATED RESOURCES,
19 EXCLUDING OLD GROWTH TIMBER:

20 1. MILL RESIDUE;

21 2. PRE-COMMERCIAL THINNING;

22 3. SLASH; OR

23 4. BRUSH;

24 (II) A WASTE PALLET, CRATE, OR DUNNAGE; OR

25 (III) AGRICULTURAL SOURCES, INCLUDING ORCHARD TREE CROPS,
26 VINEYARD MATERIALS, GRAIN, LEGUMES, SUGAR, AND OTHER CROP BY-PRODUCTS
27 OR RESIDUES.

28 (2) "QUALIFYING BIOMASS" DOES NOT INCLUDE UNSEGREGATED
29 MUNICIPAL SOLID WASTE OR POST-CONSUMER WASTEPAPER.

30 (F) "RETAIL ELECTRICITY PRODUCT" MEANS ELECTRICITY SOLD UNDER
31 IDENTICAL TERMS OF SERVICE AND NOT FOR RESALE.

1 7-702.

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

3 (1) RECOGNIZE THE ECONOMIC, ENVIRONMENTAL, AND FUEL
4 DIVERSITY BENEFITS OF CLEAN RENEWABLE ENERGY RESOURCES;

5 (2) ESTABLISH A MARKET FOR ELECTRICITY FROM THESE RESOURCES
6 IN MARYLAND; AND

7 (3) LOWER THE COST TO CONSUMERS OF ELECTRICITY FROM THESE
8 RESOURCES.

9 (B) THE GENERAL ASSEMBLY FINDS THAT:

10 (1) THE BENEFITS OF ELECTRICITY FROM CLEAN RENEWABLE ENERGY
11 RESOURCES ACCRUE TO THE PUBLIC AT LARGE; AND

12 (2) ELECTRICITY SUPPLIERS AND CONSUMERS SHARE AN OBLIGATION
13 TO DEVELOP A MINIMUM LEVEL OF THESE RESOURCES IN THE ELECTRICITY SUPPLY
14 PORTFOLIO OF THE STATE.

15 7-703.

16 (A) THE COMMISSION SHALL ESTABLISH A CLEAN ENERGY PORTFOLIO
17 STANDARD THAT APPLIES TO ALL RETAIL ELECTRICITY PRODUCTS SOLD IN THE
18 STATE.

19 (B) THE CLEAN ENERGY PORTFOLIO STANDARD SHALL BE:

20 (1) 0.5% IN 2005;

21 (2) 1% IN 2006;

22 (3) 2% IN 2007;

23 (4) 3% IN 2008;

24 (5) 4% IN 2009; AND

25 (6) 5% IN 2010 AND EACH YEAR THEREAFTER.

26 7-704.

27 (A) ENERGY IS ELIGIBLE FOR INCLUSION IN MEETING THE CLEAN ENERGY
28 PORTFOLIO STANDARD IF IT IS GENERATED FROM AN ELIGIBLE ENERGY RESOURCE
29 AT A FACILITY THAT DID NOT PRODUCE ENERGY FROM AN ELIGIBLE ENERGY
30 RESOURCE BEFORE JANUARY 1, 2001.

1 (B) ON OR BEFORE DECEMBER 31, 2012, AN ELECTRICITY SUPPLIER SHALL
2 RECEIVE DOUBLE CREDIT TOWARD MEETING THE CLEAN ENERGY PORTFOLIO
3 STANDARD FOR ENERGY DERIVED FROM THE FOLLOWING SOURCES:

4 (1) SOLAR ENERGY; OR

5 (2) FUEL THAT IS:

6 (I) DERIVED FROM AN ELIGIBLE ENERGY RESOURCE; AND

7 (II) USED IN A FUEL CELL.

8 7-705.

9 (A) EACH ELECTRICITY SUPPLIER SHALL SUBMIT AN ANNUAL REPORT TO THE
10 COMMISSION, IN A FORM AND BY A DATE THE COMMISSION SPECIFIES:

11 (1) DEMONSTRATING THAT EACH OF THE RETAIL ELECTRICITY
12 PRODUCTS OF THE ELECTRICITY SUPPLIER COMPLIED WITH THE CLEAN ENERGY
13 PORTFOLIO STANDARD DURING THE PRECEDING YEAR; OR

14 (2) (I) IDENTIFYING EACH RETAIL ELECTRICITY PRODUCT THAT DID
15 NOT COMPLY WITH THE CLEAN ENERGY PORTFOLIO STANDARD DURING THE
16 PRECEDING YEAR;

17 (II) DEMONSTRATING THE AMOUNT BY WHICH EACH
18 NONCOMPLYING PRODUCT FAILED TO MEET THE STANDARD; AND

19 (III) DEMONSTRATING THE COMPLIANCE OF THE OTHER RETAIL
20 ELECTRICITY PRODUCTS OF THE ELECTRICITY SUPPLIER.

21 (B) THE COMMISSION MAY ALLOW AN ELECTRICITY SUPPLIER TO
22 DEMONSTRATE COMPLIANCE WITH THE CLEAN ENERGY PORTFOLIO STANDARD IN
23 THE SAME REPORT THAT THE COMMISSION REQUIRES FOR FUEL MIX DISCLOSURE
24 UNDER § 7-505(B)(4)(II) OF THIS TITLE.

25 (C) IF A RETAIL ELECTRICITY PRODUCT CONTAINS FEWER KILOWATT-HOURS
26 FROM ELIGIBLE ENERGY RESOURCES THAN ARE REQUIRED TO COMPLY WITH THE
27 CLEAN ENERGY PORTFOLIO STANDARD FOR THAT YEAR, THE ELECTRICITY SUPPLIER
28 SHALL PAY A COMPLIANCE FEE OF 2 CENTS FOR EACH KILOWATT-HOUR OF
29 SHORTFALL INTO THE CLEAN ENERGY FUND.

30 7-706.

31 (A) THERE IS A MARYLAND CLEAN ENERGY FUND.

32 (B) THE PURPOSE OF THE FUND IS TO ENCOURAGE THE DEVELOPMENT OF
33 GENERATING RESOURCES FOR CLEAN ENERGY IN THE STATE.

1 (C) THE FUND CONSISTS OF COMPLIANCE CHARGES ASSESSED UNDER § 7-705
2 OF THIS SUBTITLE ON RETAIL ELECTRICITY PRODUCTS THAT FAIL TO COMPLY WITH
3 THE CLEAN ENERGY PORTFOLIO STANDARD.

4 (D) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO §
5 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

6 (E) THE TREASURER SHALL HOLD THE FUND AND SHALL INVEST AND
7 REINVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE
8 MONEY MAY BE INVESTED AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND
9 IN CONJUNCTION WITH THE COMMISSION.

10 (F) (1) IN THE SIXTH CALENDAR YEAR AFTER THE FUND COLLECTS
11 COMPLIANCE FEES FOR A GIVEN YEAR, THE COMMISSION SHALL PAY THE
12 COMPLIANCE FEES TO OWNERS OF ELIGIBLE FACILITIES IN THE STATE THAT
13 PRODUCE ELECTRICITY FROM ELIGIBLE ENERGY RESOURCES.

14 (2) (I) THE PAYMENT SHALL BE MADE PRO RATA BASED ON THE
15 KILOWATT-HOURS OF ELECTRICITY THAT THE ELIGIBLE FACILITIES PRODUCE
16 FROM ELIGIBLE ENERGY RESOURCES IN THE YEAR PRECEDING PAYMENT TO THE
17 OWNERS, UP TO 2 CENTS FOR EACH KILOWATT-HOUR.

18 (II) THE COMMISSION SHALL DEFER TO A LATER YEAR ANY
19 PAYMENT OF A PORTION OF COMPLIANCE FEES FROM THE FUND THAT WOULD
20 EXCEED 2 CENTS FOR EACH KILOWATT-HOUR.

21 (3) THE COMMISSION SHALL ADOPT, BY REGULATION OR ORDER,
22 ELIGIBILITY CRITERIA FOR OWNERS AND FACILITIES WHICH MAY RECEIVE
23 COMPLIANCE FEES FROM THE FUND UNDER THIS SUBSECTION.

24 7-707.

25 BY REGULATION OR ORDER, THE COMMISSION SHALL, IN CONSULTATION WITH
26 THE OFFICE OF THE ATTORNEY GENERAL, IMPOSE SUFFICIENT PENALTIES TO
27 ENSURE COMPLIANCE WITH THIS SUBTITLE.

28 7-708.

29 THE COMMISSION SHALL ADOPT ORDERS OR REGULATIONS THAT IT
30 CONSIDERS NECESSARY TO IMPLEMENT THIS SUBTITLE.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 October 1, 2001.