

SENATE BILL 869

Unofficial Copy
C5

2004 Regular Session
(4lr3108)

ENROLLED BILL
-- Finance/Economic Matters --

Introduced by **Senators Middleton, Astle, Britt, Brochin, Exum, Forehand,
Frosh, Garagiola, Gladden, Grosfeld, Hogan, Jones, Kelley, McFadden,
Pinsky, Ruben, and Teitelbaum**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Electricity Regulation - Renewable Energy Portfolio Standard and Credit**
3 **Trading - Maryland Renewable Energy Fund**

4 FOR the purpose of requiring the Public Service Commission to establish renewable
5 energy portfolio standards for certain retail electricity sales during certain
6 years; requiring certain standards to be met by the accumulation of renewable
7 energy credits; providing for the eligibility of energy from certain sources under
8 certain circumstances; providing additional credit for energy from certain
9 sources for certain periods; ~~limiting the credits available from certain sources~~
10 ~~under certain circumstances~~; allowing certain ~~customers~~ persons to obtain and
11 apply certain credits in a certain manner; providing that certain persons who
12 surrender certain credits retain all rights and title to certain attributes;
13 requiring electricity suppliers to submit a certain report each year to the
14 Commission; authorizing certain electricity suppliers to demonstrate
15 compliance in certain manners; requiring electricity suppliers to pay certain

1 compliance fees under certain circumstances; providing for the recovery of
2 certain costs under certain circumstances; authorizing the Commission to waive
3 the recovery of a certain fee under certain circumstances; establishing a
4 Maryland Renewable Energy Fund to be administered by the Maryland Energy
5 Administration under Commission oversight for certain purposes; requiring the
6 State Treasurer and the State Comptroller to perform certain functions related
7 to the Fund; authorizing the Fund to be used for loans and grants to eligible
8 projects; limiting the amount of funds that may be used for certain
9 administrative expenses; requiring the Commission to review and approve
10 certain applications; requiring the Commission to establish and maintain a
11 renewable electricity trading system that includes a certain registry;
12 authorizing the Commission to contract with another entity for a certain
13 purpose; requiring the registry to provide certain information to certain persons;
14 authorizing the sale and transfer of renewable energy credits; establishing a
15 time limit for the existence of renewable energy credits; authorizing the
16 Commission to impose an administrative fee on certain transactions; providing
17 that the Commission has certain power and authority over electricity suppliers
18 for certain purposes; requiring the Commission to report to the General
19 Assembly each year on certain matters; requiring the Commission to establish a
20 technical advisory group for certain purposes; requiring the Commission to
21 adopt certain regulations by certain dates; requiring the Office of Legislative
22 Audits to conduct a certain performance audit of the Maryland Renewable
23 Energy Fund; requiring the Office to report the results of the audit to the
24 General Assembly by a certain date; requiring the Administration, in
25 cooperation with the Maryland Department of Agriculture, to enhance the
26 State's system of monitoring the production and volume of poultry litter for
27 certain purposes; requiring the Commission to provide a certain status report to
28 the Governor and the General Assembly on or before a certain date; requiring
29 the Commission to review certain standards and matters and report its
30 recommendations to the Governor and the General Assembly on or before a
31 certain date; specifying intents and findings of the General Assembly; defining
32 certain terms; repealing certain provisions relating to a requirement that an
33 electric company continue to purchase certain electricity under certain contracts
34 and to provide a certain percentage of renewable energy sources; repealing an
35 obsolete reporting requirement; providing for a delayed effective date for certain
36 provisions of this Act; and generally relating to the establishment of renewable
37 energy portfolio standards, a renewable electricity credit trading system, and
38 the Maryland Renewable Energy Fund.

39 BY repealing and reenacting, without amendments,
40 Article - Public Utility Companies
41 Section 1-101(a) and (j)
42 Annotated Code of Maryland
43 (1998 Volume and 2003 Supplement)

44 BY repealing and reenacting, with amendments,
45 Article - Public Utility Companies

1 Section 7-516
2 Annotated Code of Maryland
3 (1998 Volume and 2003 Supplement)

4 BY adding to
5 Article - Public Utility Companies
6 Section 7-701 through 7-713 to be under the new subtitle "Subtitle 7.
7 Renewable Energy Portfolio Standard"
8 Annotated Code of Maryland
9 (1998 Volume and 2003 Supplement)

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

12 **Article - Public Utility Companies**

13 1-101.

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

15 (j) (1) "Electricity supplier" means a person:

16 (i) who sells:

- 17 1. electricity;
- 18 2. electricity supply services;
- 19 3. competitive billing services; or
- 20 4. competitive metering services; or

21 (ii) who purchases, brokers, arranges, or markets electricity or
22 electricity supply services for sale to a retail electric customer.

23 (2) "Electricity supplier" includes an electric company, an aggregator, a
24 broker, and a marketer of electricity.

25 (3) "Electricity supplier" does not include:

26 (i) the following persons who supply electricity and electricity
27 supply services solely to occupants of a building for use by the occupants:

- 28 1. an owner/operator who holds ownership in and manages
29 the internal distribution system serving the building; or
- 30 2. a lessee/operator who holds a leasehold interest in and
31 manages the internal distribution system serving the building; or

1 (ii) a person who generates on-site generated electricity.

2 SUBTITLE 7. RENEWABLE ENERGY PORTFOLIO STANDARD.

3 7-701.

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

6 (B) "ADMINISTRATION" MEANS THE MARYLAND ENERGY ADMINISTRATION.

7 (C) "FUND" MEANS THE MARYLAND RENEWABLE ENERGY FUND
8 ESTABLISHED UNDER ~~§ 7-706~~ § 7-707 OF THIS SUBTITLE.

9 (D) "INDUSTRIAL PROCESS LOAD" MEANS THE CONSUMPTION OF
10 ELECTRICITY BY A MANUFACTURING PROCESS AT AN ESTABLISHMENT CLASSIFIED
11 IN THE MANUFACTURING SECTOR UNDER THE NORTH AMERICAN INDUSTRY
12 CLASSIFICATION SYSTEM, CODES 31 THROUGH 33.

13 (E) "OLD GROWTH TIMBER" MEANS TIMBER FROM A FOREST:

14 (1) AT LEAST 5 ACRES IN SIZE WITH A PREPONDERANCE OF OLD TREES,
15 OF WHICH THE OLDEST EXCEED AT LEAST HALF THE PROJECTED MAXIMUM
16 ATTAINABLE AGE FOR THE SPECIES; AND

17 (2) THAT EXHIBITS SEVERAL OF THE FOLLOWING CHARACTERISTICS:

18 (I) SHADE-TOLERANT SPECIES ARE PRESENT IN ALL AGE AND
19 SIZE CLASSES;

20 (II) RANDOMLY DISTRIBUTED CANOPY GAPS ARE PRESENT;

21 (III) A HIGH DEGREE OF STRUCTURAL DIVERSITY CHARACTERIZED
22 BY MULTIPLE GROWTH LAYERS REFLECTING A BROAD SPECTRUM OF AGES IS
23 PRESENT;

24 (IV) AN ACCUMULATION OF DEAD WOOD OF VARYING SIZES AND
25 STAGES OF DECOMPOSITION ACCOMPANIED BY DECADENCE IN LIVE DOMINANT
26 TREES IS PRESENT; AND

27 (V) PIT AND MOUND TOPOGRAPHY CAN BE OBSERVED.

28 (F) "PJM REGION" MEANS THE CONTROL AREA ADMINISTERED BY THE PJM
29 INTERCONNECTION, INC., AS THE AREA MAY CHANGE FROM TIME TO TIME.

30 (G) "POULTRY LITTER" MEANS THE FECAL AND URINARY EXCRETIONS OF
31 POULTRY, INCLUDING WOOD SHAVINGS, SAWDUST, STRAW, RICE HULLS, AND OTHER
32 BEDDING MATERIAL FOR THE DISPOSITION OF MANURE.

1 ~~(E)~~ (H) (1) "QUALIFYING BIOMASS" MEANS A ~~SOLID~~, NONHAZARDOUS,
 2 ORGANIC MATERIAL THAT IS AVAILABLE ON A RENEWABLE OR RECURRING BASIS,
 3 AND IS:

4 (I) WASTE MATERIAL THAT IS SEGREGATED FROM ~~OTHER SOLID~~
 5 INORGANIC WASTE MATERIAL AND IS DERIVED FROM SOURCES INCLUDING:

6 1. EXCEPT FOR OLD GROWTH TIMBER, ANY OF THE
 7 FOLLOWING FOREST-RELATED RESOURCES:

8 A. MILL RESIDUE, EXCEPT SAWDUST AND WOOD SHAVINGS;

9 B. PRECOMMERCIAL SOFT WOOD THINNING;

10 C. SLASH;

11 D. BRUSH; OR

12 E. YARD WASTE;

13 2. A PALLET, CRATE, OR DUNNAGE;

14 3. AGRICULTURAL AND SILVICULTURAL SOURCES,
 15 INCLUDING TREE CROPS, VINEYARD MATERIALS, GRAIN, LEGUMES, SUGAR, AND
 16 OTHER CROP BY-PRODUCTS OR RESIDUES; OR

17 4. GAS PRODUCED FROM THE ANAEROBIC DECOMPOSITION
 18 OF ANIMAL WASTE OR POULTRY WASTE; OR

19 (II) A PLANT THAT IS CULTIVATED EXCLUSIVELY FOR PURPOSES
 20 OF BEING USED AT A TIER 1 RENEWABLE SOURCE OR A TIER 2 RENEWABLE SOURCE
 21 TO PRODUCE ELECTRICITY.

22 (2) "QUALIFYING BIOMASS" INCLUDES BIOMASS LISTED IN PARAGRAPH
 23 (1) OF THIS SECTION THAT IS USED FOR CO-FIRING, SUBJECT TO ~~§ 7-704(F)~~ § 7-704(E)
 24 OF THIS SUBTITLE.

25 (3) "QUALIFYING BIOMASS" DOES NOT INCLUDE:

26 (I) UNSEGREGATED SOLID WASTE OR POSTCONSUMER
 27 WASTEPAPER; OR

28 (II) AN INVASIVE EXOTIC PLANT SPECIES.

29 ~~(F) "PJM REGION" MEANS THE CONTROL AREA ADMINISTERED BY THE PJM~~
 30 ~~INTERCONNECTION, INC., AS THE AREA MAY CHANGE FROM TIME TO TIME.~~

31 ~~(G)~~ (I) "RENEWABLE ENERGY CREDIT" OR "CREDIT" MEANS A CREDIT
 32 EQUAL TO THE ENVIRONMENTAL GENERATION ATTRIBUTES OF 1 MEGAWATT-HOUR
 33 OF ELECTRICITY THAT IS DERIVED FROM A TIER 1 RENEWABLE SOURCE OR A TIER 2
 34 RENEWABLE SOURCE THAT IS LOCATED:

1 (1) IN THE PJM REGION OR IN A STATE THAT IS ADJACENT TO THE PJM
2 REGION; OR

3 (2) OUTSIDE THE AREA DESCRIBED IN ITEM (1) OF THIS SUBSECTION
4 BUT IN A CONTROL AREA THAT IS ADJACENT TO THE PJM REGION, IF THE
5 ELECTRICITY IS DELIVERED INTO THE PJM REGION.

6 ~~(H)~~ (J) "RENEWABLE ENERGY PORTFOLIO STANDARD" OR "STANDARD"
7 MEANS THE PERCENTAGE OF ELECTRICITY SALES AT RETAIL IN THE STATE THAT IS
8 TO BE DERIVED FROM TIER 1 RENEWABLE SOURCES AND TIER 2 RENEWABLE
9 SOURCES IN ACCORDANCE WITH § 7-703(B) OF THIS SUBTITLE.

10 (K) "RENEWABLE ON-SITE GENERATOR" MEANS A PERSON WHO GENERATES
11 ELECTRICITY ON SITE FROM A TIER 1 RENEWABLE SOURCE OR A TIER 2 RENEWABLE
12 SOURCE FOR THE PERSON'S OWN USE.

13 ~~(H)~~ (L) "TIER 1 RENEWABLE SOURCE" MEANS ONE OR MORE OF THE
14 FOLLOWING TYPES OF ENERGY SOURCES:

15 (1) SOLAR;

16 (2) WIND;

17 (3) QUALIFYING BIOMASS;

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

20 (5) GEOTHERMAL;

21 (6) OCEAN, INCLUDING ENERGY FROM WAVES, TIDES, CURRENTS, AND
22 THERMAL DIFFERENCES; ~~AND~~

23 (7) A FUEL CELL THAT PRODUCES ELECTRICITY FROM A TIER 1
24 RENEWABLE SOURCE UNDER ITEM (3) OR (4) OF THIS SUBSECTION; AND

25 (8) A SMALL HYDROELECTRIC POWER PLANT OF LESS THAN 30
26 MEGAWATTS IN CAPACITY THAT IS LICENSED OR EXEMPT FROM LICENSING BY THE
27 FEDERAL ENERGY REGULATORY COMMISSION.

28 ~~(H)~~ (M) "TIER 2 RENEWABLE SOURCE" MEANS ONE OR MORE OF THE
29 FOLLOWING TYPES OF ENERGY SOURCES:

30 (1) HYDROELECTRIC POWER OTHER THAN PUMP STORAGE
31 GENERATION;

32 (2) INCINERATION OF POULTRY LITTER, IF THE MARYLAND ENERGY
33 ADMINISTRATION AND THE MARYLAND DEPARTMENT OF AGRICULTURE DETERMINE
34 THAT THERE IS A SUFFICIENT QUANTITY OF POULTRY LITTER AVAILABLE FOR THE
35 ECONOMICAL VIABILITY OF ANY EXISTING AND OPERATING ENTITY THAT IS SITED

1 ON THE DELMARVA PENINSULA AND THAT, AS OF JULY 1, 2004, PROCESSES AND
2 PASTEURIZES CHICKEN LITTER AS FERTILIZER; AND

3 ~~(2)~~ (3) WASTE-TO-ENERGY.

4 7-702.

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

6 (1) RECOGNIZE THE ECONOMIC, ENVIRONMENTAL, FUEL DIVERSITY,
7 AND SECURITY BENEFITS OF RENEWABLE ENERGY RESOURCES;

8 (2) ESTABLISH A MARKET FOR ELECTRICITY FROM THESE RESOURCES
9 IN MARYLAND; AND

10 (3) LOWER THE COST TO CONSUMERS OF ELECTRICITY PRODUCED
11 FROM THESE RESOURCES.

12 (B) THE GENERAL ASSEMBLY FINDS THAT:

13 (1) THE BENEFITS OF ELECTRICITY FROM RENEWABLE ENERGY
14 RESOURCES, INCLUDING LONG-TERM DECREASED EMISSIONS, A HEALTHIER
15 ENVIRONMENT, INCREASED ENERGY SECURITY, AND DECREASED RELIANCE ON AND
16 VULNERABILITY FROM IMPORTED ENERGY SOURCES, ACCRUE TO THE PUBLIC AT
17 LARGE; AND

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

21 7-703.

22 (A) (1) (I) THE COMMISSION SHALL IMPLEMENT A RENEWABLE ENERGY
23 PORTFOLIO STANDARD THAT, EXCEPT AS PROVIDED UNDER PARAGRAPH (2) OF THIS
24 SUBSECTION, APPLIES TO ALL RETAIL ELECTRICITY SALES IN THE STATE BY
25 ELECTRICITY SUPPLIERS.

26 (II) IF THE STANDARD BECOMES APPLICABLE TO ELECTRICITY
27 SOLD TO A CUSTOMER AFTER THE START OF A CALENDAR YEAR, THE STANDARD
28 DOES NOT APPLY TO ELECTRICITY SOLD TO THE CUSTOMER DURING THAT PORTION
29 OF THE YEAR BEFORE THE STANDARD BECAME APPLICABLE.

30 (2) A RENEWABLE ENERGY PORTFOLIO STANDARD MAY NOT APPLY TO
31 ELECTRICITY SALES AT RETAIL BY ANY ELECTRICITY SUPPLIER:

32 (I) IN EXCESS OF 300,000,000 KILOWATT-HOURS OF INDUSTRIAL
33 PROCESS LOAD TO A SINGLE CUSTOMER IN A YEAR;

34 (II) TO RESIDENTIAL CUSTOMERS IN A REGION OF THE STATE IN
35 WHICH ELECTRICITY PRICES FOR RESIDENTIAL CUSTOMERS ARE SUBJECT TO A

1 FREEZE OR CAP CONTAINED IN A SETTLEMENT AGREEMENT ENTERED INTO UNDER
2 § 7-505 OF THIS TITLE UNTIL THE FREEZE OR CAP HAS EXPIRED; OR

3 (III) TO A CUSTOMER SERVED BY AN ELECTRIC COOPERATIVE
4 UNDER AN ELECTRICITY SUPPLIER PURCHASE AGREEMENT THAT EXISTED ON
5 OCTOBER 1, 2004, UNTIL THE EXPIRATION OF THE AGREEMENT.

6 (B) THE RENEWABLE ENERGY PORTFOLIO STANDARD SHALL BE AS FOLLOWS:

7 (1) IN 2006, 1% FROM TIER 1 RENEWABLE SOURCES AND 2.5% FROM TIER
8 2 RENEWABLE SOURCES;

9 (2) IN 2007, ~~4.5~~ 1% FROM TIER 1 RENEWABLE SOURCES AND 2.5% FROM
10 TIER 2 RENEWABLE SOURCES;

11 (3) IN 2008, 2% FROM TIER 1 RENEWABLE SOURCES AND 2.5% FROM TIER
12 2 RENEWABLE SOURCES;

13 (4) IN 2009, ~~2.5~~ 2% FROM TIER 1 RENEWABLE SOURCES AND 2.5% FROM
14 TIER 2 RENEWABLE SOURCES;

15 (5) IN 2010, 3% FROM TIER 1 RENEWABLE SOURCES AND 2.5% FROM TIER
16 2 RENEWABLE SOURCES;

17 (6) IN 2011, ~~3.5~~ 3% FROM TIER 1 RENEWABLE SOURCES AND 2.5% FROM
18 TIER 2 RENEWABLE SOURCES;

19 (7) IN 2012, 4% FROM TIER 1 RENEWABLE SOURCES AND 2.5% FROM TIER
20 2 RENEWABLE SOURCES;

21 (8) IN 2013, ~~4.5~~ 4% FROM TIER 1 RENEWABLE SOURCES AND 2.5% FROM
22 TIER 2 RENEWABLE SOURCES;

23 (9) IN 2014, 5% FROM TIER 1 RENEWABLE SOURCES AND 2.5% FROM TIER
24 2 RENEWABLE SOURCES;

25 (10) IN 2015, ~~5.5~~ 5% FROM TIER 1 RENEWABLE SOURCES AND ~~2%~~ 2.5%
26 FROM TIER 2 RENEWABLE SOURCES;

27 (11) IN 2016, 6% FROM TIER 1 RENEWABLE SOURCES AND ~~4.5%~~ 2.5% FROM
28 TIER 2 RENEWABLE SOURCES;

29 (12) IN 2017, ~~6.5~~ 6% FROM TIER 1 RENEWABLE SOURCES AND ~~1%~~ 2.5%
30 FROM TIER 2 RENEWABLE SOURCES;

31 (13) IN 2018, 7% FROM TIER 1 RENEWABLE SOURCES AND ~~0.5%~~ 2.5% FROM
32 TIER 2 RENEWABLE SOURCES; AND

33 (14) IN 2019 AND LATER, 7.5% FROM TIER 1 RENEWABLE SOURCES AND 0%
34 FROM TIER 2 RENEWABLE SOURCES.

1 (C) BEFORE CALCULATING THE NUMBER OF CREDITS REQUIRED TO MEET
2 THE PERCENTAGES ESTABLISHED UNDER SUBSECTION (B) OF THIS SECTION, AN
3 ELECTRICITY SUPPLIER SHALL EXCLUDE FROM ITS TOTAL RETAIL ELECTRICITY
4 SALES ALL RETAIL ELECTRICITY SALES DESCRIBED IN SUBSECTION (A)(2) OF THIS
5 SECTION.

6 (D) SUBJECT TO SUBSECTIONS (A) AND (C) OF THIS SECTION, AN ELECTRICITY
7 SUPPLIER SHALL MEET THE RENEWABLE ENERGY PORTFOLIO STANDARD BY
8 ACCUMULATING THE EQUIVALENT AMOUNT OF RENEWABLE ENERGY CREDITS THAT
9 EQUAL THE PERCENTAGE REQUIRED UNDER THIS SECTION.

10 7-704.

11 (A) (1) ENERGY FROM A TIER 1 RENEWABLE SOURCE:

12 (I) IS ELIGIBLE FOR INCLUSION IN MEETING THE RENEWABLE
13 ENERGY PORTFOLIO STANDARD REGARDLESS OF WHEN THE GENERATING SYSTEM
14 OR FACILITY WAS PLACED IN SERVICE; AND

15 (II) MAY BE APPLIED TO THE PERCENTAGE REQUIREMENTS OF THE
16 STANDARD FOR EITHER TIER 1 RENEWABLE SOURCES OR TIER 2 RENEWABLE
17 SOURCES.

18 (2) ENERGY FROM A TIER 1 RENEWABLE SOURCE UNDER § 7-701(L)(8) OF
19 THIS SUBTITLE IS ELIGIBLE FOR INCLUSION IN MEETING THE RENEWABLE ENERGY
20 PORTFOLIO IF IT IS GENERATED AT A DAM THAT EXISTED AS OF JANUARY 1, 2004,
21 EVEN IF A SYSTEM OR FACILITY THAT IS CAPABLE OF GENERATING ELECTRICITY DID
22 NOT EXIST ON THAT DATE.

23 ~~(2)~~ (3) (I) ENERGY FROM A TIER 2 RENEWABLE SOURCE UNDER §
24 7-701(M)(1) OR (3) OF THIS SUBTITLE IS ELIGIBLE FOR INCLUSION IN MEETING THE
25 RENEWABLE ENERGY PORTFOLIO STANDARD THROUGH 2018 IF IT IS GENERATED AT
26 A SYSTEM OR FACILITY THAT EXISTED AND WAS OPERATIONAL AS OF JANUARY 1,
27 2004, EVEN IF THE FACILITY OR SYSTEM WAS NOT CAPABLE OF GENERATING
28 ELECTRICITY ON THAT DATE.

29 (II) ENERGY FROM A TIER 2 RENEWABLE SOURCE UNDER §
30 7-701(M)(2) OF THIS SUBTITLE IS ELIGIBLE FOR INCLUSION IN MEETING THE
31 RENEWABLE ENERGY PORTFOLIO STANDARD REGARDLESS OF WHEN THE
32 GENERATING SYSTEM WAS PLACED IN SERVICE.

33 (B) ON OR AFTER JANUARY 1, 2004, AN ELECTRICITY SUPPLIER MAY:

34 (1) RECEIVE RENEWABLE ENERGY CREDITS; AND

35 (2) ACCUMULATE RENEWABLE ENERGY CREDITS UNDER THIS
36 SUBTITLE.

1 (C) AN ELECTRICITY SUPPLIER SHALL RECEIVE DOUBLE CREDIT TOWARD
2 MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR ENERGY DERIVED
3 FROM SOLAR ENERGY.

4 (D) (1) THIS SUBSECTION APPLIES ONLY TO A GENERATING FACILITY THAT
5 IS PLACED IN SERVICE ON OR AFTER JANUARY 1, 2004.

6 (2) (I) ON OR BEFORE DECEMBER 31, 2005, AN ELECTRICITY SUPPLIER
7 SHALL RECEIVE 120% CREDIT TOWARD MEETING THE RENEWABLE ENERGY
8 PORTFOLIO STANDARD FOR ENERGY DERIVED FROM WIND.

9 (II) AFTER DECEMBER 31, 2005, AND ON OR BEFORE DECEMBER 31,
10 2008, AN ELECTRICITY SUPPLIER SHALL RECEIVE 110% CREDIT TOWARD MEETING
11 THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR ENERGY DERIVED FROM
12 WIND.

13 (3) ON OR BEFORE DECEMBER 31, 2008, AN ELECTRICITY SUPPLIER
14 SHALL RECEIVE 110% CREDIT TOWARD MEETING THE RENEWABLE ENERGY
15 PORTFOLIO STANDARD FOR ENERGY DERIVED FROM METHANE UNDER ~~§ 7-701(I)(4)~~ §
16 7-701(L)(4) OF THIS SUBTITLE.

17 ~~(E) (1) AN ELECTRICITY SUPPLIER MAY NOT USE THE INCINERATION OF
18 SOLID WASTE TO MEET MORE THAN 20% OF THE STANDARD FOR TIER 2 RENEWABLE
19 SOURCES FOR A GIVEN YEAR.~~

20 ~~(2) AFTER DECEMBER 31, 2012, AN ELECTRICITY SUPPLIER MAY NOT
21 RECEIVE A RENEWABLE ENERGY CREDIT FROM THE INCINERATION OF SOLID
22 WASTE.~~

23 ~~(F)~~ (E) AN ELECTRICITY SUPPLIER SHALL RECEIVE CREDIT TOWARD
24 MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR ELECTRICITY
25 DERIVED FROM THE BIOMASS FRACTION OF BIOMASS CO-FIRED WITH OTHER
26 FUELS.

27 ~~(G)~~ (F) (1) IN THIS SUBSECTION, "CUSTOMER" MEANS:

28 (I) AN INDUSTRIAL ELECTRIC CUSTOMER THAT IS NOT ON
29 STANDARD OFFER SERVICE; OR

30 (II) A RENEWABLE ON-SITE GENERATOR.

31 (2) (I) A CUSTOMER MAY INDEPENDENTLY ACQUIRE RENEWABLE
32 ENERGY CREDITS TO SATISFY THE STANDARDS APPLICABLE TO THE CUSTOMER'S
33 LOAD, INCLUDING CREDITS CREATED BY A RENEWABLE ON-SITE GENERATOR.

34 (II) EXCEPT AS PROVIDED IN SUBPARAGRAPH (III)1 OF THIS
35 PARAGRAPH, THE CUSTOMER SHALL SURRENDER THE CREDITS NECESSARY TO
36 MEET THE STANDARD TO ITS ELECTRICITY SUPPLIER FOR INCLUSION IN THE
37 ELECTRICITY SUPPLIER'S COMPLIANCE REPORT UNDER § 7-705 OF THIS SUBTITLE.

1 (III) 1. CREDITS THAT A CUSTOMER SURRENDERS TO ITS
2 ELECTRICITY SUPPLIER TO MEET THE STANDARD AND THAT THE ELECTRICITY
3 SUPPLIER RELIES ON IN SUBMITTING ITS COMPLIANCE REPORT MAY NOT BE RESOLD
4 OR RETRANSFERRED BY THE CUSTOMER OR BY THE ELECTRICITY SUPPLIER.

5 2. THE CUSTOMER MAY RETAIN OR TRANSFER ANY CREDITS
6 IN EXCESS OF THE AMOUNT NEEDED TO SATISFY THE STANDARD FOR THE
7 CUSTOMER'S LOAD.

8 (IV) A CUSTOMER WHO SURRENDERS CREDITS UNDER THIS
9 SUBSECTION RETAINS ALL RIGHTS AND TITLE TO ANY ENVIRONMENTAL OR OTHER
10 ATTRIBUTES ASSOCIATED WITH THE CREDITS, INCLUDING EMISSION REDUCTIONS
11 OR RELATED ALLOWANCES.

12 (3) A RENEWABLE ON-SITE GENERATOR SHALL RECEIVE CREDIT FOR
13 THE PORTION OF ITS ON-SITE GENERATION FROM A TIER 1 RENEWABLE SOURCE OR
14 A TIER 2 RENEWABLE SOURCE THAT DISPLACES THE PURCHASE OF ELECTRICITY BY
15 THE RENEWABLE ON-SITE GENERATOR FROM THE GRID.

16 ~~(3)~~ (4) A CUSTOMER THAT SATISFIES THE STANDARD APPLICABLE TO
17 THE CUSTOMER'S LOAD UNDER THIS SUBSECTION MAY NOT BE REQUIRED TO
18 CONTRIBUTE TO A COMPLIANCE FEE RECOVERED UNDER § 7-706 OF THIS SUBTITLE.

19 ~~(4)~~ (5) THE COMMISSION SHALL ADOPT REGULATIONS GOVERNING
20 THE APPLICATION AND TRANSFER OF CREDITS UNDER THIS SUBSECTION
21 CONSISTENT WITH FEDERAL LAW.

22 ~~(H)~~ (G) (1) IN ORDER TO CREATE A RENEWABLE ENERGY CREDIT, A TIER 1
23 RENEWABLE SOURCE OR TIER 2 RENEWABLE SOURCE MUST SUBSTANTIALLY
24 COMPLY WITH ALL APPLICABLE ENVIRONMENTAL AND ADMINISTRATIVE
25 REQUIREMENTS, INCLUDING AIR QUALITY, WATER QUALITY, SOLID WASTE, AND
26 RIGHT-TO-KNOW PROVISIONS, PERMIT CONDITIONS, AND ADMINISTRATIVE ORDERS.

27 (2) (I) THIS PARAGRAPH APPLIES TO TIER 2 RENEWABLE SOURCES
28 THAT INCINERATE SOLID WASTE.

29 (II) AT LEAST 80% OF THE SOLID WASTE INCINERATED AT A TIER 2
30 RENEWABLE SOURCE FACILITY SHALL BE COLLECTED FROM:

31 1. FOR AREAS IN MARYLAND, JURISDICTIONS THAT ACHIEVE
32 THE RECYCLING RATES REQUIRED UNDER § 9-505 OF THE ENVIRONMENT ARTICLE;
33 AND

34 2. FOR OTHER STATES, JURISDICTIONS FOR WHICH THE
35 ELECTRICITY SUPPLIER DEMONSTRATES RECYCLING SUBSTANTIALLY COMPARABLE
36 TO THAT REQUIRED UNDER § 9-505 OF THE ENVIRONMENT ARTICLE, IN
37 ACCORDANCE WITH REGULATIONS OF THE COMMISSION.

38 (III) AN ELECTRICITY SUPPLIER MAY REPORT CREDITS RECEIVED
39 UNDER THIS PARAGRAPH BASED ON COMPLIANCE BY THE FACILITY WITH THE

1 PERCENTAGE REQUIREMENT OF SUBPARAGRAPH (II) OF THIS PARAGRAPH DURING
 2 THE YEAR IMMEDIATELY PRECEDING THE YEAR IN WHICH THE ELECTRICITY
 3 SUPPLIER RECEIVES THE CREDIT TO APPLY TO THE STANDARD.

4 7-705.

5 (A) EACH ELECTRICITY SUPPLIER SHALL SUBMIT A REPORT TO THE
 6 COMMISSION EACH YEAR IN A FORM AND BY A DATE SPECIFIED BY THE COMMISSION
 7 THAT:

8 (1) DEMONSTRATES THAT THE ELECTRICITY SUPPLIER HAS COMPLIED
 9 WITH THE APPLICABLE RENEWABLE ENERGY PORTFOLIO STANDARD UNDER § 7-703
 10 OF THIS SUBTITLE AND INCLUDES THE SUBMISSION OF THE REQUIRED AMOUNT OF
 11 RENEWABLE ENERGY CREDITS; OR

12 (2) DEMONSTRATES THE AMOUNT OF ELECTRICITY SALES BY WHICH
 13 THE ELECTRICITY SUPPLIER FAILED TO MEET THE APPLICABLE RENEWABLE
 14 ENERGY PORTFOLIO STANDARD.

15 (B) IF AN ELECTRICITY SUPPLIER FAILS TO COMPLY WITH THE RENEWABLE
 16 ENERGY PORTFOLIO STANDARD FOR THE APPLICABLE YEAR, THE ELECTRICITY
 17 SUPPLIER SHALL PAY INTO THE MARYLAND RENEWABLE ENERGY FUND
 18 ESTABLISHED UNDER ~~§ 7-706~~ § 7-707 OF THIS SUBTITLE ~~A COMPLIANCE FEE OF:~~

19 (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A
 20 COMPLIANCE FEE OF:

21 (I) 2 CENTS FOR EACH KILOWATT-HOUR OF SHORTFALL FROM
 22 REQUIRED TIER 1 RENEWABLE SOURCES; AND

23 (II) 1.5 CENTS FOR EACH KILOWATT-HOUR OF SHORTFALL FROM
 24 REQUIRED TIER 2 RENEWABLE SOURCES; OR

25 (2) FOR INDUSTRIAL PROCESS LOAD:

26 ~~(I) 1 CENT FOR EACH KILOWATT HOUR OF SHORTFALL FROM~~
 27 ~~REQUIRED TIER 1 RENEWABLE SOURCES; AND~~

28 ~~(II) 0.75 CENT FOR EACH KILOWATT HOUR OF SHORTFALL FROM~~
 29 ~~REQUIRED TIER 2 RENEWABLE SOURCES.~~

30 (I) FOR EACH KILOWATT-HOUR OF SHORTFALL FROM REQUIRED
 31 TIER 1 RENEWABLE SOURCES, A COMPLIANCE FEE OF:

32 1. 0.8 CENTS IN 2006, 2007, AND 2008;

33 2. 0.5 CENTS IN 2009 AND 2010;

34 3. 0.4 CENTS IN 2011 AND 2012;

35 4. 0.3 CENTS IN 2013 AND 2014;

1 5. 0.25 CENTS IN 2015 AND 2016; AND

2 6. 0.2 CENTS IN 2017 AND LATER; AND

3 (II) NOTHING FOR ANY SHORTFALL FROM REQUIRED TIER 2
4 RENEWABLE SOURCES.

5 (C) THE COMMISSION MAY ALLOW AN ELECTRICITY SUPPLIER TO SUBMIT
6 THE REPORT REQUIRED UNDER § 7-505(B)(4) OF THIS TITLE TO DEMONSTRATE
7 COMPLIANCE WITH THE RENEWABLE ENERGY PORTFOLIO STANDARD.

8 (D) AN AGGREGATOR OR BROKER WHO ASSISTS AN ELECTRICITY CUSTOMER
9 IN PURCHASING ELECTRICITY BUT WHO DOES NOT SUPPLY THE ELECTRICITY OR
10 TAKE TITLE TO OR OWNERSHIP OF THE ELECTRICITY MAY REQUIRE THE
11 ELECTRICITY SUPPLIER FROM WHICH THE AGGREGATOR OR BROKER PROCURES
12 WHO SUPPLIES THE ELECTRICITY, AND WHICH IS NOT ITSELF ACTING AS AN
13 AGGREGATOR OR BROKER IN THE PROCUREMENT, TO DEMONSTRATE COMPLIANCE
14 WITH THIS SUBTITLE.

15 7-706.

16 (A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, IN
17 ACCORDANCE WITH THE OBLIGATION TO PROVIDE STANDARD OFFER SERVICE
18 THROUGH THE BID PROCESS CREATED UNDER § 7-510 OF THIS TITLE, THE
19 COMMISSION SHALL ALLOW AN ELECTRICITY SUPPLIER TO RECOVER ACTUAL
20 DOLLAR-FOR-DOLLAR COSTS INCURRED, INCLUDING A COMPLIANCE FEE UNDER §
21 7-705 OF THIS SUBTITLE, IN COMPLYING WITH A STATE-MANDATED RENEWABLE
22 ENERGY PORTFOLIO STANDARD.

23 (2) IN ACCORDANCE WITH THE PHASE II SETTLEMENT AGREEMENT
24 APPROVED BY THE COMMISSION IN ORDER NO. 78710 IN CASE NO. 8908 ON
25 SEPTEMBER 30, 2003, FOR ANY FULL-SERVICE AGREEMENT EXECUTED BEFORE THE
26 RENEWABLE ENERGY STANDARD UNDER THIS SUBTITLE APPLIES TO AN ELECTRIC
27 COMPANY, THE ELECTRIC COMPANY AND ITS WHOLESALE ELECTRICITY SUPPLIERS
28 MAY PASS THROUGH THEIR COMMERCIALY REASONABLE ADDITIONAL COSTS, IF
29 ANY, ASSOCIATED WITH COMPLYING WITH THE STANDARD, THROUGH THE END OF
30 THE YEAR OF STANDARD OFFER SERVICE IN WHICH THE REQUIREMENT TOOK
31 EFFECT.

32 (B) AN ELECTRICITY SUPPLIER MAY RECOVER A COMPLIANCE FEE IF:

33 (1) THE PAYMENT OF A COMPLIANCE FEE IS THE LEAST-COST MEASURE
34 TO CUSTOMERS AS COMPARED TO THE PURCHASE OF TIER 1 RENEWABLE SOURCES
35 TO COMPLY WITH A RENEWABLE ENERGY PORTFOLIO STANDARD;

36 (2) THERE ARE INSUFFICIENT TIER 1 RENEWABLE SOURCES AVAILABLE
37 FOR THE ELECTRICITY SUPPLIER TO COMPLY WITH A RENEWABLE ENERGY
38 PORTFOLIO STANDARD; OR

1 (3) A WHOLESALE ELECTRICITY SUPPLIER DEFAULTS OR OTHERWISE
2 FAILS TO DELIVER RENEWABLE ENERGY CREDITS UNDER A SUPPLY CONTRACT
3 APPROVED BY THE COMMISSION.

4 (C) ANY COST RECOVERY UNDER THIS SECTION:

5 (1) FOR ALL ELECTRICITY SUPPLIERS, MAY BE IN THE FORM OF A
6 GENERATION SURCHARGE PAYABLE BY ALL CURRENT ELECTRICITY SUPPLY
7 CUSTOMERS, EXCEPT AS OTHERWISE PROVIDED IN § 7-704(F) OF THIS SUBTITLE;

8 (2) SHALL BE DISCLOSED TO CUSTOMERS IN A MANNER TO BE
9 DETERMINED BY THE COMMISSION; AND

10 (3) MAY NOT INCLUDE THE COSTS FOR A POWER PURCHASE CONTRACT
11 UNDER THE FEDERAL PUBLIC UTILITY REGULATORY POLICY ACT CONTEMPLATED IN
12 RATES OR RESTRUCTURING PROCEEDINGS.

13 (D) (1) IN ACCORDANCE WITH REGULATIONS ADOPTED BY THE
14 COMMISSION IN CONSULTATION WITH THE DEPARTMENT OF BUSINESS AND
15 ECONOMIC DEVELOPMENT, THE COMMISSION MAY WAIVE THE RECOVERY OF ALL OR
16 PART OF THE COMPLIANCE FEE ASSESSED ON THE LOAD OF A PARTICULAR
17 INDUSTRIAL OR NONRETAIL COMMERCIAL CUSTOMER FOR A PARTICULAR YEAR,
18 BASED ON A DEMONSTRATION BY THE APPLICANT OF AN EXTREME ECONOMIC
19 HARDSHIP THAT SIGNIFICANTLY IMPAIRS THE CONTINUED OPERATION OF THE
20 APPLICANT.

21 (2) ANY COMPLIANCE FEE RECOVERY THAT IS WAIVED UNDER THIS
22 SUBSECTION MAY NOT BE ASSESSED AGAINST OTHER CUSTOMERS.

23 (3) AN ELECTRICITY SUPPLIER IS NOT LIABLE FOR ANY COMPLIANCE
24 FEE THAT IS WAIVED UNDER THIS SUBSECTION.

25 7-707.

26 (A) THERE IS A MARYLAND RENEWABLE ENERGY FUND.

27 (B) THE PURPOSE OF THE FUND IS TO ENCOURAGE THE DEVELOPMENT OF
28 RESOURCES TO GENERATE RENEWABLE ENERGY IN THE STATE.

29 (C) SUBJECT TO OVERSIGHT BY THE COMMISSION, THE ADMINISTRATION
30 SHALL ADMINISTER THE FUND.

31 (D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT
32 TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

33 (2) THE TREASURER SHALL HOLD THE FUND SEPARATELY AND THE
34 COMPTROLLER SHALL ACCOUNT FOR THE FUND.

35 (E) THE FUND CONSISTS OF:

36 (1) COMPLIANCE FEES PAID UNDER § 7-705 OF THIS SUBTITLE;

- 1 (2) PAYMENTS RECEIVED IN REPAYMENT OF A LOAN;
2 (3) INVESTMENT EARNINGS OF THE FUND; AND
3 (4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE
4 BENEFIT OF THE FUND.

5 (F) (1) THE FUND MAY BE USED ONLY TO MAKE LOANS AND GRANTS TO
6 SUPPORT THE CREATION OF NEW TIER 1 RENEWABLE ENERGY SOURCES IN THE
7 STATE.

8 (2) BY REGULATION THE COMMISSION SHALL ADOPT ELIGIBILITY
9 CRITERIA FOR PROJECTS SUPPORTED BY THE FUND.

10 (3) (I) THE ADMINISTRATION SHALL RECEIVE AND REVIEW
11 APPLICATIONS FOR LOANS AND GRANTS FOR ELIGIBLE PROJECTS.

12 (II) THE ADMINISTRATION SHALL APPROVE OR DISAPPROVE
13 APPLICATIONS FOR LOANS AND GRANTS FROM THE FUND.

14 (4) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE
15 COMMISSION MAY ALLOW THE USE OF MONEY OF THE FUND FOR ADMINISTRATIVE
16 EXPENSES RELATED TO THE FUND AND PROJECT REVIEW AND OVERSIGHT.

17 (II) THE ADMINISTRATION AND THE COMMISSION MAY NOT SPEND
18 MORE THAN 10% OF THE FUNDS PLACED IN THE FUND FOR ADMINISTRATIVE
19 EXPENSES.

20 (G) (1) THE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE
21 SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

22 (2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE CREDITED TO
23 THE FUND.

24 7-708.

25 (A) (1) THE COMMISSION SHALL ESTABLISH AND MAINTAIN A
26 MARKET-BASED RENEWABLE ELECTRICITY TRADING SYSTEM TO FACILITATE THE
27 CREATION AND TRANSFER OF RENEWABLE ENERGY CREDITS.

28 (2) TO THE EXTENT PRACTICABLE, THE TRADING SYSTEM SHALL BE
29 CONSISTENT WITH AND OPERATE IN CONJUNCTION WITH THE TRADING SYSTEM
30 DEVELOPED BY PJM INTERCONNECTION, INC., IF AVAILABLE.

31 (3) THE COMMISSION MAY CONTRACT WITH A FOR-PROFIT OR A
32 NONPROFIT ENTITY TO ASSIST IN THE ADMINISTRATION OF THE ELECTRICITY
33 TRADING SYSTEM REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION.

34 (B) (1) THE SYSTEM SHALL INCLUDE A REGISTRY OF PERTINENT
35 INFORMATION REGARDING ALL:

1 (I) AVAILABLE RENEWABLE ENERGY CREDITS; AND

2 (II) RENEWABLE ENERGY CREDIT TRANSACTIONS AMONG
3 ELECTRICITY SUPPLIERS IN THE STATE, INCLUDING:

4 1. THE CREATION AND APPLICATION OF RENEWABLE
5 ENERGY CREDITS;

6 2. THE NUMBER OF RENEWABLE ENERGY CREDITS SOLD OR
7 TRANSFERRED; AND

8 3. THE PRICE PAID FOR THE SALE OR TRANSFER OF
9 RENEWABLE ENERGY CREDITS.

10 (2) (I) THE REGISTRY SHALL PROVIDE CURRENT INFORMATION TO
11 ELECTRICITY SUPPLIERS AND THE PUBLIC ON THE STATUS OF RENEWABLE ENERGY
12 CREDITS CREATED, SOLD, OR TRANSFERRED IN THE STATE.

13 (II) REGISTRY INFORMATION SHALL BE AVAILABLE BY COMPUTER
14 NETWORK ACCESS THROUGH THE INTERNET.

15 7-709.

16 (A) AN ELECTRICITY SUPPLIER MAY USE ACCUMULATED RENEWABLE
17 ENERGY CREDITS TO MEET THE RENEWABLE ENERGY PORTFOLIO STANDARD,
18 INCLUDING CREDITS CREATED BY A RENEWABLE ON-SITE GENERATOR.

19 (B) A RENEWABLE ENERGY CREDIT MAY BE SOLD OR OTHERWISE
20 TRANSFERRED.

21 (C) (1) EXCEPT AS AUTHORIZED UNDER PARAGRAPH (2) OF THIS
22 SUBSECTION, A RENEWABLE ENERGY CREDIT SHALL EXIST FOR 3 YEARS FROM THE
23 DATE CREATED.

24 (2) A RENEWABLE ENERGY CREDIT MAY BE DIMINISHED OR
25 EXTINGUISHED BEFORE THE EXPIRATION OF 3 YEARS BY:

26 (I) THE ELECTRICITY SUPPLIER THAT RECEIVED THE CREDIT;

27 (II) A NONAFFILIATED ENTITY OF THE ELECTRICITY SUPPLIER:

28 1. THAT PURCHASED THE CREDIT FROM THE ELECTRICITY
29 SUPPLIER RECEIVING THE CREDIT; OR

30 2. TO WHOM THE ELECTRICITY SUPPLIER OTHERWISE
31 TRANSFERRED THE CREDIT; OR

32 (III) DEMONSTRATED NONCOMPLIANCE BY THE GENERATING
33 FACILITY WITH THE REQUIREMENTS OF § 7-704(G) OF THIS SUBTITLE.

1 (D) NOTWITHSTANDING SUBSECTION (C)(2)(III) OF THIS SECTION, AND ONLY
2 IF THE DEMONSTRATED NONCOMPLIANCE DOES NOT RESULT IN ENVIRONMENTAL
3 DEGRADATION, AN ELECTRICITY SUPPLIER THAT REASONABLY INCLUDES IN ITS
4 ANNUAL REPORT UNDER § 7-705 OF THIS SUBTITLE A RENEWABLE ENERGY CREDIT
5 THAT IS EXTINGUISHED FOR NONCOMPLIANCE WITH § 7-704(G)(1) OR (2) OF THIS
6 SUBTITLE:

7 (1) MAY CONTINUE TO RELY ON THAT CREDIT FOR THAT YEAR; BUT

8 (2) FOR LATER YEARS MUST:

9 (I) DEMONSTRATE A RETURN TO COMPLIANCE OF THE
10 GENERATING FACILITY UNDER § 7-704(G) OF THIS SUBTITLE; OR

11 (II) REPLACE THE CREDIT WITH A RENEWABLE ENERGY CREDIT
12 FROM ANOTHER SOURCE.

13 (E) THE COMMISSION BY REGULATION SHALL ESTABLISH REQUIREMENTS
14 FOR DOCUMENTATION AND VERIFICATION OF RENEWABLE ENERGY CREDITS BY
15 LICENSED ELECTRICITY SUPPLIERS AND OTHER GENERATORS THAT CREATE AND
16 RECEIVE CREDITS FOR COMPLIANCE WITH THE STANDARDS FOR TIER 1 RENEWABLE
17 SOURCES AND TIER 2 RENEWABLE SOURCES.

18 7-710.

19 THE COMMISSION MAY IMPOSE AN ADMINISTRATIVE FEE ON A RENEWABLE
20 ENERGY CREDIT TRANSACTION, BUT THE AMOUNT OF THE FEE MAY NOT EXCEED
21 THE COMMISSION'S ACTUAL DIRECT COST OF PROCESSING THE TRANSACTION.

22 7-711.

23 THE COMMISSION HAS THE SAME POWER AND AUTHORITY WITH RESPECT TO
24 AN ELECTRICITY SUPPLIER UNDER THIS SUBTITLE THAT THE COMMISSION HAS
25 WITH RESPECT TO ANY PUBLIC SERVICE COMPANY UNDER THIS ARTICLE FOR THE
26 PURPOSES OF INVESTIGATING AND EXAMINING THE ELECTRICITY SUPPLIER TO
27 DETERMINE COMPLIANCE WITH THIS SUBTITLE AND WITH OTHER APPLICABLE LAW.

28 7-712.

29 SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, ON OR BEFORE
30 FEBRUARY 1 OF EACH YEAR THE COMMISSION SHALL REPORT TO THE GENERAL
31 ASSEMBLY ON THE STATUS OF IMPLEMENTATION OF THIS SUBTITLE, INCLUDING
32 THE AVAILABILITY OF TIER 1 RENEWABLE SOURCES, PROJECTS SUPPORTED BY THE
33 FUND, AND OTHER PERTINENT INFORMATION.

34 7-713.

35 THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT THE
36 PROVISIONS OF THIS SUBTITLE.

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

3 **Article - Public Utility Companies**

4 7-516.

5 [(a) An electric company shall continue to purchase electricity under any
6 contract in effect on January 1, 1999, with a renewable energy resource facility
7 located in the State until the later of the expiration of the contract or the expiration or
8 satisfaction of bonds existing on January 1, 1999, supporting the facility.

9 (b) An investor-owned electric company shall continue to provide at least the
10 same percentage of electricity from available renewable energy resources, at a
11 reasonably comparable cost, as the electric company provided in 1998.

12 (c) On or before February 1, 2000, the Commission, in consultation with the
13 Maryland Energy Administration, shall report to the Governor and, subject to §
14 2-1246 of the State Government Article, to the General Assembly on the feasibility of
15 requiring a renewables portfolio standard, including the feasibility and structure of a
16 two-tiered standard, and the estimated costs and benefits of establishing this
17 requirement.]

18 [(d) (A) (1) [(i) In recognition of the potential environmental impacts of
19 restructuring the electric industry, it is the intent of the General Assembly to
20 minimize the effects of electric restructuring on the environment.

21 [(ii) (2) Electric companies in Maryland shall conduct a study that
22 tracks shifts in generation and emissions as a result of restructuring the electric
23 industry.

24 [(iii) (3) The study shall be submitted to the Department of the
25 Environment and the Commission one year after the initial date of implementation of
26 customer choice.

27 [(iv) (4) Electric companies in Maryland shall update the study
28 twice and submit each updated study to the Department of the Environment and the
29 Commission on or before December 31, 2003 and on or before December 31, 2005.

30 [(2) (B) If, after review of the study required under paragraph (1) of this
31 subsection, the Department of the Environment determines that the emissions levels
32 impose a higher emission burden in Maryland, the Department of the Environment,
33 in consultation with the Commission, shall study the appropriateness,
34 constitutionality, and feasibility of establishing an air quality surcharge or other
35 mechanism to protect Maryland's environment in connection with the
36 implementation of customer choice of electricity suppliers.

37 SECTION 3. AND BE IT FURTHER ENACTED, That:

1 (a) (1) On or before October 1, 2004, the Public Service Commission shall
2 establish a technical advisory group to develop recommendations on siting,
3 operational, and monitoring criteria for wind-powered electricity generating facilities
4 relating to avian and bat issues.

5 (2) The technical advisory group shall include the following members:

6 (i) two biologists who are professionally recognized for their
7 expertise in avian issues and behavior, including one from the Department of Natural
8 Resources;

9 (ii) two representatives of wind energy companies;

10 (iii) one representative of an electricity transmission company or
11 other individual with interest and experience in siting and interconnection of
12 electricity transmission facilities with generating facilities;

13 (iv) two representatives of environmental groups; and

14 (v) one representative of the Commission.

15 (3) The technical advisory group shall study and make recommendations
16 on:

17 (i) standards that will avoid or minimize impacts on birds and bats
18 from the construction and operation of wind-energy generating facilities;

19 (ii) a tiered system of standards that vary with the size of the
20 wind-energy generating facility and the associated generating capacity;

21 (iii) additional assessments of avian and bat populations and
22 behavior that may be needed before issuance of a certificate of public convenience and
23 necessity beyond those needed for other types of generating facilities, if any;

24 (iv) additional monitoring studies of avian and bat populations and
25 behavior during and after construction of a facility; and

26 (v) mitigation appropriate to address any impact on avian and bat
27 populations above a threshold level to be included in the certificate of public
28 convenience and necessity for a wind-powered electricity generating facility.

29 (4) In conducting its study, the technical advisory group shall consider
30 guidelines for siting, operation, and avoidance and mitigation of avian impacts under
31 development by the United States Fish and Wildlife Service and by other states.

32 (5) The Power Plant Research Program of the Department of Natural
33 Resources shall assist the technical advisory group in its study and the development
34 of recommendations.

35 (6) On or before June 1, 2005, the technical advisory group shall report
36 its recommendations to the Commission.

1 (7) (i) On or before July 1, 2006, the Commission shall adopt
2 regulations for wind-powered electricity generating facility siting taking into
3 consideration the recommendations of the technical advisory group.

4 (ii) The regulations may not apply to any wind-powered electricity
5 generating facility for which an application for a certificate of public convenience and
6 necessity has been submitted to the Commission before the effective date of the
7 regulations.

8 (b) The General Assembly strongly encourages:

9 (1) the Public Service Commission to exempt from siting, operational,
10 and monitoring requirements wind-energy generating facilities that involve only
11 small turbines for residential, agricultural, and small business use, including
12 facilities installed for net-energy metering;

13 (2) developers of commercial wind-energy generating facilities that
14 involve more than 10 turbines to:

15 (i) conduct at least 1 year of site evaluation, using state-of-the-art
16 techniques, both for the potential for direct mortality of avian species and for impacts
17 from fragmentation and loss of forest and other affected habitat; and

18 (ii) provide the results of the evaluation to the Commission for
19 review in connection with proceedings for the issuance of a certificate of public
20 convenience and necessity;

21 (3) developers of commercial wind-energy generating facilities that
22 involve 10 or fewer turbines to:

23 (i) conduct a shorter-term site evaluation both for the potential for
24 direct mortality of avian species and for impacts from fragmentation and loss of forest
25 and other affected habitat; and

26 (ii) provide the results of the evaluation to the Commission for
27 review in connection with proceedings for the issuance of a certificate of public
28 convenience and necessity; and

29 (4) developers of all commercial wind-energy generating facilities to:

30 (i) conduct post-construction avian mortality studies of the impact
31 of facility operation; and

32 (ii) provide copies to the Commission and, while it exists, to the
33 technical advisory group.

34 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in
35 Section 3 of this Act, on or before July 1, 2005, the Public Service Commission shall
36 adopt regulations to implement this Act. It is the intent of the General Assembly that
37 the Public Service Commission propose its regulations concerning waiver of the

1 compliance fee due to hardship under § 7-706(d) of the Public Utility Companies
2 Article, as enacted by this Act, through the emergency adoption process under §
3 10-111(b) of the State Government Article.

4 SECTION 5. AND BE IT FURTHER ENACTED, That it is the intent of the
5 General Assembly that the Public Service Commission recover the costs of
6 establishing a market-based renewable electricity trading system under § 7-708 of
7 the Public Utility Companies Article as enacted by this Act through its assessment
8 under § 2-110 of the Public Utility Companies Article.

9 SECTION 6. AND BE IT FURTHER ENACTED, That:

10 (a) The Office of Legislative Audits shall conduct a performance audit of the
11 Maryland Renewable Energy Fund which includes, for each year since the creation of
12 the Fund, an assessment of:

13 (1) the amount of funds received in the Fund;

14 (2) the uses of the funds; and

15 (3) the administrative expenses related to the Fund for project review
16 and oversight.

17 (b) The Office shall report the results of the audit to the General Assembly, in
18 accordance with § 2-1246 of the State Government Article, on or before December 1,
19 2009.

20 (c) The cost of the performance audit shall be included in the administrative
21 expenses under § 7-707(f)(4) of the Public Utility Companies Article, as enacted by
22 this Act.

23 SECTION 7. AND BE IT FURTHER ENACTED, That:

24 (a) The General Assembly acknowledges that significant investments have
25 been made in the utilization of poultry litter in alternative and beneficial ways, such
26 as poultry litter pelletizing ~~plans~~ plants, before enactment of this Act, and it is the
27 intent of the General Assembly that the private sector continue to find creative and
28 innovative ways in which to utilize poultry litter that are consistent with and
29 responsive to the purposes of this Act.

30 (b) To the extent that existing and future State financial assistance programs
31 can help facilitate ~~this undertaking~~ the goals specified in subsection (a) of this
32 section, the General Assembly encourages partnerships that lead to environmentally
33 friendly and economically advantageous initiatives.

34 (c) To help safeguard previous private sector investment efforts and yet
35 facilitate future private sector investment efforts consistent with the purposes of this
36 Act, the General Assembly encourages the Maryland Energy Administration, in
37 cooperation with the Maryland Department of Agriculture, to enhance the State's
38 system of monitoring the production and volume of poultry litter in order to realize, to

1 the extent possible, a balance between existing demands and anticipated demands for
2 poultry litter to help ensure:

3 (1) that existing projects have sufficient quantities of poultry litter to
4 meet reasonably projected demands and to be economically viable; and

5 (2) that future projects, such as power generation, have sufficient
6 quantities of poultry litter in order to become economically viable.

7 SECTION 8. AND BE IT FURTHER ENACTED, That, on or before December 1,
8 2009, the Public Service Commission shall provide a status report to the Governor
9 and the General Assembly, subject to § 2-1246 of the State Government Article, which
10 includes a review of the implementation of this Act, the availability and development
11 of each type of Tier 1 renewable energy source, the impact on the price of Tier 1
12 renewable energy sources, the amount of compliance fees paid by electricity suppliers
13 each year for noncompliance with Tier 1 and Tier 2 renewable energy sources, and the
14 use of these compliance fees to support the creation of new Tier 1 renewable energy
15 sources.

16 SECTION 9. AND BE IT FURTHER ENACTED, That the Public Service
17 Commission shall:

18 (1) on or before January 1, 2016, commence a review of the
19 implementation and the environmental and economic impacts of the renewable
20 portfolio standard enacted by this Act, including the impacts of Tier 2 renewable
21 sources;

22 (2) in the course of its review, consult with appropriate scientific,
23 economic, and environmental resources, and with affected communities of interest;

24 (3) develop recommendations concerning the continuation of the
25 renewable portfolio standard for Tier 1 and Tier 2 renewable sources, including the
26 classification of sources in distinct tiers, any recommended alteration to the tier
27 system, and whether the tiers should be continued and, if so, at what percentages;
28 and

29 (4) on or before January 1, 2017, report its recommendations to the
30 Governor and the General Assembly, subject to § 2-1246 of the State Government
31 Article.

32 SECTION ~~5~~ 10. AND BE IT FURTHER ENACTED, That Section 2 of this Act
33 shall take effect January 1, 2006.

34 SECTION ~~6~~ 11. AND BE IT FURTHER ENACTED, That, except as provided in
35 Section ~~5~~ 10 of this Act, this Act shall take effect July 1, 2004.

