

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL NO. 476
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, after “Program” insert “and Solar Energy Grant Program”; strike beginning with “requiring” in line 9 down through “Program;” in line 11; strike beginning with “requiring” in line 15 down through “surcharge” in line 18 and substitute “altering the amount of the environmental surcharge for each account for each retail electric customer for a specified period of time; extending the date by which the environmental trust surcharge may be imposed; requiring that a specified amount of the Environmental Trust Fund be provided to the Administration for the Community Energy and Economic Development Grant Program for a specified period of time; altering the name of a certain program; requiring the Legislative Auditor to conduct post audits of the Fund; altering the maximum amount of certain grants under the Solar Energy Grant Program administered by the Maryland Energy Administration; establishing a Solar Energy Grant Fund to be administered by the Administration under Public Service Commission oversight for certain purposes; requiring the State Treasurer and the State Comptroller to perform certain functions related to the Solar Energy Grant Fund; authorizing the Solar Energy Grant Fund to be used for grants to eligible projects; limiting the amount of funds that may be used for certain administrative expenses; providing that certain money expended from the Solar Energy Grant Fund is supplemental to funding that otherwise would be appropriated for the Solar Energy Grant Program; requiring the Governor to include a certain proposed appropriation to the Solar Energy Grant Fund in the annual budget bill each fiscal year under certain circumstances; requiring that a certain percentage of certain compliance fees be paid into the Maryland Renewable Energy Fund and a certain percentage of certain compliance fees be paid into the Solar Energy Grant Fund; limiting the amount of certain compliance fees that may be paid into the Solar Energy Grant Fund”; in line 20, after “Program” insert “and the Solar Energy Grant Program and Fund”; and in line 28, after “7-203” insert “and 7-705”.

On page 2, after line 1, insert:

(Over)

“BY repealing and reenacting, with amendments,

Article - State Government

Section 9-2007

Annotated Code of Maryland

(2004 Replacement Volume and 2005 Supplement)”;

in line 4, after “Section” insert “9-2007.1; and”; and in the same line, strike “9-21A-11” and substitute “9-21A-10”.

AMENDMENT NO. 2

On page 2, after line 8, insert:

“Preamble

WHEREAS, The Power Plant Assessment Program within the Department of Natural Resources plays an essential role in ensuring that the State’s energy needs are met with minimal impact on the environment; and

WHEREAS, The Power Plant Assessment Program, in order to fulfill its mandate through the Power Plant Siting Act of 1971, must conduct highly detailed scientific and technical analyses of power generation and transmission projects and their impacts on the State and coordinate among numerous State agencies; and

WHEREAS, The Environmental Trust Fund was created for the sole purpose of funding the Power Plant Assessment Program in recognition of the fact that no alternative funding sources exist; and

WHEREAS, The Environmental Trust Fund should remain dedicated to funding the needs of the Power Plant Assessment Program, and that any moneys from the Environmental Trust Fund that are used to support the Community Energy and Economic Development Grant Program or other programs outside the explicit mandate of the Power Plant Siting Act of 1971 should be identified only after the needs of the Power Plant Assessment Program are met; and

WHEREAS, The use of the Environmental Trust Fund to meet the needs of the Power Plant Assessment Program should be protected in the future; now, therefore,;”

strike beginning with “AND” in line 27 down through “ARTICLE” in line 29; in line 30, after “Assembly” insert “AND SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION”; in line 33,

strike “Notwithstanding any other provisions of this subtitle” and substitute “(I) EXCEPT AS PROVIDED IN SUBPARAGRAPHS (II) AND (III) OF THIS PARAGRAPH”; in lines 34 and 35, strike “the lesser of”; in line 35, strike “or” and substitute “.

(II) EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF THIS PARAGRAPH, FOR THE FISCAL YEARS BEGINNING JULY 1, 2006 AND JULY 1, 2007, THE AMOUNT OF THE SURCHARGE FOR EACH ACCOUNT OF EACH RETAIL ELECTRIC CUSTOMER SHALL BE 0.15 MILL PER KILOWATT HOUR.

(III) A RETAIL ELECTRIC CUSTOMER MAY NOT BE CHARGED MORE THAN”;

in the same line, strike “and the” and substitute “.

(IV) THE”;

and in line 36, strike “2010” and substitute “2020”.

On page 3, in line 24, strike “(I)”;

strike in their entirety lines 26 and 27; in line 29, after “for” insert “COSTS AND EXPENSES TO IMPLEMENT”; in the same line, after “studies” insert “AND PROGRAMS”; in line 30, after “energy” insert “, INCLUDING RENEWABLE ENERGY, AND ENERGY EFFICIENCY”; in line 32, after “Fund” insert “.

(I)”;

and in the same line, after “year” insert “FOR ADMINISTRATIVE COSTS AND EXPENSES FOR STUDIES AND PROGRAMS RELATING TO CONSERVATION OR PRODUCTION OF ENERGY; AND

(II) FOR THE FISCAL YEARS BEGINNING JULY 1, 2006 AND JULY 1, 2007, SHALL BE AN AMOUNT FOR THE COMMUNITY ENERGY AND ECONOMIC DEVELOPMENT GRANT PROGRAM ESTABLISHED IN TITLE 21A OF THE STATE GOVERNMENT ARTICLE EQUAL TO THE BALANCE IN THE FUND THAT EXCEEDS THE

TOTAL OF THE FOLLOWING:

1. THE CURRENT FISCAL YEAR'S APPROPRIATION TO THE DEPARTMENT FROM THE FUND; AND

2. 10% OF THE REVENUES COLLECTED UNDER THIS SECTION FROM THE SURCHARGE DURING THE PREVIOUS FISCAL YEAR".

On page 4, in line 17, strike "Research" and substitute "ASSESSMENT"; strike beginning with "AND" in line 18 down through "ARTICLE" in line 19; in line 20, strike the brackets; in the same line, strike "BUDGETS"; in line 21, strike "Research" and substitute "ASSESSMENT"; strike beginning with "AND" in line 21 down through "PROGRAM" in line 22 and substitute "AND SUBJECT TO SUBSECTION (D) OF THIS SECTION"; in line 26, strike "Notwithstanding any other provision of this subtitle" and substitute "(I) EXCEPT AS PROVIDED IN SUBPARAGRAPHS (II) AND (III) OF THIS PARAGRAPH"; in lines 27 and 28, strike "the lesser of"; and in line 28, strike "or" and substitute ".

(II) EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF THIS PARAGRAPH, FOR THE FISCAL YEARS BEGINNING JULY 1, 2006 AND JULY 1, 2007, THE AMOUNT OF THE SURCHARGE FOR EACH ACCOUNT OF EACH RETAIL ELECTRIC CUSTOMER SHALL BE 0.15 MILL PER KILOWATT HOUR.

(III) A RETAIL ELECTRIC CUSTOMER MAY NOT BE CHARGED MORE THAN".

On page 5, in line 2, strike "2010" and substitute "2020"; and in lines 22 and 23, strike "OR TIER 2 RENEWABLE SOURCE".

On page 6, in line 12, strike the first comma and substitute "AND"; in the same line, strike ", AND FARMERS"; in line 20, after "PURCHASE" insert "RENEWABLE"; strike beginning with "MAKE" in line 21 down through "(4)" in line 24; in line 24, after "ON" insert "RENEWABLE"; in lines 26, 28, and 32, strike "(5)", "(6)", and "(8)", respectively, and substitute "(4)", "(5)", and "(6)", respectively; and strike in their entirety lines 30 and 31.

On page 7, in lines 1 and 4, strike "(9)" and "(10)", respectively, and substitute "(7)" and "(8)", respectively; in lines 1 and 2, strike "AND MODERATE-INCOME RESIDENTS"; in line 5,

after “EFFICIENCY;” insert “OR”; strike in their entirety lines 6 through 8, inclusive; and in line 9, strike “(12)” and substitute “(9)”.

On page 8, in line 4, after “(A)” insert “(1)”; and after line 5, insert:

“(2) IN MAKING GRANTS UNDER THIS SUBTITLE, THE ADMINISTRATION SHALL CONSIDER:

(I) AN ALLOCATION OF GRANT ASSISTANCE AMONG PROPOSED COMMUNITY ENERGY PROGRAMS BASED ON PROJECTED ENERGY COST SAVINGS OR PROJECTED INCREASES IN RENEWABLE ENERGY USE OR PRODUCTION; AND

(II) THE GEOGRAPHIC DISTRIBUTION OF GRANT ASSISTANCE.”.

On page 8, in line 26, after “(B)” insert “(1)”; and after line 28, insert:

“(2) THE ADMINISTRATION MAY NOT SPEND FOR ADMINISTRATIVE EXPENSES MORE THAN 10% OF THE FUNDS PLACED IN THE FUND.”.

On page 9, strike beginning with “TRANSFERRED” in line 1 down through “ARTICLE” in line 3 and substitute “RECEIVED BY THE ADMINISTRATION UNDER § 3-302(D)(2)(II) OF THE NATURAL RESOURCES ARTICLE FOR THE USE IN PROGRAMS RELATING TO RENEWABLE ENERGY AND ENERGY EFFICIENCY”; in line 4, after “FUND;” insert:

“(3) MONEY DIRECTED TO THE FUND IN CONNECTION WITH ANY PROCEEDINGS BEFORE THE PUBLIC SERVICE COMMISSION;

(4) MONEY TRANSFERRED FROM THE RENEWABLE ENERGY FUND UNDER § 7-707 OF THE PUBLIC UTILITY COMPANIES ARTICLE, AS PROVIDED IN THE STATE BUDGET;”;

in line 5, strike “(3)” and substitute “(5)”; after line 12, insert:

(Over)

“(H) THE FUND IS SUBJECT TO THE PROVISIONS FOR FINANCIAL MANAGEMENT AND BUDGETING ESTABLISHED BY THE DEPARTMENT OF BUDGET AND MANAGEMENT.

(I) (1) THE LEGISLATIVE AUDITOR SHALL CONDUCT POST AUDITS OF A FISCAL AND COMPLIANCE NATURE OF THE FUND AND OF THE APPROPRIATIONS AND EXPENDITURES MADE FOR THE PURPOSE OF THIS SUBTITLE.

(2) THE COST OF THE FISCAL PORTION OF THE POST AUDIT EXAMINATIONS SHALL BE AN OPERATING COST OF THE FUND.”;

strike in their entirety lines 13 through 21, inclusive; and in lines 22 and 29, strike “3.” and “4.”, respectively, and substitute “2.” and “3.”, respectively.

AMENDMENT NO. 3

On page 5, after line 2, insert:

“7-705.

(a) Each electricity supplier shall submit a report to the Commission each year in a form and by a date specified by the Commission that:

(1) demonstrates that the electricity supplier has complied with the applicable renewable energy portfolio standard under § 7-703 of this subtitle and includes the submission of the required amount of renewable energy credits; or

(2) demonstrates the amount of electricity sales by which the electricity supplier failed to meet the applicable renewable energy portfolio standard.

(b) (1) If an electricity supplier fails to comply with the renewable energy portfolio standard for the applicable year, the electricity supplier shall pay [into the Maryland Renewable Energy Fund established under § 7-707 of this subtitle]:

[(1)] (I) except as provided in [paragraph (2)] ITEM (II) of this [subsection] PARAGRAPH, a compliance fee of:

[(i)] 1. 2 cents for each kilowatt-hour of shortfall from required Tier 1 renewable sources; and

[(ii)] 2. 1.5 cents for each kilowatt-hour of shortfall from required Tier 2 renewable sources; or

[(2)] (II) for industrial process load:

[(i)] 1. for each kilowatt-hour of shortfall from required Tier 1 renewable sources, a compliance fee of:

[1.] A. 0.8 cents in 2006, 2007, and 2008;

[2.] B. 0.5 cents in 2009 and 2010;

[3.] C. 0.4 cents in 2011 and 2012;

[4.] D. 0.3 cents in 2013 and 2014;

[5.] E. 0.25 cents in 2015 and 2016; and

[6.] F. 0.2 cents in 2017 and later; and

[(ii)] 2. nothing for any shortfall from required Tier 2 renewable sources.

(2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, OF THE COMPLIANCE FEES PAID IN ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION, ONE-HALF SHALL BE PAID INTO THE MARYLAND RENEWABLE ENERGY FUND ESTABLISHED UNDER § 7-707 OF THIS SUBTITLE AND ONE-HALF SHALL BE PAID INTO THE SOLAR ENERGY GRANT FUND ESTABLISHED UNDER § 9-2007.1 OF THE STATE GOVERNMENT ARTICLE.

(Over)

(3) NOT MORE THAN \$1,000,000 OF THE COMPLIANCE FEES PAID IN ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION MAY BE PAID EACH FISCAL YEAR INTO THE SOLAR ENERGY GRANT FUND ESTABLISHED UNDER § 9-2007.1 OF THE STATE GOVERNMENT ARTICLE.

(c) The Commission may allow an electricity supplier to submit the report required under § 7-505(b)(4) of this title to demonstrate compliance with the renewable energy portfolio standard.

(d) An aggregator or broker who assists an electricity customer in purchasing electricity but who does not supply the electricity or take title to or ownership of the electricity may require the electricity supplier who supplies the electricity to demonstrate compliance with this subtitle.”;

and after line 3, insert:

“9-2007.

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

(2) “Photovoltaic property” means solar energy property that uses a solar photovoltaic process to generate electricity and that meets applicable performance and quality standards and certification requirements in effect at the time of acquisition of the property, as specified by the Maryland Energy Administration.

(3) “Program” means the Solar Energy Grant Program.

(4) (i) “Solar energy property” means equipment that uses solar energy:

1. to generate electricity;

2. to heat or cool a structure or provide hot water for use in a structure; or

3. to provide solar process heat.

(ii) “Solar energy property” does not include a swimming pool, hot tub, or any other energy storage medium that has a function other than storage.

(5) “Solar water heating property” means solar energy property that:

(i) when installed in connection with a structure, uses solar energy for the purpose of providing hot water for use within the structure; and

(ii) meets applicable performance and quality standards and certification requirements in effect at the time of acquisition of the property, as specified by the Maryland Energy Administration.

(b) There is a Solar Energy Grant Program in the Administration.

(c) The purpose of the Program is to provide grants to individuals, local governments, and businesses for a portion of the costs of acquiring and installing photovoltaic property and solar water heating property.

(d) The Administration shall:

(1) administer the Program;

(2) establish application procedures for the Program; and

(3) award grants from the Program.

(e) A grant awarded under the Program may not exceed:

(1) for photovoltaic property installed on residential property, THE SUM OF:

(I) the lesser of [\$3,000] \$20,000 or [20%] 50% of the total installed cost of the photovoltaic property; AND

(II) THE LESSER OF THE AMOUNT OF \$1 MULTIPLIED BY THE KILOWATT-HOURS OF ELECTRICITY PRODUCED FROM THE PHOTOVOLTAIC PROPERTY DURING ITS FIRST YEAR OF OPERATION, OR \$10,000;

(2) for photovoltaic property installed on nonresidential property, THE SUM OF:

(I) the lesser of [\$5,000] \$60,000 or [20%] 50% of the total installed cost of the photovoltaic property; and

(II) THE LESSER OF THE AMOUNT OF \$1 MULTIPLIED BY THE KILOWATT-HOURS OF ELECTRICITY PRODUCED FROM THE PHOTOVOLTAIC PROPERTY DURING ITS FIRST YEAR OF OPERATION, OR \$10,000; AND

(3) for solar water heating property, the lesser of [\$2,000] \$3,500 or [20%] 50% of the total installed cost of the solar water heating property.

9-2007.1.

(A) THERE IS A SOLAR ENERGY GRANT FUND.

(B) THE PURPOSE OF THE FUND IS TO ENCOURAGE INDIVIDUALS, LOCAL GOVERNMENTS, AND BUSINESSES TO ACQUIRE AND INSTALL PHOTOVOLTAIC PROPERTY AND SOLAR WATER HEATING PROPERTY.

(C) SUBJECT TO OVERSIGHT BY THE PUBLIC SERVICE COMMISSION, THE ADMINISTRATION SHALL ADMINISTER THE FUND.

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

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

(E) THE FUND CONSISTS OF:

(1) COMPLIANCE FEES PAID UNDER § 7-705 OF THE PUBLIC UTILITY COMPANIES ARTICLE;

(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

(3) INVESTMENT EARNINGS OF THE FUND; AND

(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(F) (1) THE FUND MAY BE USED ONLY TO AWARD GRANTS UNDER THE SOLAR ENERGY GRANT PROGRAM IN ACCORDANCE WITH § 9-2007 OF THIS SUBTITLE.

(2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE ADMINISTRATION MAY ALLOW THE USE OF MONEY OF THE FUND FOR ADMINISTRATIVE EXPENSES RELATED TO THE FUND AND PROJECT REVIEW AND OVERSIGHT.

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

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

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

(H) (1) MONEY EXPENDED FROM THE FUND FOR THE SOLAR ENERGY GRANT PROGRAM IS SUPPLEMENTAL TO AND IS NOT INTENDED TO TAKE THE PLACE OF FUNDING THAT OTHERWISE WOULD BE APPROPRIATED FOR THE SOLAR ENERGY GRANT PROGRAM.

(2) THE GOVERNOR SHALL INCLUDE IN THE ANNUAL BUDGET BILL A PROPOSED GENERAL FUND APPROPRIATION TO THE FUND NOT EXCEEDING THE AMOUNT NEEDED TO BRING THE BALANCE OF THE FUND TO \$1,000,000 AT THE START OF THE FISCAL YEAR, TAKING INTO ACCOUNT PROJECTED:

(I) EXPENDITURES FROM THE FUND DURING THE PRECEDING FISCAL YEAR; AND

(II) COMPLIANCE FEES PAID IN ACCORDANCE WITH § 7-705 OF THE PUBLIC UTILITY COMPANIES ARTICLE.”.