
By: **Delegates Doory, Feldman, and Moe**
Introduced and read first time: January 27, 2006
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 14, 2006

CHAPTER _____

1 AN ACT concerning

2 **Solar Energy Grant Fund**

3 FOR the purpose of establishing a Solar Energy Grant Fund to be administered by
4 the Maryland Energy Administration under Public Service Commission
5 oversight for certain purposes; requiring the State Treasurer and the State
6 Comptroller to perform certain functions related to the Solar Energy Grant
7 Fund; authorizing the Solar Energy Grant Fund to be used for grants to eligible
8 projects; limiting the amount of funds that may be used for certain
9 administrative expenses; providing that certain money expended from the Solar
10 Energy Grant Fund is supplemental to funding that otherwise would be
11 appropriated for the Solar Energy Grant Program; ~~requiring a certain amount of~~
12 ~~money to be paid from the Environmental Trust Fund to the Solar Energy Grant~~
13 ~~Fund under certain circumstances~~ requiring the Governor to include a certain
14 proposed appropriation to the Solar Energy Grant Fund in the annual budget
15 bill each fiscal year under certain circumstances; requiring that a certain
16 percentage of certain compliance fees be paid into the Maryland Renewable
17 Energy Fund and a certain percentage of certain compliance fees be paid into
18 the Solar Energy Grant Fund; limiting the amount of certain compliance fees
19 that may be paid into the Solar Energy Grant Fund; and generally relating to
20 the Solar Energy Grant Fund.

21 ~~BY repealing and reenacting, without amendments,~~
22 ~~Article Natural Resources~~
23 ~~Section 3-302(a)~~
24 ~~Annotated Code of Maryland~~
25 ~~(2005 Replacement Volume and 2005 Supplement)~~

26 ~~BY repealing and reenacting, with amendments,~~

1 ~~Article—Natural Resources~~
 2 ~~Section 3-302(e)(2)~~
 3 ~~Annotated Code of Maryland~~
 4 ~~(2005 Replacement Volume and 2005 Supplement)~~

5 BY repealing and reenacting, with amendments,
 6 Article - Public Utility Companies
 7 Section 7-705
 8 Annotated Code of Maryland
 9 (1998 Volume and 2005 Supplement)

10 BY repealing and reenacting, without amendments,
 11 Article - State Government
 12 Section 9-2007
 13 Annotated Code of Maryland
 14 (2004 Replacement Volume and 2005 Supplement)

15 BY adding to
 16 Article - State Government
 17 Section 9-2007.1
 18 Annotated Code of Maryland
 19 (2004 Replacement Volume and 2005 Supplement)

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

22 **~~Article—Natural Resources~~**

23 ~~3-302.~~

24 ~~(a) There is an Environmental Trust Fund. For the purpose of this subtitle,~~
 25 ~~there is established as an added cost of electricity distributed to retail electric~~
 26 ~~customers within the State, an environmental surcharge per kilowatt hour of electric~~
 27 ~~energy distributed in the State to be paid by any electric company as defined in §~~
 28 ~~1-101 of the Public Utility Companies Article. The Public Service Commission shall~~
 29 ~~impose the surcharge per kilowatt hour of electric energy distributed to retail electric~~
 30 ~~customers within the State and shall authorize the electric companies to add the full~~
 31 ~~amount of the surcharge to retail electric customers' bills. To the extent that the~~
 32 ~~surcharge is not collected from retail electric customers, the surcharge shall be~~
 33 ~~deemed a cost of distribution and shall be allowed and computed as such, together~~
 34 ~~with other allowable expenses, for rate making purposes. Revenues from the~~
 35 ~~surcharge shall be collected by the Comptroller and placed in the Fund.~~

36 ~~(e) (2) (f) Moneys in the Fund may be used for administrative costs~~
 37 ~~calculated in accordance with § 1-103(b)(2) of this article.~~

~~(H) ON JULY 1 OF EACH YEAR, IF THE BALANCE OF THE SOLAR ENERGY GRANT FUND IS LESS THAN \$1,000,000, THE TREASURER SHALL TRANSFER FROM THE FUND TO THE SOLAR ENERGY GRANT FUND THE AMOUNT OF MONEY NEEDED TO BRING THAT BALANCE TO \$1,000,000.~~

~~(H) THE AMOUNT TRANSFERRED UNDER SUBPARAGRAPH (H) OF THIS PARAGRAPH IS CALCULATED BY SUBTRACTING FROM \$1,000,000 THE AMOUNT OF THE COMPLIANCE FEES PAID INTO THE SOLAR ENERGY GRANT FUND UNDER § 7-705(B)(2) OF THE PUBLIC UTILITY COMPANIES ARTICLE DURING THE PRECEDING FISCAL YEAR.~~

Article - Public Utility Companies

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)] SUBPARAGRAPH (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;

- 1 [5.] E. 0.25 cents in 2015 and 2016; and
 2 [6.] F. 0.2 cents in 2017 and later; and
 3 [(ii)] 2. nothing for any shortfall from required Tier 2 renewable
 4 sources.

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

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

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

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

22 **Article - State Government**

23 9-2007.

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

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

29 (3) "Program" means the Solar Energy Grant Program.

30 (4) (i) "Solar energy property" means equipment that uses solar
 31 energy:

- 32 1. to generate electricity;
 33 2. to heat or cool a structure or provide hot water for use in a
 34 structure; or
 35 3. to provide solar process heat.

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

3 (5) "Solar water heating property" means solar energy property that:

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

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

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

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

13 (d) The Administration shall:

14 (1) administer the Program;

15 (2) establish application procedures for the Program; and

16 (3) award grants from the Program.

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

18 (1) for photovoltaic property installed on residential property, the lesser
19 of \$3,000 or 20% of the total installed cost of the photovoltaic property;

20 (2) for photovoltaic property installed on nonresidential property, the
21 lesser of \$5,000 or 20% of the total installed cost of the photovoltaic property; and

22 (3) for solar water heating property, the lesser of \$2,000 or 20% of the
23 total installed cost of the solar water heating property.

24 9-2007.1.

25 (A) THERE IS A SOLAR ENERGY GRANT FUND.

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

29 (C) SUBJECT TO OVERSIGHT BY THE PUBLIC SERVICE COMMISSION, THE
30 ADMINISTRATION 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.

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

3 (E) THE FUND CONSISTS OF:

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

6 (2) MONEY ~~TRANSFERRED~~ APPROPRIATED IN THE STATE BUDGET TO
7 THE FUND FROM THE ENVIRONMENTAL TRUST FUND IN ACCORDANCE WITH § 3-302
8 OF THE NATURAL RESOURCES ARTICLE AND § 7-203 OF THE PUBLIC UTILITY
9 COMPANIES ARTICLE;

10 (3) INVESTMENT EARNINGS OF THE FUND; AND

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

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

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

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

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

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

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

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

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

35 (II) COMPLIANCE FEES PAID UNDER § 7-705 OF THE PUBLIC
36 UTILITY COMPANIES ARTICLE.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 ~~October~~ June 1, 2006.