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By: **Senators Garagiola, Britt, Brochin, DeGrange, Forehand, Giannetti,  
Gladden, Green, Grosfeld, Hogan, Jimeno, Lawlah, Mooney, Pinsky, and  
Teitelbaum**

Introduced and read first time: February 2, 2006

Assigned to: Budget and Taxation

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A BILL ENTITLED

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 that a certain percentage of  
14 certain compliance fees be paid into the Maryland Renewable Energy Fund and  
15 a certain percentage of certain compliance fees be paid into the Solar Energy  
16 Grant Fund; limiting the amount of certain compliance fees that may be paid  
17 into the Solar Energy Grant Fund; and generally relating to the Solar Energy  
18 Grant Fund.

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

24 BY repealing and reenacting, with amendments,  
25 Article - Natural Resources  
26 Section 3-302(c)(2)  
27 Annotated Code of Maryland  
28 (2005 Replacement Volume and 2005 Supplement)

29 BY repealing and reenacting, with amendments,

1 Article - Public Utility Companies  
2 Section 7-705  
3 Annotated Code of Maryland  
4 (1998 Volume and 2005 Supplement)

5 BY repealing and reenacting, without amendments,  
6 Article - State Government  
7 Section 9-2007  
8 Annotated Code of Maryland  
9 (2004 Replacement Volume and 2005 Supplement)

10 BY adding to  
11 Article - State Government  
12 Section 9-2007.1  
13 Annotated Code of Maryland  
14 (2004 Replacement Volume and 2005 Supplement)

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

17 **Article - Natural Resources**

18 3-302.

19 (a) There is an Environmental Trust Fund. For the purpose of this subtitle,  
20 there is established as an added cost of electricity distributed to retail electric  
21 customers within the State, an environmental surcharge per kilowatt hour of electric  
22 energy distributed in the State to be paid by any electric company as defined in §  
23 1-101 of the Public Utility Companies Article. The Public Service Commission shall  
24 impose the surcharge per kilowatt hour of electric energy distributed to retail electric  
25 customers within the State and shall authorize the electric companies to add the full  
26 amount of the surcharge to retail electric customers' bills. To the extent that the  
27 surcharge is not collected from retail electric customers, the surcharge shall be  
28 deemed a cost of distribution and shall be allowed and computed as such, together  
29 with other allowable expenses, for rate-making purposes. Revenues from the  
30 surcharge shall be collected by the Comptroller and placed in the Fund.

31 (c) (2) (I) Moneys in the Fund may be used for administrative costs  
32 calculated in accordance with § 1-103(b)(2) of this article.

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

37 (III) THE AMOUNT TRANSFERRED UNDER SUBPARAGRAPH (II) OF  
38 THIS PARAGRAPH IS CALCULATED BY SUBTRACTING FROM \$1,000,000 THE AMOUNT

1 OF THE COMPLIANCE FEES PAID INTO THE SOLAR ENERGY GRANT FUND UNDER §  
 2 7-705(B)(2) OF THE PUBLIC UTILITY COMPANIES ARTICLE DURING THE PRECEDING  
 3 FISCAL YEAR.

4

**Article - Public Utility Companies**

5 7-705.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 **Article - State Government**

19 9-2007.

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

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

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

26 (4) (i) "Solar energy property" means equipment that uses solar  
27 energy:

- 28 1. to generate electricity;
- 29 2. to heat or cool a structure or provide hot water for use in a  
30 structure; or
- 31 3. to provide solar process heat.

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

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

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

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

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

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

10 (d) The Administration shall:

11 (1) administer the Program;

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

13 (3) award grants from the Program.

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

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

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

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

21 9-2007.1.

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

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

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

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

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

32 (E) THE FUND CONSISTS OF:

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

3 (2) MONEY TRANSFERRED TO THE FUND FROM THE ENVIRONMENTAL  
4 TRUST FUND IN ACCORDANCE WITH § 3-302 OF THE NATURAL RESOURCES ARTICLE  
5 AND § 7-203 OF THE PUBLIC UTILITY COMPANIES ARTICLE;

6 (3) INVESTMENT EARNINGS OF THE FUND; AND

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

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

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

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

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

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

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

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