

**HB1016/633097/2**

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL 1016

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “and Weldon” and substitute “Weldon, Burns, Haddaway, and Vaughn”; in line 6, after “requirements,” insert “limiting the eligibility of certain energy for meeting the renewable energy portfolio standard;”; in line 10, after “years;” insert “requiring the purchase of certain credits from certain systems to be made in a certain manner in accordance with rates and methods determined by the Commission;”; and strike beginning with “begin” in line 18 down through “of” in line 19 and substitute “convene a certain workgroup to revise”.

On page 2, in line 1, strike “of the Interstate Renewable Energy Council”; in the same line, after “by” insert “a”; in line 2, strike “dates” and substitute “date”; in line 4, after “energy;” insert “altering the calculation of the amount of the tax credit;”; in line 5, after “certificate;” insert “requiring the Commission to investigate certain rate-making mechanisms; requiring the Commission to include certain information in a certain report; requiring certain committees of the General Assembly to convene a certain workgroup for certain purposes;”; and in line 10, strike “7-703(b),” and substitute “7-703(b) and (d), 7-704(a).”.

AMENDMENT NO. 2

On page 4, after line 24, insert:

**“(6) ANY REMAINING ACCRUED GENERATION CREDIT AT THE EXPIRATION OF THE 12-MONTH ACCRUAL PERIOD UNDER PARAGRAPH (5)(II)2 OF THIS SUBSECTION:**

**(I) SHALL REVERT TO THE ELECTRIC COMPANY; AND**

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**(II) MAY NOT BE RECOVERED BY THE ELIGIBLE CUSTOMER-GENERATOR.**”;

in line 25, after “(g)” insert “**(1)**”; and in lines 28 and 30, strike “(1)” and “(2)”, respectively, and substitute “**(I)**” and “**(II)**”, respectively.

On page 5, in lines 1 and 2, strike “(i)” and “(ii)”, respectively, and substitute “**1.**” and “**2.**”, respectively; after line 5, insert:

**“(2) IN DETERMINING WHETHER TO REQUIRE AN ELIGIBLE CUSTOMER-GENERATOR TO INSTALL A DUAL METER UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION, THE COMMISSION SHALL CONSIDER THE GENERATING CAPACITY OF THE ELIGIBLE CUSTOMER-GENERATOR.”**;

and after line 28, insert:

**“(5) AN ELIGIBLE CUSTOMER-GENERATOR SHALL OWN AND HAVE TITLE TO ALL RENEWABLE ENERGY ATTRIBUTES OR RENEWABLE ENERGY CREDITS ASSOCIATED WITH ANY ELECTRICITY PRODUCED BY ITS ELECTRIC GENERATING SYSTEM.”**.

On pages 5 and 6, strike in their entirety the lines beginning with line 29 on page 5 through line 4 on page 6, inclusive.

On page 6, after line 4, insert:

**“(I) ON OR BEFORE FEBRUARY 1 OF EACH YEAR, THE COMMISSION SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, ON THE STATUS OF THE NET METERING PROGRAM UNDER THIS SECTION, INCLUDING:**

**(1) THE AMOUNT OF CAPACITY OF ELECTRIC GENERATING FACILITIES OWNED AND OPERATED BY ELIGIBLE CUSTOMER-GENERATORS IN THE STATE BY TYPE OF ENERGY RESOURCE;**

**(2) BASED ON THE NEED TO ENCOURAGE A DIVERSIFICATION OF THE STATE'S ENERGY RESOURCE MIX TO ENSURE RELIABILITY, WHETHER THE RATED GENERATING CAPACITY LIMIT IN SUBSECTION (D) OF THIS SECTION SHOULD BE ALTERED; AND**

**(3) OTHER PERTINENT INFORMATION.**

**AMENDMENT NO. 3**

On page 6, in lines 11, 14, 17, 20, 23, and 26, strike “3%”, “3%”, “4%”, “4%”, “5%”, and “5%”, respectively, and substitute “**2.005%**”, “**2.01%**”, “**3.025%**”, “**3.04%**”, “**4.06%**”, and “**4.1%**”, respectively.

On page 7, in lines 1, 4, 7, 10, 13, and 16, strike “6%”, “6%”, “7%”, “7%”, “8%”, and “8%”, respectively, and substitute “**5.15%**”, “**5.25%**”, “**6.35%**”, “**6.55%**”, “**7.9%**”, and “**8.7%**”, respectively; after line 27, insert:

“(d) Subject to subsections (a) and (c) of this section, an electricity supplier shall meet the renewable energy portfolio standard by accumulating the equivalent amount of renewable energy credits that equal the [percentage] PERCENTAGES required under this section.”;

and after line 28, insert:

“(a) (1) Energy from a Tier 1 renewable source:

(i) is eligible for inclusion in meeting the renewable energy portfolio standard regardless of when the generating system or facility was placed in service; and

(ii) may be applied to the percentage requirements of the standard for either Tier 1 renewable sources or Tier 2 renewable sources.

**(2) STARTING JANUARY 1, 2012, FOR THE RENEWABLE ENERGY PORTFOLIO STANDARD APPLICABLE TO 2012 AND LATER:**

**(I) ENERGY FROM A TIER 1 RENEWABLE SOURCE UNDER § 7-701(L)(1) OF THIS SUBTITLE IS ELIGIBLE FOR INCLUSION IN MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD ONLY IF THE SOURCE IS CONNECTED WITH THE ELECTRIC DISTRIBUTION GRID SERVING MARYLAND; AND**

**(II) IF THE OWNER OF A SOLAR GENERATING SYSTEM IN THIS STATE CHOOSES TO SELL SOLAR RENEWABLE ENERGY CREDITS FROM THAT SYSTEM, THE OWNER MUST FIRST OFFER THE CREDITS FOR SALE TO AN ELECTRICITY SUPPLIER OR ELECTRIC COMPANY THAT SHALL APPLY THEM TOWARD COMPLIANCE WITH THE RENEWABLE ENERGY PORTFOLIO STANDARD UNDER § 7-703 OF THIS SUBTITLE.**

**[(2)] (3) Energy from a Tier 1 renewable source under § 7-701(l)(8) of this subtitle is eligible for inclusion in meeting the renewable energy portfolio STANDARD if it is generated at a dam that existed as of January 1, 2004, even if a system or facility that is capable of generating electricity did not exist on that date.**

**[(3)] (4) (i) Energy from a Tier 2 renewable source under § 7-701(m)(1) or (3) of this subtitle is eligible for inclusion in meeting the renewable energy portfolio standard through 2018 if it is generated at a system or facility that**

existed and was operational as of January 1, 2004, even if the facility or system was not capable of generating electricity on that date.

(ii) Energy from a Tier 2 renewable source under § 7-701(m)(2) of this subtitle is eligible for inclusion in meeting the renewable energy portfolio standard regardless of when the generating system was placed in service.”.

AMENDMENT NO. 4

On page 8, in line 1, after “(C)” insert “**(1) (I)**”; in the same line, after “SOLAR” insert “**RENEWABLE ENERGY**”; and after line 3, insert:

**“(II) THE MINIMUM REQUIRED TERM UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH DOES NOT AFFECT THE ABILITY OF THE PARTIES TO NEGOTIATE A PRICE FOR A SOLAR RENEWABLE ENERGY CREDIT THAT VARIES OVER TIME IN ANY MANNER.**

**(2) (I) AN ELECTRICITY SUPPLIER THAT PURCHASES SOLAR RENEWABLE ENERGY CREDITS FROM AN ON-SITE GENERATOR USING A SOLAR GENERATING SYSTEM WITH A CAPACITY NOT EXCEEDING 10 KILOWATTS SHALL PURCHASE THE CREDITS WITH A SINGLE INITIAL PAYMENT REPRESENTING THE FULL ESTIMATED PRODUCTION OF THE SYSTEM FOR THE LIFE OF THE CONTRACT.**

**(II) THE COMMISSION SHALL:**

**1. DEVELOP A METHOD FOR ESTIMATING ANNUAL PRODUCTION FROM THE TYPE OF SYSTEM DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH AND ALLOCATING CREDITS TO THE ELECTRICITY SUPPLIER CONSISTENT WITH THE DURATION OF THE CONTRACT; AND**

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**2. DETERMINE THE RATE FOR A PAYMENT MADE TO AN ON-SITE GENERATOR UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.**

On page 11, in line 7, strike “PERSON” and substitute “INDIVIDUAL”; and in line 14, after “ENERGY” insert “, INCLUDING THE DEVELOPMENT OF CLEAR, SIMPLE, AND STRAIGHTFORWARD FORMS, REQUIREMENTS, AND PROCEDURES TO FACILITATE PARTICIPATION BY HOMEOWNERS AND SMALL BUSINESSES IN DEPLOYMENT OF SOLAR GENERATION IN THE STATE”.

AMENDMENT NO. 5

On page 8, in line 24, strike “IN 2008,”; in the same line, after “CENTS” insert “IN 2008”; in line 25, strike “IN 2009 AND 2010,”; in the same line, after “CENTS” insert “IN 2009 AND 2010”; in line 26, strike “IN 2011 AND 2012,”; in the same line, after “CENTS” insert “IN 2011 AND 2012”; in line 27, strike “IN 2013 AND 2014,”; and in the same line, after “CENTS” insert “IN 2013 AND 2014”.

On page 9, in lines 1 and 2, in each instance, strike the second “AND”; in line 1, strike “IN 2015 AND 2016,”; in the same line, after “CENTS” insert “IN 2015 AND 2016”; in line 2, strike “IN 2017 AND LATER,”; in the same line, after “CENTS” insert “IN 2017 AND 2018”; and after line 2, insert:

- “7. 15 CENTS IN 2019 AND 2020;**
- 8. 10 CENTS IN 2021 AND 2022; AND**
- 9. 5 CENTS IN 2023 AND LATER; AND”.**

AMENDMENT NO. 6

On page 9, in line 24, after “ACTUAL” insert “OR PROJECTED”; in the same line, after “INCURRED” insert “OR TO BE INCURRED”; in line 27, after “TO” insert “,

OR IS ANTICIPATED TO BE GREATER THAN OR EQUAL TO,”; in the same line, after “SUPPLIER’S” insert “TOTAL”; and in line 28, after “REVENUES” insert “IN MARYLAND”.

On pages 9 and 10, strike beginning with “A” in line 28 on page 9 down through “STATE” in line 6 on page 10 and substitute “THAT THE COMMISSION:”

(I) DELAY BY 1 YEAR EACH OF THE SCHEDULED PERCENTAGES FOR SOLAR ENERGY UNDER § 7-703(B) OF THIS SUBTITLE THAT WOULD APPLY TO THE ELECTRICITY SUPPLIER; AND

(II) ALLOW THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR SOLAR ENERGY FOR THAT YEAR TO CONTINUE TO APPLY TO THE ELECTRICITY SUPPLIER FOR THE FOLLOWING YEAR.

(2) IN MAKING ITS DETERMINATION UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION SHALL CONSIDER THE ACTUAL OR PROJECTED DOLLAR-FOR-DOLLAR COMPLIANCE COSTS OF OTHER ELECTRICITY SUPPLIERS.

(3) IF AN ELECTRICITY SUPPLIER MAKES A REQUEST UNDER PARAGRAPH (1) OF THIS SUBSECTION BASED ON PROJECTED COSTS, THE ELECTRICITY SUPPLIER SHALL PROVIDE VERIFIABLE EVIDENCE OF THE PROJECTIONS TO THE COMMISSION AT THE TIME OF THE REQUEST.

(4) IF THE COMMISSION ALLOWS A DELAY UNDER PARAGRAPH (1) OF THIS SUBSECTION:

(I) THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR SOLAR ENERGY APPLICABLE TO THE ELECTRICITY SUPPLIER UNDER THE DELAY

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CONTINUES FOR EACH SUBSEQUENT CONSECUTIVE YEAR THAT THE ACTUAL OR PROJECTED DOLLAR-FOR-DOLLAR COSTS INCURRED, OR TO BE INCURRED, BY THE ELECTRICITY SUPPLIER SOLELY FOR THE PURCHASE OF SOLAR RENEWABLE ENERGY CREDITS IS GREATER THAN OR EQUAL TO, OR IS ANTICIPATED TO BE GREATER THAN OR EQUAL TO, 1% OF THE ELECTRICITY SUPPLIER'S TOTAL ANNUAL RETAIL ELECTRICITY SALES REVENUES IN MARYLAND; AND

(II) THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR SOLAR ENERGY APPLICABLE TO THE ELECTRICITY SUPPLIER UNDER THE DELAY IS INCREASED TO THE NEXT SCHEDULED PERCENTAGE INCREASE UNDER § 7-703(B) OF THIS SUBTITLE FOR EACH YEAR IN WHICH THE ACTUAL OR PROJECTED DOLLAR-FOR-DOLLAR COSTS INCURRED, OR TO BE INCURRED, BY THE ELECTRICITY SUPPLIER SOLELY FOR THE PURCHASE OF SOLAR RENEWABLE ENERGY CREDITS IS LESS THAN, OR IS ANTICIPATED TO BE LESS THAN, 1% OF THE ELECTRICITY SUPPLIER'S TOTAL ANNUAL RETAIL ELECTRICITY SALES REVENUES IN MARYLAND”.

AMENDMENT NO. 7

On page 14, after line 16, insert:

“SECTION 2. AND BE IT FURTHER ENACTED, That, in recognition of the value of small distributed generation to the reliable and cost-effective operation of the grid, the Public Service Commission shall:

(1) form a small generator interconnections workgroup to develop interconnection standards and procedures for on-site generator facilities operating in Maryland that are consistent with nationally adopted interconnection standards and procedures; and



(2) on or before November 1, 2007, by regulation or order, revise Maryland's interconnection standards and procedures:

(i) to be consistent with nationally adopted interconnection standards and procedures; and

(ii) to facilitate and encourage a simplified connection of small distributed generators to the grid in a manner that ensures the safe and reliable operation of the grid.

SECTION 3. AND BE IT FURTHER ENACTED, That the Public Service Commission shall investigate the benefits to residential customers of using a regulatory rate-making mechanism that separates electric company distribution sales from electric company distribution profits, including a mechanism that allows electric companies to recover fixed distribution costs on a flat rate basis instead of on a consumption rate basis.

SECTION 4. AND BE IT FURTHER ENACTED, That the requirement under § 7-306 (h)(5) of the Public Utility Companies Article, as enacted by Section 1 of this Act, for an eligible customer-generator to own and have title to all renewable energy attributes or renewable energy credits associated with any electricity produced by its electric generating system shall apply prospectively and may not be construed to:

(1) impair contracts that were entered into before the effective date of Section 1 of this Act; or

(2) prohibit contracts between an eligible customer-generator and another entity entered into on or after the effective date of Section 1 of this Act that explicitly transfers ownership of the renewable energy attributes or renewable energy credits from the eligible customer-generator to another entity.

SECTION 5. AND BE IT FURTHER ENACTED, That, as part of its annual report due February 1, 2014 under § 7-712 of the Public Utility Companies Article, the Public Service Commission shall report its findings and recommendations for modification, if any, to the renewable energy portfolio standard provisions under Title 7, Subtitle 7 of the Public Utility Companies Article based on a thorough study of the implementation of the renewable energy portfolio standard requirements since 2006. The study conducted by the Commission shall:

(1) be based on the results of the renewable energy portfolio standard requirements effective through 2013;

(2) determine whether the intended goals of the renewable energy portfolio standard provisions are being met and are anticipated to be met in the future;

(3) consider the impact of the renewable energy portfolio standard requirements in developing renewable energy in the State; and

(4) consider the cost implications to residential consumers of continuing the renewable energy portfolio standard requirements beyond 2014.

SECTION 6. AND BE IT FURTHER ENACTED, That:

(a) The House Economic Matters Committee and the Senate Finance Committee jointly shall convene a workgroup to study issues relating to deployment of solar generation in the State and to make recommendations on means to encourage deployment of solar generation equipment in residential, commercial, and industrial facilities.

(b) The workgroup shall solicit input from Executive agencies, other interested parties, and consumers in the State and may include representatives of these parties as members.

(c) The purpose of the workgroup is to:

(1) investigate current incentives and programs available to encourage deployment of solar generation equipment in the State;

(2) assess their effectiveness and viability; and

(3) propose changes or enhancements to these programs as well as new programs that will increase solar deployment for the environmental, economic, and security benefits of the State and its residents.

(d) The areas studied by the workgroup shall include, at a minimum, means to create incentives to:

(1) deploy solar technology in new residential construction;

(2) retrofit existing property for the benefit of low-income families and others who struggle to meet energy costs in the midst of rising electricity costs;

(3) assist individuals and businesses to obtain training in installation of solar technology; and

(4) finance these activities.

(e) The joint workgroup shall report its initial findings to the House Economic Matters Committee and the Senate Finance Committee on or before February 1, 2008, and may report supplemental findings whenever appropriate thereafter.

SECTION 7. AND BE IT FURTHER ENACTED, That Sections 1 and 4 of this Act shall take effect October 1, 2007. The changes to § 10-720 of the Tax – General

(Over)

Article as enacted by Section 1 of this Act shall be applicable to all taxable years beginning after December 31, 2007.”;

in line 17, strike “2.” and substitute “8.”; in the same line, after “That” insert “, except as provided in Section 7 of this Act.”; and strike beginning with “October” in line 18 down through “2007” in line 19 and substitute “July 1, 2007”.