

# SENATE BILL 595

C5

(7lr1908)

## ENROLLED BILL

— Finance / Economic Matters —

Introduced by **Senator Garagiola**

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 ~~Public Utility Companies~~ Electricity - Net Energy Metering - Renewable  
3 Energy Portfolio Energy Standard - Photovoltaic Power Solar Energy

4 FOR the purpose of increasing a certain limit used to determine the availability of net  
5 energy metering to eligible customer-generators; ~~providing that a certain~~  
6 ~~portion of a certain limit shall be for eligible customer-generators that operate~~  
7 ~~solar electric generating facilities;~~ increasing the amount of generating capacity  
8 of an electric generating system that may be used by an eligible  
9 customer-generator for net metering; requiring *the Public Service Commission*  
10 *to make a certain determination concerning dual metering for certain eligible*  
11 *customer-generators; providing* that an eligible customer-generator has a title

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

*Italics indicate opposite chamber / conference committee amendments.*



1 to certain attributes or credits associated with certain electricity produced;  
2 requiring the Public Service Commission on or before a certain date each year to  
3 report to the General Assembly on the status of the net metering program in the  
4 State; establishing a Tier 3 renewable portfolio energy standard for electricity  
5 derived from solar energy; providing that a Tier 3 renewable portfolio energy  
6 standard applies only to electric companies under certain circumstances to  
7 electricity suppliers altering a certain renewable portfolio standard by requiring  
8 that certain portions of electricity in the standard be derived from solar energy;  
9 extending the deadlines within the renewable energy portfolio standard for  
10 certain requirements; limiting the eligibility of certain energy for meeting the  
11 renewable energy portfolio standard in certain manners during certain periods;  
12 requiring certain credits to be offered for certain purposes in a certain manner;  
13 requiring an electric company to meet the Tier 3 renewable energy portfolio  
14 standard in a certain manner; repealing a certain provision that required  
15 provided for an electricity supplier to receive a double credit toward meeting a  
16 certain renewable energy portfolio standard for energy derived from solar energy  
17 sources under certain circumstances; allowing a certain renewable on-site  
18 generator generators to retain or transfer certain credits; requiring certain  
19 electric companies electricity suppliers to submit a certain report; altering  
20 certain compliance fees to include fees for a shortfall from the requirement for  
21 solar energy within a certain time frame; authorizing an electricity supplier to  
22 request a delay in implementing certain requirements under certain  
23 circumstances; providing for the effect of a certain delay in certain requirements;  
24 providing for compliance fees for certain shortfalls in required Tier 3 renewable  
25 sources; allowing an electric company electricity supplier to request a certain  
26 delay for a certain scheduled increase under certain circumstances; providing  
27 that compliance fees paid for Tier 3 renewable sources be used for a certain  
28 support of new Tier 3 renewable sources; requiring that the duration of a  
29 certain contract be not less than 15 years; altering the use of a certain fund;  
30 requiring certain fees to be accounted for and used in a certain manner;  
31 requiring the Maryland Energy Administration to report each year on certain  
32 matters; requiring certain electricity suppliers to enter into certain contracts for  
33 not less than a certain term of years; requiring the purchase of certain credits  
34 from certain systems to be made in a certain manner in accordance with rates  
35 and methods determined by the Commission; requiring the Public Service  
36 Commission to appoint designate a certain individual with to have certain  
37 duties responsibilities; requiring the Commission to convene a certain  
38 workgroup to revise certain the State's interconnection standards and  
39 procedures to be consistent with certain standards and procedures by a certain  
40 date; requiring the Commission to investigate certain rate-making  
41 mechanisms; providing for the application and construction of certain provisions  
42 of this Act; requiring the Commission to include certain information in a certain  
43 report due on a certain date; defining a certain term and altering certain

1 definitions; making stylistic changes; and generally relating to net energy  
 2 metering, *the renewable portfolio energy standards portfolio standard*, and  
 3 ~~photovoltaic power generation~~ *increasing the use of solar energy in the State.*

4 BY repealing and reenacting, with amendments,  
 5 Article – Public Utility Companies  
 6 Section 7–306, 7–701(h)(2) and (m), 7–703 through (b) and (d), 7–704, 7–705,  
 7 ~~7–707, 7–706(c)(1), 7–707(f), and 7–709~~ 7–709, and ~~7–712~~ 7–711  
 8 Annotated Code of Maryland  
 9 (1998 Volume and 2006 Supplement)

10 ~~BY repealing and reenacting, without amendments,~~  
 11 ~~Article – Public Utility Companies~~  
 12 ~~Section 7–702, 7–706, and 7–708~~  
 13 ~~Annotated Code of Maryland~~  
 14 ~~(1998 Volume and 2006 Supplement)~~

15 BY adding to  
 16 Article – Public Utility Companies  
 17 Section ~~7–714~~ 7–707(h)  
 18 Annotated Code of Maryland  
 19 (1998 Volume and 2006 Supplement)

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

22 **Article – Public Utility Companies**

23 7–306.

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

25 (2) “Biomass” means “qualified biomass” as defined in § 7–701 of this  
 26 title.

27 (3) “Eligible customer-generator” means a customer that owns and  
 28 operates or leases and operates a biomass, solar, or wind electric generating facility  
 29 that:

30 (i) is located on the customer’s premises;

31 (ii) is interconnected and operated in parallel with an electric  
 32 company’s transmission and distribution facilities; and

1 (iii) is intended primarily to offset all or part of the customer's  
2 own electricity requirements.

3 (4) "Net energy metering" means measurement of the difference  
4 between the electricity that is supplied by an electric company and the electricity that  
5 is generated by an eligible customer-generator and fed back to the electric company  
6 over the eligible customer-generator's billing period.

7 (b) The General Assembly finds and declares that a program to provide net  
8 energy metering for eligible customer-generators is a means to encourage private  
9 investment in renewable energy resources, stimulate in-State economic growth,  
10 enhance continued diversification of the State's energy resource mix, and reduce costs  
11 of interconnection and administration.

12 (c) An electric company serving an eligible customer-generator shall ensure  
13 that the meter installed for net energy metering is capable of measuring the flow of  
14 electricity in two directions.

15 (d) The Commission shall require electric utilities to develop a standard  
16 contract or tariff for net energy metering and make it available to eligible  
17 customer-generators on a first-come, first-served basis until the rated generating  
18 capacity owned and operated by eligible customer-generators in the State reaches  
19 [34.722] **1,500** megawatts, ~~OF WHICH 1,465.28 MEGAWATTS SHALL BE FOR~~  
20 ~~ELIGIBLE CUSTOMER-GENERATORS THAT OWN AND OPERATE OR LEASE AND~~  
21 ~~OPERATE A SOLAR ELECTRIC GENERATING FACILITY~~, 0.2% of the State's adjusted  
22 peak-load forecast for 1998].

23 (e) (1) Except as provided in subsection (g) of this section, a net energy  
24 metering contract or tariff shall be identical, in energy rates, rate structure, and  
25 monthly charges, to the contract or tariff that the customer would be assigned if the  
26 customer were not an eligible customer-generator.

27 (2) (i) A net energy metering contract or tariff may not include  
28 charges that would raise the eligible customer-generator's minimum monthly charge  
29 above that of customers of the rate class to which the eligible customer-generator  
30 would otherwise be assigned.

31 (ii) Charges prohibited by this paragraph include new or  
32 additional demand charges, standby charges, customer charges, and minimum  
33 monthly charges.

1 (f) (1) The electric company shall calculate net energy metering in  
2 accordance with this subsection.

3 (2) Net energy produced or consumed on a monthly basis shall be  
4 measured in accordance with standard metering practices.

5 (3) If electricity supplied by the grid exceeds electricity generated by  
6 the eligible customer-generator during a month, the eligible customer-generator shall  
7 be billed for the net energy supplied in accordance with subsection (e) of this section.

8 (4) If electricity generated by the eligible customer-generator exceeds  
9 the electricity supplied by the grid, the eligible customer-generator shall be required  
10 to pay only customer charges for that month in accordance with subsection (e) of this  
11 section.

12 (5) (i) An eligible customer-generator under paragraph (4) of this  
13 subsection may accrue generation credit for a period not to exceed 12 months.

14 (ii) The electric company shall carry forward a negative  
15 kilowatt-hour reading until:

16 1. the eligible customer-generator's consumption of  
17 electricity from the grid eliminates the credit; or

18 2. the 12-month accrual period under subparagraph (i)  
19 of this paragraph expires.

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

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

24 **(II) MAY NOT BE RECOVERED BY THE ELIGIBLE**  
25 **CUSTOMER-GENERATOR.**

26 (g) **(1)** For an eligible customer-generator whose facility is sized to  
27 produce energy in excess of the eligible customer-generator's annual energy  
28 consumption, the Commission:

29 ~~(1)~~ **(I)** may require the eligible customer-generator to install a dual  
30 meter that is capable of measuring the flow of electricity in two directions; and

1           ~~(2)~~    **(II)** shall develop a credit formula that:

2                           ~~(i)~~    **1.** excludes recovery of transmission and distribution  
3 costs; and

4                           ~~(ii)~~   **2.** provides that the credit may be calculated using a  
5 method other than a kilowatt-hour basis, including a method that allows a dollar-for-  
6 dollar offset of electricity supplied by the grid compared to electricity generated by the  
7 eligible customer-generator.

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

12           (h)   (1)   [(i)] [Except as provided in subparagraph (ii) of this paragraph,  
13 the] **THE** generating capacity of an electric generating system used by an eligible  
14 customer-generator for net metering may not exceed [200 kilowatts] **2 MEGAWATTS.**

15                           [(ii) 1. An eligible customer-generator may petition the  
16 Commission to use an electric generating system with a capacity not exceeding 500  
17 kilowatts.

18   2. The Commission may approve a petition for use of an  
19 electric generating system with a capacity not exceeding 500 kilowatts for net  
20 metering if the Commission finds that the project meets public safety and reliability  
21 requirements and is in the public interest.]

22                           (2) An electric generating system used by an eligible  
23 customer-generator for net metering shall meet all applicable safety and performance  
24 standards established by the National Electrical Code, the Institute of Electrical and  
25 Electronics Engineers, and Underwriters Laboratories.

26                           (3) The Commission may adopt by regulation additional control and  
27 testing requirements for eligible customer-generators that the Commission  
28 determines are necessary to protect public safety and system reliability.

29                           (4) An electric company may not require an eligible  
30 customer-generator whose electric generating system meets the standards of  
31 paragraphs (2) and (3) of this subsection to:

- 1 (i) install additional controls;
- 2 (ii) perform or pay for additional tests; or
- 3 (iii) purchase additional liability insurance.

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

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

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

15 (2) BASED ON THE NEED TO ENCOURAGE A DIVERSIFICATION OF  
16 THE STATE'S ENERGY RESOURCE MIX TO ENSURE RELIABILITY, WHETHER THE  
17 RATED GENERATING CAPACITY LIMIT IN SUBSECTION (D) OF THIS SECTION  
18 SHOULD BE ALTERED FOR ELIGIBLE CUSTOMER-GENERATORS THAT OWN AND  
19 OPERATE OR LEASE AND OPERATE A GENERATING FACILITY OTHER THAN A  
20 SOLAR ELECTRIC GENERATING FACILITY; AND

21 (3) OTHER PERTINENT INFORMATION.

22 7-701.

23 (a) ~~In this subtitle the following words have the meanings indicated.~~

24 (b) ~~"Administration" means the Maryland Energy Administration.~~

25 (c) ~~"Fund" means the Maryland Renewable Energy Fund established under §~~  
26 ~~7-707 of this subtitle.~~

27 (d) ~~"Industrial process load" means the consumption of electricity by a~~  
28 ~~manufacturing process at an establishment classified in the manufacturing sector~~  
29 ~~under the North American Industry Classification System, codes 31 through 33.~~





- 1                                   D.   brush; or
- 2                                   E.   ~~yard waste;~~
- 3                                   ~~2.   a pallet, crate, or dunnage;~~
- 4                                   ~~3.   agricultural and silvicultural sources, including tree~~  
5 ~~crops, vineyard materials, grain, legumes, sugar, and other crop by-products or~~  
6 ~~residues; or~~
- 7                                   4.   ~~gas produced from the anaerobic decomposition of~~  
8 ~~animal waste or poultry waste; or~~
- 9                                   (ii) ~~a plant that is cultivated exclusively for purposes of being~~  
10 ~~used at a Tier 1 renewable source or a Tier 2 renewable source to produce electricity.~~
- 11                               (2)   “Qualifying biomass” includes biomass listed in paragraph (1) of  
12 this section that is used for co-firing, subject to § [7-704(e)] **7-704(D)** of this subtitle.
- 13                               ~~(3)   “Qualifying biomass” does not include:~~
- 14                                   ~~(i)   unsegregated solid waste or postconsumer wastepaper; or~~
- 15                                   ~~(ii)  an invasive exotic plant species.~~
- 16                               ~~(i)   “Renewable energy credit” or “credit” means a credit equal to the~~  
17 ~~generation attributes of 1 megawatt-hour of electricity that is derived from:~~
- 18                               ~~(1)   a Tier 1 renewable source or [a] Tier 2 renewable source that is~~  
19 ~~located:~~
- 20                                   ~~[(1)] (I)   in the PJM region or in a state that is adjacent to the PJM~~  
21 ~~region; or~~
- 22                                   ~~[(2)] (II)  outside the area described in item [(1)] (I) of this~~  
23 ~~[subsection] ITEM but in a control area that is adjacent to the PJM region, if the~~  
24 ~~electricity is delivered into the PJM region; OR~~
- 25                               ~~(2)   A TIER 3 RENEWABLE SOURCE THAT IS CONNECTED WITH THE~~  
26 ~~ELECTRIC DISTRIBUTION GRID SERVING MARYLAND.~~

1           ~~(j) “Renewable energy portfolio standard” or “standard” means the~~  
 2 ~~percentage of electricity sales at retail in the State that is to be derived from Tier 1~~  
 3 ~~[renewable sources and], Tier 2, AND TIER 3 renewable sources in accordance with §~~  
 4 ~~7-703(b) of this subtitle.~~

5           ~~(k) “Renewable on-site generator” means a person who generates electricity~~  
 6 ~~on-site from a Tier 1 [renewable source or a], Tier 2, OR TIER 3 renewable source for~~  
 7 ~~the person’s own use.~~

8           ~~(l) “Tier 1 renewable source” means one or more of the following types of~~  
 9 ~~energy sources:~~

10           ~~(1) [solar;~~

11           ~~(2)] wind;~~

12           ~~[(3)] (2) qualifying biomass;~~

13           ~~[(4)] (3) methane from the anaerobic decomposition of organic~~  
 14 ~~materials in a landfill or wastewater treatment plant;~~

15           ~~[(5)] (4) geothermal;~~

16           ~~[(6)] (5) ocean, including energy from waves, tides, currents, and~~  
 17 ~~thermal differences;~~

18           ~~[(7)] (6) a fuel cell that produces electricity from a Tier 1 renewable~~  
 19 ~~source under item [(3) or (4)] (2) OR (3) of this subsection; and~~

20           ~~[(8)] (7) a small hydroelectric power plant of less than 30 megawatts~~  
 21 ~~in capacity that is licensed or exempt from licensing by the Federal Energy Regulatory~~  
 22 ~~Commission.~~

23           (m) “Tier 2 renewable source” means one or more of the following types of  
 24 energy sources:

25           (1) hydroelectric power other than pump storage generation;

26           (2) incineration of poultry litter, ~~if the Maryland Energy~~  
 27 ~~Administration and the Maryland Department of Agriculture determine that there is a~~  
 28 ~~sufficient quantity of poultry litter available for the economic viability of any existing~~

1 ~~and operating entity that is sited on the Delmarva Peninsula and that, as of July 1,~~  
 2 ~~2004, processes and pasteurizes chicken litter as fertilizer; and~~

3 (3) ~~waste-to-energy.~~

4 ~~(N) "TIER 3 RENEWABLE SOURCE" MEANS PHOTOVOLTAIC POWER.~~

5 ~~7-702.~~

6 ~~(a) It is the intent of the General Assembly to:~~

7 ~~(1) recognize the economic, environmental, fuel diversity, and security~~  
 8 ~~benefits of renewable energy resources;~~

9 ~~(2) establish a market for electricity from these resources in~~  
 10 ~~Maryland; and~~

11 ~~(3) lower the cost to consumers of electricity produced from these~~  
 12 ~~resources.~~

13 ~~(b) The General Assembly finds that:~~

14 ~~(1) the benefits of electricity from renewable energy resources,~~  
 15 ~~including long term decreased emissions, a healthier environment, increased energy~~  
 16 ~~security, and decreased reliance on and vulnerability from imported energy sources,~~  
 17 ~~accrue to the public at large; and~~

18 ~~(2) electricity suppliers and consumers share an obligation to develop~~  
 19 ~~a minimum level of these resources in the electricity supply portfolio of the State.~~

20 ~~7-703.~~

21 ~~(a) (1) (i) The Commission shall implement a renewable energy~~  
 22 ~~portfolio standard;~~

23 ~~**A. FROM TIER 1 AND TIER 2 RENEWABLE SOURCES**~~  
 24 ~~that, except as provided under paragraph (2) of this subsection, applies to all retail~~  
 25 ~~electricity sales in the State by electricity suppliers; AND~~

26 ~~**B. FROM TIER 3 RENEWABLE SOURCES THAT**~~  
 27 ~~**APPLIES TO ONLY ELECTRIC COMPANIES WHOSE RATES ARE REGULATED BY**~~  
 28 ~~**THE COMMISSION.**~~

1                   (ii) ~~If the standard becomes applicable to electricity sold to a~~  
 2 ~~customer after the start of a calendar year, the standard does not apply to electricity~~  
 3 ~~sold to the customer during that portion of the year before the standard became~~  
 4 ~~applicable.~~

5                   (2) ~~A renewable energy portfolio standard may not apply to electricity~~  
 6 ~~sales at retail by any electricity supplier.~~

7                   (i) ~~in excess of 300,000,000 kilowatt hours of industrial process~~  
 8 ~~load to a single customer in a year;~~

9                   (ii) ~~to residential customers in a region of the State in which~~  
 10 ~~electricity prices for residential customers are subject to a freeze or cap contained in a~~  
 11 ~~settlement agreement entered into under § 7-505 of this title until the freeze or cap~~  
 12 ~~has expired; or~~

13                   (iii) ~~to a customer served by an electric cooperative under an~~  
 14 ~~electricity supplier purchase agreement that existed on October 1, 2004, until the~~  
 15 ~~expiration of the agreement.~~

16           (b) The renewable energy portfolio standard shall be as follows:

17                   (1) ~~[in 2006, 1% from Tier 1 renewable sources and 2.5% from Tier 2~~  
 18 ~~renewable sources;~~

19                   (2) ~~in 2007, 1% from Tier 1 renewable sources [and], 2.5% from Tier 2~~  
 20 ~~renewable sources, AND 0% FROM TIER 3 RENEWABLE SOURCES;~~

21                   (3) ~~(2) in 2008, 2% from Tier 1 renewable sources [and], 2.5% from~~  
 22 ~~Tier 2 renewable sources, AND 0.005% FROM TIER 3 RENEWABLE SOURCES;~~

23                   (4) ~~(3) in 2009, 2% from Tier 1 renewable sources [and], 2.5% from~~  
 24 ~~Tier 2 renewable sources, AND 0.01% FROM TIER 3 RENEWABLE SOURCES;~~

25                   (5) ~~(4) in 2010, 3% from Tier 1 renewable sources [and], 2.5% from~~  
 26 ~~Tier 2 renewable sources, AND 0.025% FROM TIER 3 RENEWABLE SOURCES;~~

27                   (6) ~~(5) in 2011, 3% from Tier 1 renewable sources [and], 2.5% from~~  
 28 ~~Tier 2 renewable sources, AND 0.04% FROM TIER 3 RENEWABLE SOURCES;~~

1 ~~[(7)] (6) in 2012, 4% from Tier 1 renewable sources [and], 2.5% from~~  
 2 ~~Tier 2 renewable sources, 0.06% FROM TIER 3 RENEWABLE SOURCES;~~

3 ~~[(8)] (7) in 2013, 4% from Tier 1 renewable sources [and], 2.5% from~~  
 4 ~~Tier 2 renewable sources, AND 0.1% FROM TIER 3 RENEWABLE SOURCES;~~

5 ~~[(9)] (8) in 2014, 5% from Tier 1 renewable sources [and], 2.5% from~~  
 6 ~~Tier 2 renewable sources, AND 0.15% FROM TIER 3 RENEWABLE SOURCES;~~

7 ~~[(10)] (9) in 2015, 5% from Tier 1 renewable sources [and], 2.5% from~~  
 8 ~~Tier 2 renewable sources, AND 0.25% FROM TIER 3 RENEWABLE SOURCES;~~

9 ~~[(11)] (10) in 2016, 6% from Tier 1 renewable sources [and], 2.5% from~~  
 10 ~~Tier 2 renewable sources, AND 0.35% FROM TIER 3 RENEWABLE SOURCES;~~

11 ~~[(12)] (11) in 2017, 6% from Tier 1 renewable sources [and], 2.5% from~~  
 12 ~~Tier 2 renewable sources, AND 0.55% FROM TIER 3 RENEWABLE SOURCES;~~

13 ~~[(13)] (12) in 2018, 7% from Tier 1 renewable sources, [and] 2.5% from~~  
 14 ~~Tier 2 renewable sources, AND 0.9% FROM TIER 3 RENEWABLE SOURCES; [and]~~

15 ~~[(14)] (13) in 2019 [and later], 7.5% from Tier 1 renewable sources~~  
 16 ~~[and], 0% from Tier 2 renewable sources, AND 1.2% FROM TIER 3 RENEWABLE~~  
 17 ~~SOURCES;~~

18 ~~(14) IN 2020, 7.5% FROM TIER 1 RENEWABLE SOURCES, 0% FROM~~  
 19 ~~TIER 2 RENEWABLE SOURCES, AND 1.5% FROM TIER 3 RENEWABLE SOURCES;~~

20 ~~(15) IN 2021, 7.5% FROM TIER 1 RENEWABLE SOURCES, 0% FROM~~  
 21 ~~TIER 2 RENEWABLE SOURCES, AND 1.85% FROM TIER 3 RENEWABLE SOURCES;~~  
 22 ~~AND~~

23 ~~(16) IN 2022 AND LATER, 7.5% FROM TIER 1 RENEWABLE~~  
 24 ~~SOURCES, 0% FROM TIER 2 RENEWABLE SOURCES, AND 2% FROM TIER 3~~  
 25 ~~RENEWABLE SOURCES.~~

26 ~~(e) Before calculating the number of credits required to meet the percentages~~  
 27 ~~established under subsection (b) of this section, an electricity supplier shall exclude~~  
 28 ~~from its total retail electricity sales all retail electricity sales described in subsection~~  
 29 ~~(a)(2) of this section.~~

1           (1) in 2006, 1% from Tier 1 renewable sources and 2.5% from Tier 2  
2 renewable sources;

3           (2) in 2007, 1% from Tier 1 renewable sources and 2.5% from Tier 2  
4 renewable sources;

5           (3) in 2008, [2%] **2.005%** from Tier 1 renewable sources, **INCLUDING**  
6 **AT LEAST 0.005% DERIVED FROM SOLAR ENERGY,** and 2.5% from Tier 2 renewable  
7 sources;

8           (4) in 2009, [2%] **2.01%** from Tier 1 renewable sources, **INCLUDING**  
9 **AT LEAST 0.01% DERIVED FROM SOLAR ENERGY,** and 2.5% from Tier 2 renewable  
10 sources;

11           (5) in 2010, [3%] **3.025%** from Tier 1 renewable sources, **INCLUDING**  
12 **AT LEAST 0.025% DERIVED FROM SOLAR ENERGY,** and 2.5% from Tier 2 renewable  
13 sources;

14           (6) in 2011, [3%] **3.04%** from Tier 1 renewable sources, **INCLUDING**  
15 **AT LEAST 0.04% DERIVED FROM SOLAR ENERGY,** and 2.5% from Tier 2 renewable  
16 sources;

17           (7) in 2012, [4%] **4.06%** from Tier 1 renewable sources, **INCLUDING**  
18 **AT LEAST 0.06% DERIVED FROM SOLAR ENERGY,** and 2.5% from Tier 2 renewable  
19 sources;

20           (8) in 2013, [4%] **4.1%** from Tier 1 renewable sources, **INCLUDING AT**  
21 **LEAST 0.1% DERIVED FROM SOLAR ENERGY,** and 2.5% from Tier 2 renewable  
22 sources;

23           (9) in 2014, [5%] **5.15%** from Tier 1 renewable sources, **INCLUDING**  
24 **AT LEAST 0.15% DERIVED FROM SOLAR ENERGY,** and 2.5% from Tier 2 renewable  
25 sources;

26           (10) in 2015, [5%] **5.25%** from Tier 1 renewable sources, **INCLUDING**  
27 **AT LEAST 0.25% DERIVED FROM SOLAR ENERGY,** and 2.5% from Tier 2 renewable  
28 sources;

1 (11) in 2016, [6%] 6.35% from Tier 1 renewable sources, INCLUDING  
 2 AT LEAST 0.35% DERIVED FROM SOLAR ENERGY, and 2.5% from Tier 2 renewable  
 3 sources;

4 (12) in 2017, [6%] 6.55% from Tier 1 renewable sources, INCLUDING  
 5 AT LEAST 0.55% DERIVED FROM SOLAR ENERGY, and 2.5% from Tier 2 renewable  
 6 sources;

7 (13) in 2018, [7%] 7.9% from Tier 1 renewable sources, INCLUDING AT  
 8 LEAST 0.9% DERIVED FROM SOLAR ENERGY, and 2.5% from Tier 2 renewable  
 9 sources; [and]

10 (14) in 2019 [and later, 7.5%], 8.7% from Tier 1 renewable sources,  
 11 INCLUDING AT LEAST 1.2% DERIVED FROM SOLAR ENERGY, and 0% from Tier 2  
 12 renewable sources;

13 (15) IN 2020, 9% FROM TIER 1 RENEWABLE SOURCES, INCLUDING  
 14 AT LEAST 1.5% DERIVED FROM SOLAR ENERGY, AND 0% FROM TIER 2  
 15 RENEWABLE SOURCES;

16 (16) IN 2021, 9.35% FROM TIER 1 RENEWABLE SOURCES,  
 17 INCLUDING AT LEAST 1.85% DERIVED FROM SOLAR ENERGY, AND 0% FROM  
 18 TIER 2 RENEWABLE SOURCES; AND

19 (17) IN 2022 AND LATER, 9.5% FROM TIER 1 RENEWABLE  
 20 SOURCES, INCLUDING AT LEAST 2% DERIVED FROM SOLAR ENERGY, AND 0%  
 21 FROM TIER 2 RENEWABLE SOURCES.

22 (d) ~~(H)~~ Subject to subsections (a) and (c) of this section, an electricity  
 23 supplier shall meet the renewable energy portfolio standard by accumulating the  
 24 equivalent amount of renewable energy credits that equal the ~~percentage~~  
 25 PERCENTAGES required under this section.

26 ~~(H) SUBJECT TO SUBSECTIONS (A) AND (C) OF THIS SECTION, AN~~  
 27 ~~ELECTRIC COMPANY SHALL MEET THE TIER 3 RENEWABLE ENERGY PORTFOLIO~~  
 28 ~~STANDARD BY ACCUMULATING THE EQUIVALENT AMOUNT OF RENEWABLE~~  
 29 ~~ENERGY CREDITS FROM TIER 3 RENEWABLE SOURCES THAT EQUAL THE TIER 3~~  
 30 ~~PERCENTAGES REQUIRED UNDER THIS SECTION.~~

31 7-704.

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

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

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

7 **(2) (I) 1. EXCEPT AS PROVIDED IN SUBSUBPARAGRAPH 2**  
8 **OF THIS SUBPARAGRAPH, ENERGY FROM A TIER 1 RENEWABLE SOURCE UNDER §**  
9 **7-701(L)(1) OF THIS SUBTITLE IS ELIGIBLE FOR INCLUSION IN MEETING THE**  
10 **RENEWABLE ENERGY PORTFOLIO STANDARD ONLY IF THE SOURCE IS**  
11 **CONNECTED WITH THE ELECTRIC DISTRIBUTION GRID SERVING MARYLAND.**

12 **2. ON OR BEFORE DECEMBER 31, 2011, ENERGY**  
13 **FROM A TIER 1 RENEWABLE SOURCE UNDER § 7-701(L)(1) OF THIS SUBTITLE**  
14 **THAT IS NOT CONNECTED WITH THE ELECTRIC DISTRIBUTION GRID SERVING**  
15 **MARYLAND IS ELIGIBLE FOR INCLUSION IN MEETING THE RENEWABLE ENERGY**  
16 **PORTFOLIO STANDARD ONLY IF OFFERS FOR SOLAR CREDITS FROM MARYLAND**  
17 **GRID SOURCES ARE NOT MADE TO THE ELECTRICITY SUPPLIER THAT WOULD**  
18 **SATISFY REQUIREMENTS UNDER THE STANDARD AND ONLY TO THE EXTENT**  
19 **THAT SUCH OFFERS ARE NOT MADE.**

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

26 ~~(2)~~ **(3)** Energy from a Tier 1 renewable source under § ~~7-701(1)(8)~~  
27 ~~7-701(L)(7)~~ of this subtitle is eligible for inclusion in meeting the renewable energy  
28 portfolio **STANDARD** if it is generated at a dam that existed as of January 1, 2004,  
29 even if a system or facility that is capable of generating electricity did not exist on that  
30 date.

31 ~~(3)~~ **(4)** (i) Energy from a Tier 2 renewable source under §  
32 7-701(m)(1) or (3) of this subtitle is eligible for inclusion in meeting the renewable  
33 energy portfolio standard through 2018 if it is generated at a system or facility that



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

3 (ii) Energy from a Tier 2 renewable source under § 7-701(m)(2)  
4 of this subtitle is eligible for inclusion in meeting the renewable energy portfolio  
5 standard, regardless of when the generating system was placed in service, **IF THE**  
6 **MARYLAND ENERGY ADMINISTRATION AND THE MARYLAND DEPARTMENT OF**  
7 **AGRICULTURE DETERMINE THAT THERE IS A SUFFICIENT QUANTITY OF**  
8 **POULTRY LITTER AVAILABLE FOR THE ECONOMIC VIABILITY OF ANY EXISTING**  
9 **AND OPERATING ENTITY THAT IS SITED ON THE DELMARVA PENINSULA AND**  
10 **THAT, AS OF JULY 1, 2004, PROCESSED AND PASTEURIZED CHICKEN LITTER AS**  
11 **FERTILIZER.**

12 (b) On or after January 1, 2004, an electricity supplier may:

13 (1) receive renewable energy credits; and

14 (2) accumulate renewable energy credits under this subtitle.

15 (c) [An electricity supplier shall receive double credit toward meeting the  
16 renewable energy portfolio standard for energy derived from solar energy.

17 (d)] (1) This subsection applies only to a generating facility that is placed  
18 in service on or after January 1, 2004.

19 (2) (i) On or before December 31, 2005, an electricity supplier shall  
20 receive 120% credit toward meeting the renewable energy portfolio standard for  
21 energy derived from wind.

22 (ii) After December 31, 2005, and on or before December 31,  
23 2008, an electricity supplier shall receive 110% credit toward meeting the renewable  
24 energy portfolio standard for energy derived from wind.

25 (3) On or before December 31, 2008, an electricity supplier shall  
26 receive 110% credit toward meeting the renewable energy portfolio standard for  
27 energy derived from methane under § ~~7-701(1)(4)~~ ~~7-701(1)(3)~~ of this subtitle.

28 [(e)] (D) An electricity supplier shall receive credit toward meeting the  
29 renewable energy portfolio standard for electricity derived from the biomass fraction of  
30 biomass co-fired with other fuels.

31 [(f)] (E) (1) In this subsection, “customer” means:

1 (i) an industrial electric customer that is not on standard offer  
2 service; or

3 (ii) a renewable on-site generator.

4 (2) (i) A customer may independently acquire renewable energy  
5 credits to satisfy the standards applicable to the customer's load, including credits  
6 created by a renewable on-site generator.

7 (ii) [Except as provided in subparagraph (iii)1 of this paragraph,  
8 the customer shall surrender the credits necessary to meet the standard to its  
9 electricity supplier for inclusion in the electricity supplier's compliance report under §  
10 7-705 of this subtitle.

11 (iii) 1.] Credits that a customer [surrenders] **TRANSFERS** to  
12 its electricity supplier to meet the standard and that the electricity supplier relies on  
13 in submitting its compliance report may not be resold or retransferred by the customer  
14 or by the electricity supplier.

15 [2. The customer may retain or transfer any credits in  
16 excess of the amount needed to satisfy the standard for the customer's load.

17 (iv) A customer who surrenders credits under this subsection  
18 retains all rights and title to any environmental or other attributes associated with  
19 the credits, including emission reductions or related allowances.]

20 (3) A renewable on-site generator [shall receive credit] **MAY RETAIN**  
21 **OR TRANSFER AT ITS SOLE OPTION ANY CREDITS CREATED BY THE RENEWABLE**  
22 **ON-SITE GENERATOR, INCLUDING CREDITS** for the portion of its on-site generation  
23 from a Tier 1 ~~renewable source or a~~ Tier 2, ~~OR TIER 3~~ renewable source that  
24 displaces the purchase of electricity by the renewable on-site generator from the grid.

25 (4) A customer that satisfies the standard applicable to the customer's  
26 load under this subsection may not be required to contribute to a compliance fee  
27 recovered under § 7-706 of this subtitle.

28 (5) The Commission shall adopt regulations governing the application  
29 and transfer of credits under this subsection consistent with federal law.

30 [(g)] **(F)** (1) In order to create a renewable energy credit, a Tier 1  
31 ~~renewable source or~~ Tier 2, ~~OR TIER 3~~ renewable source must substantially comply

1 with all applicable environmental and administrative requirements, including air  
2 quality, water quality, solid waste, and right-to-know provisions, permit conditions,  
3 and administrative orders.

4 (2) (i) This paragraph applies to Tier 2 renewable sources that  
5 incinerate solid waste.

6 (ii) At least 80% of the solid waste incinerated at a Tier 2  
7 renewable source facility shall be collected from:

8 1. for areas in Maryland, jurisdictions that achieve the  
9 recycling rates required under § 9-505 of the Environment Article; and

10 2. for other states, jurisdictions for which the electricity  
11 supplier demonstrates recycling substantially comparable to that required under §  
12 9-505 of the Environment Article, in accordance with regulations of the Commission.

13 (iii) An electricity supplier may report credits received under  
14 this paragraph based on compliance by the facility with the percentage requirement of  
15 subparagraph (ii) of this paragraph during the year immediately preceding the year in  
16 which the electricity supplier receives the credit to apply to the standard.

17 7-705.

18 (a) Each electricity supplier ~~AND EACH ELECTRIC COMPANY WHOSE~~  
19 ~~RATES ARE REGULATED BY THE COMMISSION~~ shall submit a report to the  
20 Commission each year in a form and by a date specified by the Commission that:

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

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

27 (b) If an electricity supplier fails to comply with the renewable energy  
28 portfolio standard ~~FOR TIER 1 RENEWABLE SOURCES OR TIER 2 RENEWABLE~~  
29 ~~SOURCES~~ for the applicable year, the electricity supplier shall pay into the Maryland  
30 Renewable Energy Fund established under § 7-707 of this subtitle:

1 (1) except as provided in ~~paragraph~~ **ITEM** (2) of this subsection, a  
2 compliance fee of:

3 (i) 2 cents for each kilowatt-hour of shortfall from required  
4 Tier 1 renewable sources **OTHER THAN THE SHORTFALL FROM THE REQUIRED**  
5 **TIER 1 RENEWABLE SOURCES THAT IS TO BE DERIVED FROM SOLAR ENERGY;** ~~and~~

6 **(II) THE FOLLOWING AMOUNTS FOR EACH KILOWATT-HOUR**  
7 **OF SHORTFALL FROM REQUIRED TIER 1 RENEWABLE SOURCES THAT IS TO BE**  
8 **DERIVED FROM SOLAR ENERGY:**

- 9 **1. 45 CENTS IN 2008;**  
10 **2. 40 CENTS IN 2009 AND 2010;**  
11 **3. 35 CENTS IN 2011 AND 2012;**  
12 **4. 30 CENTS IN 2013 AND 2014;**  
13 **5. 25 CENTS IN 2015 AND 2016;**  
14 **6. 20 CENTS IN 2017 AND 2018;**  
15 **7. 15 CENTS IN 2019 AND 2020;**  
16 **8. 10 CENTS IN 2021 AND 2022; AND**  
17 **9. 5 CENTS IN 2023 AND LATER; AND**

18 ~~(ii)~~ **(III)** 1.5 cents for each kilowatt-hour of shortfall from  
19 required Tier 2 renewable sources; or

20 (2) for industrial process load:

21 (i) for each kilowatt-hour of shortfall from required Tier 1 ~~AND~~  
22 **TIER 3** renewable sources, a compliance fee of:

- 23 1. 0.8 cents in 2006, 2007, and 2008;  
24 2. 0.5 cents in 2009 and 2010;



1       ~~[(c)] (D)~~ The Commission may allow an electricity supplier ~~OR AN~~  
 2 ~~ELECTRIC COMPANY~~ to submit the report required under § 7-505(b)(4) of this title to  
 3 demonstrate compliance with the renewable energy portfolio standard.

4       ~~[(d)] (E)~~ An aggregator or broker who assists an electricity customer in  
 5 purchasing electricity but who does not supply the electricity or take title to or  
 6 ownership of the electricity may require the electricity supplier who supplies the  
 7 electricity to demonstrate compliance with this subtitle.

8       ~~(F) (E)~~ (1) ~~NOTWITHSTANDING THE TIER 3 RENEWABLE ENERGY~~  
 9 ~~PORTFOLIO STANDARD REQUIREMENTS UNDER OF § 7-703(B) OF THIS TITLE~~  
 10 ~~SUBTITLE, IF THE ACTUAL OR PROJECTED DOLLAR-FOR-DOLLAR COSTS COST~~  
 11 ~~INCURRED INCURRED OR TO BE INCURRED BY AN ELECTRICITY SUPPLIER~~  
 12 ~~SOLELY FOR THE PURCHASE OF TIER 3 1 RENEWABLE ENERGY CREDITS~~  
 13 ~~DERIVED FROM SOLAR ENERGY IN ANY ONE 1 YEAR IS GREATER THAN OR EQUAL~~  
 14 ~~TO, OR IS ANTICIPATED TO BE GREATER THAN OR EQUAL TO, 1% OF THE~~  
 15 ~~ANNUAL ELECTRICITY SALES REVENUE FOR AN ELECTRIC COMPANY, THE~~  
 16 ~~ELECTRIC COMPANY ELECTRIC SUPPLIER'S TOTAL ANNUAL ELECTRICITY~~  
 17 ~~SALES REVENUES IN MARYLAND, THE ELECTRICITY SUPPLIER MAY REQUEST~~  
 18 ~~THAT THE COMMISSION DELAY A SCHEDULED INCREASE THAT APPLIES TO THE~~  
 19 ~~ELECTRIC COMPANY IN TIER 3 REQUIREMENTS FOR 1 YEAR:~~

20               (I) DELAY BY 1 YEAR EACH OF THE SCHEDULED  
 21 PERCENTAGES FOR SOLAR ENERGY UNDER § 7-703(B) OF THIS SUBTITLE THAT  
 22 WOULD APPLY TO THE ELECTRICITY SUPPLIER IN TIER 3; AND

23               (II) ALLOW THE RENEWABLE ENERGY PORTFOLIO  
 24 STANDARD FOR TIER 3 SOLAR ENERGY FOR THAT YEAR TO CONTINUE TO APPLY  
 25 TO THE ELECTRICITY SUPPLIER FOR THE FOLLOWING YEAR.

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

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

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

3           **(I) THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR**  
 4  **~~TIER 3 SOLAR ENERGY~~ APPLICABLE TO THE ELECTRICITY SUPPLIER UNDER**  
 5 **THE DELAY CONTINUES FOR EACH SUBSEQUENT CONSECUTIVE YEAR THAT THE**  
 6 **ACTUAL OR PROJECTED DOLLAR-FOR-DOLLAR COSTS INCURRED, OR TO BE**  
 7 **INCURRED, BY THE ELECTRICITY SUPPLIER SOLELY FOR THE PURCHASE OF**  
 8  **~~TIER 3 SOLAR~~ RENEWABLE ENERGY CREDITS IS GREATER THAN OR EQUAL TO,**  
 9 **OR IS ANTICIPATED TO BE GREATER THAN OR EQUAL TO, 1% OF THE**  
 10 **ELECTRICITY SUPPLIER'S TOTAL ANNUAL RETAIL ELECTRICITY SALES**  
 11 **REVENUES IN MARYLAND; AND**

12           **(II) THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR**  
 13  **~~TIER 3 SOLAR ENERGY~~ APPLICABLE TO THE ELECTRICITY SUPPLIER UNDER**  
 14 **THE DELAY IS INCREASED TO THE NEXT SCHEDULED PERCENTAGE INCREASE**  
 15 **UNDER § 7-703(B) OF THIS SUBTITLE FOR EACH YEAR IN WHICH THE ACTUAL OR**  
 16 **PROJECTED DOLLAR-FOR-DOLLAR COSTS INCURRED, OR TO BE INCURRED, BY**  
 17 **THE ELECTRICITY SUPPLIER SOLELY FOR THE PURCHASE OF  ~~TIER 3 SOLAR~~**  
 18 **RENEWABLE ENERGY CREDITS IS LESS THAN, OR IS ANTICIPATED TO BE LESS**  
 19 **THAN, 1% OF THE ELECTRICITY SUPPLIER'S TOTAL ANNUAL RETAIL**  
 20 **ELECTRICITY SALES REVENUES IN MARYLAND.**

21 7-706.

22           ~~(a) (1) Except as provided in paragraph (2) of this subsection, in~~  
 23 ~~accordance with the obligation to provide standard offer service through the bid~~  
 24 ~~process created under § 7-510 of this title, the Commission shall allow an electricity~~  
 25 ~~supplier to recover actual dollar-for-dollar costs incurred, including a compliance fee~~  
 26 ~~under § 7-705 of this subtitle, in complying with a State-mandated renewable energy~~  
 27 ~~portfolio standard.~~

28           ~~(2) In accordance with the Phase II Settlement Agreement approved~~  
 29 ~~by the Commission in Order No. 78710 in Case No. 8908 on September 30, 2003, for~~  
 30 ~~any full-service agreement executed before the renewable energy standard under this~~  
 31 ~~subtitle applies to an electric company, the electric company and its wholesale~~  
 32 ~~electricity suppliers may pass through their commercially reasonable additional costs,~~  
 33 ~~if any, associated with complying with the standard, through the end of the year of~~  
 34 ~~standard offer service in which the requirement took effect.~~

1           ~~(b) An electricity supplier may recover a compliance fee if:~~

2                   ~~(1) the payment of a compliance fee is the least cost measure to~~  
3 ~~customers as compared to the purchase of Tier 1 renewable sources to comply with a~~  
4 ~~renewable energy portfolio standard;~~

5                   ~~(2) there are insufficient Tier 1 renewable sources available for the~~  
6 ~~electricity supplier to comply with a renewable energy portfolio standard; or~~

7                   ~~(3) a wholesale electricity supplier defaults or otherwise fails to~~  
8 ~~deliver renewable energy credits under a supply contract approved by the~~  
9 ~~Commission.~~

10           (c) Any cost recovery under this section:

11                   (1) for all electricity suppliers, may be in the form of a generation  
12 surcharge payable by all current electricity supply customers, except as otherwise  
13 provided in § [7-704(f)] **7-704 (E)** of this subtitle;

14                   ~~(2) shall be disclosed to customers in a manner to be determined by~~  
15 ~~the Commission; and~~

16                   ~~(3) may not include the costs for a power purchase contract under the~~  
17 ~~federal Public Utility Regulatory Policy Act contemplated in rates or restructuring~~  
18 ~~proceedings.~~

19           ~~(d) (1) In accordance with regulations adopted by the Commission in~~  
20 ~~consultation with the Department of Business and Economic Development, the~~  
21 ~~Commission may waive the recovery of all or part of the compliance fee assessed on~~  
22 ~~the load of a particular industrial or nonretail commercial customer for a particular~~  
23 ~~year, based on a demonstration by the applicant of an extreme economic hardship that~~  
24 ~~significantly impairs the continued operation of the applicant.~~

25                   ~~(2) Any compliance fee recovery that is waived under this subsection~~  
26 ~~may not be assessed against other customers.~~

27                   ~~(3) An electricity supplier is not liable for any compliance fee that is~~  
28 ~~waived under this subsection.~~

29 7-707.

30           ~~(a) There is a Maryland Renewable Energy Fund.~~



1           (b) ~~The purpose of the Fund is to encourage the development of resources to~~  
2 ~~generate renewable energy in the State.~~

3           (c) ~~Subject to oversight by the Commission, the Administration shall~~  
4 ~~administer the Fund.~~

5           (d) (1) ~~The Fund is a special, nonlapsing fund that is not subject to §~~  
6 ~~7-302 of the State Finance and Procurement Article.~~

7                   (2) ~~The Treasurer shall hold the Fund separately and the Comptroller~~  
8 ~~shall account for the Fund.~~

9           (e) ~~The Fund consists of:~~

10                   (1) ~~compliance fees paid under § 7-705 of this subtitle;~~

11                   (2) ~~payments received in repayment of a loan;~~

12                   (3) ~~investment earnings of the Fund; and~~

13                   (4) ~~any other money from any other source accepted for the benefit of~~  
14 ~~the Fund.~~

15           (f) (1) ~~(I) [The] IN ACCORDANCE WITH PARAGRAPH (2) OF THIS~~  
16 ~~SUBSECTION SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE Fund~~  
17 ~~may be used only to make loans and grants to support the creation of new Tier 1 AND~~  
18 ~~TIER 3 renewable [energy] sources in the State.~~

19                   (2) ~~COMPLIANCE FEES PAID UNDER § 7-705 OF THIS SUBTITLE:~~

20                           (1) ~~FOR A SHORTFALL IN THE REQUIREMENTS FOR TIER 1~~  
21 ~~RENEWABLE RESOURCES OR TIER 2 RENEWABLE SOURCES, MAY BE USED ONLY~~  
22 ~~TO MAKE LOANS AND GRANTS TO SUPPORT THE CREATION OF NEW TIER 1~~  
23 ~~RENEWABLE SOURCES IN THE STATE; AND~~

24                           (2) ~~FOR A SHORTFALL IN THE REQUIREMENTS FOR TIER 3~~  
25 ~~RENEWABLE SOURCES, MAY BE USED ONLY TO MAKE LOANS AND GRANTS TO~~  
26 ~~SUPPORT THE CREATION OF NEW TIER 3 RENEWABLE SOURCES IN THE STATE.~~

27                           (II) ~~COMPLIANCE FEES PAID UNDER § 7-705(B)(1)(II) OF THIS~~  
28 ~~SUBTITLE SHALL BE ACCOUNTED FOR SEPARATELY WITHIN THE FUND AND MAY~~

1 **BE USED ONLY TO MAKE LOANS AND GRANTS TO SUPPORT THE CREATION OF**  
 2 **NEW SOLAR ENERGY SOURCES IN THE STATE.**

3 ~~{(2)}~~ ~~(3)~~ By regulation the Commission shall adopt eligibility criteria  
 4 for projects supported by the Fund.

5 ~~{(3)}~~ ~~(4)~~ (i) The Administration shall receive and review  
 6 applications for loans and grants for eligible projects.

7 (ii) The Administration shall approve or disapprove applications  
 8 for loans and grants from the Fund.

9 ~~{(4)}~~ ~~(5)~~ (i) Subject to subparagraph (ii) of this paragraph, the  
 10 Commission may allow the use of money of the Fund for administrative expenses  
 11 related to the Fund and project review and oversight.

12 (ii) The Administration and the Commission may not spend  
 13 more than 10% of the funds placed in the Fund for administrative expenses.

14 ~~(g)~~ ~~(1)~~ ~~The Treasurer shall invest the money of the Fund in the same~~  
 15 ~~manner as other State money may be invested.~~

16 ~~(2)~~ ~~Any investment earnings of the Fund shall be credited to the Fund.~~

17 **(H) (1) ON OR BEFORE FEBRUARY 1 OF EACH YEAR, THE**  
 18 **ADMINISTRATION, IN CONSULTATION WITH THE COMMISSION, SHALL REPORT**  
 19 **TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE**  
 20 **GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY, ON THE STATUS OF THE**  
 21 **FUND.**

22 **(2) THE REPORT SHALL INCLUDE:**

23 **(I) ALL AMOUNTS RECEIVED BY AND DISBURSED FROM THE**  
 24 **FUND;**

25 **(II) ALL AMOUNTS USED BY THE ADMINISTRATION AND THE**  
 26 **COMMISSION FOR ADMINISTRATIVE PURPOSES;**

27 **(III) THE EVALUATION CRITERIA USED BY THE**  
 28 **ADMINISTRATION IN MAKING LOANS AND GRANTS FROM THE FUND AND IN**  
 29 **SELECTING RECIPIENTS OF THOSE LOANS AND GRANTS;**

1                    (IV) THE NUMBER AND AMOUNTS OF LOANS AND GRANTS  
2 MADE IN THE PRECEDING CALENDAR YEAR;

3                    (V) THE STATUS OF LOANS PENDING AS OF THE END OF THE  
4 PRECEDING CALENDAR YEAR;

5                    (VI) THE ALLOCATION OF DISBURSEMENTS FOR  
6 DEVELOPMENT OF NEW SOLAR AND OTHER TIER 1 RENEWABLE SOURCES;

7                    (VII) THE PROJECTED RECEIPTS OF THE FUND IN THE  
8 CURRENT CALENDAR YEAR; AND

9                    (VIII) PLANS FOR THE USE OF RESOURCES OF THE FUND IN  
10 THE CURRENT CALENDAR YEAR.

11 ~~7-708.~~

12            (a) (1) ~~The Commission shall establish and maintain a market-based~~  
13 ~~renewable electricity trading system to facilitate the creation and transfer of~~  
14 ~~renewable energy credits.~~

15                    (2) ~~To the extent practicable, the trading system shall be consistent~~  
16 ~~with and operate in conjunction with the trading system developed by PJM~~  
17 ~~Interconnection, Inc., if available.~~

18                    (3) ~~The Commission may contract with a for-profit or a nonprofit~~  
19 ~~entity to assist in the administration of the electricity trading system required under~~  
20 ~~paragraph (1) of this subsection.~~

21            (b) (1) ~~The system shall include a registry of pertinent information~~  
22 ~~regarding all:~~

23                    (i) ~~available renewable energy credits; and~~

24                    (ii) ~~renewable energy credit transactions among electricity~~  
25 ~~suppliers in the State, including:~~

26                    1. ~~the creation and application of renewable energy~~  
27 ~~credits;~~

1 ~~2. the number of renewable energy credits sold or~~  
2 ~~transferred; and~~

3 ~~3. the price paid for the sale or transfer of renewable~~  
4 ~~energy credits.~~

5 ~~(2) (i) The registry shall provide current information to electricity~~  
6 ~~suppliers and the public on the status of renewable energy credits created, sold, or~~  
7 ~~transferred in the State.~~

8 ~~(ii) Registry information shall be available by computer network~~  
9 ~~access through the Internet.~~

10 7-709.

11 (a) An electricity supplier may use accumulated renewable energy credits to  
12 meet the renewable energy portfolio standard, including credits created by a  
13 renewable on-site generator.

14 (b) A renewable energy credit may be sold or otherwise transferred.

15 (c) **(1) (I) IF AN ~~ELECTRIC COMPANY~~ ELECTRICITY SUPPLIER**  
16 **PURCHASES ~~TIER 3~~ SOLAR RENEWABLE ENERGY CREDITS DIRECTLY FROM A**  
17 **RENEWABLE ON-SITE GENERATOR TO MEET THE SOLAR COMPONENT OF THE**  
18 **TIER 3 I RENEWABLE ENERGY PORTFOLIO STANDARD, THE DURATION OF THE**  
19 **CONTRACT TERM FOR THE ~~TIER 3~~ SOLAR RENEWABLE ~~SOURCE~~ ENERGY**  
20 **CREDITS MAY NOT BE LESS THAN 15 YEARS.**

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

25 **(2) (I) AN ELECTRICITY SUPPLIER THAT PURCHASES ~~TIER 3~~**  
26 **SOLAR RENEWABLE ENERGY CREDITS FROM A RENEWABLE ON-SITE**  
27 **GENERATOR WITH A CAPACITY NOT EXCEEDING 10 KILOWATTS SHALL**  
28 **PURCHASE THE CREDITS WITH A SINGLE INITIAL PAYMENT REPRESENTING THE**  
29 **FULL ESTIMATED PRODUCTION OF THE SYSTEM FOR THE LIFE OF THE**  
30 **CONTRACT.**

31 **(II) THE COMMISSION SHALL:**

1 ~~**1. DETERMINE THE RATE FOR A PAYMENT MADE TO**~~  
 2 ~~**THE RENEWABLE ON-SITE GENERATOR UNDER SUBPARAGRAPH (I) OF THIS**~~  
 3 ~~**PARAGRAPH; AND**~~

4 ~~**2. 1. DEVELOP A METHOD FOR ESTIMATING ANNUAL**~~  
 5 ~~**PRODUCTION FROM THE TYPE OF SYSTEM DESCRIBED IN SUBPARAGRAPH (I) OF**~~  
 6 ~~**THIS PARAGRAPH AND ALLOCATING THE TIER 3 RENEWABLE ENERGY CREDITS**~~  
 7 ~~**TO THE ELECTRICITY SUPPLIER IN A MANNER THAT IS CONSISTENT WITH A**~~  
 8 ~~**MINIMUM 15-YEAR PRODUCTION PERIOD THE DURATION OF THE CONTRACT;**~~  
 9 ~~**AND**~~

10 ~~**2. DETERMINE THE RATE FOR A PAYMENT MADE TO A**~~  
 11 ~~**RENEWABLE ON-SITE GENERATOR UNDER SUBPARAGRAPH (I) OF THIS**~~  
 12 ~~**PARAGRAPH.**~~

13 [(c) (D) (1) Except as authorized under paragraph (2) of this subsection,  
 14 a renewable energy credit shall exist for 3 years from the date created.

15 (2) A renewable energy credit may be diminished or extinguished  
 16 before the expiration of 3 years by:

- 17 (i) the electricity supplier that received the credit;
- 18 (ii) a nonaffiliated entity of the electricity supplier:
- 19 1. that purchased the credit from the electricity supplier  
 20 receiving the credit; or
- 21 2. to whom the electricity supplier otherwise transferred  
 22 the credit; or

23 (iii) demonstrated noncompliance by the generating facility with  
 24 the requirements of § [7-704(g)] **7-704(F)** of this subtitle.

25 [(d) (E) Notwithstanding subsection [(c)(2)(iii)] **(D)(2)(III)** of this section,  
 26 and only if the demonstrated noncompliance does not result in environmental  
 27 degradation, an electricity supplier that reasonably includes in its annual report  
 28 under § 7-705 of this subtitle a renewable energy credit that is extinguished for  
 29 noncompliance with § [7-704(g)(1)] **7-704(F)(1)** or (2) of this subtitle:

- 1 (1) may continue to rely on that credit for that year; but
- 2 (2) for later years must:
- 3 (i) demonstrate a return to compliance of the generating facility
- 4 under § [7-704(g)] ~~7-704(F)~~ of this subtitle; or
- 5 (ii) replace the credit with a renewable energy credit from
- 6 another source.

7 [(e)] (F) The Commission by regulation shall establish requirements for

8 documentation and verification of renewable energy credits by licensed electricity

9 suppliers and other generators that create and receive credits for compliance with the

10 standards for Tier 1 ~~renewable sources and~~, Tier 2, ~~AND TIER 3~~ renewable sources.

11 ~~7-712.~~

12 ~~Subject to § 2-1246 of the State Government Article, on or before February 1 of~~

13 ~~each year the Commission shall report to the General Assembly on the status of~~

14 ~~implementation of this subtitle, including the availability of Tier 1 AND TIER 3~~

15 ~~renewable sources, projects supported by the Fund, and other pertinent information.~~

16 ~~7-714.~~

17 ~~7-711.~~

18 (A) *The Commission has the same power and authority with respect to an*

19 *electricity supplier under this subtitle that the Commission has with respect to any*

20 *public service company under this article for the purposes of investigating and*

21 *examining the electricity supplier to determine compliance with this subtitle and with*

22 *other applicable law.*

23 (B) (1) ~~THE BEGINNING JANUARY 1, 2008, THE COMMISSION SHALL~~

24 ~~APPOINT DESIGNATE AN INDIVIDUAL WHO SHALL TO BE SOLELY RESPONSIBLE~~

25 ~~FOR:~~

26 (1) ~~THE OVERSIGHT OF COMPLIANCE WITH THE RENEWABLE~~

27 ~~ENERGY PORTFOLIO REQUIREMENTS FOR OF TIER 3 1 RENEWABLE SOURCES;~~

28 ~~THAT ARE TO BE DERIVED FROM SOLAR ENERGY. AND~~

1           ~~(2) THE DEVELOPMENT OF PROGRAMMATIC CHANGES,~~  
 2 ~~OUTREACH, AND POLICY RECOMMENDATIONS TO ENSURE THE SUCCESS OF THE~~  
 3 ~~RENEWABLE ENERGY PORTFOLIO REQUIREMENTS FOR TIER 3 RENEWABLE~~  
 4 ~~SOURCES; AND~~

5           ~~(3) THE DEVELOPMENT OF CLEAR, SIMPLE, AND~~  
 6 ~~STRAIGHTFORWARD FORMS, REQUIREMENTS, AND PROCEDURES TO FACILITATE~~  
 7 ~~PARTICIPATION OF HOMEOWNERS AND SMALL BUSINESSES IN THE~~  
 8 ~~DEPLOYMENT OF TIER 3 RENEWABLE ENERGY GENERATION IN THE STATE.~~

9           (2) THE INDIVIDUAL DESIGNATED UNDER PARAGRAPH (1) OF  
 10 THIS SUBSECTION SHALL:

11                   (I) DEVELOP THE PROGRAM FOR THE REQUIREMENTS FOR  
 12 TIER 1 RENEWABLE SOURCES DERIVED FROM SOLAR ENERGY;

13                   (II) PROVIDE EDUCATION AND OUTREACH TO PROMOTE THE  
 14 USE OF SOLAR ENERGY; AND

15                   (III) MAKE POLICY RECOMMENDATIONS TO THE COMMISSION  
 16 REGARDING IMPROVING THE STATE'S USE OF SOLAR ENERGY, INCLUDING THE  
 17 DEVELOPMENT OF CLEAR, SIMPLE, AND STRAIGHTFORWARD FORMS,  
 18 REQUIREMENTS, AND PROCEDURES TO FACILITATE PARTICIPATION BY  
 19 HOMEOWNERS AND SMALL BUSINESSES IN DEPLOYMENT OF SOLAR GENERATION  
 20 IN THE STATE.

21           SECTION 2. AND BE IT FURTHER ENACTED, ~~That, on or before November~~  
 22 ~~1, 2007, the Public Service Commission shall revise Maryland's interconnection~~  
 23 ~~standards and procedures to be consistent with the interconnection standards of any~~  
 24 ~~state in the PJM region with more than 1,000 interconnected renewable on-site~~  
 25 ~~generators~~ That, in recognition of the value of small distributed generation to the  
 26 reliable and cost-effective operation of the grid, the Public Service Commission shall:

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

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

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

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

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

12 SECTION 4. AND BE IT FURTHER ENACTED, That the requirement under §  
13 7-306(h)(5) of the Public Utility Companies Article, as enacted by Section 1 of this Act,  
14 for an eligible customer-generator to own and have title to all renewable energy  
15 attributes or renewable energy credits associated with any electricity produced by its  
16 electric generating system shall apply prospectively and may not be construed to:

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

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

23 SECTION 5. AND BE IT FURTHER ENACTED, That, as part of its annual  
24 report due February 1, 2014 under § 7-712 of the Public Utility Companies Article, the  
25 Public Service Commission shall report its findings and recommendations for  
26 modification, if any, to the renewable energy portfolio standard provisions under Title  
27 7, Subtitle 7 of the Public Utility Companies Article based on a thorough study of the  
28 implementation of the renewable energy portfolio standard requirements since 2006.  
29 The study conducted by the Commission shall:

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

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



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

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

5           (5) determine the realized and projected availability of solar  
 6 renewable energy credits in Maryland;

7           (6) consider the ability of a regional market to lower the cost impact of  
 8 the solar requirements of the renewable *energy* portfolio standard on customers;

9           (7) consider the ability of a regional market, in complying with the  
 10 solar requirements, to develop solar energy in Maryland; and

11           (8) determine the appropriate use of the funds that are paid into the  
 12 Maryland Renewable Energy Fund from compliance fees, including specific criteria for  
 13 making loans and grants, to achieve the intended goals of the renewable energy  
 14 portfolio ~~provisions~~ standard.

15           SECTION ~~3~~ 6. AND BE IT FURTHER ENACTED, That Sections 1 and 4 of  
 16 this Act shall take effect October 1, 2007.

17           SECTION 7. AND BE IT FURTHER ENACTED, That, except as provided in  
 18 Section 6 of this Act, this Act shall take effect July 1, 2007.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.