

SENATE BILL 209

M3

(8lr0233)

ENROLLED BILL

—Finance/Economic Matters—

Introduced by **The President (By Request - Administration) and Senators Garagiola, Forehand, Frosh, King, Lenett, Madaleno, Pinsky, and Rosapepe**

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 **Renewable Portfolio Standard Percentage Requirements - Acceleration**

3 FOR the purpose of altering the renewable energy portfolio standard by increasing the
4 percentages of electricity sales that must be met in certain years through the
5 accumulation of renewable energy credits from certain sources, *subject to a*
6 *certain limitation*; redefining a certain renewable energy credit; ~~requiring that if~~
7 ~~the owner of a certain wind energy generating facility chooses to sell certain~~
8 ~~renewable energy credits, the owner must first offer the credits for sale to an~~
9 ~~electricity supplier that shall apply the credits toward compliance with a certain~~
10 ~~renewable energy portfolio standard~~; increasing the maximum allowable
11 alternative compliance payment, *subject to a certain limitation*; providing for
12 the effective dates of this Act; providing for the termination of a certain

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 provision of this Act; and generally relating to the renewable energy portfolio
2 standard.

3 BY repealing and reenacting, without amendments,
4 Article – Public Utility Companies
5 Section 7–701(a) and 7–703(a)
6 Annotated Code of Maryland
7 (1998 Volume and 2007 Supplement)

8 BY repealing and reenacting, with amendments,
9 Article – Public Utility Companies
10 Section 7–701(i), 7–703(b), and 7–705(b)
11 Annotated Code of Maryland
12 (1998 Volume and 2007 Supplement)

13 ~~BY adding to~~
14 ~~Article – Public Utility Companies~~
15 ~~Section 7–704(g)~~
16 ~~Annotated Code of Maryland~~
17 ~~(1998 Volume and 2007 Supplement)~~

18 BY adding to
19 Article – Public Utility Companies
20 Section 7–705(f)
21 Annotated Code of Maryland
22 (1998 Volume and 2007 Supplement)

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

25 **Article – Public Utility Companies**

26 ~~7–701.~~

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

28 (i) ~~“Renewable energy credit” or “credit” means a credit equal to the~~
29 ~~generation attributes of 1 megawatt hour of electricity that is derived from a Tier 1~~
30 ~~renewable source or a Tier 2 renewable source that is located:~~

31 (1) ~~in the PJM region [or in a state that is adjacent to the PJM~~
32 ~~region]; or~~

33 (2) ~~outside the area described in item (1) of this subsection but in a~~
34 ~~control area that is adjacent to the PJM region, if the electricity is delivered into the~~
35 ~~PJM region.~~

1 7-703.

2 (a) (1) (i) The Commission shall implement a renewable energy
3 portfolio standard that, except as provided under paragraph (2) of this subsection,
4 applies to all retail electricity sales in the State by electricity suppliers.

5 (ii) If the standard becomes applicable to electricity sold to a
6 customer after the start of a calendar year, the standard does not apply to electricity
7 sold to the customer during that portion of the year before the standard became
8 applicable.

9 (2) A renewable energy portfolio standard may not apply to electricity
10 sales at retail by any electricity supplier:

11 (i) in excess of 300,000,000 kilowatt-hours of industrial process
12 load to a single customer in a year;

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

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

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

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

23 (2) in 2007, 1% from Tier 1 renewable sources and 2.5% from Tier 2
24 renewable sources;

25 (3) in 2008, 2.005% from Tier 1 renewable sources, including at least
26 0.005% derived from solar energy, and 2.5% from Tier 2 renewable sources;

27 (4) in 2009, ~~2.01%~~ ~~4.02%~~ 4.02% from Tier 1 renewable sources, including
28 at least 0.01% derived from solar energy, and 2.5% from Tier 2 renewable sources;

29 (5) in 2010, ~~3.025%~~ ~~6.05%~~ 6.05% from Tier 1 renewable sources, including
30 at least 0.025% derived from solar energy, and 2.5% from Tier 2 renewable sources;

31 (6) in 2011, ~~3.04%~~ ~~6.08%~~ 5.0% from Tier 1 renewable sources,
32 including at least 0.04% derived from solar energy, and 2.5% from Tier 2 renewable
33 sources;

1 (7) in 2012, [4.06%] ~~8.12%~~ **6.5%** from Tier 1 renewable sources,
2 including at least 0.06% derived from solar energy, and 2.5% from Tier 2 renewable
3 sources;

4 (8) in 2013, [4.1%] **8.2%** from Tier 1 renewable sources, including at
5 least 0.1% derived from solar energy, and 2.5% from Tier 2 renewable sources;

6 (9) in 2014, [5.15%] **10.3%** from Tier 1 renewable sources, including
7 at least 0.15% derived from solar energy, and 2.5% from Tier 2 renewable sources;

8 (10) in 2015, [5.25%] **10.5%** from Tier 1 renewable sources, including
9 at least 0.25% derived from solar energy, and 2.5% from Tier 2 renewable sources;

10 (11) in 2016, [6.35%] **12.7%** from Tier 1 renewable sources, including
11 at least 0.35% derived from solar energy, and 2.5% from Tier 2 renewable sources;

12 (12) in 2017, [6.55%] **13.1%** from Tier 1 renewable sources, including
13 at least 0.55% derived from solar energy, and 2.5% from Tier 2 renewable sources;

14 (13) in 2018, [7.9%] **15.8%** from Tier 1 renewable sources, including at
15 least 0.9% derived from solar energy, and 2.5% from Tier 2 renewable sources;

16 (14) in 2019, [8.7%] **17.4%** from Tier 1 renewable sources, including at
17 least 1.2% derived from solar energy, and 0% from Tier 2 renewable sources;

18 (15) in 2020, [9%] **18%** from Tier 1 renewable sources, including at
19 least 1.5% derived from solar energy, and 0% from Tier 2 renewable sources;

20 (16) in 2021, [9.35%] **18.7%** from Tier 1 renewable sources, including
21 at least 1.85% derived from solar energy, and 0% from Tier 2 renewable sources; and

22 (17) in 2022 and later, [9.5%] **20%** from Tier 1 renewable sources,
23 including at least 2% derived from solar energy, and 0% from Tier 2 renewable
24 sources.

25 ~~7-704.~~

26 ~~(G) IF THE OWNER OF A WIND ENERGY GENERATING FACILITY IN THE~~
27 ~~STATE CHOOSES TO SELL RENEWABLE ENERGY CREDITS FROM THAT FACILITY,~~
28 ~~THE OWNER MUST FIRST OFFER THE CREDITS FOR SALE TO AN ELECTRICITY~~
29 ~~SUPPLIER THAT SHALL APPLY THE CREDITS TOWARD COMPLIANCE WITH THE~~
30 ~~RENEWABLE ENERGY PORTFOLIO STANDARD UNDER § 7-703 OF THIS SUBTITLE.~~

31 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
32 read as follows:

Article – Public Utility Companies

7-701.

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

(i) “Renewable energy credit” or “credit” means a credit equal to the generation attributes of 1 megawatt-hour of electricity that is derived from a Tier 1 renewable source or a Tier 2 renewable source that is located:

(1) in the PJM region [or in a state that is adjacent to the PJM region];

or

(2) outside the area described in item (1) of this subsection but in a control area that is adjacent to the PJM region, if the electricity is delivered into the PJM region.

7-705.

(b) 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) except as provided in item (2) of this subsection, a compliance fee of:

(i) [2] 4 cents for each kilowatt-hour of shortfall from required Tier 1 renewable sources other than the shortfall from the required Tier 1 renewable sources that is to be derived from solar energy;

(ii) the following amounts for each kilowatt-hour of shortfall from required Tier 1 renewable sources that is to be derived from solar energy:

1. 45 cents in 2008;
2. 40 cents in 2009 and 2010;
3. 35 cents in 2011 and 2012;
4. 30 cents in 2013 and 2014;
5. 25 cents in 2015 and 2016;
6. 20 cents in 2017 and 2018;
7. 15 cents in 2019 and 2020;

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

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

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

11 **(I) THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR**
12 **TIER 1 APPLICABLE TO THE ELECTRICITY SUPPLIER UNDER THE DELAY**
13 **CONTINUES FOR EACH SUBSEQUENT CONSECUTIVE YEAR THAT THE ACTUAL OR**
14 **PROJECTED DOLLAR-FOR-DOLLAR COSTS INCURRED, OR TO BE INCURRED, BY**
15 **THE ELECTRICITY SUPPLIER SOLELY FOR THE PURCHASE OF TIER 1 CREDITS**
16 **OTHER THAN SOLAR CREDITS IS GREATER THAN OR EQUAL TO, OR IS**
17 **ANTICIPATED TO BE GREATER THAN OR EQUAL TO, THE GREATER OF THE**
18 **APPLICABLE TIER 1 PERCENTAGE OR 10% OF THE ELECTRICITY SUPPLIER'S**
19 **TOTAL ANNUAL RETAIL ELECTRICITY SALES REVENUES IN MARYLAND; AND**

20 **(II) THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR**
21 **TIER 1 APPLICABLE TO THE ELECTRICITY SUPPLIER UNDER THE DELAY IS**
22 **INCREASED TO THE NEXT SCHEDULED PERCENTAGE INCREASE UNDER §**
23 **7-703(B) OF THIS SUBTITLE FOR EACH YEAR IN WHICH THE ACTUAL OR**
24 **PROJECTED DOLLAR-FOR-DOLLAR COSTS INCURRED, OR TO BE INCURRED, BY**
25 **THE ELECTRICITY SUPPLIER SOLELY FOR THE PURCHASE OF TIER 1 CREDITS**
26 **OTHER THAN SOLAR CREDITS IS LESS THAN, OR IS ANTICIPATED TO BE LESS**
27 **THAN, THE GREATER OF THE APPLICABLE TIER 1 PERCENTAGE OR 10% OF THE**
28 **ELECTRICITY SUPPLIER'S TOTAL ANNUAL RETAIL ELECTRICITY SALES**
29 **REVENUES IN MARYLAND.**

30 **SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall**
31 **take effect January 1, 2011.**

32 **SECTION 4. AND BE IT FURTHER ENACTED, That § 7-705(f) of the Public**
33 **Utility Companies Article, as enacted by this Act, shall remain effective for a period of 8**
34 **years and, at the end of December 31, 2018, with no further action required by the**
35 **General Assembly, § 7-705(f) of the Public Utility Companies Article, as enacted by this**
36 **Act, shall terminate and be of no further force and effect.**

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1 SECTION ~~2~~ ~~4~~ 5. AND BE IT FURTHER ENACTED, That, except as provided
2 in Section 3 of this Act, this Act shall take effect ~~October 1, 2008~~ January 1, 2009.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.