

SENATE BILL 209

M3

8lr0233
CF HB 375

By: **The President (By Request – Administration) and Senators Garagiola, Forehand, Frosh, King, Lenett, Madaleno, Pinsky, and Rosapepe**

Introduced and read first time: January 18, 2008

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 26, 2008

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; redefining a
6 certain renewable energy credit; requiring that if the owner of a certain wind
7 energy generating facility chooses to sell certain renewable energy credits, the
8 owner must first offer the credits for sale to an electricity supplier that shall
9 apply the credits toward compliance with a certain renewable energy portfolio
10 standard; increasing the maximum allowable alternative compliance payment;
11 providing for the effective dates of this Act; and generally relating to the
12 renewable energy portfolio standard.

13 BY repealing and reenacting, without amendments,
14 Article – Public Utility Companies
15 Section 7–701(a) and 7–703(a)
16 Annotated Code of Maryland
17 (1998 Volume and 2007 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article – Public Utility Companies
20 Section 7–701(i), 7–703(b), and 7–705(b)
21 Annotated Code of Maryland
22 (1998 Volume and 2007 Supplement)

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.



1 BY adding to
2 Article – Public Utility Companies
3 Section 7–704(g)
4 Annotated Code of Maryland
5 (1998 Volume and 2007 Supplement)

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

8 **Article – Public Utility Companies**

9 7–701.

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

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

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

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

19 7–703.

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

23 (ii) If the standard becomes applicable to electricity sold to a
24 customer after the start of a calendar year, the standard does not apply to electricity
25 sold to the customer during that portion of the year before the standard became
26 applicable.

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

29 (i) in excess of 300,000,000 kilowatt–hours of industrial process
30 load to a single customer in a year;

31 (ii) to residential customers in a region of the State in which
32 electricity prices for residential customers are subject to a freeze or cap contained in a
33 settlement agreement entered into under § 7–505 of this title until the freeze or cap
34 has expired; or

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

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

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

7 (2) in 2007, 1% from Tier 1 renewable sources and 2.5% from Tier 2
8 renewable sources;

9 (3) in 2008, 2.005% from Tier 1 renewable sources, including at least
10 0.005% derived from solar energy, and 2.5% from Tier 2 renewable sources;

11 (4) in 2009, [~~2.01%~~] ~~4.02%~~ **4.02%** from Tier 1 renewable sources, including
12 at least 0.01% derived from solar energy, and 2.5% from Tier 2 renewable sources;

13 (5) in 2010, [~~3.025%~~] ~~6.05%~~ **6.05%** from Tier 1 renewable sources, including
14 at least 0.025% derived from solar energy, and 2.5% from Tier 2 renewable sources;

15 (6) in 2011, [3.04%] ~~6.08%~~ **5.0%** from Tier 1 renewable sources,
16 including at least 0.04% derived from solar energy, and 2.5% from Tier 2 renewable
17 sources;

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

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

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

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

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

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

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

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

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

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

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

10 7-704.

11 **(G) IF THE OWNER OF A WIND ENERGY GENERATING FACILITY IN THE**
12 **STATE CHOOSES TO SELL RENEWABLE ENERGY CREDITS FROM THAT FACILITY,**
13 **THE OWNER MUST FIRST OFFER THE CREDITS FOR SALE TO AN ELECTRICITY**
14 **SUPPLIER THAT SHALL APPLY THE CREDITS TOWARD COMPLIANCE WITH THE**
15 **RENEWABLE ENERGY PORTFOLIO STANDARD UNDER § 7-703 OF THIS SUBTITLE.**

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

18 **Article - Public Utility Companies**

19 7-705.

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

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

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

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

30 1. 45 cents in 2008;

31 2. 40 cents in 2009 and 2010;

- 1 3. 35 cents in 2011 and 2012;
- 2 4. 30 cents in 2013 and 2014;
- 3 5. 25 cents in 2015 and 2016;
- 4 6. 20 cents in 2017 and 2018;
- 5 7. 15 cents in 2019 and 2020;
- 6 8. 10 cents in 2021 and 2022; and
- 7 9. 5 cents in 2023 and later; and

8 (iii) 1.5 cents for each kilowatt-hour of shortfall from required
 9 Tier 2 renewable sources; or

10 (2) for industrial process load:

11 (i) for each kilowatt-hour of shortfall from required Tier 1
 12 renewable sources, a compliance fee of:

- 13 1. 0.8 cents in 2006, 2007, and 2008;
- 14 2. 0.5 cents in 2009 and 2010;
- 15 3. 0.4 cents in 2011 and 2012;
- 16 4. 0.3 cents in 2013 and 2014;
- 17 5. 0.25 cents in 2015 and 2016; and
- 18 6. 0.2 cents in 2017 and later; and

19 (ii) nothing for any shortfall from required Tier 2 renewable
 20 sources.

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

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