HOUSE BILL 1060

C5 9lr1837

By: **Delegates Hecht, Bobo, Niemann, Robinson, and F. Turner**
Introduced and read first time: February 13, 2009
Assigned to: Economic Matters

A BILL ENTITLED

AN ACT concerning

Residential Solar Energy Act of 2009

FOR the purpose of requiring an electricity supplier, for certain calendar years, to meet a certain renewable energy portfolio standard for solar energy by accumulating a certain percentage of solar renewable energy credits each year from small solar generators under certain circumstances; authorizing the Public Service Commission to waive a certain requirement if a certain electricity supplier is unable to meet the requirement under certain circumstances; requiring the Commission to consider certain factors when determining whether to grant a certain waiver; making a certain stylistic change; defining a certain term; and generally relating to small solar generators and the renewable energy portfolio standard.

BY repealing and reenacting, without amendments,
Article – Public Utility Companies
Section 7–701(a) and 7–703(b)
Annotated Code of Maryland
(2008 Replacement Volume and 2008 Supplement)

BY adding to
Article – Public Utility Companies
Section 7–701(l), 7–703(e), and 7–705(e–1)
Annotated Code of Maryland
(2008 Replacement Volume and 2008 Supplement)

BY repealing and reenacting, with amendments,
Article – Public Utility Companies
Section 7–701(l) and (m), 7–704(a) through (c), and 7–709(c)
Annotated Code of Maryland
(2008 Replacement Volume and 2008 Supplement)

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.

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

Article – Public Utility Companies

7–701.

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

(L) "SMALL SOLAR GENERATOR" MEANS A RENEWABLE ON–SITE GENERATOR OF ELECTRICITY THAT IS DERIVED FROM SOLAR ENERGY WITH A CAPACITY NOT EXCEEDING 10 KILOWATTS.

[(l)**] (M)** "Tier 1 renewable source" means one or more of the following types of energy sources:

(1) solar;

(2) wind;

(3) qualifying biomass;

(4) methane from the anaerobic decomposition of organic materials in a landfill or wastewater treatment plant;

(5) geothermal;

(6) ocean, including energy from waves, tides, currents, and thermal differences;

(7) a fuel cell that produces electricity from a Tier 1 renewable source under item (3) or (4) of this subsection;

(8) a small hydroelectric power plant of less than 30 megawatts in capacity that is licensed or exempt from licensing by the Federal Energy Regulatory Commission; and

(9) poultry litter–to–energy.

[(m)**] (N)** "Tier 2 renewable source" means one or more of the following types of energy sources:

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

(2) waste–to–energy.

7–703.

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

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

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

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

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

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

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

(7) in 2012, 6.5% from Tier 1 renewable sources, including at least 0.06% derived from solar energy, and 2.5% from Tier 2 renewable sources;

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

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

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

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

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

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

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

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

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

(17) in 2022 and later, 20% from Tier 1 renewable sources, including at least 2% derived from solar energy, and 0% from Tier 2 renewable sources.

(E) FOR CALENDAR YEARS 2010 THROUGH 2019 ONLY, AN ELECTRICITY SUPPLIER SHALL MEET THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR SOLAR ENERGY REQUIRED UNDER SUBSECTION (B) OF THIS SECTION BY ACCUMULATING AT LEAST 30% OF SOLAR RENEWABLE ENERGY CREDITS EACH YEAR FROM SMALL SOLAR GENERATORS.

7–704.

(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) (i) 1. Except as provided in subsubparagraph 2 of this subparagraph, energy from a Tier 1 renewable source under **[**§ 7–701(l)(1) or (9)**]** § **7–701(M)(1) OR (9)** 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.

2. On or before December 31, 2011, energy from a Tier 1 renewable source under **[**§ 7–701(l)(1)**]** § **7–701(M)(1)** of this subtitle that is not connected with the electric distribution grid serving Maryland is eligible for inclusion in meeting the renewable energy portfolio standard only if offers for solar credits from Maryland grid sources are not made to the electricity supplier that would satisfy requirements under the standard and only to the extent that such offers are not made.

(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.

(3) Energy from a Tier 1 renewable source under **[**§ 7–701(l)(8)**]** § **7–701(M)(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.

(4) Energy from a Tier 2 renewable source under **[**§ 7–701(m)(1) or (2)**]** **§ 7–701(N)(1) OR (2)** 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.

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

(1) receive renewable energy credits; and

(2) accumulate renewable energy credits under this subtitle.

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

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

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

(3) On or before December 31, 2008, an electricity supplier shall receive 110% credit toward meeting the renewable energy portfolio standard for energy derived from methane under **[**§ 7–701(l)(4)**]** **§ 7–701(M)(4)** of this subtitle.

7–705.

(E–1) (1) IF AN ELECTRICITY SUPPLIER IS UNABLE TO MEET THE REQUIREMENTS OF § 7–703(E) OF THIS SUBTITLE, THE ELECTRICITY SUPPLIER MAY REQUEST THAT THE COMMISSION WAIVE THE REQUIREMENTS OF § 7–703(E) OF THIS SUBTITLE.

(2) WHEN DETERMINING WHETHER TO GRANT THE WAIVER UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION SHALL CONSIDER:

(I) THE AVAILABILITY OF AGGREGATED SOLAR RENEWABLE ENERGY CREDITS FROM SMALL SOLAR GENERATORS; AND

(II) REASONABLE EFFORTS MADE BY THE ELECTRICITY SUPPLIER TO PURCHASE, ON AN AGGREGATED BASIS, SOLAR RENEWABLE ENERGY CREDITS FROM SMALL SOLAR GENERATORS.

7–709.

(c) (1) (i) If an electricity supplier purchases solar renewable energy credits directly from a renewable on–site generator to meet the solar component of the Tier 1 renewable energy portfolio standard, the duration of the contract term for the solar renewable energy credits may not be less than 15 years.

(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 a **[**renewable on–site generator with a capacity not exceeding 10 kilowatts**]** **SMALL SOLAR GENERATOR** 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 the credits to the electricity supplier in a manner that is consistent with the duration of the contract; and

2. determine the rate for a payment made to a renewable on–site generator under subparagraph (i) of this paragraph.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2009.