

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 678
Finance

(Senator Gladden)

Task Force to Study Alternative Energy Generation in Maryland

This bill establishes a Task Force to Study Alternative Energy Generation in Maryland. The task force must: (1) study the options for large-scale generation of electricity in Maryland from sources that produce inexpensive, clean, and reliable electricity and that will reduce Maryland's dependence on fossil fuels; and (2) make recommendations regarding the siting of large-scale renewable and alternative energy generating facilities in Maryland. The Maryland Energy Administration (MEA) and the Public Service Commission (PSC) must provide staff support to the task force. The task force must submit a report of its findings and recommendations to the Governor and the General Assembly by December 31, 2010.

The bill takes effect June 1, 2009 and terminates May 31, 2011.

Fiscal Summary

State Effect: Given the State's fiscal difficulties, agency budgets have been constrained. Thus, the requirement to staff the task force and develop the report may not be absorbable within the existing budgeted resources of MEA. Instead, general fund expenditures may increase in FY 2010 and 2011 for contractual staff to support the task force and complete the required evaluation. Any expense reimbursements for task force members and staffing costs for PSC are assumed to be minimal and absorbable within existing budgeted resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Background: Under the Renewable Energy Portfolio Standard (RPS) established in State law, an electricity supplier must accumulate renewable energy credits (commodities equal to the renewable energy generation attributes of one megawatt-hour of electricity) created from specified renewable energy sources and equivalent to specified percentages of the supplier's electricity sales. If an electricity supplier does not accumulate enough renewable energy credits to meet the standard, it must pay compliance fees.

RPS was created with the intent of recognizing the economic, environmental, fuel diversity, and security benefits of renewable energy resources, establishing a market for electricity from those resources in Maryland, and lowering consumers' cost for electricity from renewable sources. RPS is implemented by PSC and applies to all retail electricity sales in the State by electricity suppliers, subject to certain exceptions.

Other renewable energy-related policies/efforts in the State include:

- the Maryland Strategic Energy Investment Program (Chapters 127 and 128 of 2008) – established to decrease energy demand and increase energy supply to promote affordable, reliable, and clean energy to fuel the State's future prosperity; and
- the Maryland Clean Energy Center (Chapter 137 of 2008; recently launched in January 2009) – established to generally promote and assist the development of the clean energy industry in the State; promote the deployment of clean energy technology in the State; and collect, analyze, and disseminate industry data.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Energy Administration, Public Service Commission, Department of Legislative Services

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ncs/rhh

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