

# SENATE BILL 277

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CF HB 471

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

Introduced and read first time: January 22, 2010

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 30, 2010

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Renewable Energy Portfolio Standard – Solar Energy**

3 FOR the purpose of altering a certain renewable energy portfolio standard in certain  
4 years for electricity derived from solar energy; altering certain compliance fees  
5 for a shortfall from the requirement for solar energy in meeting a certain  
6 standard; requiring the Public Service Commission for certain years to grant a  
7 waiver of up to certain percentages of the total Tier 1 solar energy requirement  
8 of the renewable energy portfolio standard to a certain electric cooperative in a  
9 certain manner; providing for the application of this Act; providing for the  
10 effective date of this Act; and generally relating to the renewable energy  
11 portfolio standard and solar energy.

12 BY repealing and reenacting, with amendments,  
13 Article – Public Utility Companies  
14 Section 7–703 and 7–705(b)  
15 Annotated Code of Maryland  
16 (2008 Replacement Volume and 2009 Supplement)

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

19 **Article – Public Utility Companies**

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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.



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~~ **EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION,**  
21 **THE** renewable energy portfolio standard shall be as follows:

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

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

26 (3) in 2008, 2.005% from Tier 1 renewable sources, including at least  
27 0.005% derived from solar energy, and 2.5% from Tier 2 renewable sources;

28 (4) in 2009, 2.01% from Tier 1 renewable sources, including at least  
29 0.01% derived from solar energy, and 2.5% from Tier 2 renewable sources;

30 (5) in 2010, 3.025% from Tier 1 renewable sources, including at least  
31 0.025% derived from solar energy, and 2.5% from Tier 2 renewable sources;

32 (6) in 2011, 5.0% from Tier 1 renewable sources, including at least  
33 **[0.04%] 0.05%** derived from solar energy, and 2.5% from Tier 2 renewable sources;

1 (7) in 2012, 6.5% from Tier 1 renewable sources, including at least  
2 [0.06%] **0.12%** derived from solar energy, and 2.5% from Tier 2 renewable sources;

3 (8) in 2013, 8.2% from Tier 1 renewable sources, including at least  
4 [0.1%] **0.22%** derived from solar energy, and 2.5% from Tier 2 renewable sources;

5 (9) in 2014, 10.3% from Tier 1 renewable sources, including at least  
6 [0.15%] **0.36%** derived from solar energy, and 2.5% from Tier 2 renewable sources;

7 (10) in 2015, 10.5% from Tier 1 renewable sources, including at least  
8 [0.25%] **0.5%** derived from solar energy, and 2.5% from Tier 2 renewable sources;

9 (11) in 2016, 12.7% from Tier 1 renewable sources, including at least  
10 [0.35%] **0.7%** derived from solar energy, and 2.5% from Tier 2 renewable sources;

11 (12) in 2017, 13.1% from Tier 1 renewable sources, including at least  
12 [0.55%] **0.9%** derived from solar energy, and 2.5% from Tier 2 renewable sources;

13 (13) in 2018, 15.8% from Tier 1 renewable sources, including at least  
14 [0.9%] **1.15%** derived from solar energy, and 2.5% from Tier 2 renewable sources;

15 (14) in 2019, 17.4% from Tier 1 renewable sources, including at least  
16 [1.2%] **1.4%** derived from solar energy, and 0% from Tier 2 renewable sources;

17 (15) in 2020, 18% from Tier 1 renewable sources, including at least  
18 [1.5%] **1.65%** derived from solar energy, and 0% from Tier 2 renewable sources;

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

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

23 **(C) (1) THIS SUBSECTION APPLIES TO RETAIL ELECTRICITY SALES BY**  
24 **ANY ELECTRICITY SUPPLIER TO A CUSTOMER SERVED BY AN ELECTRIC**  
25 **COOPERATIVE THAT IS SUBJECT TO THE RENEWABLE ENERGY PORTFOLIO**  
26 **STANDARD UNDER SUBSECTION (B) OF THIS SECTION.**

27 **(2) IN ACCORDANCE WITH PARAGRAPH (3) OF THIS SUBSECTION,**  
28 **THE COMMISSION SHALL GRANT A WAIVER TO AN ELECTRIC COOPERATIVE OF**  
29 **UP TO THE FOLLOWING PERCENTAGES OF THE TOTAL TIER 1 SOLAR ENERGY**  
30 **REQUIREMENT UNDER SUBSECTION (B)(6) THROUGH (15) OF THIS SECTION IN**  
31 **THE MANNER SPECIFIED UNDER PARAGRAPHS (3) AND (4) OF THIS SUBSECTION:**

32 **(I) IN 2011, 0.01%;**

1                    (II) IN 2012, 0.06%;

2                    (III) IN 2013, 0.12%;

3                    (IV) IN 2014, 0.21%;

4                    (V) IN 2015, 0.25%;

5                    (VI) IN 2016, 0.35%;

6                    (VII) IN 2017, 0.45%;

7                    (VIII) IN 2018, 0.20%;

8                    (IX) IN 2019, 0.2%; AND

9                    (X) IN 2020, 0.15%.

10                   (3) THE COMMISSION SHALL GRANT AN ELECTRIC COOPERATIVE  
 11 THE WAIVER SPECIFIED IN PARAGRAPH (2) OF THIS SECTION TO THE EXTENT  
 12 THE ELECTRIC COOPERATIVE HAS DEMONSTRATED THAT THE ELECTRIC  
 13 COOPERATIVE HAS:

14                   (I) INVESTED IN ANY TIER 1 RENEWABLE SOURCE, AS  
 15 SELECTED BY THE ELECTRIC COOPERATIVE; OR

16                   (II) PURCHASED ENERGY FROM A TIER 1 RENEWABLE  
 17 SOURCE, AS SELECTED BY THE ELECTRIC COOPERATIVE, UNDER A CONTRACT  
 18 WITH A TERM OF AT LEAST 10 YEARS.

19                   (4) THE RENEWABLE ENERGY PORTFOLIO STANDARD  
 20 PERCENTAGE THAT THE COMMISSION WAIVES UNDER PARAGRAPH (2) OF THIS  
 21 SUBSECTION SHALL BE EQUAL TO THE MEGAWATT-HOURS OF ENERGY THAT  
 22 THE ELECTRIC COOPERATIVE PURCHASED DURING THE PARTICULAR YEAR  
 23 FROM:

24                   (I) A TIER 1 RENEWABLE GENERATION FACILITY IN WHICH  
 25 IT HAS INVESTED; OR

26                   (II) UNDER A CONTRACT WITH A TERM OF AT LEAST 10  
 27 YEARS.

28                   ~~(D)~~ (D) Before calculating the number of credits required to meet the  
 29 percentages established under subsection (b) of this section, an electricity supplier

1 shall exclude from its total retail electricity sales all retail electricity sales described in  
2 subsection (a)(2) of this section.

3 ~~(E)~~ **(E)** Subject to subsections (a) and ~~(D)~~ **(D)** of this section, an electricity  
4 supplier shall meet the renewable energy portfolio standard by accumulating the  
5 equivalent amount of renewable energy credits that equal the percentages required  
6 under this section.

7 7-705.

8 (b) If an electricity supplier fails to comply with the renewable energy  
9 portfolio standard for the applicable year, the electricity supplier shall pay into the  
10 Maryland Strategic Energy Investment Fund established under § 9-20B-05 of the  
11 State Government Article:

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

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

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

- 19 1. 45 cents in 2008;
- 20 2. 40 cents in 2009 [and 2010] **THROUGH 2014**;
- 21 [3. 35 cents in 2011 and 2012;
- 22 4. 30 cents in 2013 and 2014;]
- 23 [5.] **3. [25] 35** cents in 2015 and 2016;
- 24 [6.] **4. [20] 30** cents in 2017 and 2018;
- 25 [7.] **5. [15] 25** cents in 2019 and 2020;
- 26 [8.] **6. [10] 20** cents in 2021 and 2022; [and]
- 27 [9.] **7. [5] 15** cents in 2023 and [later; and] **2024**;
- 28 **8. 10 CENTS IN 2025 AND 2026; AND**
- 29 **9. 5 CENTS IN 2027 AND LATER; AND**

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

3 (2) for industrial process load:

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

6 1. 0.8 cents in 2006, 2007, and 2008;

7 2. 0.5 cents in 2009 and 2010;

8 3. 0.4 cents in 2011 and 2012;

9 4. 0.3 cents in 2013 and 2014;

10 5. 0.25 cents in 2015 and 2016; and

11 6. 0.2 cents in 2017 and later; and

12 (ii) nothing for any shortfall from required Tier 2 renewable  
 13 sources.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
 15 construed to apply only prospectively and may not be applied or interpreted to have  
 16 any effect on or application to any contract existing before the effective date of this  
 17 Act.

18 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take  
 19 effect January 1, 2011.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.