

HOUSE BILL 878

C5, M1, Q3

8lr0504

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Introduced and read first time: February 5, 2018

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Public Utilities – Renewable Energy – Electric and Gas Bills**
3 **(100% Clean Renewable Energy Equity Act of 2018)**

4 FOR the purpose of making permanent the Community Solar Energy Generating System
5 Program; altering the definition of “qualified energy resources” as it relates to the
6 clean energy production income tax credit; establishing the Maryland Megawatt
7 Block Program in the Public Service Commission; stating the purpose of the
8 Program; stating the parameters of the Program; establishing the Office of Offshore
9 Wind Procurement in the Department of Natural Resources; stating the purpose of
10 the Office; establishing a Director, appointed by the Secretary of Natural Resources,
11 as the head of the Office; requiring the Office to select certain offshore wind projects
12 to meet a certain schedule; authorizing the Director to issue a certain request for
13 proposals for a proposed offshore wind project; establishing priority for certain
14 projects producing offshore wind energy from a certain grid; requiring the Director,
15 in consultation with the Commission, to take certain criteria into consideration when
16 selecting a certain proposed offshore wind project; requiring the Director, in
17 consultation with the Commission, to issue a certain request for proposals for
18 offshore wind energy to meet certain energy requirements; prohibiting the Director
19 from accepting a proposal from an applicant unless the applicant meets certain
20 qualifications; specifying the contents of a request for proposals for offshore wind
21 energy; specifying the criteria that a proposed offshore wind project must meet to be
22 selected by the Director; requiring the Director, in consultation with the
23 Commission, to use certain criteria to evaluate and compare proposed offshore wind
24 projects; requiring the Director, in consultation with the Commission, to contract for
25 the services of independent consultants and experts in the evaluation and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 comparison of proposed offshore wind projects; requiring the Director to verify that
2 certain entities have the opportunity to express certain concerns; requiring an
3 applicant seeking investors in a proposed offshore wind project to take certain steps
4 before the Director can approve the proposed project; requiring the Governor's Office
5 of Small, Minority, and Women Business Affairs, in consultation with the Office of
6 the Attorney General, to provide assistance to all potential applicants and minority
7 investors to satisfy certain requirements; providing that a certain project accepted
8 by the Director is subject to approval by the Commission in a certain manner;
9 requiring the Commission to approve, approve with conditions, or deny a certain
10 application within a certain period of time; prohibiting the Commission from
11 approving an applicant's proposed offshore wind project unless the project
12 demonstrates certain benefits; requiring the Commission to contract for the services
13 of independent consultants and experts when calculating certain benefits; specifying
14 requirements for an order the Commission issues approving a proposed offshore wind
15 project; requiring an approved offshore wind project to deposit a certain amount of
16 funding into the Maryland Offshore Wind Business Development Fund at certain
17 increments; specifying requirements for a contract that an electric company enters
18 into with an offshore wind project; requiring the Commission to approve a contract
19 between an electric company and an offshore wind project under certain
20 circumstances; requiring an offshore wind project to take certain actions for each
21 megawatt-hour for which the project receives payment; prohibiting the total annual
22 electricity bill and gas bill for certain low-income residential customers from
23 exceeding a certain percentage of the customer's annual gross household income;
24 repealing various provisions of law regarding the renewable energy portfolio
25 standard; establishing a new renewable energy portfolio standard; specifying the
26 grids that a wholesale electricity supplier must be interconnected to in order for the
27 energy to be used for meeting the renewable energy portfolio standard; specifying
28 requirements for the procurement of renewable energy used to meet the renewable
29 energy portfolio standard; specifying a date on or before which an electricity supplier
30 is required to submit a certain report to the Commission; altering the contents of the
31 report; altering the amount of the compliance fee an electricity supplier is required
32 to pay for a shortfall in meeting the renewable energy portfolio standard; specifying
33 the use of the revenue from the compliance fee; requiring the Commission to study
34 certain regulations and business models to determine changes that are necessary to
35 achieve a certain renewable energy electricity system; specifying the contents of the
36 study; requiring the Commission to report the status of the study to the Governor
37 and the General Assembly on or before a certain date; specifying the contents of the
38 report; specifying the use of a certain portion of funds in the Maryland Strategic
39 Energy Investment Fund; transferring certain obsolete provisions to the Session
40 Laws; requiring the Commission to adopt certain regulations; requiring the
41 Commission, in consultation with the Department, to adopt certain regulations on
42 or before a certain date; prohibiting certain regulations adopted in accordance with
43 certain provisions of this Act from taking effect before a certain date; providing that
44 existing obligations or contract rights may not be impaired by this Act; requiring the
45 publisher of the Annotated Code of Maryland, in consultation with and subject to the
46 approval of the Department of Legislative Services, to correct any cross-references
47 or terminology rendered incorrect by this Act or other certain Acts and to describe

1 any corrections made in an editor's note following the section affected; defining
2 certain terms; making stylistic and conforming changes; providing for delayed
3 effective dates for certain provisions of this Act; and generally relating to renewable
4 energy and electric and gas bills.

5 BY repealing

6 Article – Public Utilities

7 Section 7–306.2(f), 7–701(d), (e), (g), (j), (l), (m), (n), (r), and (s), 7–702, 7–704(b)
8 through (d) and (f) through (i), 7–706(a)(1) and (d), 7–708, 7–709, 7–710,
9 7–711(b), and 7–714

10 Annotated Code of Maryland

11 (2010 Replacement Volume and 2017 Supplement)

12 BY repealing and reenacting, without amendments,

13 Article – Public Utilities

14 Section 7–306.2(a)(1) and 7–701(a) through (c)

15 Annotated Code of Maryland

16 (2010 Replacement Volume and 2017 Supplement)

17 BY repealing and reenacting, with amendments,

18 Article – Public Utilities

19 Section 7–306.2(a)(4), (d)(1), (2), (12), (14), and (15), and (g), 7–701(i), (o), (p), and (q),
20 7–703, 7–704(a) and (e), 7–705, 7–706(b) and (c), 7–711(a), 7–712, and 7–713

21 Annotated Code of Maryland

22 (2010 Replacement Volume and 2017 Supplement)

23 BY repealing and reenacting, with amendments,

24 Article – Tax – General

25 Section 10–720

26 Annotated Code of Maryland

27 (2016 Replacement Volume and 2017 Supplement)

28 BY adding to

29 Article – Natural Resources

30 Section 3–1101 through 3–1110 to be under the new subtitle “Subtitle 11. Office of
31 Offshore Wind Procurement”

32 Annotated Code of Maryland

33 (2012 Replacement Volume and 2017 Supplement)

34 BY adding to

35 Article – Public Utilities

36 Section 7–305.1, 7–311, and 7–701(e)

37 Annotated Code of Maryland

38 (2010 Replacement Volume and 2017 Supplement)

39 BY repealing and reenacting, without amendments,

40 Article – State Government

1 Section 9–20B–05(a) and 9–20C–03(a)
 2 Annotated Code of Maryland
 3 (2014 Replacement Volume and 2017 Supplement)

4 BY repealing and reenacting, with amendments,
 5 Article – State Government
 6 Section 9–20B–05(e) and (f) and 9–20C–03(g)
 7 Annotated Code of Maryland
 8 (2014 Replacement Volume and 2017 Supplement)

9 BY repealing and reenacting, with amendments, and transferring to the Session Laws
 10 Article – Public Utilities
 11 Section 7–701(f), (h), and (k), 7–704.2, and 7–706(a)(2)
 12 Annotated Code of Maryland
 13 (2010 Replacement Volume and 2017 Supplement)

14 BY repealing and reenacting, with amendments, and transferring to the Session Laws
 15 Article – Public Utilities
 16 Section 7–704.1
 17 Annotated Code of Maryland
 18 (2010 Replacement Volume and 2017 Supplement)
 19 (As enacted by Chapter 438 of the Acts of the General Assembly of 2017)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 21 That Section(s) 7–701(d), (e), (g), (j), (l), (m), (n), (r), and (s), 7–702, 7–704(b) through (d)
 22 and (f) through (i), 7–706(a)(1) and (d), 7–708, 7–709, 7–710, 7–711(b), and 7–714 of
 23 Article – Public Utilities of the Annotated Code of Maryland be repealed.

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

26 **Article – Public Utilities**

27 7–306.2.

28 (a) (1) In this section the following words have the meanings indicated.

29 (4) “Program” means the Community Solar Energy Generating Systems
 30 [Pilot] Program.

31 (d) (1) (i) The Commission shall establish a [pilot program for a]
 32 Community Solar Energy Generating System Program.

33 (ii) The structure of the [pilot] program is as provided in this
 34 subsection.

35 (2) All rate classes may participate in the [pilot] program.

1 (12) A municipal utility or cooperative utility may participate in the [pilot]
2 program.

3 (14) The [pilot] program shall[:

4 (i)] begin on the earlier of:

5 [1.] (I) the date of submission of the first petition of a
6 subscriber organization under paragraph (10) of this subsection after the Commission
7 adopts the regulations required under subsection (e) of this section; or

8 [2.] (II) 6 months after the Commission adopts those
9 regulations[; and

10 (ii) end 3 years after the beginning date].

11 (15) The Commission shall limit the [pilot] program in such a way that the
12 Commission may conduct a meaningful study of the [pilot] program and its results,
13 including:

14 (i) the appropriate number of community solar energy generating
15 systems to be included in the [pilot] program;

16 (ii) the appropriate amount of generating capacity of the community
17 solar energy generating systems to be included in the [pilot] program; and

18 (iii) a variety of appropriate geographical areas in the State for
19 locating community solar energy generating systems to be included in the [pilot] program.

20 [(f) (1) Subject to regulations or orders of the Commission, a contract relating
21 to a community solar energy generating system or subscriber organization that is entered
22 into during the pilot program shall remain in effect according to the terms of the contract,
23 including after the termination of the pilot program.

24 (2) After termination of the pilot program, in accordance with the
25 operational and billing requirements in subsection (d) of this section:

26 (i) a subscriber organization may continue the operation of a
27 community solar energy generating system that began operation during the pilot program,
28 including the creation and trading of subscriptions; and

29 (ii) in accordance with the tariffs established under subsection (e)(2)
30 of this section, an electric company shall continue to facilitate the operation of a community
31 solar energy generating system that began operation during the pilot program.]

1 FOLLOWING TYPES OF ENERGY SOURCES:

2 (I) SOLAR ENERGY, INCLUDING ENERGY FROM PHOTOVOLTAIC
3 TECHNOLOGIES AND SOLAR WATER HEATING SYSTEMS;

4 (II) WIND ENERGY;

5 (III) OCEAN ENERGY, INCLUDING HYDROKINETIC ENERGY;

6 (IV) A SMALL HYDROELECTRIC POWER PLANT OF LESS THAN 30
7 MEGAWATTS IN CAPACITY THAT IS LICENSED OR EXEMPT FROM LICENSING BY THE
8 FEDERAL ENERGY REGULATORY COMMISSION; AND

9 (V) ENERGY FROM THE ENERGY SOURCES SPECIFIED UNDER
10 ITEMS (I) THROUGH (IV) OF THIS PARAGRAPH THAT IS STORED:

11 1. AS ELECTRICAL ENERGY; OR

12 2. AFTER CONVERSION TO OTHER FORMS OF ENERGY,
13 SUCH AS HYDROGEN, THERMAL ENERGY, OR MECHANICAL ENERGY.

14 (4) “Qualified Maryland facility” means a facility located in the State that
15 primarily uses A qualified energy [resources] RESOURCE to produce electricity and is
16 originally placed in service on or after January 1, 2006, but before January 1, 2019.

17 (b) (1) Except as provided in paragraph (2) of this subsection, an individual or
18 corporation that receives an initial credit certificate from the Administration may claim a
19 credit against the State income tax for a taxable year in an amount equal to 0.85 cents for
20 each kilowatt hour of electricity:

21 (i) produced by the individual or corporation from A qualified energy
22 [resources] RESOURCE at a qualified Maryland facility during the 5-year period specified
23 in the initial credit certificate; and

24 (ii) sold by the individual or corporation to a person other than a
25 related person, within the meaning of § 45 of the Internal Revenue Code, during the taxable
26 year.

27 (2) The annual tax credit under this subsection may not exceed one-fifth
28 of the maximum amount of credit stated in the initial credit certificate.

29 (c) (1) Subject to the provisions of this subsection and subsection (d) of this
30 section, on application by a taxpayer, the Administration shall issue an initial credit
31 certificate if the taxpayer has demonstrated that the taxpayer will within the next 12
32 months produce electricity from A qualified energy [resources] RESOURCE at a qualified

1 Maryland facility.

2 (2) The initial credit certificate issued under this subsection shall:

3 (i) state the maximum amount of credit that may be claimed by the
4 taxpayer for electricity produced over a 5-year period;

5 (ii) state the earliest tax year for which the credit may be claimed;
6 and

7 (iii) state the 5-year period during which electricity produced from A
8 qualified energy [resources] **RESOURCE** at the qualified Maryland facility qualifies for the
9 credit.

10 (3) The maximum amount of credit stated in the initial credit certificate
11 shall, for an energy producer, be in an amount equal to the lesser of:

12 (i) the product of multiplying 5 times the taxpayer's estimated
13 annual tax credit, based on estimated annual energy production, as certified by the
14 Administration; or

15 (ii) \$2,500,000.

16 (4) The Administration shall approve all applications that qualify for an
17 initial credit certificate under this subsection on a first-come, first-served basis.

18 (5) If a taxpayer over a 3-year period does not claim on average at least
19 10% of the maximum credit amount stated in the initial credit certificate, the
20 Administration at its discretion may cancel an amount of the taxpayer's initial credit
21 certificate equal to the product of multiplying:

22 (i) the amount of the credit on average that was not claimed over
23 the 3-year period; and

24 (ii) the remaining number of tax years that the taxpayer is eligible
25 to take the credit.

26 (6) An applicant for an initial credit certificate or a taxpayer whose credits
27 have been canceled under paragraph (5) of this subsection, may appeal a decision by the
28 Administration to the Office of Administrative Hearings in accordance with Title 10,
29 Subtitle 2 of the State Government Article.

30 (7) The Administration may not issue an initial credit certificate after
31 December 31, 2018.

32 (8) The Administration may not issue initial credit certificates for credit
33 amounts less than \$1,000.

1 (d) (1) In this subsection, "Reserve Fund" means the Maryland Clean Energy
2 Incentive Tax Credit Reserve Fund established under paragraph (2) of this subsection.

3 (2) (i) There is a Maryland Clean Energy Incentive Tax Credit Reserve
4 Fund that is a special continuing, nonlapsing fund that is not subject to § 7-302 of the State
5 Finance and Procurement Article.

6 (ii) The money in the Reserve Fund shall be invested and reinvested
7 by the Treasurer, and interest and earnings shall be credited to the General Fund.

8 (3) (i) Except as otherwise provided in this paragraph, for any fiscal
9 year, the Administration may not issue initial credit certificates for credit amounts in the
10 aggregate totaling more than the amount appropriated to the Reserve Fund for that fiscal
11 year in the State budget as approved by the General Assembly.

12 (ii) If the aggregate credit amounts under initial credit certificates
13 issued in a fiscal year total less than the amount appropriated to the Reserve Fund for that
14 fiscal year, any excess amount shall remain in the Reserve Fund and may be issued under
15 initial credit certificates for the next fiscal year.

16 (iii) For any fiscal year, if funds are transferred from the Reserve
17 Fund under the authority of any provision of law other than under paragraph (6) of this
18 subsection, the maximum credit amounts in the aggregate for which the Administration
19 may issue initial credit certificates shall be reduced by the amount transferred.

20 (4) For each of fiscal years 2018 and 2019, the Governor may include in the
21 budget bill an appropriation to the Reserve Fund.

22 (5) Notwithstanding the provisions of § 7-213 of the State Finance and
23 Procurement Article, the Governor may not reduce an appropriation to the Reserve Fund
24 in the State budget as approved by the General Assembly.

25 (6) (i) Except as provided in this paragraph, money appropriated to the
26 Reserve Fund shall remain in the Fund.

27 (ii) 1. Within 15 days after the end of each calendar quarter, the
28 Administration shall notify the Comptroller as to each final credit certificate issued during
29 the quarter:

30 A. the maximum credit amount stated in the initial tax credit
31 certificate for the producer of electricity from A qualified energy [resources] RESOURCE at
32 a qualified Maryland facility; and

33 B. the final certified credit amount for the electricity
34 producer.

1 MEANING STATED IN § 7-306.2 OF THIS SUBTITLE.

2 (3) "PROGRAM" MEANS THE MARYLAND MEGAWATT BLOCK
3 PROGRAM.

4 (4) "SUBSCRIBER" HAS THE MEANING STATED IN § 7-306.2 OF THIS
5 SUBTITLE.

6 (B) (1) THERE IS A MARYLAND MEGAWATT BLOCK PROGRAM IN THE
7 COMMISSION.

8 (2) THE PURPOSE OF THE PROGRAM IS TO STIMULATE INVESTMENT
9 IN DISTRIBUTED SOLAR ENERGY THROUGH REBATES.

10 (3) THE PROGRAM SHALL:

11 (I) PROVIDE THE REBATES SPECIFIED IN SUBSECTION (C) OF
12 THIS SECTION FOR A PHOTOVOLTAIC SYSTEM'S INSTALLED NAMEPLATE CAPACITY;

13 (II) BE LIMITED TO ONE REBATE PER INSTALLED
14 PHOTOVOLTAIC SYSTEM;

15 (III) REDUCE THE REBATE AMOUNT IN ACCORDANCE WITH
16 SUBSECTION (C) OF THIS SECTION AS THE CUMULATIVE INSTALLED NAMEPLATE
17 CAPACITY FOR EACH MEGAWATT TARGET IS ACHIEVED; AND

18 (IV) BE DISCONTINUED WHEN THE LAST MEGAWATT TARGET IS
19 ACHIEVED FOR RESIDENTIAL SOLAR ENERGY GENERATING SYSTEMS,
20 UTILITY-SCALE SOLAR ENERGY GENERATING SYSTEMS, AND COMMUNITY SOLAR
21 ENERGY GENERATING SYSTEMS.

22 (C) THE PROGRAM SHALL PROVIDE THE FOLLOWING REBATES AND
23 CORRESPONDING INCREMENTAL MEGAWATT TARGETS:

24 (1) FOR RESIDENTIAL SOLAR ENERGY GENERATING SYSTEMS:

25 (I) 100 MEGAWATTS AT 50 CENTS PER WATT;

26 (II) THE NEXT 200 MEGAWATTS AT 40 CENTS PER WATT;

27 (III) THE NEXT 400 MEGAWATTS AT 15 CENTS PER WATT; AND

28 (IV) THE NEXT 500 MEGAWATTS AT 9 CENTS PER WATT;

1 **(2) FOR UTILITY-SCALE SOLAR ENERGY GENERATING SYSTEMS**
2 **GREATER THAN 2 MEGAWATTS IN CAPACITY:**

3 **(I) 300 MEGAWATTS AT 20 CENTS PER WATT;**

4 **(II) THE NEXT 300 MEGAWATTS AT 15 CENTS PER WATT;**

5 **(III) THE NEXT 300 MEGAWATTS AT 10 CENTS PER WATT; AND**

6 **(IV) THE NEXT 500 MEGAWATTS AT 5 CENTS PER WATT; AND**

7 **(3) FOR COMMUNITY SOLAR ENERGY GENERATING SYSTEMS:**

8 **(I) 100 MEGAWATTS AT 35 CENTS PER WATT;**

9 **(II) THE NEXT 150 MEGAWATTS AT 27 CENTS PER WATT;**

10 **(III) THE NEXT 300 MEGAWATTS AT 20 CENTS PER WATT; AND**

11 **(IV) THE NEXT 500 MEGAWATTS AT 13 CENTS PER WATT.**

12 **(D) FOR EACH WATT OF COMMUNITY SOLAR ENERGY THAT IS ELIGIBLE FOR**
13 **A REBATE UNDER THIS SECTION, THE COMMISSION SHALL ALLOCATE 5 CENTS FROM**
14 **THE PROGRAM TO LOW- AND MODERATE-INCOME SUBSCRIBERS.**

15 **(E) THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT THIS**
16 **SECTION.**

17 SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
18 as follows:

19 **Article – Natural Resources**

20 **SUBTITLE 11. OFFICE OF OFFSHORE WIND PROCUREMENT.**

21 **3-1101.**

22 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
23 **INDICATED.**

24 **(B) “COMMISSION” MEANS THE PUBLIC SERVICE COMMISSION.**

25 **(C) “DIRECTOR” MEANS THE DIRECTOR OF THE OFFICE OF OFFSHORE**

1 **WIND PROCUREMENT.**

2 (D) **“OFFICE” MEANS THE OFFICE OF OFFSHORE WIND PROCUREMENT.**

3 (E) **“OFFSHORE WIND ENERGY” MEANS ENERGY GENERATED BY A WIND**
4 **TURBINE ELECTRICITY GENERATION FACILITY, INCLUDING THE ASSOCIATED**
5 **TRANSMISSION-RELATED INTERCONNECTION FACILITIES AND EQUIPMENT, THAT IS**
6 **LOCATED ON THE OUTER CONTINENTAL SHELF OF THE ATLANTIC OCEAN IN AN**
7 **AREA THAT:**

8 (1) **THE UNITED STATES DEPARTMENT OF THE INTERIOR**
9 **DESIGNATES FOR LEASING AFTER COORDINATION AND CONSULTATION WITH THE**
10 **STATE IN ACCORDANCE WITH § 388(A) OF THE ENERGY POLICY ACT OF 2005; AND**

11 (2) **IS BETWEEN 10 AND 70 MILES OFF THE COAST OF THE UNITED**
12 **STATES.**

13 (F) **“PJM REGION” HAS THE MEANING STATED IN § 7-701 OF THE PUBLIC**
14 **UTILITIES ARTICLE.**

15 **3-1102.**

16 (A) **THERE IS AN OFFICE OF OFFSHORE WIND PROCUREMENT IN THE**
17 **DEPARTMENT.**

18 (B) **THE PURPOSE OF THE PROGRAM IS TO ASSIST WITH THE**
19 **PROCUREMENT OF OFFSHORE WIND ENERGY IN THE STATE.**

20 **3-1103.**

21 (A) **THE HEAD OF THE OFFICE IS THE DIRECTOR.**

22 (B) **THE DIRECTOR SHALL BE APPOINTED BY THE SECRETARY.**

23 **3-1104.**

24 (A) (1) **SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE**
25 **DIRECTOR SHALL SELECT PROPOSED OFFSHORE WIND PROJECTS TO MEET THE**
26 **FOLLOWING SCHEDULE:**

27 (I) **BY 2025, 768 MEGAWATTS;**

28 (II) **BY 2027, AN ADDITIONAL 600 MEGAWATTS;**

1 (III) BY 2029, AN ADDITIONAL 700 MEGAWATTS;

2 (IV) BY 2030, AN ADDITIONAL 400 MEGAWATTS; AND

3 (V) FROM 2031 TO 2035, BOTH INCLUSIVE, AN AVERAGE OF 400
4 ADDITIONAL MEGAWATTS PER YEAR.

5 (2) THE SCHEDULE SPECIFIED UNDER PARAGRAPH (1) OF THIS
6 SUBSECTION INCLUDES THE 368 MEGAWATTS OF OFFSHORE WIND ENERGY
7 APPROVED BY THE COMMISSION IN 2017.

8 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND IN
9 ADDITION TO THE SCHEDULE SPECIFIED UNDER SUBSECTION (A)(1) OF THIS
10 SECTION, THE DIRECTOR MAY ISSUE A REQUEST FOR PROPOSALS FOR A PROPOSED
11 OFFSHORE WIND PROJECT FOR THE PRODUCTION OF OFFSHORE WIND ENERGY
12 FROM THE FOLLOWING GRID REGIONS, GIVING PRIORITY TO OFFSHORE WIND
13 ENERGY FROM THE PJM INTERCONNECTION GRID AT A POINT LOCATED ON THE
14 DELMARVA PENINSULA OVER THE OTHER GRID REGIONS AND LOCATIONS:

15 (I) PJM INTERCONNECTION GRID;

16 (II) NEW YORK INDEPENDENT SYSTEM OPERATOR; AND

17 (III) ISO NEW ENGLAND.

18 (2) THE DIRECTOR, IN CONSULTATION WITH THE COMMISSION,
19 SHALL TAKE INTO CONSIDERATION THE CRITERIA SPECIFIED UNDER § 3-1107(A) OF
20 THIS SUBTITLE WHEN SELECTING AN APPLICANT'S PROPOSED OFFSHORE WIND
21 PROJECT FOR THE PRODUCTION OF OFFSHORE WIND ENERGY IN EXCESS OF THE
22 ENERGY REQUIREMENTS SPECIFIED UNDER SUBSECTION (A) OF THIS SECTION.

23 3-1105.

24 (A) THE DIRECTOR, IN CONSULTATION WITH THE COMMISSION, SHALL
25 ISSUE A REQUEST FOR PROPOSALS FOR OFFSHORE WIND ENERGY IN ACCORDANCE
26 WITH § 3-1106 OF THIS SUBTITLE TO MEET THE ENERGY REQUIREMENTS SPECIFIED
27 IN § 3-1104 OF THIS SUBTITLE.

28 (B) THE DIRECTOR MAY NOT ACCEPT A PROPOSAL FROM AN APPLICANT
29 UNLESS THE APPLICANT:

30 (1) IS PUBLICLY TRADED OR FINANCIALLY VIABLE; AND

1 **(2) DOES NOT HAVE A HISTORY OF BANKRUPTCY, DEFAULT, OR LIEN**
2 **PLACEMENT BEFORE THE SUBMISSION DATE OF THE PROPOSAL.**

3 **(C) A PROPOSAL FOR AN OFFSHORE WIND PROJECT THAT THE DIRECTOR**
4 **ACCEPTS UNDER THIS SUBTITLE SHALL BE SUBJECT TO APPROVAL BY THE**
5 **COMMISSION IN ACCORDANCE WITH § 3-1108 OF THIS SUBTITLE.**

6 **3-1106.**

7 **(A) A REQUEST FOR PROPOSALS ISSUED UNDER § 3-1105 OF THIS SUBTITLE**
8 **SHALL SPECIFY THE MAXIMUM PRICE PER MEGAWATT-HOUR ABOVE WHICH A BID**
9 **WILL BE REJECTED.**

10 **(B) AN APPLICANT'S PROPOSED OFFSHORE WIND PROJECT MUST:**

11 **(1) BE FOR A MINIMUM OF 200 MEGAWATTS;**

12 **(2) BE FOR THE PRODUCTION OF OFFSHORE WIND ENERGY FROM THE**
13 **FOLLOWING GRID REGIONS, GIVING PRIORITY TO OFFSHORE WIND ENERGY FROM**
14 **THE PJM INTERCONNECTION GRID AT A POINT LOCATED ON THE DELMARVA**
15 **PENINSULA OVER THE OTHER GRID REGIONS AND LOCATIONS:**

16 **(i) PJM INTERCONNECTION GRID;**

17 **(ii) NEW YORK INDEPENDENT SYSTEM OPERATOR; AND**

18 **(iii) ISO NEW ENGLAND; AND**

19 **(3) INCLUDE:**

20 **(i) A DETAILED DESCRIPTION AND FINANCIAL ANALYSIS OF**
21 **THE OFFSHORE WIND PROJECT;**

22 **(ii) THE PROPOSED METHOD OF FINANCING THE OFFSHORE**
23 **WIND PROJECT, INCLUDING DOCUMENTATION DEMONSTRATING THAT THE**
24 **APPLICANT HAS APPLIED FOR ALL CURRENT ELIGIBLE STATE AND FEDERAL**
25 **GRANTS, REBATES, TAX CREDITS, LOAN GUARANTEES, OR OTHER PROGRAMS**
26 **AVAILABLE TO OFFSET THE COST OF THE PROJECT OR PROVIDE TAX ADVANTAGES;**

27 **(iii) A COST-BENEFIT ANALYSIS THAT SHALL INCLUDE AT A**
28 **MINIMUM:**

1 **1. A DETAILED INPUT-OUTPUT ANALYSIS OF THE**
2 **IMPACT OF THE OFFSHORE WIND PROJECT ON INCOME, EMPLOYMENT, WAGES, AND**
3 **TAXES IN THE STATE WITH PARTICULAR EMPHASIS ON IN-STATE MANUFACTURING**
4 **EMPLOYMENT;**

5 **2. DETAILED INFORMATION CONCERNING ASSUMED**
6 **EMPLOYMENT IMPACTS IN THE STATE, INCLUDING THE EXPECTED DURATION OF**
7 **EMPLOYMENT OPPORTUNITIES, THE SALARY OF EACH POSITION, AND OTHER**
8 **SUPPORTING EVIDENCE OF EMPLOYMENT IMPACTS;**

9 **3. AN ANALYSIS OF THE ANTICIPATED ENVIRONMENTAL**
10 **BENEFITS, HEALTH BENEFITS, AND ENVIRONMENTAL IMPACTS OF THE OFFSHORE**
11 **WIND PROJECT TO THE CITIZENS OF THE STATE;**

12 **4. AN ANALYSIS OF ANY IMPACT ON RESIDENTIAL,**
13 **COMMERCIAL, AND INDUSTRIAL RATEPAYERS OVER THE LIFE OF THE OFFSHORE**
14 **WIND PROJECT;**

15 **5. AN ANALYSIS OF ANY LONG-TERM EFFECT ON**
16 **ENERGY AND CAPACITY MARKETS AS A RESULT OF THE PROPOSED OFFSHORE WIND**
17 **PROJECT;**

18 **6. AN ANALYSIS OF ANY IMPACT ON BUSINESSES IN THE**
19 **STATE; AND**

20 **7. OTHER BENEFITS, SUCH AS INCREASED IN-STATE**
21 **CONSTRUCTION, OPERATIONS, MAINTENANCE, AND EQUIPMENT PURCHASE;**

22 **(IV) THE PROPOSED OVERALL PRICE PER MEGAWATT-HOUR**
23 **THAT INCLUDES EXPLICIT CONSIDERATION OF GENERATION ATTRIBUTES,**
24 **INCLUDING THE ENERGY, CAPACITY, ANCILLARY SERVICES, AND ENVIRONMENTAL**
25 **ATTRIBUTES;**

26 **(V) A DECOMMISSIONING PLAN FOR THE PROJECT, INCLUDING**
27 **PROVISIONS FOR DECOMMISSIONING AS REQUIRED BY THE UNITED STATES**
28 **DEPARTMENT OF THE INTERIOR;**

29 **(VI) A COMMITMENT TO:**

30 **1. ABIDE BY THE REQUIREMENTS SET FORTH IN §**
31 **3-1108(A) OF THIS SUBTITLE; AND**

32 **2. DEPOSIT AN AMOUNT SPECIFIED IN THE REQUEST**

1 FOR PROPOSAL INTO THE MARYLAND OFFSHORE WIND BUSINESS DEVELOPMENT
2 FUND ESTABLISHED UNDER § 9-20C-03 OF THE STATE GOVERNMENT ARTICLE;

3 (VII) A DESCRIPTION OF THE APPLICANT'S PLAN FOR ENGAGING
4 SMALL BUSINESSES, AS DEFINED IN § 14-501 OF THE STATE FINANCE AND
5 PROCUREMENT ARTICLE;

6 (VIII) A COMMITMENT THAT THE APPLICANT WILL:

7 1. USE BEST EFFORTS TO APPLY FOR ALL ELIGIBLE
8 STATE AND FEDERAL GRANTS, REBATES, TAX CREDITS, LOAN GUARANTEES, OR
9 OTHER SIMILAR BENEFITS AS THOSE BENEFITS BECOME AVAILABLE; AND

10 2. PASS ALONG TO RATEPAYERS, WITHOUT THE NEED
11 FOR ANY SUBSEQUENT COMMISSION APPROVAL, 80% OF THE VALUE OF ANY STATE
12 OR FEDERAL GRANTS, REBATES, TAX CREDITS, LOAN GUARANTEES, OR OTHER
13 SIMILAR BENEFITS RECEIVED BY THE PROJECT AND NOT INCLUDED IN THE
14 APPLICATION; AND

15 (IX) ANY OTHER INFORMATION SPECIFIED IN THE REQUEST FOR
16 PROPOSALS.

17 3-1107.

18 (A) (1) THE DIRECTOR, IN CONSULTATION WITH THE COMMISSION,
19 SHALL USE THE FOLLOWING CRITERIA TO EVALUATE AND COMPARE PROPOSED
20 OFFSHORE WIND PROJECTS:

21 (I) LOWEST COST IMPACT ON RATEPAYERS OF THE PRICE SET
22 UNDER A PROPOSED OVERALL PRICE PER MEGAWATT;

23 (II) POTENTIAL REDUCTIONS IN TRANSMISSION CONGESTION
24 PRICES WITHIN THE STATE;

25 (III) POTENTIAL CHANGES IN CAPACITY PRICES WITHIN THE
26 STATE;

27 (IV) POTENTIAL REDUCTIONS IN LOCATIONAL MARGINAL
28 PRICING;

29 (V) POTENTIAL LONG-TERM CHANGES IN CAPACITY PRICES
30 WITHIN THE STATE FROM THE OFFSHORE WIND PROJECT AS IT COMPARES TO
31 CONVENTIONAL ENERGY SOURCES;

1 (VI) THE EXTENT TO WHICH THE COST-BENEFIT ANALYSIS
2 SUBMITTED UNDER § 3-1106(B) OF THIS SUBTITLE DEMONSTRATES POSITIVE NET
3 ECONOMIC, ENVIRONMENTAL, AND HEALTH BENEFITS TO THE STATE;

4 (VII) THE EXTENT TO WHICH AN APPLICANT'S RESPONSE FOR
5 ENGAGING SMALL BUSINESSES MEETS THE GOALS SPECIFIED IN TITLE 14,
6 SUBTITLE 5 OF THE STATE FINANCE AND PROCUREMENT ARTICLE;

7 (VIII) THE EXTENT TO WHICH AN APPLICANT'S RESPONSE
8 PROVIDES FOR THE USE OF SKILLED LABOR, PARTICULARLY WITH REGARD TO THE
9 CONSTRUCTION AND MANUFACTURING COMPONENTS OF THE PROJECT, THROUGH
10 OUTREACH, HIRING, OR REFERRAL SYSTEMS THAT ARE AFFILIATED WITH
11 REGISTERED APPRENTICESHIP PROGRAMS UNDER TITLE 11, SUBTITLE 4 OF THE
12 LABOR AND EMPLOYMENT ARTICLE;

13 (IX) THE EXTENT TO WHICH AN APPLICANT'S RESPONSE
14 PROVIDES FOR THE USE OF AN AGREEMENT DESIGNED TO ENSURE THE USE OF
15 SKILLED LABOR AND TO PROMOTE THE PROMPT, EFFICIENT, AND SAFE
16 COMPLETION OF THE PROJECT, PARTICULARLY WITH REGARD TO THE
17 CONSTRUCTION, MANUFACTURING, AND MAINTENANCE OF THE PROJECT;

18 (X) THE EXTENT TO WHICH AN APPLICANT'S RESPONSE
19 PROVIDES FOR COMPENSATION TO ITS EMPLOYEES AND SUBCONTRACTORS
20 CONSISTENT WITH WAGES OUTLINED UNDER §§ 17-201 THROUGH 17-228 OF THE
21 STATE FINANCE AND PROCUREMENT ARTICLE;

22 (XI) SITING AND PROJECT FEASIBILITY;

23 (XII) THE EXTENT TO WHICH THE PROPOSED OFFSHORE WIND
24 PROJECT WOULD REQUIRE TRANSMISSION OR DISTRIBUTION INFRASTRUCTURE
25 IMPROVEMENTS IN THE STATE;

26 (XIII) ESTIMATED ABILITY TO ASSIST IN MEETING THE
27 RENEWABLE ENERGY PORTFOLIO STANDARD UNDER § 7-703 OF THE PUBLIC
28 UTILITIES ARTICLE; AND

29 (XIV) ANY OTHER CRITERIA THAT THE DIRECTOR DETERMINES
30 TO BE APPROPRIATE.

31 (B) IN EVALUATING AND COMPARING AN APPLICANT'S PROPOSED
32 OFFSHORE WIND PROJECT UNDER SUBSECTION (A) OF THIS SECTION, THE
33 DIRECTOR, IN CONSULTATION WITH THE COMMISSION, SHALL CONTRACT FOR THE

1 SERVICES OF INDEPENDENT CONSULTANTS AND EXPERTS AS NECESSARY FOR THE
2 FAIR EVALUATION OF AN APPLICANT'S PROPOSED OFFSHORE WIND PROJECT.

3 (C) THE DIRECTOR SHALL VERIFY THAT REPRESENTATIVES OF THE
4 UNITED STATES DEPARTMENT OF DEFENSE AND THE MARITIME INDUSTRY HAVE
5 HAD THE OPPORTUNITY, THROUGH THE FEDERAL LEASING PROCESS, TO EXPRESS
6 CONCERNS REGARDING PROJECT SITING.

7 (D) (1) IN THIS SUBSECTION, "MINORITY" MEANS AN INDIVIDUAL WHO IS
8 A MEMBER OF ANY OF THE GROUPS LISTED IN § 14-301(K)(1)(I) OF THE STATE
9 FINANCE AND PROCUREMENT ARTICLE.

10 (2) IF AN APPLICANT IS SEEKING INVESTORS IN A PROPOSED
11 OFFSHORE WIND PROJECT, IT SHALL TAKE THE FOLLOWING STEPS BEFORE THE
12 DIRECTOR MAY APPROVE THE PROPOSED PROJECT:

13 (I) MAKE SERIOUS, GOOD-FAITH EFFORTS TO SOLICIT AND
14 INTERVIEW A REASONABLE NUMBER OF MINORITY INVESTORS;

15 (II) AS PART OF THE APPLICATION, SUBMIT A STATEMENT TO
16 THE DIRECTOR THAT LISTS THE NAMES AND ADDRESSES OF ALL MINORITY
17 INVESTORS INTERVIEWED AND WHETHER OR NOT ANY OF THOSE INVESTORS HAVE
18 PURCHASED AN EQUITY SHARE IN THE ENTITY SUBMITTING AN APPLICATION; AND

19 (III) AS A CONDITION TO THE DIRECTOR'S APPROVAL OF THE
20 OFFSHORE WIND PROJECT, SIGN A MEMORANDUM OF UNDERSTANDING WITH THE
21 DIRECTOR THAT REQUIRES THE APPLICANT AGAIN TO MAKE SERIOUS, GOOD-FAITH
22 EFFORTS TO INTERVIEW MINORITY INVESTORS IN ANY FUTURE ATTEMPTS TO RAISE
23 VENTURE CAPITAL OR ATTRACT NEW INVESTORS TO THE OFFSHORE WIND PROJECT.

24 (3) THE GOVERNOR'S OFFICE OF SMALL, MINORITY, AND WOMEN
25 BUSINESS AFFAIRS, IN CONSULTATION WITH THE OFFICE OF THE ATTORNEY
26 GENERAL, SHALL PROVIDE ASSISTANCE TO ALL POTENTIAL APPLICANTS AND
27 POTENTIAL MINORITY INVESTORS TO SATISFY THE REQUIREMENTS UNDER
28 PARAGRAPH (2)(I) AND (III) OF THIS SUBSECTION.

29 3-1108.

30 (A) (1) UNLESS EXTENDED BY MUTUAL CONSENT OF THE PARTIES,
31 WITHIN 90 DAYS AFTER SUBMISSION TO THE COMMISSION, THE COMMISSION SHALL
32 APPROVE, CONDITIONALLY APPROVE, OR DENY AN APPLICATION FOR A PROPOSED
33 OFFSHORE WIND PROJECT THAT THE DIRECTOR HAS ACCEPTED.

1 **(2) THE COMMISSION MAY NOT APPROVE AN APPLICANT’S PROPOSED**
2 **OFFSHORE WIND PROJECT UNLESS THE PROJECT DEMONSTRATES POSITIVE NET**
3 **ECONOMIC, ENVIRONMENTAL, AND HEALTH BENEFITS TO THE STATE, BASED ON**
4 **THE CRITERIA SPECIFIED IN § 3–1106(B)(3) OF THIS SUBTITLE.**

5 **(3) WHEN CALCULATING THE NET BENEFITS TO THE STATE UNDER**
6 **PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION SHALL CONTRACT FOR THE**
7 **SERVICES OF INDEPENDENT CONSULTANTS AND EXPERTS.**

8 **(B) AN ORDER THE COMMISSION ISSUES APPROVING A PROPOSED**
9 **OFFSHORE WIND PROJECT SHALL:**

10 **(1) PROVIDE THAT RATEPAYERS AND THE STATE ARE NOT LIABLE**
11 **FOR ANY COST OVERRUNS ASSOCIATED WITH THE OFFSHORE WIND PROJECT; AND**

12 **(2) REQUIRE THAT ANY DEBT INSTRUMENT ISSUED IN CONNECTION**
13 **WITH A QUALIFIED OFFSHORE WIND PROJECT INCLUDE LANGUAGE SPECIFYING**
14 **THAT THE DEBT INSTRUMENT DOES NOT ESTABLISH A DEBT, AN OBLIGATION, OR A**
15 **LIABILITY OF THE STATE.**

16 **(C) (1) WITHIN 60 DAYS AFTER THE COMMISSION APPROVES THE**
17 **APPLICATION OF A PROPOSED OFFSHORE WIND PROJECT, THE OFFSHORE WIND**
18 **PROJECT SHALL DEPOSIT AN AMOUNT SPECIFIED IN THE REQUEST FOR PROPOSAL**
19 **INTO THE MARYLAND OFFSHORE WIND BUSINESS DEVELOPMENT FUND**
20 **ESTABLISHED UNDER § 9–20C–03 OF THE STATE GOVERNMENT ARTICLE.**

21 **(2) WITHIN 1 YEAR AFTER THE INITIAL DEPOSIT UNDER PARAGRAPH**
22 **(1) OF THIS SUBSECTION, THE OFFSHORE WIND PROJECT SHALL DEPOSIT AN**
23 **ADDITIONAL AMOUNT SPECIFIED IN THE REQUEST FOR PROPOSAL INTO THE**
24 **MARYLAND OFFSHORE WIND BUSINESS DEVELOPMENT FUND.**

25 **(3) WITHIN 2 YEARS AFTER THE INITIAL DEPOSIT UNDER**
26 **PARAGRAPH (1) OF THIS SUBSECTION, THE OFFSHORE WIND PROJECT SHALL**
27 **DEPOSIT AN AMOUNT SPECIFIED IN THE REQUEST FOR PROPOSAL INTO THE**
28 **MARYLAND OFFSHORE WIND BUSINESS DEVELOPMENT FUND.**

29 **3–1109.**

30 **(A) THE CONTRACT THAT AN ELECTRIC COMPANY ENTERS INTO WITH AN**
31 **OFFSHORE WIND PROJECT FOR THE PURCHASE OF OFFSHORE WIND ENERGY SHALL**
32 **BE:**

33 **(1) A LONG–TERM POWER PURCHASE CONTRACT; AND**

1 (b) “Administration” means the Maryland Energy Administration.

2 (c) “Fund” means the Maryland Strategic Energy Investment Fund established
3 under § 9–20B–05 of the State Government Article.

4 [(i)] (D) “PJM region” means the control area administered by the PJM
5 Interconnection, as the area may change from time to time.

6 (E) “RENEWABLE ENERGY” MEANS ONE OR MORE OF THE FOLLOWING
7 TYPES OF ENERGY SOURCES:

8 (1) SOLAR ENERGY, INCLUDING ENERGY FROM PHOTOVOLTAIC
9 TECHNOLOGIES AND SOLAR WATER HEATING SYSTEMS;

10 (2) WIND ENERGY;

11 (3) OCEAN ENERGY, INCLUDING HYDROKINETIC ENERGY;

12 (4) A SMALL HYDROELECTRIC POWER PLANT OF LESS THAN 30
13 MEGAWATTS IN CAPACITY THAT IS LICENSED OR EXEMPT FROM LICENSING BY THE
14 FEDERAL ENERGY REGULATORY COMMISSION; AND

15 (5) ENERGY FROM THE ENERGY SOURCES SPECIFIED UNDER ITEMS
16 (1) THROUGH (4) OF THIS SUBSECTION THAT IS STORED:

17 (I) AS ELECTRICAL ENERGY; OR

18 (II) AFTER CONVERSION TO OTHER FORMS OF ENERGY, SUCH AS
19 HYDROGEN, THERMAL ENERGY, OR MECHANICAL ENERGY.

20 [(o)] (F) “Renewable energy portfolio standard” or “standard” means the
21 percentage of electricity sales at retail in the State that is to be derived from [Tier 1]
22 renewable ENERGY sources [and Tier 2 renewable sources] in accordance with [§ 7–703(b)]
23 § 7–702(B) of this subtitle.

24 [(p)] (G) “Renewable on-site generator” means a person who generates
25 electricity on site from a [Tier 1] renewable ENERGY source [or a Tier 2 renewable source]
26 for the person’s own use.

27 [(q)] (H) (1) “Solar water heating system” means a system that:

28 (i) consists of glazed liquid-type flat-plate or tubular solar
29 collectors or concentrating solar thermal collectors as defined and certified to the OG–100
30 standard of the Solar Ratings and Certification Corporation;

1 (ii) generates energy using solar radiation for the purpose of heating
2 water; and

3 (iii) does not feed electricity back to the electric grid.

4 (2) "Solar water heating system" does not include a system that generates
5 energy using solar radiation for the sole purpose of heating a hot tub or swimming pool.

6 ~~[7-703.] 7-702.~~

7 (a) (1) (i) The Commission shall implement a renewable energy portfolio
8 standard that, except as provided under ~~[paragraphs] PARAGRAPH (2) [and (3)]~~ of this
9 subsection, applies to all retail electricity sales in the State by electricity suppliers.

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

13 (2) A renewable energy portfolio standard may not apply to electricity sales
14 at retail by any electricity supplier[~~]:~~

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

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

21 (iii) to a customer served by an electric cooperative under an
22 electricity supplier purchase agreement that existed on October 1, 2004, until the
23 expiration of the agreement, as the agreement may be renewed or amended.

24 [(3) The portion of a renewable energy portfolio standard that represents
25 offshore wind energy may not apply to electricity sales at retail by any electricity supplier
26 in excess of:

27 (i) 75,000,000 kilowatt-hours of industrial process load to a single
28 customer in a year; and

29 (ii) 3,000 kilowatt-hours of electricity in a month to a customer who
30 is an owner of agricultural land and files an Internal Revenue Service form 1040, schedule
31 F.

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

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

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

5 (3) in 2008, 2.005% from Tier 1 renewable sources, including at least
6 0.005% derived from solar energy, and 2.5% from Tier 2 renewable sources;

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

9 (5) in 2010, 3.025% from Tier 1 renewable sources, including at least
10 0.025% derived from solar energy, and 2.5% from Tier 2 renewable sources;

11 (6) in 2011, 5.0% from Tier 1 renewable sources, including at least 0.05%
12 derived from solar energy, and 2.5% from Tier 2 renewable sources;

13 (7) in 2012, 6.5% from Tier 1 renewable sources, including at least 0.1%
14 derived from solar energy, and 2.5% from Tier 2 renewable sources;

15 (8) in 2013, 8.2% from Tier 1 renewable sources, including at least 0.25%
16 derived from solar energy, and 2.5% from Tier 2 renewable sources;

17 (9) in 2014, 10.3% from Tier 1 renewable sources, including at least 0.35%
18 derived from solar energy, and 2.5% from Tier 2 renewable sources;

19 (10) in 2015, 10.5% from Tier 1 renewable sources, including at least 0.5%
20 derived from solar energy, and 2.5% from Tier 2 renewable sources;

21 (11) in 2016, 12.7% from Tier 1 renewable sources, including at least 0.7%
22 derived from solar energy, and 2.5% from Tier 2 renewable sources;

23 (12) in 2017:

24 (i) 13.1% from Tier 1 renewable sources, including:

25 1. at least 1.15% derived from solar energy; and

26 2. an amount set by the Commission under § 7-704.2(a) of
27 this subtitle, not to exceed 2.5%, derived from offshore wind energy; and

28 (ii) 2.5% from Tier 2 renewable sources;

29 (13) in 2018:

- 1 (i) 15.8% from Tier 1 renewable sources, including:
- 2 1. at least 1.5% derived from solar energy; and
- 3 2. an amount set by the Commission under § 7-704.2(a) of
4 this subtitle, not to exceed 2.5%, derived from offshore wind energy; and
- 5 (ii) 2.5% from Tier 2 renewable sources;
- 6 (14) in 2019, 20.4% from Tier 1 renewable sources, including:
- 7 (i) at least 1.95% derived from solar energy; and
- 8 (ii) an amount set by the Commission under § 7-704.2(a) of this
9 subtitle, not to exceed 2.5%, derived from offshore wind energy; and
- 10 (15) in 2020 and later, 25% from Tier 1 renewable sources, including:
- 11 (i) at least 2.5% derived from solar energy; and
- 12 (ii) an amount set by the Commission under § 7-704.2(a) of this
13 subtitle, not to exceed 2.5%, derived from offshore wind energy.]

14 **(B) THE RENEWABLE ENERGY PORTFOLIO STANDARD SHALL BE AS**
15 **FOLLOWS:**

- 16 **(1) IN 2020, 7%;**
- 17 **(2) IN 2021, 11%;**
- 18 **(3) IN 2022, 17%;**
- 19 **(4) IN 2023, 24%;**
- 20 **(5) IN 2024, 31%;**
- 21 **(6) IN 2025, 38%;**
- 22 **(7) IN 2026, 45%;**
- 23 **(8) IN 2027, 52%;**
- 24 **(9) IN 2028, 59%;**
- 25 **(10) IN 2029, 66%;**

1 **(11) IN 2030, 72%;**

2 **(12) IN 2031, 78%;**

3 **(13) IN 2032, 84%;**

4 **(14) IN 2033, 90%;**

5 **(15) IN 2034, 95%; AND**

6 **(16) IN 2035 AND LATER, 100%.**

7 (c) Before [calculating the number of credits] **DETERMINING THE AMOUNT OF**
8 **RENEWABLE ENERGY** required to meet the percentages established under subsection (b)
9 of this section, an electricity supplier shall exclude from its total retail electricity sales all
10 retail electricity sales described in subsection (a)(2) [and (3)] of this section.

11 (d) **(1)** Subject to subsections (a) and (c) of this section and [in accordance with
12 § 7–704.2 of this subtitle] **PARAGRAPH (2) OF THIS SUBSECTION**, an electricity supplier
13 shall meet the renewable energy portfolio standard by [accumulating] **PURCHASING** the
14 [equivalent] amount of renewable energy [credits] that [equal] **EQUALS** the percentages
15 required under this section.

16 **(2) (I) THE RENEWABLE ENERGY PURCHASED BY AN ELECTRICITY**
17 **SUPPLIER TO MEET THE RENEWABLE ENERGY PORTFOLIO STANDARD SHALL BE**
18 **PROCURED FROM A WHOLESALE ELECTRICITY SUPPLIER INTERCONNECTED TO:**

19 **1. FOR ENERGY FROM OFFSHORE WIND, THE:**

20 **A. PJM INTERCONNECTION GRID;**

21 **B. NEW YORK INDEPENDENT SYSTEM OPERATOR; OR**

22 **C. ISO NEW ENGLAND; AND**

23 **2. FOR ALL OTHER RENEWABLE ENERGY SOURCES, THE**
24 **PJM INTERCONNECTION GRID.**

25 **(II) 1. SUBJECT TO SUBSUBPARAGRAPH 2 OF THIS**
26 **SUBPARAGRAPH, THE RENEWABLE ENERGY SHALL BE PROCURED THROUGH A**
27 **LONG–TERM POWER PURCHASE CONTRACT.**

28 **2. THE COMMISSION SHALL DETERMINE THE OPTIMAL**

1 MIX OF SOLAR AND WIND ENERGY FOR EACH PROCUREMENT MADE UNDER THIS
2 SECTION.

3 [7-704.] 7-703.

4 (a) IN THIS SECTION, “RENEWABLE ENERGY CREDIT” OR “CREDIT” MEANS
5 A CREDIT EQUAL TO THE GENERATION ATTRIBUTES OF 1 MEGAWATT-HOUR OF
6 ELECTRICITY THAT IS DERIVED FROM A RENEWABLE ENERGY SOURCE.

7 (B) (1) Energy from a [Tier 1] renewable ENERGY source[:

8 (i) is eligible for inclusion in meeting the renewable energy portfolio
9 standard regardless of when the generating system or facility was placed in service[: and

10 (ii) may be applied to the percentage requirements of the standard
11 for either Tier 1 renewable sources or Tier 2 renewable sources].

12 (2) [(i)] Energy from a [Tier 1] renewable ENERGY source under [§
13 7-701(r)(1), (5), (9), (10), or (11)] § 7-701(E)(1) OR (3) of this subtitle is eligible for
14 inclusion in meeting the renewable energy portfolio standard only if the source is connected
15 with the electric distribution grid serving Maryland.

16 [(ii)] If the owner of a solar generating system in this State chooses to
17 sell solar renewable energy credits from that system, the owner must first offer the credits
18 for sale to an electricity supplier or electric company that shall apply them toward
19 compliance with the renewable energy portfolio standard under § 7-703 of this subtitle.]

20 (3) Energy from a [Tier 1] renewable ENERGY source under [§ 7-701(r)(8)]
21 § 7-701(E)(4) of this subtitle is eligible for inclusion in meeting the renewable energy
22 portfolio standard if it is generated at a dam that existed as of January 1, 2004, even if a
23 system or facility that is capable of generating electricity did not exist on that date.

24 [(4)] Energy from a Tier 2 renewable source under § 7-701(s) of this subtitle
25 is eligible for inclusion in meeting the renewable energy portfolio standard through 2018 if
26 it is generated at a system or facility that existed and was operational as of January 1,
27 2004, even if the facility or system was not capable of generating electricity on that date.]

28 [(e)](C) (1) [In this subsection, “customer” means:

29 (i) an industrial electric customer that is not on standard offer
30 service; or

31 (ii) a renewable on-site generator.

32 (2) This subsection does not apply to offshore wind renewable energy

1 credits.

2 (3) (i) A customer may independently acquire renewable energy credits
3 to satisfy the standards applicable to the customer's load, including credits created by a
4 renewable on-site generator.

5 (ii) Credits that a customer transfers to its electricity supplier to
6 meet the standard and that the electricity supplier relies on in submitting its compliance
7 report may not be resold or retransferred by the customer or by the electricity supplier.

8 (4) A renewable on-site generator may retain or transfer at its sole option
9 any credits created by the renewable on-site generator[, including credits for the portion
10 of its on-site generation from a Tier 1 renewable source or a Tier 2 renewable source that
11 displaces the purchase of electricity by the renewable on-site generator from the grid.

12 (5) A customer that satisfies the standard applicable to the customer's load
13 under this subsection may not be required to contribute to a compliance fee recovered under
14 § 7-706 of this subtitle.

15 (6) (2) The Commission shall adopt regulations governing the
16 application and transfer of credits under this subsection consistent with federal law.

17 [7-705.] 7-704.

18 (a) [Each] **ON OR BEFORE APRIL 30 EACH YEAR, EACH** electricity supplier
19 shall submit a report to the Commission [each year] in a form [and by a date] specified by
20 the Commission that:

21 (1) (I) demonstrates that the electricity supplier has complied with the
22 applicable renewable energy portfolio standard under [§ 7-703] **§ 7-702** of this subtitle
23 [and includes the submission of the required amount of renewable energy credits] **BY**
24 **SUBMITTING DOCUMENTATION THAT THE ELECTRICITY SUPPLIER PURCHASED OR**
25 **GENERATED ELECTRICITY FROM A RENEWABLE ENERGY SOURCE EQUAL TO THE**
26 **APPLICABLE PERCENTAGE REQUIRED; or**

27 [(2)] (II) demonstrates the amount of electricity sales by which the
28 electricity supplier failed to meet the applicable renewable energy portfolio standard; **AND**

29 **(2) DEMONSTRATES THE ELECTRICITY SUPPLIER'S INTENT TO**
30 **COMPLY WITH THE APPLICABLE RENEWABLE ENERGY PORTFOLIO STANDARD IN**
31 **THE UPCOMING YEAR BY SUBMITTING DOCUMENTATION CONFIRMING THE**
32 **ELECTRICITY SUPPLIER'S PLAN TO PURCHASE OR GENERATE ELECTRICITY FROM A**
33 **RENEWABLE ENERGY SOURCE EQUAL TO THE APPLICABLE PERCENTAGE REQUIRED.**

34 (b) (1) [This subsection does not apply to a shortfall from the required Tier 1

1 renewable sources that is to be derived from offshore wind energy.

2 (2)] (I) If an electricity supplier fails to comply with the renewable
3 energy portfolio standard for the applicable year, the electricity supplier shall pay into the
4 Maryland Strategic Energy Investment Fund established under § 9–20B–05 of the State
5 Government Article[:

6 (i) except as provided in item (ii) of this paragraph, a compliance fee
7 of:

8 1. the following amounts for each kilowatt–hour of shortfall
9 from required Tier 1 renewable sources other than the shortfall from the required Tier 1
10 renewable sources that is to be derived from solar energy:

11 A. 4 cents through 2016; and

12 B. 3.75 cents in 2017 and later;

13 2. the following amounts for each kilowatt–hour of shortfall
14 from required Tier 1 renewable sources that is to be derived from solar energy:

15 A. 45 cents in 2008;

16 B. 40 cents in 2009 through 2014;

17 C. 35 cents in 2015 and 2016;

18 D. 19.5 cents in 2017;

19 E. 17.5 cents in 2018;

20 F. 15 cents in 2019;

21 G. 12.5 cents in 2020;

22 H. 10 cents in 2021;

23 I. 7.5 cents in 2022;

24 J. 6 cents in 2023; and

25 K. 5 cents in 2024 and later; and

26 3. 1.5 cents for each kilowatt–hour of shortfall from required
27 Tier 2 renewable sources; or

28 (ii) for industrial process load:

- 1 1. for each kilowatt–hour of shortfall from required Tier 1
2 renewable sources, a compliance fee of:
- 3 A. 0.8 cents in 2006, 2007, and 2008;
- 4 B. 0.5 cents in 2009 and 2010;
- 5 C. 0.4 cents in 2011 and 2012;
- 6 D. 0.3 cents in 2013 and 2014;
- 7 E. 0.25 cents in 2015 and 2016; and
- 8 F. except as provided in paragraph (3) of this subsection, 0.2
9 cents in 2017 and later; and
- 10 2. nothing for any shortfall from required Tier 2 renewable
11 sources.

12 (3) For industrial process load, the compliance fee for each kilowatt–hour
13 of shortfall from required Tier 1 renewable sources is:

14 (i) 0.1 cents in any year during which suppliers are required to
15 purchase ORECs under § 7–704.2 of this subtitle; and

16 (ii) nothing for the year following any year during which, after final
17 calculations, the net rate impact per megawatt–hour from qualified offshore wind projects
18 exceeded \$1.65 in 2012 dollars] **A COMPLIANCE FEE EQUIVALENT TO THE AMOUNT IT
19 WOULD HAVE COST THE ELECTRICITY SUPPLIER TO PURCHASE THE SHORTFALL.**

20 **(II) THE COST OF AN ELECTRICITY SUPPLIER’S SHORTFALL
21 UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE CALCULATED USING THE
22 AVERAGE COST OF RENEWABLE ENERGY ACQUIRED BY ALL ELECTRICITY
23 SUPPLIERS IN THE STATE FOR THE PREVIOUS YEAR.**

24 **(2) THE REVENUE GENERATED FROM THE COMPLIANCE FEE
25 ASSESSED UNDER THIS SUBSECTION SHALL BE USED ONLY TO PROVIDE:**

26 **(I) WORKFORCE TRAINING FOR PLACEMENT IN THE
27 RENEWABLE ENERGY INDUSTRY; AND**

28 **(II) BILL ASSISTANCE TO LOW–INCOME RESIDENTIAL
29 CUSTOMERS WHOSE ANNUAL GROSS HOUSEHOLD INCOME IS AT OR BELOW 175% OF
30 THE POVERTY LEVEL.**

1 (c) The Commission may allow an electricity supplier to submit the report
2 required under § 7–505(b)(4) of this title to demonstrate compliance with the renewable
3 energy portfolio standard.

4 (d) An aggregator or broker who assists an electricity customer in purchasing
5 electricity but who does not supply the electricity or take title to or ownership of the
6 electricity may require the electricity supplier who supplies the electricity to demonstrate
7 compliance with this subtitle.

8 [(e) (1) Notwithstanding the requirements of § 7–703(b) of this subtitle, if the
9 actual or projected dollar–for–dollar cost incurred or to be incurred by an electricity
10 supplier solely for the purchase of Tier 1 renewable energy credits derived from solar energy
11 in any 1 year is greater than or equal to, or is anticipated to be greater than or equal to,
12 2.5% of the electricity supplier’s total annual electricity sales revenues in Maryland, the
13 electricity supplier may request that the Commission:

14 (i) delay by 1 year each of the scheduled percentages for solar energy
15 under § 7–703(b) of this subtitle that would apply to the electricity supplier; and

16 (ii) allow the renewable energy portfolio standard for solar energy
17 for that year to continue to apply to the electricity supplier for the following year.

18 (2) In making its determination under paragraph (1) of this subsection, the
19 Commission shall consider the actual or projected dollar–for–dollar compliance costs of
20 other electricity suppliers.

21 (3) If an electricity supplier makes a request under paragraph (1) of this
22 subsection based on projected costs, the electricity supplier shall provide verifiable evidence
23 of the projections to the Commission at the time of the request.

24 (4) If the Commission allows a delay under paragraph (1) of this
25 subsection:

26 (i) the renewable energy portfolio standard for solar energy
27 applicable to the electricity supplier under the delay continues for each subsequent
28 consecutive year that the actual or projected dollar–for–dollar costs incurred, or to be
29 incurred, by the electricity supplier solely for the purchase of solar renewable energy credits
30 is greater than or equal to, or is anticipated to be greater than or equal to, 2.5% of the
31 electricity supplier’s total annual retail electricity sales revenues in Maryland; and

32 (ii) the renewable energy portfolio standard for solar energy
33 applicable to the electricity supplier under the delay is increased to the next scheduled
34 percentage increase under § 7–703(b) of this subtitle for each year in which the actual or
35 projected dollar–for–dollar costs incurred, or to be incurred, by the electricity supplier
36 solely for the purchase of solar renewable energy credits is less than, or is anticipated to be
37 less than, 2.5% of the electricity supplier’s total annual retail electricity sales revenues in
38 Maryland.

1 (f) (1) Except as provided in subsection (e) of this section, and
2 notwithstanding the requirements of § 7-703(b) of this subtitle, if the actual or projected
3 dollar-for-dollar cost incurred or to be incurred by an electricity supplier solely for the
4 purchase of Tier 1 renewable energy credits other than solar credits or ORECs in any 1
5 year is greater than or equal to, or is anticipated to be greater than or equal to, the greater
6 of the applicable Tier 1 percentage or 10% of the electricity supplier's total annual
7 electricity sales revenues in Maryland, the electricity supplier may request that the
8 Commission:

9 (i) delay by 1 year each of the scheduled percentages for Tier 1
10 credits under § 7-703(b) of this subtitle that would apply to the electricity supplier; and

11 (ii) allow the renewable energy portfolio standard for Tier 1 for that
12 year to continue to apply to the electricity supplier for the following year.

13 (2) In making its determination under paragraph (1) of this subsection, the
14 Commission shall consider the actual or projected dollar-for-dollar compliance costs of
15 other electricity suppliers.

16 (3) If an electricity supplier makes a request under paragraph (1) of this
17 subsection based on projected costs, the electricity supplier shall provide verifiable evidence
18 of the projections to the Commission at the time of the request.

19 (4) If the Commission allows a delay under paragraph (1) of this
20 subsection:

21 (i) the renewable energy portfolio standard for Tier 1 applicable to
22 the electricity supplier under the delay continues for each subsequent consecutive year that
23 the actual or projected dollar-for-dollar costs incurred, or to be incurred, by the electricity
24 supplier solely for the purchase of Tier 1 credits other than solar credits or ORECs is greater
25 than or equal to, or is anticipated to be greater than or equal to, the greater of the applicable
26 Tier 1 percentage or 10% of the electricity supplier's total annual retail electricity sales
27 revenues in Maryland; and

28 (ii) the renewable energy portfolio standard for Tier 1 applicable to
29 the electricity supplier under the delay is increased to the next scheduled percentage
30 increase under § 7-703(b) of this subtitle for each year in which the actual or projected
31 dollar-for-dollar costs incurred, or to be incurred, by the electricity supplier solely for the
32 purchase of Tier 1 credits other than solar credits or ORECs is less than, or is anticipated
33 to be less than, the greater of the applicable Tier 1 percentage or 10% of the electricity
34 supplier's total annual retail electricity sales revenues in Maryland.]

35 [7-706.] 7-705.

36 [(b)] (A) An electricity supplier may recover a compliance fee if:

1 (1) [the payment of a compliance fee is the least-cost measure to customers
2 as compared to the purchase of Tier 1 renewable sources to comply with a renewable energy
3 portfolio standard;

4 (2)] there are insufficient [Tier 1] renewable **ENERGY** sources available for
5 the electricity supplier to comply with a renewable energy portfolio standard; or

6 [(3)] (2) a wholesale electricity supplier defaults or otherwise fails to
7 deliver renewable energy [credits] under a supply contract approved by the Commission.

8 [(c)] (B) Any cost recovery under this section:

9 (1) for all electricity suppliers, may be in the form of a generation surcharge
10 payable by all current electricity supply customers[, except as otherwise provided in §
11 7-704(e) of this subtitle];

12 (2) shall be disclosed to customers in a manner to be determined by the
13 Commission; and

14 (3) may not include the costs for a power purchase contract under the
15 federal Public Utility Regulatory Policy Act contemplated in rates or restructuring
16 proceedings.

17 [7-711.] **7-706.**

18 [(a)] The Commission has the same power and authority with respect to an
19 electricity supplier under this subtitle that the Commission has with respect to any public
20 service company under this division for the purposes of investigating and examining the
21 electricity supplier to determine compliance with this subtitle and with other applicable
22 law.

23 [7-712.] **7-707.**

24 (A) [Subject to § 2-1246 of the State Government Article, on] **ON** or before
25 February 1 [of] each year, the Commission shall report to the General Assembly, **IN**
26 **ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE**, on the status of
27 implementation of this subtitle, including the availability of [Tier 1] renewable **ENERGY**
28 sources, [projects] **WORKFORCE TRAINING** supported by the Fund, and other pertinent
29 information.

30 (B) (1) (I) **THE COMMISSION SHALL STUDY CURRENT UTILITY**
31 **REGULATIONS AND BUSINESS MODELS TO DETERMINE CHANGES THAT ARE**
32 **NECESSARY TO ACHIEVE A 100% RENEWABLE ENERGY ELECTRICITY SYSTEM BY**
33 **2035 THAT IS RELIABLE AND RESILIENT.**

(II) THE STUDY SHALL INCLUDE:

1. AN EXAMINATION OF THE TRANSFORMATION OF UTILITY DISTRIBUTION COMPANIES FROM SERVING AS A SINGLE PROVIDER OF ALL ENERGY SERVICES TO SERVING AS A PLATFORM PROVIDER FOR DISTRIBUTED ENERGY RESOURCE DEVELOPMENT AND DEPLOYMENT, INCLUDING ALL TECHNICAL, ECONOMIC, INSTITUTIONAL, AND BUSINESS-MODEL ASPECTS THAT WOULD BE NECESSARY FOR A TRANSFORMATION;

2. A REVIEW OF THE FUNDAMENTAL PRINCIPLES THAT A PLATFORM PROVIDER WOULD USE TO PROVIDE NONDISCRIMINATORY ACCESS TO AN ENHANCED RANGE OF PRODUCTS AND SERVICES TO CUSTOMERS CONNECTED TO THE GRID, INCLUDING SERVICES PROVIDED BY THIRD-PARTY MARKET PARTICIPANTS; AND

3. AN EXAMINATION OF THE PRINCIPLES ON WHICH A NEW PLATFORM WOULD BE DESIGNED, INCLUDING:

A. TRANSPARENCY;

B. CUSTOMER PROTECTION;

C. EQUITABLE ACCESS FOR LOW-INCOME AND MODERATE-INCOME CUSTOMERS;

D. AFFORDABILITY;

E. RELIABILITY;

F. RESILIENCE;

G. FAIR AND OPEN COMPETITION;

H. THE TYPE OF ENTITY THAT SHOULD SERVE AS A DISTRIBUTION SYSTEM OPERATOR;

I. CAPACITY OF AND INVESTMENT IN THE DISTRIBUTION SYSTEM;

J. SMART GRID EQUITY;

K. BALANCING ECONOMICALLY THE DEMAND RESPONSE, ELECTRICITY STORAGE, AND PEAK RENEWABLE ENERGY GENERATION

1 OF A SYSTEM IN WHICH STATE SOLAR ENERGY AND OFFSHORE WIND ENERGY
 2 COMPRISE A MAJORITY OF THE ENERGY IN THE STATE;

3 L. ENVIRONMENTAL AND PUBLIC HEALTH BENEFITS;

4 M. REDUCTION IN RENEWABLE ENERGY LOSS THROUGH
 5 SEASONAL ENERGY STORAGE AND OTHER METHODS;

6 N. ELECTRIFICATION OF HEATING SYSTEMS, INCLUDING
 7 WATER HEATING SYSTEMS;

8 O. VALUATION OF DISTRIBUTED ENERGY RESOURCES;

9 P. ATTAINMENT OF GREENHOUSE GAS REDUCTION
 10 GOALS; AND

11 Q. GEOGRAPHIC EQUITY IN THE STATE.

12 (III) TO ASSIST WITH THE TRANSITION TO 100% RENEWABLE
 13 ENERGY, THE COMMISSION SHALL IMPLEMENT CHANGES IDENTIFIED IN THE STUDY
 14 THAT ARE WITHIN THE COMMISSION'S AUTHORITY.

15 (2) (I) ON OR BEFORE DECEMBER 31 EACH YEAR, THE
 16 COMMISSION SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH §
 17 2-1246 OF THE STATE GOVERNMENT ARTICLE, ON THE STATUS OF THE STUDY AND
 18 CHANGES IMPLEMENTED UNDER PARAGRAPH (1)(III) OF THIS SUBSECTION.

19 (II) THE REPORT SHALL INCLUDE RECOMMENDATIONS FOR
 20 LEGISLATIVE ACTION THAT ARE NECESSARY TO:

21 1. ACHIEVE A 100% RENEWABLE ENERGY ELECTRICITY
 22 SYSTEM BY 2035; AND

23 2. ENSURE THAT ENHANCED RELIABILITY, RESILIENCY,
 24 AND AFFORDABILITY OF THE ELECTRIC GRID IN THE STATE IS ACHIEVED IN AN
 25 EQUITABLE MANNER THAT PROVIDES WIDER CHOICES TO ALL STATE RESIDENTS.

26 [7-713.] 7-708.

27 The Commission shall adopt regulations to:

28 (1) ESTABLISH REQUIREMENTS FOR DOCUMENTATION AND
 29 VERIFICATION OF THE PURCHASE OF RENEWABLE ENERGY BY LICENSED

1 **ELECTRICITY SUPPLIERS AND OTHER ELECTRICITY GENERATORS FOR WHICH THE**
2 **RENEWABLE ENERGY PORTFOLIO STANDARD APPLIES; AND**

3 (2) implement the provisions of this subtitle.

4 **Article – State Government**

5 9–20B–05.

6 (a) There is a Maryland Strategic Energy Investment Fund.

7 (e) The Fund consists of:

8 (1) all of the proceeds from the sale of allowances under § 2–1002(g) of the
9 Environment Article;

10 (2) money appropriated in the State budget to the Program;

11 (3) repayments and prepayments of principal and interest on loans made
12 from the Fund;

13 (4) interest and investment earnings on the Fund;

14 (5) compliance fees paid under [~~§ 7–705~~] **§ 7–704** of the Public Utilities
15 Article;

16 (6) money received from any public or private source for the benefit of the
17 Fund; and

18 (7) money transferred from the Public Service Commission under §
19 7–207.2(c)(3) of the Public Utilities Article.

20 (f) The Administration shall use the Fund:

21 (1) to invest in the promotion, development, and implementation of:

22 (i) cost-effective energy efficiency and conservation programs,
23 projects, or activities, including measurement and verification of energy savings;

24 (ii) renewable and clean energy resources;

25 (iii) climate change programs directly related to reducing or
26 mitigating the effects of climate change; and

27 (iv) demand response programs that are designed to promote
28 changes in electric usage by customers in response to:

1 1. changes in the price of electricity over time; or

2 2. incentives designed to induce lower electricity use at times
3 of high wholesale market prices or when system reliability is jeopardized;

4 (2) to provide targeted programs, projects, activities, and investments to
5 reduce electricity consumption by customers in the low-income and moderate-income
6 residential sectors;

7 (3) to provide supplemental funds for low-income energy assistance
8 through the Electric Universal Service Program established under § 7-512.1 of the Public
9 Utilities Article and other electric assistance programs in the Department of Human
10 Services;

11 (4) to provide rate relief by offsetting electricity rates of residential
12 customers, including an offset of surcharges imposed on ratepayers under § 7-211 of the
13 Public Utilities Article;

14 (5) to provide grants, loans, and other assistance and investment as
15 necessary and appropriate to implement the purposes of the Program as set forth in §
16 9-20B-03 of this subtitle;

17 (6) to implement energy-related public education and outreach initiatives
18 regarding reducing energy consumption and greenhouse gas emissions;

19 (7) to provide rebates under the Electric Vehicle Recharging Equipment
20 Rebate Program established under § 9-2009 of this title;

21 (8) to provide grants to encourage combined heat and power projects at
22 industrial facilities; [and]

23 (9) **FOR THE PORTION OF THE FUND DERIVED FROM THE**
24 **COMPLIANCE FEES PAID UNDER § 7-704 OF THE PUBLIC UTILITIES ARTICLE, TO**
25 **PROVIDE:**

26 (I) **WORKFORCE TRAINING FOR PLACEMENT IN THE**
27 **RENEWABLE ENERGY INDUSTRY; AND**

28 (II) **BILL ASSISTANCE TO LOW-INCOME RESIDENTIAL**
29 **CUSTOMERS WHOSE ANNUAL GROSS HOUSEHOLD INCOME IS AT OR BELOW 175% OF**
30 **THE POVERTY LEVEL; AND**

31 (10) to pay the expenses of the Program.

32 9-20C-03.

1 (a) There is a Maryland Offshore Wind Business Development Fund in the
2 Administration.

3 (g) The Fund consists of:

4 (1) money appropriated by the State to the Fund;

5 (2) money paid to the Fund by a qualified offshore wind project under [§
6 7–704.1(g) of the Public Utilities Article] **§ 3–1108(C) OF THE NATURAL RESOURCES**
7 **ARTICLE**;

8 (3) money made available to the Fund through federal programs or private
9 contributions;

10 (4) repayment of principal or payment of interest on a loan made from the
11 Fund;

12 (5) proceeds from the sale, disposition, lease, or rental by the
13 Administration of collateral related to financing that the Administration provides under
14 this subtitle;

15 (6) investment earnings of the Fund; and

16 (7) any other money made available to the Administration for the Fund.

17 SECTION 5. AND BE IT FURTHER ENACTED, That Section(s) 7–701(f), (h), and
18 (k), and 7–704.2 of Article – Public Utilities of the Annotated Code of Maryland be repealed
19 and reenacted, with amendments, and transferred to the Session Laws, to read as follows:

20 **Offshore Wind Application and Offshore Wind Energy Credits**

21 [7–701.] 1.

22 (A) IN THIS SUBHEADING THE FOLLOWING WORDS HAVE THE MEANINGS
23 INDICATED.

24 (B) “COMMISSION” MEANS THE PUBLIC SERVICE COMMISSION.

25 [(f)] (C) “Offshore wind energy” means energy generated by a qualified offshore
26 wind project.

27 [(h)] (D) “Offshore wind [renewable] energy credit” or [“OREC”] “OWEC”
28 means a [renewable energy] credit equal to the generation attributes of 1 megawatt–hour
29 of electricity that is derived from offshore wind energy.

30 [(k)] (E) “Qualified offshore wind project” means a wind turbine electricity

1 generation facility, including the associated transmission–related interconnection facilities
2 and equipment, that:

3 (1) is located on the outer continental shelf of the Atlantic Ocean in an area
4 that:

5 (i) the United States Department of the Interior designates for
6 leasing after coordination and consultation with the State in accordance with § 388(a) of
7 the Energy Policy Act of 2005; and

8 (ii) is between 10 and 30 miles off the coast of the State;

9 (2) interconnects to the PJM Interconnection grid at a point located on the
10 Delmarva Peninsula; and

11 (3) the Commission approves under [§ 7–704.1] § 2 of this [subtitle]
12 SUBHEADING.

13 [7–704.2.] 3.

14 (a) [(1) The Commission shall determine the offshore wind energy component
15 of the renewable energy portfolio standard under § 7–703(b)(12) through (15) of this subtitle
16 based on the projected annual creation of ORECs by qualified offshore wind projects.

17 (2) The Commission shall establish the renewable energy portfolio
18 standard obligation for ORECs on a forward–looking basis that includes a surplus to
19 accommodate reasonable forecasting error in estimating overall electricity sales in the
20 State.

21 (3) Any positive adjustment to the renewable energy portfolio standard
22 shall be on a forward–looking basis and sufficiently in advance to allow OREC purchasers
23 to reflect OREC costs in retail prices offered to consumers.

24 (4) The Commission shall adopt regulations that establish:

25 (i) the offshore wind purchase obligation sufficiently in advance to
26 allow OREC purchasers to reflect OREC costs in retail prices offered to consumers; and

27 (ii) a mechanism to adjust the renewable energy portfolio standard
28 obligation in a given year to accommodate a shortfall of ORECs in one or more earlier years
29 that is the result of the variation between the quantity of ORECs calculated from the
30 renewable energy portfolio standard obligation and the quantity of ORECs approved in the
31 Commission order for the same years.

32 (b)] The Commission shall adopt regulations establishing an escrow account under
33 Commission supervision and defining rules that facilitate and ensure the secure and

1 transparent transfer of revenues and **[ORECs] OWECs** among the parties.

2 **[(c)] (B)** (1) **[Each electricity supplier shall purchase from the escrow account**
3 **established under this section the number of ORECs required to satisfy the offshore wind**
4 **energy component of the renewable energy portfolio standard under § 7–703(b)(12) through**
5 **(15) of this subtitle.**

6 (2) (i) Subject to any escrow account reserve requirement the
7 Commission establishes, if there are insufficient ORECs available to satisfy the suppliers'
8 OREC obligation, the overpayment shall be distributed to electric companies to be refunded
9 or credited to each ratepayer based on the ratepayer's consumption of electricity supply
10 that is subject to the renewable energy portfolio standard.

11 (ii) Subject to any escrow account reserve requirement the
12 Commission establishes, the calculation of an electricity supplier's OREC purchase
13 obligation shall be based on final electricity sales data as reported by the PJM
14 Interconnection as measured at the customer meter.

15 (3) For each **[OREC] OWEC** for which a qualified offshore wind project
16 receives payment, a qualified offshore wind project shall:

17 (i) sell all energy, capacity, and ancillary services associated with
18 the creation of ORECs into the markets operated by PJM Interconnection; and

19 (ii) distribute the proceeds received from the sales to PJM
20 Interconnection markets, under item (i) of this paragraph to electric companies to be
21 refunded or credited to each ratepayer based on the ratepayer's consumption of electricity
22 supply that is subject to the renewable energy portfolio standard.

23 **[(4)] (2)** **[Notwithstanding § 7–709 of this subtitle, the] THE** Commission
24 shall adopt regulations regarding the transfer and expiration of **[ORECs] OWECs** created
25 by a qualified offshore wind project in excess of the **[OREC] OWEC** pricing schedule.

26 **[(d)] (C)** (1) If, within 2 years before the expiration of an **[OREC] OWEC**
27 term, a qualified offshore wind project is anticipated to receive PJM revenues greater than
28 the project operating costs for the 5 years immediately following the expiration of the term
29 of the **[OREC] OWEC** pricing schedule, the Commission may extend the term of the
30 **[OREC] OWEC** pricing schedule for an additional 5 years at an **[OREC] OWEC** price that
31 equals one-half of the sum of:

32 (i) anticipated market revenues generated by the project during the
33 additional 5-year period; and

34 (ii) anticipated project operating costs during the additional 5-year
35 period.

1 (2) If, within 2 years before the expiration of an additional 5-year term
 2 extended under paragraph (1) of this subsection, a qualified offshore wind project is
 3 anticipated to receive PJM revenues greater than the project operating costs for the 5 years
 4 immediately following the expiration of the additional 5-year term, the Commission may
 5 extend the term of the [OREC] OWEC pricing schedule for an additional 5 years at an
 6 [OREC] OWEC price that equals one-half of the sum of:

7 (i) anticipated market revenues generated by the project during the
 8 additional 5-year period; and

9 (ii) anticipated project operating costs during the additional 5-year
 10 period.

11 (3) Except as provided in paragraphs (1) and (2) of this subsection, an
 12 [OREC] OWEC transaction that takes place during an additional 5-year term is subject
 13 to the provisions and regulations applicable to the original [OREC] OWEC order.

14 [(e)] (D) A debt, obligation, or liability of a qualified offshore wind project, or an
 15 owner or operator of a qualified offshore wind project, may not be considered a debt,
 16 obligation, or liability of the State.

17 [(f)] (E) On or before July 1, 2014, the Commission shall adopt regulations to
 18 carry out this section and [§ 7-704.1] § 2 of this [subtitle] SUBHEADING.

19 SECTION 6. AND BE IT FURTHER ENACTED, That Section(s) 7-704.1 of
 20 Article – Public Utilities of the Annotated Code of Maryland, as enacted by Chapter 438 of
 21 the Acts of the General Assembly of 2017, be repealed and reenacted, with amendments,
 22 and transferred to the Session Laws, to read as follows:

23 [7-704.1.] 2.

24 (a) (1) After the effective date of Commission regulations implementing this
 25 section and [§ 7-704.2] § 3 of this [subtitle] SUBHEADING, a person may submit an
 26 application to the Commission for approval of a proposed offshore wind project.

27 (2) (i) On receipt of the application for approval of a qualified offshore
 28 wind project, the Commission shall:

29 1. open an application period when other interested persons
 30 may submit applications for approval of qualified offshore wind projects; and

31 2. provide notice that the Commission is accepting
 32 applications for approval of qualified offshore wind projects.

33 (ii) The Commission shall set the closing date for the application
 34 period to be no sooner than 90 days after the notice provided under subparagraph (i) of this

1 paragraph.

2 (3) In its discretion, the Commission may provide for additional application
3 periods.

4 (b) Unless extended by mutual consent of the parties, the Commission shall
5 approve, conditionally approve, or deny an application within 180 days after the close of
6 the application period.

7 (c) An application shall include:

8 (1) a detailed description and financial analysis of the offshore wind
9 project;

10 (2) the proposed method of financing the offshore wind project, including
11 documentation demonstrating that the applicant has applied for all current eligible State
12 and federal grants, rebates, tax credits, loan guarantees, or other programs available to
13 offset the cost of the project or provide tax advantages;

14 (3) a cost–benefit analysis that shall include at a minimum:

15 (i) a detailed input–output analysis of the impact of the offshore
16 wind project on income, employment, wages, and taxes in the State with particular
17 emphasis on in–State manufacturing employment;

18 (ii) detailed information concerning assumed employment impacts
19 in the State, including the expected duration of employment opportunities, the salary of
20 each position, and other supporting evidence of employment impacts;

21 (iii) an analysis of the anticipated environmental benefits, health
22 benefits, and environmental impacts of the offshore wind project to the citizens of the State;

23 (iv) an analysis of any impact on residential, commercial, and
24 industrial ratepayers over the life of the offshore wind project;

25 (v) an analysis of any long–term effect on energy and capacity
26 markets as a result of the proposed offshore wind project;

27 (vi) an analysis of any impact on businesses in the State; and

28 (vii) other benefits, such as increased in–State construction,
29 operations, maintenance, and equipment purchase;

30 (4) a proposed [OREC] OWEC pricing schedule for the offshore wind
31 project that shall set a price for the generation attributes, including the energy, capacity,
32 ancillary services, and environmental attributes;

1 (5) a decommissioning plan for the project, including provisions for
2 decommissioning as required by the United States Department of the Interior;

3 (6) a commitment to:

4 (i) abide by the requirements set forth in subsection (e) of this
5 section; and

6 (ii) deposit at least \$6,000,000, in the manner required under
7 subsection (g) of this section, into the Maryland Offshore Wind Business Development Fund
8 established under § 9–20C–03 of the State Government Article;

9 (7) a description of the applicant’s plan for engaging small businesses, as
10 defined in § 14–501 of the State Finance and Procurement Article;

11 (8) a commitment that the applicant will:

12 (i) use best efforts to apply for all eligible State and federal grants,
13 rebates, tax credits, loan guarantees, or other similar benefits as those benefits become
14 available; and

15 (ii) pass along to ratepayers, without the need for any subsequent
16 Commission approval, 80% of the value of any state or federal grants, rebates, tax credits,
17 loan guarantees, or other similar benefits received by the project and not included in the
18 application; and

19 (9) any other information the Commission requires.

20 (d) (1) The Commission shall use the following criteria to evaluate and
21 compare proposed offshore wind projects:

22 (i) lowest cost impact on ratepayers of the price set under a proposed
23 [OREC] OWEC pricing schedule;

24 (ii) potential reductions in transmission congestion prices within the
25 State;

26 (iii) potential changes in capacity prices within the State;

27 (iv) potential reductions in locational marginal pricing;

28 (v) potential long-term changes in capacity prices within the State
29 from the offshore wind project as it compares to conventional energy sources;

30 (vi) the extent to which the cost-benefit analysis submitted under
31 subsection (c)(3) of this section demonstrates positive net economic, environmental, and
32 health benefits to the State;

1 (vii) the extent to which an applicant's plan for engaging small
2 businesses meets the goals specified in Title 14, Subtitle 5 of the State Finance and
3 Procurement Article;

4 (viii) the extent to which an applicant's plan provides for the use of
5 skilled labor, particularly with regard to the construction and manufacturing components
6 of the project, through outreach, hiring, or referral systems that are affiliated with
7 registered apprenticeship programs under Title 11, Subtitle 4 of the Labor and
8 Employment Article;

9 (ix) the extent to which an applicant's plan provides for the use of an
10 agreement designed to ensure the use of skilled labor and to promote the prompt, efficient,
11 and safe completion of the project, particularly with regard to the construction,
12 manufacturing, and maintenance of the project;

13 (x) the extent to which an applicant's plan provides for
14 compensation to its employees and subcontractors consistent with wages outlined under §§
15 17–201 through 17–228 of the State Finance and Procurement Article;

16 (xi) siting and project feasibility;

17 (xii) the extent to which the proposed offshore wind project would
18 require transmission or distribution infrastructure improvements in the State;

19 (xiii) estimated ability to assist in meeting the renewable energy
20 portfolio standard under [§ 7–703 of this subtitle] **§ 7–702 OF THE PUBLIC UTILITIES**
21 **ARTICLE**; and

22 (xiv) any other criteria that the Commission determines to be
23 appropriate.

24 (2) In evaluating and comparing an applicant's proposed offshore wind
25 project under paragraph (1) of this subsection, the Commission shall contract for the
26 services of independent consultants and experts.

27 (3) The Commission shall verify that representatives of the United States
28 Department of Defense and the maritime industry have had the opportunity, through the
29 federal leasing process, to express concerns regarding project siting.

30 (4) (i) In this paragraph, "minority" means an individual who is a
31 member of any of the groups listed in § 14–301(k)(1)(i) of the State Finance and
32 Procurement Article.

33 (ii) If an applicant is seeking investors in a proposed offshore wind
34 project, it shall take the following steps before the Commission may approve the proposed
35 project:

1 1. make serious, good–faith efforts to solicit and interview a
2 reasonable number of minority investors;

3 2. as part of the application, submit a statement to the
4 Commission that lists the names and addresses of all minority investors interviewed and
5 whether or not any of those investors have purchased an equity share in the entity
6 submitting an application; and

7 3. as a condition to the Commission’s approval of the offshore
8 wind project, sign a memorandum of understanding with the Commission that requires the
9 applicant to again make serious, good–faith efforts to interview minority investors in any
10 future attempts to raise venture capital or attract new investors to the offshore wind
11 project.

12 (iii) The Governor’s Office of Small, Minority, and Women Business
13 Affairs, in consultation with the Office of the Attorney General, shall provide assistance to
14 all potential applicants and potential minority investors to satisfy the requirements under
15 subparagraph (ii)1 and 3 of this paragraph.

16 (e) (1) The Commission may not approve an applicant’s proposed offshore
17 wind project unless:

18 (i) the proposed offshore wind project demonstrates positive net
19 economic, environmental, and health benefits to the State, based on the criteria specified
20 in subsection (c)(3) of this section;

21 (ii) the projected net rate impact for an average residential
22 customer, based on annual consumption of 12,000 kilowatt–hours, combined with the
23 projected net rate impact of other qualified offshore wind projects, does not exceed \$1.50
24 per month in 2012 dollars, over the duration of the proposed [OREC] OWEC pricing
25 schedule;

26 (iii) the projected net rate impact for all nonresidential customers
27 considered as a blended average, combined with the projected net rate impact of other
28 qualified offshore wind projects, does not exceed 1.5% of nonresidential customers’ total
29 annual electric bills, over the duration of the proposed [OREC] OWEC pricing schedule;
30 and

31 (iv) the price set in the proposed [OREC] OWEC price schedule does
32 not exceed \$190 per megawatt–hour in 2012 dollars.

33 (2) (i) When calculating the net benefits to the State under paragraph
34 (1)(i) of this subsection, the Commission shall contract for the services of independent
35 consultants and experts.

36 (ii) When calculating the projected net average rate impacts under

1 paragraph (1)(ii) and (iii) of this subsection, the Commission shall apply the same net
2 **[OREC] OWEC** cost per megawatt–hour to residential and nonresidential customers.

3 (f) (1) An order the Commission issues approving a proposed offshore wind
4 project shall:

5 (i) specify the **[OREC] OWEC** price schedule, which may not
6 authorize an OREC price greater than \$190 per megawatt–hour in 2012 dollars;

7 (ii) specify the duration of the **[OREC] OWEC** pricing schedule, not
8 to exceed 20 years;

9 (iii) specify the number of **[ORECs] OWECs** the offshore wind
10 project may sell each year;

11 (iv) provide that:

12 1. a payment may not be made for an **[OREC] OWEC** until
13 electricity supply is generated by the offshore wind project; and

14 2. ratepayers, purchasers of **[ORECs] OWECs**, and the
15 State shall be held harmless for any cost overruns associated with the offshore wind project;
16 and

17 (v) require that any debt instrument issued in connection with a
18 qualified offshore wind project include language specifying that the debt instrument does
19 not establish a debt, obligation, or liability of the State.

20 (2) An order approving a proposed offshore wind project vests the owner of
21 the qualified offshore wind project with the right to receive payments for **[ORECs] OWECs**
22 according to the terms in the order.

23 (g) (1) Within 60 days after the Commission approves the application of a
24 proposed offshore wind project, the qualified offshore wind project shall deposit \$2,000,000
25 into the Maryland Offshore Wind Business Development Fund established under §
26 9–20C–03 of the State Government Article.

27 (2) Within 1 year after the initial deposit under paragraph (1) of this
28 subsection, the qualified offshore wind project shall deposit an additional \$2,000,000 into
29 the Maryland Offshore Wind Business Development Fund.

30 (3) Within 2 years after the initial deposit under paragraph (1) of this
31 subsection, the qualified offshore wind project shall deposit an additional \$2,000,000 into
32 the Maryland Offshore Wind Business Development Fund.

33 SECTION 7. AND BE IT FURTHER ENACTED, That Section(s) 7–706(a)(2) of

1 Article – Public Utilities of the Annotated Code of Maryland be repealed and reenacted,
2 with amendments, and transferred to the Session Laws, to read as follows:

3 **Full-Service Agreement Compliance Costs for Public Service Commission Order**
4 **No. 78710, Case No. 8908**

5 [7-706.] 1.

6 [(a) (2)] In accordance with the Phase II settlement agreement approved by the
7 Commission in Order No. 78710 in Case No. 8908 on September 30, 2003, for any
8 full-service agreement executed before the renewable energy standard under [this subtitle]
9 **TITLE 7, SUBTITLE 7 OF THE PUBLIC UTILITIES ARTICLE** applies to an electric
10 company, the electric company and its wholesale electricity suppliers may pass through
11 their commercially reasonable additional costs, if any, associated with complying with the
12 standard, through the end of the year of standard offer service in which the requirement
13 took effect.

14 SECTION 8. AND BE IT FURTHER ENACTED, That, on or before July 1, 2019, the
15 Public Service Commission, in consultation with the Department of Natural Resources,
16 shall adopt regulations to carry out Title 3, Subtitle 11 of the Natural Resources Article, as
17 enacted by Section 4 of this Act. The regulations may not take effect before January 1, 2020.

18 SECTION 9. AND BE IT FURTHER ENACTED, That a presently existing obligation
19 or contract right may not be impaired in any way by this Act.

20 SECTION 10. AND BE IT FURTHER ENACTED, That the publisher of the
21 Annotated Code of Maryland, in consultation with and subject to the approval of the
22 Department of Legislative Services, shall correct, with no further action required by the
23 General Assembly, cross-references and terminology rendered incorrect by this Act or by
24 any other Act of the General Assembly of 2018 that affects provisions enacted by this Act.
25 The publisher shall adequately describe any correction that is made in an editor's note
26 following the section affected.

27 SECTION 11. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall
28 take effect January 1, 2019.

29 SECTION 12. AND BE IT FURTHER ENACTED, That Sections 4, 5, and 6 of this
30 Act shall take effect January 1, 2020.

31 SECTION 13. AND BE IT FURTHER ENACTED, That, subject to Sections 11 and
32 12 of this Act, this Act shall take effect October 1, 2018.