

SENATE BILL 391

C5

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CF 8lr0933

By: **Senators Feldman, Benson, Brochin, Conway, Currie, DeGrange, Ferguson, Guzzone, Kagan, King, Klausmeier, Lee, Madaleno, Mathias, McFadden, Nathan-Pulliam, Oaks, Peters, Pinsky, Ramirez, Rosapepe, Smith, Young, and Zucker**

Introduced and read first time: January 25, 2018

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Electric Companies – Renewable Energy Portfolio Standard Requirements –**
3 **Standard Offer Service**

4 FOR the purpose of requiring an electric company to contract for certain renewable energy
5 credits and electricity generated from certain Tier 1 renewable sources to meet a
6 certain portion of the renewable energy portfolio standard for electricity that the
7 electric company provides to certain customers beginning on a certain date; requiring
8 an electric company to solicit bids for a certain contract from certain renewable
9 energy facilities; requiring an electric company to use a competitive procurement
10 process to award a certain contract; requiring that a term for a certain contract be
11 for a certain minimum and maximum duration; requiring an electric company to
12 submit a certain contract to the Public Service Commission for review and approval
13 before awarding the contract; requiring the Commission to approve a certain
14 contract under certain circumstances; requiring an awarded contract to be subject to
15 the Commission's regulatory authority; requiring the Commission to adopt certain
16 regulations on or before a certain date; providing for the application of this Act; and
17 generally relating to the renewable energy portfolio standard.

18 BY repealing and reenacting, without amendments,
19 Article – Public Utilities
20 Section 7–701(a) and (r)
21 Annotated Code of Maryland
22 (2010 Replacement Volume and 2017 Supplement)

23 BY adding to
24 Article – Public Utilities
25 Section 7–703.1
26 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2010 Replacement Volume and 2017 Supplement)

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

Article – Public Utilities

7–701.

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

(r) “Tier 1 renewable source” means one or more of the following types of energy sources:

(1) solar energy, including energy from photovoltaic technologies and solar water heating systems;

(2) wind;

(3) qualifying biomass;

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

(5) geothermal, including energy generated through geothermal exchange from or thermal energy avoided by, groundwater or a shallow ground source;

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

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

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

(9) poultry litter–to–energy;

(10) waste–to–energy;

(11) refuse–derived fuel; and

(12) thermal energy from a thermal biomass system.

7–703.1.

(A) THIS SECTION DOES NOT APPLY TO AN ELECTRIC COOPERATIVE THAT

1 CHOOSES TO CONTINUE TO SUPPLY ITS STANDARD OFFER SERVICE LOAD THROUGH
2 A PORTFOLIO OF BLENDED WHOLESALE SUPPLY CONTRACTS AND OTHER
3 APPROPRIATE ELECTRICITY PRODUCTS AND STRATEGIES IN ACCORDANCE WITH §
4 7-510(C)(8) OF THIS TITLE.

5 (B) NOTWITHSTANDING § 7-510 OF THIS TITLE OR ANY REGULATION OR
6 ORDER UNDER THIS TITLE, BEGINNING IN 2021, AN ELECTRIC COMPANY SHALL
7 CONTRACT FOR RENEWABLE ENERGY CREDITS AND ELECTRICITY GENERATED
8 FROM ENERGY FROM A TIER 1 RENEWABLE SOURCE UNDER § 7-701(R)(1), (2), (5),
9 (6), OR (8) OF THIS SUBTITLE TO MEET A PORTION OF THE ELECTRIC COMPANY'S
10 RENEWABLE ENERGY PORTFOLIO STANDARD IN ACCORDANCE WITH SUBSECTIONS
11 (C) AND (D) OF THIS SECTION.

12 (C) (1) AN ELECTRIC COMPANY SHALL:

13 (I) SOLICIT BIDS FOR A CONTRACT UNDER SUBSECTION (B) OF
14 THIS SECTION FROM RENEWABLE ENERGY FACILITIES THAT WILL BE PLACED INTO
15 SERVICE WITHIN 3 YEARS AFTER THE DATE OF THE SOLICITATION; AND

16 (II) USE A COMPETITIVE PROCUREMENT PROCESS TO AWARD
17 THE CONTRACT.

18 (2) THE TERM OF A CONTRACT UNDER SUBSECTION (B) OF THIS
19 SECTION SHALL BE FOR AT LEAST 10 YEARS AND NOT MORE THAN 20 YEARS.

20 (3) (I) BEFORE AWARDING A CONTRACT UNDER THIS SUBSECTION,
21 THE ELECTRIC COMPANY SHALL:

22 1. SUBMIT THE CONTRACT TO THE COMMISSION FOR
23 REVIEW; AND

24 2. RECEIVE THE COMMISSION'S APPROVAL OF THE
25 CONTRACT, AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH.

26 (II) IF THE COMMISSION DETERMINES THAT THE CONTRACT
27 SUBMITTED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH IS COST-EFFECTIVE AS
28 COMPARED TO THE LONG-TERM PROJECTION OF RENEWABLE ENERGY COSTS, THE
29 COMMISSION SHALL APPROVE THE CONTRACT.

30 (4) A CONTRACT AWARDED UNDER THIS SECTION IS SUBJECT TO THE
31 COMMISSION'S REGULATORY AUTHORITY.

32 (D) BEGINNING IN 2021, THE RENEWABLE ENERGY CREDITS AND

1 ELECTRICITY CONTRACTED FOR UNDER SUBSECTION (B) OF THIS SECTION SHALL
2 BE USED TO MEET AT LEAST 25% OF THAT YEAR'S RENEWABLE PORTFOLIO
3 STANDARD FOR THE ELECTRICITY THAT THE ELECTRIC COMPANY PROVIDES TO
4 CUSTOMERS OF THE ELECTRIC COMPANY'S STANDARD OFFER SERVICE.

5 (E) ON OR BEFORE MARCH 31, 2019, THE COMMISSION SHALL ADOPT
6 REGULATIONS TO CARRY OUT THIS SECTION.

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

10 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 October 1, 2018.