

SENATE BILL 603

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By: **Senator Edwards**

Introduced and read first time: January 31, 2018

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Electricity – Renewable Energy Portfolio Standards – Sources**

3 FOR the purpose of requiring that a certain portion of the renewable energy credits used
4 to satisfy a certain portion of the renewable energy portfolio standard in certain
5 years must be created by a source that is located in the State; providing that an
6 electricity supplier may use certain credits to meet the standard under certain
7 circumstances; providing for the application of this Act; and generally relating to the
8 renewable energy portfolio standard.

9 BY repealing and reenacting, without amendments,
10 Article – Public Utilities
11 Section 7–701(a), (n), (o), and (r) and 7–703(b)
12 Annotated Code of Maryland
13 (2010 Replacement Volume and 2017 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article – Public Utilities
16 Section 7–704(a) and 7–709
17 Annotated Code of Maryland
18 (2010 Replacement Volume and 2017 Supplement)

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

21 **Article – Public Utilities**

22 7–701.

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

24 (n) “Renewable energy credit” or “credit” means a credit equal to the generation

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 attributes of 1 megawatt–hour of electricity that is derived from a Tier 1 renewable source
2 or a Tier 2 renewable source that is located:

3 (1) in the PJM region;

4 (2) outside the area described in item (1) of this subsection but in a control
5 area that is adjacent to the PJM region, if the electricity is delivered into the PJM region;
6 or

7 (3) on the outer continental shelf of the Atlantic Ocean in an area that:

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

11 (ii) is between 10 and 30 miles off the coast of the State.

12 (o) “Renewable energy portfolio standard” or “standard” means the percentage of
13 electricity sales at retail in the State that is to be derived from Tier 1 renewable sources
14 and Tier 2 renewable sources in accordance with § 7–703(b) of this subtitle.

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

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

19 (2) wind;

20 (3) qualifying biomass;

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

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

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

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

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

31 (9) poultry litter–to–energy;

1 (10) waste-to-energy;

2 (11) refuse-derived fuel; and

3 (12) thermal energy from a thermal biomass system.

4 7-703.

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

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

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

10 (3) in 2008, 2.005% from Tier 1 renewable sources, including at least
11 0.005% derived from solar energy, and 2.5% from Tier 2 renewable sources;

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

14 (5) in 2010, 3.025% from Tier 1 renewable sources, including at least
15 0.025% derived from solar energy, and 2.5% from Tier 2 renewable sources;

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

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

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

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

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

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

28 (12) in 2017:

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

- 1 1. at least 1.15% derived from solar energy; and
- 2 2. an amount set by the Commission under § 7-704.2(a) of
3 this subtitle, not to exceed 2.5%, derived from offshore wind energy; and
- 4 (ii) 2.5% from Tier 2 renewable sources;
- 5 (13) in 2018:
 - 6 (i) 15.8% from Tier 1 renewable sources, including:
 - 7 1. at least 1.5% derived from solar energy; and
 - 8 2. an amount set by the Commission under § 7-704.2(a) of
9 this subtitle, not to exceed 2.5%, derived from offshore wind energy; and
 - 10 (ii) 2.5% from Tier 2 renewable sources;
- 11 (14) in 2019, 20.4% from Tier 1 renewable sources, including:
 - 12 (i) at least 1.95% derived from solar energy; and
 - 13 (ii) an amount set by the Commission under § 7-704.2(a) of this
14 subtitle, not to exceed 2.5%, derived from offshore wind energy; and
- 15 (15) in 2020 and later, 25% from Tier 1 renewable sources, including:
 - 16 (i) at least 2.5% derived from solar energy; and
 - 17 (ii) an amount set by the Commission under § 7-704.2(a) of this
18 subtitle, not to exceed 2.5%, derived from offshore wind energy.
- 19 7-704.
 - 20 (a) (1) Energy from a Tier 1 renewable source:
 - 21 (i) is eligible for inclusion in meeting the renewable energy portfolio
22 standard regardless of when the generating system or facility was placed in service; and
 - 23 (ii) may be applied to the percentage requirements of the standard
24 for either Tier 1 renewable sources or Tier 2 renewable sources.
 - 25 (2) (i) Energy from a Tier 1 renewable source under § 7-701(r)(1), (5),
26 (9), (10), or (11) of this subtitle is eligible for inclusion in meeting the renewable energy
27 portfolio standard only if the source is connected with the electric distribution grid serving
28 Maryland.

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

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

9 (4) Energy from a Tier 2 renewable source under § 7-701(s) of this subtitle
10 is eligible for inclusion in meeting the renewable energy portfolio standard through 2018 if
11 it is generated at a system or facility that existed and was operational as of January 1,
12 2004, even if the facility or system was not capable of generating electricity on that date.

13 **(5) IN ANY YEAR THAT THE TIER 1 RENEWABLE SOURCE PERCENTAGE**
14 **UNDER § 7-703(B) OF THIS SUBTITLE EXCEEDS 25%, AT LEAST 51% OF THE CREDITS**
15 **REQUIRED TO SATISFY THE STANDARD ABOVE 25% MUST BE CREATED BY A SOURCE**
16 **THAT IS LOCATED IN MARYLAND.**

17 7-709.

18 (a) **[An] SUBJECT TO § 7-704 OF THIS SUBTITLE, AN** electricity supplier may
19 use accumulated renewable energy credits to meet the renewable energy portfolio standard,
20 including credits created by a renewable on-site generator.

21 (b) A renewable energy credit may be sold or otherwise transferred.

22 (c) (1) (i) If an electricity supplier purchases solar renewable energy
23 credits directly from a renewable on-site generator with a capacity that exceeds 10
24 kilowatts to meet the solar component of the Tier 1 renewable energy portfolio standard,
25 the duration of the contract term for the solar renewable energy credits may not be less
26 than 15 years.

27 (ii) The minimum required term under subparagraph (i) of this
28 paragraph does not affect the ability of the parties to negotiate a price for a solar renewable
29 energy credit that varies over time in any manner.

30 (2) (i) An electricity supplier that purchases solar renewable energy
31 credits from a renewable on-site generator with a capacity not exceeding 10 kilowatts shall
32 purchase the credits with a single initial payment representing the full estimated
33 production of the system for the life of the contract.

34 (ii) The Commission shall:

1 1. develop a method for estimating annual production from
2 the type of system described in subparagraph (i) of this paragraph and allocating the credits
3 to the electricity supplier in a manner that is consistent with the duration of the contract;
4 and

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

7 (d) (1) Except as authorized under paragraph (2) of this subsection, a
8 renewable energy credit shall exist for 3 years from the date created.

9 (2) A renewable energy credit may be diminished or extinguished before
10 the expiration of 3 years by:

11 (i) the electricity supplier that received the credit;

12 (ii) a nonaffiliated entity of the electricity supplier:

13 1. that purchased the credit from the electricity supplier
14 receiving the credit; or

15 2. to whom the electricity supplier otherwise transferred the
16 credit; or

17 (iii) demonstrated noncompliance by the generating facility with the
18 requirements of § 7-704(f) of this subtitle.

19 (e) Notwithstanding subsection (d)(2)(iii) of this section, and only if the
20 demonstrated noncompliance does not result in environmental degradation, an electricity
21 supplier that reasonably includes in its annual report under § 7-705 of this subtitle a
22 renewable energy credit that is extinguished for noncompliance with § 7-704(f)(1) or (2) of
23 this subtitle:

24 (1) may continue to rely on that credit for that year; but

25 (2) for later years must:

26 (i) demonstrate a return to compliance of the generating facility
27 under § 7-704(f) of this subtitle; or

28 (ii) replace the credit with a renewable energy credit from another
29 source.

30 (f) The Commission by regulation shall establish requirements for
31 documentation and verification of renewable energy credits by licensed electricity suppliers
32 and other generators that create and receive credits for compliance with the standards for
33 Tier 1 renewable sources and Tier 2 renewable sources.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to
2 apply to any increase in the percentage of Tier 1 renewable sources required to meet the
3 renewable energy portfolio standard under § 7-703 of the Public Utilities Article that is
4 enacted or applied on or after the effective date of this Act.

5 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
6 1, 2018.