

# SENATE BILL 516

M5, C5, C8  
SB 732/18 – FIN

9lr1721  
CF 9lr2730

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By: **Senators Feldman, Beidle, Benson, Carter, Elfreth, Ellis, Ferguson, Griffith, Guzzone, Hester, Kagan, Kelley, King, Kramer, Lam, Lee, Nathan-Pulliam, Patterson, Peters, Pinsky, Rosapepe, Smith, Waldstreicher, Washington, Young, Zirkin, and Zucker**

Introduced and read first time: February 4, 2019

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Clean Energy Jobs**

3 FOR the purpose of requiring the Small, Minority, and Women–Owned Businesses Account  
4 to receive certain money from the Strategic Energy Investment Fund; exempting  
5 certain money received by the Small, Minority, and Women–Owned Businesses  
6 Account from the requirement to ensure that at least a certain percentage of grants  
7 be allocated within certain jurisdictions and communities; requiring the Department  
8 of Commerce to make certain grants to certain eligible fund managers for certain  
9 purposes; authorizing eligible fund managers to use and to retain certain money for  
10 certain purposes, including certain investments, loans, compensation, and interest;  
11 establishing the Clean Energy Workforce Account in the Maryland Employment  
12 Advancement Right Now Program; providing for the funding of the Account;  
13 requiring the Account to be used to support a certain workforce development  
14 program with certain requirements; requiring the Department of Labor, Licensing,  
15 and Regulation to include certain information about the Account in a certain annual  
16 report; establishing certain criteria for qualified offshore wind projects applied for  
17 on or after a certain date; altering and extending the minimum required percentage  
18 of energy that must be derived from Tier 1 renewable sources in the State’s  
19 renewable energy portfolio standard in certain years; altering and extending the  
20 minimum required percentage of Tier 1 renewable energy that must be derived from  
21 solar energy in the State’s renewable energy portfolio standard in certain years;  
22 altering and extending the minimum required percentage of Tier 1 renewable energy  
23 that must be derived from offshore wind energy in the State’s renewable energy  
24 portfolio standard in certain years and certain energy sources required in those  
25 years; requiring the Public Service Commission to provide certain additional  
26 application periods for consideration of Round 2 offshore wind projects; establishing  
27 certain criteria for the Commission to consider with respect to approval of an  
28 application for a Round 2 offshore wind project, including limits on certain rate

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 impacts measured in certain dollars; requiring the Commission to approve certain  
2 applications for a Round 2 offshore wind project under certain circumstances and  
3 conditions; requiring the Commission to approve orders representing a certain  
4 minimum nameplate capacity of Round 2 offshore wind project applications under  
5 certain circumstances; altering the compliance fee for an electricity supplier that  
6 fails to comply with certain renewable energy portfolio standards for certain years;  
7 establishing certain compliance fees for an electricity supplier that fails to comply  
8 with certain renewable energy portfolio standards for certain years; requiring the  
9 Power Plant Research Program to conduct a supplemental study on the renewable  
10 energy portfolio standard and certain related matters; altering the scope of a certain  
11 study and providing for the scope of the supplemental study; providing certain  
12 specific subjects that the supplemental study must address; requiring the Program  
13 to report to the Governor and the General Assembly on or before certain dates;  
14 authorizing the Maryland Energy Administration to use the Strategic Energy  
15 Investment Fund for certain purposes; requiring certain loans or grants from the  
16 Fund to comply with certain provisions; authorizing the use of certain funds from  
17 the Fund by eligible fund managers for certain purposes; requiring at least a certain  
18 number of workers participating in a certain project or program to reside within a  
19 certain area with respect to the project or program; removing certain forms of energy  
20 from the definition of a Tier 1 renewable source after a certain date; providing that  
21 energy derived from certain forms of energy is not eligible for inclusion in meeting  
22 the renewable energy portfolio standard after a certain date; stating and amending  
23 the intent of the General Assembly concerning certain matters; defining certain  
24 terms and altering certain definitions; making conforming and clarifying changes;  
25 altering the termination date of a certain Act; providing that existing obligations or  
26 contract rights may not be impaired by this Act; making the provisions of this Act  
27 severable; providing for a delayed effective date for certain provisions of this Act; and  
28 generally relating to the renewable energy portfolio standard and economic  
29 development.

30 BY repealing and reenacting, without amendments,

31 Article – Economic Development

32 Section 5–1501(a)

33 Annotated Code of Maryland

34 (2018 Replacement Volume)

35 BY repealing and reenacting, with amendments,

36 Article – Economic Development

37 Section 5–1501(b) through (d) and (g)

38 Annotated Code of Maryland

39 (2018 Replacement Volume)

40 BY adding to

41 Article – Economic Development

42 Section 5–1501(g)

43 Annotated Code of Maryland

44 (2018 Replacement Volume)

- 1 BY adding to  
2 Article – Labor and Employment  
3 Section 11–708.1  
4 Annotated Code of Maryland  
5 (2016 Replacement Volume and 2018 Supplement)
- 6 BY repealing and reenacting, with amendments,  
7 Article – Labor and Employment  
8 Section 11–709  
9 Annotated Code of Maryland  
10 (2016 Replacement Volume and 2018 Supplement)
- 11 BY repealing and reenacting, without amendments,  
12 Article – Public Utilities  
13 Section 7–701(a) and (h)  
14 Annotated Code of Maryland  
15 (2010 Replacement Volume and 2018 Supplement)
- 16 BY repealing and reenacting, with amendments,  
17 Article – Public Utilities  
18 Section 7–701(k), (n), and (r), 7–702, 7–703, 7–704(a)(2), 7–704.1, 7–704.2(a)(1) and  
19 (c)(1), 7–705(b), and 7–714  
20 Annotated Code of Maryland  
21 (2010 Replacement Volume and 2018 Supplement)
- 22 BY adding to  
23 Article – Public Utilities  
24 Section 7–701(p–1) and (p–2)  
25 Annotated Code of Maryland  
26 (2010 Replacement Volume and 2018 Supplement)
- 27 BY repealing and reenacting, without amendments,  
28 Article – State Government  
29 Section 9–20B–01(a) and (d) and 9–20B–05(a)  
30 Annotated Code of Maryland  
31 (2014 Replacement Volume and 2018 Supplement)
- 32 BY repealing and reenacting, with amendments,  
33 Article – State Government  
34 Section 9–20B–05(f) and (i)  
35 Annotated Code of Maryland  
36 (2014 Replacement Volume and 2018 Supplement)
- 37 BY repealing  
38 Article – State Government  
39 Section 9–20B–05(f–1)

1 Annotated Code of Maryland  
2 (2014 Replacement Volume and 2018 Supplement)

3 BY adding to  
4 Article – State Government  
5 Section 9–20B–05(f–1) and (m)  
6 Annotated Code of Maryland  
7 (2014 Replacement Volume and 2018 Supplement)

8 BY repealing and reenacting, with amendments,  
9 Chapter 393 of the Acts of the General Assembly of 2017  
10 Section 2

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

13 **Article – Economic Development**

14 5–1501.

15 (a) There is a Small, Minority, and Women–Owned Businesses Account under the  
16 authority of the Department.

17 (b) (1) (i) The Account shall receive money as required under § 9–1A–27 of  
18 the State Government Article.

19 (ii) The Account [may] **SHALL** receive money from the Strategic  
20 Energy Investment Fund **AS REQUIRED** under § 9–20B–05 of the State Government  
21 Article.

22 (2) Money in the Account shall be invested and reinvested by the Treasurer  
23 and interest and earnings shall accrue to the Account.

24 (3) The Comptroller shall:

25 (i) account for the Account; and

26 (ii) on a properly approved transmittal prepared by the Department,  
27 issue a warrant to pay out money from the Account in the manner provided under this  
28 section.

29 (4) The Account is a special, nonlapsing fund that is not subject to § 7–302  
30 of the State Finance and Procurement Article.

31 (5) Expenditures from the Account shall only be made on a properly  
32 approved transmittal prepared by the Department as provided under subsection (c) of this  
33 section.

1 (c) (1) In this subsection, “eligible fund manager”:

2 (I) means an entity that has significant financial or investment  
3 experience, under criteria developed by the Department; AND

4 (II) INCLUDES AN ENTITY THAT THE DEPARTMENT DESIGNATES  
5 TO MANAGE FUNDS RECEIVED UNDER SUBSECTION (B)(1)(I) OF THIS SECTION.

6 (2) Subject to the provisions of paragraph (3) of this subsection, the  
7 Department shall make grants to eligible fund managers to provide investment capital and  
8 loans to small, minority, and women–owned businesses in the State.

9 (3) [The] EXCEPT FOR MONEY RECEIVED FROM THE STRATEGIC  
10 ENERGY INVESTMENT FUND, THE Department shall ensure that eligible fund managers  
11 allocate at least 50% of the funds from this Account to small, minority, and women–owned  
12 businesses in the jurisdictions and communities surrounding a video lottery facility.

13 (d) (1) Any money received from the Strategic Energy Investment Fund shall  
14 be used to benefit small, minority, [and] women–owned, AND VETERAN–OWNED  
15 businesses in the clean energy industry in the State.

16 (2) THE DEPARTMENT SHALL MAKE GRANTS TO ELIGIBLE FUND  
17 MANAGERS TO PROVIDE INVESTMENT CAPITAL, INCLUDING DIRECT EQUITY  
18 INVESTMENTS AND SIMILAR INVESTMENTS AND LOANS TO SMALL, MINORITY,  
19 WOMEN–OWNED, AND VETERAN–OWNED BUSINESSES IN THE CLEAN ENERGY  
20 INDUSTRY IN THE STATE.

21 (G) (1) SUBJECT TO PARAGRAPHS (2) THROUGH (4) OF THIS  
22 SUBSECTION, AN ELIGIBLE FUND MANAGER MAY USE MONEY FROM A GRANT  
23 RECEIVED UNDER SUBSECTION (D)(1) OF THIS SECTION TO PAY EXPENSES FOR  
24 ADMINISTRATIVE, ACTUARIAL, LEGAL, MARKETING, AND TECHNICAL SERVICES AND  
25 MANAGEMENT FEES.

26 (2) THE DEPARTMENT SHALL:

27 (I) MAINTAIN ALL MONEY RECEIVED FROM THE STRATEGIC  
28 ENERGY INVESTMENT FUND IN A SINGLE ACCOUNT; AND

29 (II) MAKE GRANT ALLOCATIONS TO AN ELIGIBLE FUND  
30 MANAGER AS THE MANAGER ADVISES THE DEPARTMENT THAT THE MANAGER HAS  
31 APPROVED AND PREPARED TO FUND AN INVESTMENT OR A LOAN.

32 (3) ANY ALLOCATION THAT THE DEPARTMENT MAKES TO AN

1 ELIGIBLE FUND MANAGER FROM THE STRATEGIC ENERGY INVESTMENT FUND  
2 SHALL INCLUDE:

3 (I) THE AMOUNT OF THE INVESTMENT OR LOAN; AND

4 (II) AN ADDITIONAL 20% OF THE TOTAL INVESTMENT OR LOAN  
5 COMMITMENT AMOUNT AS A MANAGEMENT FEE FOR THE BENEFIT AND  
6 COMPENSATION OF THE ELIGIBLE FUND MANAGER.

7 (4) AN ELIGIBLE FUND MANAGER THAT RECEIVES AN ALLOCATION  
8 FROM THE STRATEGIC ENERGY INVESTMENT FUND SHALL RETAIN FOR THE  
9 MANAGER'S BENEFIT:

10 (I) ALL MANAGEMENT FEES PAID BY THE DEPARTMENT; AND

11 (II) ALL INTEREST EARNED FROM A LOAN MADE BY THE  
12 ELIGIBLE FUND MANAGER UNDER THIS SUBSECTION.

13 [(g)] (H) The Legislative Auditor shall audit the utilization of the funds that are  
14 allocated to small, minority, and women-owned businesses by eligible fund managers  
15 under subsection (c)(3) of this section during an audit of the applicable State unit as  
16 provided in § 2-1220 of the State Government Article.

### 17 Article – Labor and Employment

18 11-708.1.

19 (A) THERE IS A CLEAN ENERGY WORKFORCE ACCOUNT.

20 (B) THE ACCOUNT SHALL BE FUNDED FROM THE STRATEGIC ENERGY  
21 INVESTMENT FUND IN ACCORDANCE WITH § 9-20B-05(F)(10) AND (I) OF THE STATE  
22 GOVERNMENT ARTICLE.

23 (C) (1) THE ACCOUNT SHALL BE USED TO SUPPORT A WORKFORCE  
24 DEVELOPMENT PROGRAM THAT PROVIDES PRE-APPRENTICESHIP JOBS TRAINING  
25 IN ACCORDANCE WITH THIS SUBSECTION.

26 (2) THE PROGRAM MUST:

27 (I) BE DESIGNED TO PREPARE INDIVIDUALS TO ENTER AND  
28 SUCCEED IN AN APPRENTICESHIP PROGRAM REGISTERED BY THE MARYLAND  
29 APPRENTICESHIP AND TRAINING COUNCIL; AND

30 (II) INCLUDE:

1                   **1. TRAINING AND CURRICULUM THAT PREPARES**  
2 **INDIVIDUALS WITH THE SKILLS AND COMPETENCIES TO ENTER ONE OR MORE**  
3 **STATE-REGISTERED APPRENTICESHIP PROGRAMS THAT PREPARE WORKERS FOR**  
4 **CAREERS IN THE CLEAN ENERGY INDUSTRY;**

5                   **2. A DOCUMENTED STRATEGY FOR INCREASING**  
6 **APPRENTICESHIP OPPORTUNITIES FOR UNEMPLOYED AND UNDEREMPLOYED**  
7 **INDIVIDUALS; AND**

8                   **3. RIGOROUS PERFORMANCE AND EVALUATION**  
9 **METHODS TO ENSURE PROGRAM EFFECTIVENESS AND IMPROVEMENT.**

10                   **(3) ELIGIBLE CLEAN ENERGY INDUSTRY JOBS INCLUDE POSITIONS**  
11 **IN:**

12                   **(I) RENEWABLE ENERGY;**

13                   **(II) ENERGY EFFICIENCY;**

14                   **(III) ENERGY STORAGE;**

15                   **(IV) RESOURCE CONSERVATION; AND**

16                   **(V) ADVANCED TRANSPORTATION.**

17 11-709.

18                   (a) On or before December 31 of each year, the Department shall report to the  
19 Governor and, in accordance with § 2-1246 of the State Government Article, to the Senate  
20 Finance Committee and the House Economic Matters Committee on the Maryland EARN  
21 Program.

22                   (b) The report required under subsection (a) of this section shall include:

23                   (1) an identification of training needs statewide, including industries in  
24 urgent need of qualified workers;

25                   (2) information on measures being used to track the success and  
26 accountability of the Maryland EARN Program, including use of the StateStat  
27 accountability process under § 3-1003(b) of the State Finance and Procurement Article;

28                   (3) (i) a description of each strategic industry partnership receiving  
29 grant funding and the status of the partnership; and

1 (ii) the jurisdiction of the State in which each strategic industry  
2 partnership is located;

3 (4) the number of individuals:

4 (i) by sex, race, national origin, income, county of residence, and  
5 educational attainment, participating in each component of the Maryland EARN Program;  
6 and

7 (ii) participating in the Maryland EARN Program who, as a result of  
8 the Program, have obtained:

- 9 1. a credential or an identifiable skill;
- 10 2. a new employment position;
- 11 3. a title promotion; or
- 12 4. a wage promotion; [and]

13 (5) an assessment of whether and to what extent the approved strategic  
14 industry partnerships utilized existing data concerning:

15 (i) training needs in the State identified in previous studies; and

16 (ii) applicable skills needs identified in existing workforce studies,  
17 plans, or research; **AND**

18 **(6) INFORMATION ON THE SUCCESS OF FUNDING WORKFORCE**  
19 **DEVELOPMENT PROGRAMS UNDER § 11-708.1 OF THIS SUBTITLE.**

20 **Article – Public Utilities**

21 7-701.

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

23 (h) “Offshore wind renewable energy credit” or “OREC” means a renewable  
24 energy credit equal to the generation attributes of 1 megawatt-hour of electricity that is  
25 derived from offshore wind energy.

26 (k) “Qualified offshore wind project” means a wind turbine electricity generation  
27 facility, including the associated transmission-related interconnection facilities and  
28 equipment, that:

29 (1) is located on the outer continental shelf of the Atlantic Ocean in an area

1 that[:

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

5 [(ii) is between 10 and 30 miles off the coast of the State;]

6 (2) interconnects to the PJM Interconnection grid at a point located on the  
7 Delmarva Peninsula[; and

8 (3) the Commission approves under § 7-704.1 of this subtitle].

9 (n) “Renewable energy credit” or “credit” means a credit equal to the generation  
10 attributes of 1 megawatt-hour of electricity that is derived from a Tier 1 renewable source  
11 or a Tier 2 renewable source that is located:

12 (1) in the PJM region;

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

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

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

20 (ii) is between 10 and [30] 80 miles off the coast of the State.

21 (P-1) “ROUND 1 OFFSHORE WIND PROJECT” MEANS A QUALIFIED OFFSHORE  
22 WIND PROJECT THAT:

23 (1) IS BETWEEN 10 AND 30 MILES OFF THE COAST OF THE STATE; AND

24 (2) THE COMMISSION APPROVED UNDER § 7-704.1 OF THIS SUBTITLE  
25 BEFORE JULY 1, 2017.

26 (P-2) “ROUND 2 OFFSHORE WIND PROJECT” MEANS A QUALIFIED OFFSHORE  
27 WIND PROJECT THAT:

28 (1) IS NOT LESS THAN 10 MILES OFF THE COAST OF THE STATE; AND

29 (2) THE COMMISSION APPROVES UNDER § 7-704.1 OF THIS SUBTITLE

1 **ON OR AFTER JULY 1, 2017.**

2 7-702.

3 (a) It is the intent of the General Assembly to:

4 (1) recognize the economic, environmental, fuel diversity, and security  
5 benefits of renewable energy resources;

6 (2) **REDUCE GREENHOUSE GAS EMISSIONS AND ELIMINATE**  
7 **CARBON-FUELED GENERATION FROM THE STATE'S ELECTRIC GRID BY USING THESE**  
8 **RESOURCES;**

9 (3) establish a market for electricity from these resources in Maryland; and

10 [(3)] (4) lower the cost to consumers of electricity produced from these  
11 resources.

12 (b) The General Assembly finds that:

13 (1) the benefits of electricity from renewable energy resources, including  
14 long-term decreased emissions, a healthier environment, increased energy security, and  
15 decreased reliance on and vulnerability from imported energy sources, accrue to the public  
16 at large; [and]

17 (2) electricity suppliers and consumers share an obligation to develop a  
18 minimum level of these resources in the electricity supply portfolio of the State; AND

19 (3) **THE STATE NEEDS TO INCREASE ITS RELIANCE ON RENEWABLE**  
20 **ENERGY IN ORDER TO REDUCE GREENHOUSE GAS EMISSIONS AND MEET THE**  
21 **STATE'S GREENHOUSE GAS EMISSIONS REDUCTION GOALS UNDER § 2-1205 OF THE**  
22 **ENVIRONMENT ARTICLE.**

23 7-703.

24 (a) (1) (i) The Commission shall implement a renewable energy portfolio  
25 standard that, except as provided under paragraphs (2) and (3) of this subsection, applies  
26 to all retail electricity sales in the State by electricity suppliers.

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

30 (2) A renewable energy portfolio standard may not apply to electricity sales  
31 at retail by any electricity supplier:

1 (i) in excess of 300,000,000 kilowatt–hours of industrial process load  
2 to a single customer in a year;

3 (ii) to residential customers in a region of the State in which  
4 electricity prices for residential customers are subject to a freeze or cap contained in a  
5 settlement agreement entered into under § 7–505 of this title until the freeze or cap has  
6 expired; or

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

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

13 (i) 75,000,000 kilowatt–hours of industrial process load to a single  
14 customer in a year; and

15 (ii) 3,000 kilowatt–hours of electricity in a month to a customer who  
16 is an owner of agricultural land and files an Internal Revenue Service form 1040, schedule  
17 F.

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

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

21 (2) in 2007, 1% from Tier 1 renewable sources and 2.5% from Tier 2  
22 renewable sources;

23 (3) in 2008, 2.005% from Tier 1 renewable sources, including at least  
24 0.005% derived from solar energy, and 2.5% from Tier 2 renewable sources;

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

27 (5) in 2010, 3.025% from Tier 1 renewable sources, including at least  
28 0.025% derived from solar energy, and 2.5% from Tier 2 renewable sources;

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

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

33 (8) in 2013, 8.2% from Tier 1 renewable sources, including at least 0.25%

1 derived from solar energy, and 2.5% from Tier 2 renewable sources;

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

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

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

8 (12) in 2017:

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

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

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

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

14 (13) in 2018:

15 (i) 15.8% from Tier 1 renewable sources, including:

16 1. at least 1.5% derived from solar energy; and

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

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

20 (14) in 2019, **[20.4%] 20.7%** from Tier 1 renewable sources, including:

21 (i) at least **[1.95%] 5.5%** derived from solar energy; and

22 (ii) an amount set by the Commission under § 7-704.2(a) of this  
23 subtitle, not to exceed 2.5%, derived from offshore wind energy; **[and]**

24 (15) in 2020 **[and later], [25%] 28%** from Tier 1 renewable sources,  
25 including:

26 (i) at least **[2.5%] 6%** derived from solar energy; and

27 (ii) an amount set by the Commission under § 7-704.2(a) of this

1 subtitle, not to exceed 2.5%, derived from offshore wind energy;

2 **(16) IN 2021, 30.8% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:**

3 **(I) AT LEAST 7.5% DERIVED FROM SOLAR ENERGY; AND**

4 **(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A)**  
5 **OF THIS SUBTITLE DERIVED FROM OFFSHORE WIND ENERGY;**

6 **(17) IN 2022, 33.1% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:**

7 **(I) AT LEAST 8.5% DERIVED FROM SOLAR ENERGY; AND**

8 **(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A)**  
9 **OF THIS SUBTITLE DERIVED FROM OFFSHORE WIND ENERGY;**

10 **(18) IN 2023, 35.4% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:**

11 **(I) AT LEAST 9.5% DERIVED FROM SOLAR ENERGY; AND**

12 **(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A)**  
13 **OF THIS SUBTITLE DERIVED FROM OFFSHORE WIND ENERGY;**

14 **(19) IN 2024, 37.7% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:**

15 **(I) AT LEAST 10.5% DERIVED FROM SOLAR ENERGY; AND**

16 **(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A)**  
17 **OF THIS SUBTITLE DERIVED FROM OFFSHORE WIND ENERGY;**

18 **(20) IN 2025, 40% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:**

19 **(I) AT LEAST 11.5% DERIVED FROM SOLAR ENERGY; AND**

20 **(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A)**  
21 **OF THIS SUBTITLE, NOT TO EXCEED 10%, DERIVED FROM OFFSHORE WIND ENERGY;**

22 **(21) IN 2026, 42.5% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:**

23 **(I) AT LEAST 12.5% DERIVED FROM SOLAR ENERGY; AND**

24 **(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A)**  
25 **OF THIS SUBTITLE DERIVED FROM OFFSHORE WIND ENERGY, INCLUDING AT LEAST**

1 **400 MEGAWATTS OF ROUND 2 OFFSHORE WIND PROJECTS;**

2 **(22) IN 2027, 45.5% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:**

3 **(I) AT LEAST 13.5% DERIVED FROM SOLAR ENERGY; AND**

4 **(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A)**  
5 **OF THIS SUBTITLE DERIVED FROM OFFSHORE WIND ENERGY, INCLUDING AT LEAST**  
6 **400 MEGAWATTS OF ROUND 2 OFFSHORE WIND PROJECTS;**

7 **(23) IN 2028, 47.5% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:**

8 **(I) AT LEAST 14.5% DERIVED FROM SOLAR ENERGY; AND**

9 **(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A)**  
10 **OF THIS SUBTITLE DERIVED FROM OFFSHORE WIND ENERGY, INCLUDING AT LEAST**  
11 **800 MEGAWATTS OF ROUND 2 OFFSHORE WIND PROJECTS;**

12 **(24) IN 2029, 49.5% FROM TIER 1 RENEWABLE SOURCES, INCLUDING:**

13 **(I) AT LEAST 14.5% DERIVED FROM SOLAR ENERGY; AND**

14 **(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A)**  
15 **OF THIS SUBTITLE DERIVED FROM OFFSHORE WIND ENERGY, INCLUDING AT LEAST**  
16 **800 MEGAWATTS OF ROUND 2 OFFSHORE WIND PROJECTS; AND**

17 **(25) IN 2030 AND LATER, 50% FROM TIER 1 RENEWABLE SOURCES,**  
18 **INCLUDING:**

19 **(I) AT LEAST 14.5% DERIVED FROM SOLAR ENERGY; AND**

20 **(II) AN AMOUNT SET BY THE COMMISSION UNDER § 7-704.2(A)**  
21 **OF THIS SUBTITLE DERIVED FROM OFFSHORE WIND ENERGY, INCLUDING AT LEAST**  
22 **1,200 MEGAWATTS OF ROUND 2 OFFSHORE WIND PROJECTS.**

23 (c) Before calculating the number of credits required to meet the percentages  
24 established under subsection (b) of this section, an electricity supplier shall exclude from  
25 its total retail electricity sales all retail electricity sales described in subsection (a)(2) and  
26 (3) of this section.

27 (d) Subject to subsections (a) and (c) of this section and in accordance with §  
28 7-704.2 of this subtitle, an electricity supplier shall meet the renewable energy portfolio  
29 standard by accumulating the equivalent amount of renewable energy credits that equal  
30 the percentages required under this section.

1 7-704.1.

2 (a) (1) **THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:**

3 (I) **THE DEVELOPMENT OF OFFSHORE WIND ENERGY IS**  
4 **IMPORTANT TO THE ECONOMIC WELL-BEING OF THE STATE AND THE NATION; AND**

5 (II) **IT IS IN THE PUBLIC INTEREST OF THE STATE TO**  
6 **FACILITATE THE CONSTRUCTION OF AT LEAST 1,200 MEGAWATTS OF ROUND 2**  
7 **OFFSHORE WIND PROJECTS IN ORDER TO:**

8 1. **POSITION THE STATE TO TAKE ADVANTAGE OF THE**  
9 **ECONOMIC DEVELOPMENT BENEFITS OF THE EMERGING OFFSHORE WIND**  
10 **INDUSTRY;**

11 2. **PROMOTE THE DEVELOPMENT OF RENEWABLE**  
12 **ENERGY SOURCES THAT INCREASE THE NATION'S INDEPENDENCE FROM FOREIGN**  
13 **SOURCES OF FOSSIL FUELS;**

14 3. **REDUCE THE ADVERSE ENVIRONMENTAL AND**  
15 **HEALTH IMPACTS OF TRADITIONAL FOSSIL FUEL ENERGY SOURCES; AND**

16 4. **PROVIDE A LONG-TERM HEDGE AGAINST VOLATILE**  
17 **PRICES OF FOSSIL FUELS.**

18 (2) After the effective date of Commission regulations implementing this  
19 section and § 7-704.2 of this subtitle, **AND BEFORE JUNE 30, 2017**, a person may submit  
20 an application to the Commission for approval of a proposed **ROUND 1** offshore wind  
21 project.

22 [(2)] (3) (i) On receipt of the application for approval of a [qualified]  
23 **ROUND 1** offshore wind project, the Commission shall:

24 1. open an application period when other interested persons  
25 may submit applications for approval of [qualified] **ROUND 1** offshore wind projects; and

26 2. provide notice that the Commission is accepting  
27 applications for approval of [qualified] **ROUND 1** offshore wind projects.

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

1           **(4) THE COMMISSION SHALL PROVIDE ADDITIONAL APPLICATION**  
2 **PERIODS BEGINNING, RESPECTIVELY:**

3           **(I) JANUARY 1, 2020, FOR CONSIDERATION OF ROUND 2**  
4 **OFFSHORE WIND PROJECTS TO BEGIN CREATING ORECS NOT LATER THAN 2026;**

5           **(II) JANUARY 1, 2021, FOR CONSIDERATION OF ROUND 2**  
6 **OFFSHORE WIND PROJECTS TO BEGIN CREATING ORECS NOT LATER THAN 2028;**  
7 **AND**

8           **(III) JANUARY 1, 2022, FOR CONSIDERATION OF ROUND 2**  
9 **OFFSHORE WIND PROJECTS TO BEGIN CREATING ORECS NOT LATER THAN 2030.**

10           **[(3)] (5)** In its discretion, the Commission may provide for additional  
11 application periods.

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

15           (c) An application shall include:

16           (1) a detailed description and financial analysis of the offshore wind  
17 project;

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

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

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

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

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

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

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

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

4 (vii) other benefits, such as increased in-State construction,  
5 operations, maintenance, and equipment purchase;

6 (4) a proposed OREC pricing schedule for the offshore wind project that  
7 shall [set] **SPECIFY** a price for the generation attributes, including the energy, capacity,  
8 ancillary services, and environmental attributes;

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

11 (6) a commitment to:

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

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

17 (7) a description of the applicant's plan for engaging small businesses, as  
18 defined in § 14-501 of the State Finance and Procurement Article;

19 (8) a commitment that the applicant will:

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

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

27 (9) any other information the Commission requires.

28 (d) (1) The Commission shall use the following criteria to evaluate and  
29 compare proposed offshore wind projects **SUBMITTED DURING AN APPLICATION PERIOD**:

30 (i) lowest cost impact on ratepayers of the price set under a proposed  
31 OREC pricing schedule;

32 (ii) potential reductions in transmission congestion prices within the

1 State;

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

3 (iv) potential reductions in locational marginal pricing;

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

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

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

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

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

21 (x) the extent to which an applicant's plan provides for  
22 compensation to its employees and subcontractors consistent with wages outlined under §§  
23 17-201 through 17-228 of the State Finance and Procurement Article;

24 (xi) siting and project feasibility;

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

27 (xiii) estimated ability to assist in meeting the renewable energy  
28 portfolio standard under § 7-703 of this subtitle; and

29 (xiv) any other criteria that the Commission determines to be  
30 appropriate.

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

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

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

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

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

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

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

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

25           (e)     (1)     **(I)**    [The Commission may not approve an applicant’s proposed  
26 offshore wind project unless:

27                           (i)     the proposed offshore wind project demonstrates] **IF THE**  
28 **COMMISSION RECEIVES REASONABLE PROPOSALS THAT DEMONSTRATE** positive net  
29 economic, environmental, and health benefits to the State, based on the criteria specified  
30 in subsection (c)(3) of this section[;], **AND SUBJECT TO SUBPARAGRAPH (II) OF THIS**  
31 **PARAGRAPH, THE COMMISSION SHALL APPROVE ORDERS TO FACILITATE THE**  
32 **FINANCING OF QUALIFIED OFFSHORE WIND PROJECTS, INCLUDING AT LEAST 1,200**  
33 **MEGAWATTS OF ROUND 2 OFFSHORE WIND PROJECTS.**

34                           (ii)    **THE COMMISSION MAY NOT APPROVE AN APPLICANT’S**  
35 **PROPOSED OFFSHORE WIND PROJECT UNLESS:**

36                                   1.     **FOR A ROUND 1 OFFSHORE WIND PROJECT**

1 **APPLICATION:**

2 **A.** the projected net rate impact for an average residential  
3 customer, based on annual consumption of 12,000 kilowatt–hours, combined with the  
4 projected net rate impact of other [qualified] **ROUND 1** offshore wind projects, does not  
5 exceed \$1.50 per month in 2012 dollars, over the duration of the proposed OREC pricing  
6 schedule;

7 [(iii)] **B.** the projected net rate impact for all nonresidential  
8 customers considered as a blended average, combined with the projected net rate impact of  
9 other [qualified] **ROUND 1** offshore wind projects, does not exceed 1.5% of nonresidential  
10 customers' total annual electric bills, over the duration of the proposed OREC pricing  
11 schedule; and

12 [(iv)] **C.** the price [set] **SPECIFIED** in the proposed OREC price  
13 schedule does not exceed \$190 per megawatt–hour in 2012 dollars; **AND**

14 **2. FOR A ROUND 2 OFFSHORE WIND PROJECT**  
15 **APPLICATION:**

16 **A. THE PROJECTED INCREMENTAL NET RATE IMPACT**  
17 **FOR AN AVERAGE RESIDENTIAL CUSTOMER, BASED ON ANNUAL CONSUMPTION OF**  
18 **12 MEGAWATT–HOURS, COMBINED WITH THE PROJECTED INCREMENTAL NET RATE**  
19 **IMPACT OF OTHER ROUND 2 OFFSHORE WIND PROJECTS, DOES NOT EXCEED 88**  
20 **CENTS PER MONTH IN 2018 DOLLARS, OVER THE DURATION OF THE PROPOSED**  
21 **OREC PRICING SCHEDULE; AND**

22 **B. THE PROJECTED INCREMENTAL NET RATE IMPACT**  
23 **FOR ALL NONRESIDENTIAL CUSTOMERS CONSIDERED AS A BLENDED AVERAGE,**  
24 **COMBINED WITH THE PROJECTED NET RATE IMPACT OF OTHER ROUND 2 OFFSHORE**  
25 **WIND PROJECTS, DOES NOT EXCEED 0.9% OF NONRESIDENTIAL CUSTOMERS' TOTAL**  
26 **ANNUAL ELECTRIC BILLS DURING ANY YEAR OF THE PROPOSED OREC PRICING**  
27 **SCHEDULE.**

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

31 (ii) When calculating the projected net average rate impacts **FOR**  
32 **ROUND 1 OFFSHORE WIND PROJECTS** under paragraph [(1)(ii) and (iii)] **(1)(II)1A AND**  
33 **B OF THIS SUBSECTION AND FOR ROUND 2 OFFSHORE WIND PROJECTS UNDER**  
34 **PARAGRAPH (1)(II)2A AND B** of this subsection, the Commission shall apply the same  
35 net OREC cost per megawatt–hour to residential and nonresidential customers.

36 (f) (1) An order the Commission issues approving a proposed offshore wind

1 project shall:

2 (i) specify the OREC price schedule, which may not authorize an  
3 OREC price greater than, **FOR A ROUND 1 OFFSHORE WIND PROJECT**, \$190 per  
4 megawatt-hour in 2012 dollars;

5 (ii) specify the duration of the OREC pricing schedule, not to exceed  
6 20 years;

7 (iii) specify the number of ORECs the offshore wind project may sell  
8 each year;

9 (iv) provide that:

10 1. a payment may not be made for an OREC until electricity  
11 supply is generated by the offshore wind project; and

12 2. ratepayers, purchasers of ORECs, and the State shall be  
13 held harmless for any cost overruns associated with the offshore wind project; and

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

17 (2) An order approving a proposed offshore wind project vests the owner of  
18 the qualified offshore wind project with the right to receive payments for ORECs according  
19 to the terms in the order.

20 (g) **FOR ROUND 2 OFFSHORE WIND PROJECT APPLICATIONS, THE**  
21 **COMMISSION SHALL APPROVE OREC ORDERS REPRESENTING A MINIMUM OF 400**  
22 **MEGAWATTS OF NAMEPLATE CAPACITY PROPOSED DURING EACH APPLICATION**  
23 **PERIOD UNLESS:**

24 **(1) NOT ENOUGH ROUND 2 OFFSHORE WIND PROJECT APPLICATIONS**  
25 **ARE SUBMITTED TO MEET THE NET BENEFIT TEST UNDER SUBSECTION (C)(3) OF**  
26 **THIS SECTION; OR**

27 **(2) THE CUMULATIVE NET RATEPAYER IMPACT EXCEEDS THE**  
28 **MAXIMUMS PROVIDED IN SUBSECTION (E)(1)(II)2 OF THIS SECTION.**

29 **(H)** (1) Within 60 days after the Commission approves the application of a  
30 proposed offshore wind project, the qualified offshore wind project shall deposit \$2,000,000  
31 into the Maryland Offshore Wind Business Development Fund established under §  
32 9-20C-03 of the State Government Article.

33 (2) Within 1 year after the initial deposit under paragraph (1) of this

1 subsection, the qualified offshore wind project shall deposit an additional \$2,000,000 into  
2 the Maryland Offshore Wind Business Development Fund.

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

6 7–704.2.

7 (a) (1) The Commission shall determine the offshore wind energy component  
8 of the renewable energy portfolio standard under § 7–703(b)(12) through ~~[(15)]~~ **(25)** of this  
9 subtitle based on the projected annual creation of ORECs by qualified offshore wind  
10 projects.

11 (c) (1) Each electricity supplier shall purchase from the escrow account  
12 established under this section the number of ORECs required to satisfy the offshore wind  
13 energy component of the renewable energy portfolio standard under § 7–703(b)(12) through  
14 ~~[(15)]~~ **(25)** of this subtitle.

15 7–705.

16 (b) (1) This subsection does not apply to a shortfall from the required Tier 1  
17 renewable sources that is to be derived from offshore wind energy.

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

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

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

27 A. 4 cents through 2016; [and]

28 B. 3.75 cents in 2017 **AND 2018**;

29 C. **3 CENTS IN 2019 THROUGH 2023**;

30 D. **2.75 CENTS IN 2024**;

31 E. **2.5 CENTS IN 2025**;

- 1                   **F. 2.475 CENTS IN 2026;**  
 2                   **G. 2.45 CENTS IN 2027;**  
 3                   **H. 2.25 CENTS IN 2028 AND 2029; AND**  
 4                   **I. 2.235 CENTS IN 2030** and later;

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

- 7                   A. 45 cents in 2008;  
 8                   B. 40 cents in 2009 through 2014;  
 9                   C. 35 cents in 2015 and 2016;  
 10                  D. 19.5 cents in 2017;  
 11                  E. 17.5 cents in 2018;  
 12                  F. [15] **10** cents in 2019;  
 13                  G. [12.5] **10** cents in 2020;  
 14                  H. [10] **8** cents in 2021;  
 15                  I. [7.5] **6** cents in 2022;  
 16                  J. [6] **4.5** cents in 2023; [and]  
 17                  K. [5] **4** cents in 2024;  
 18                  **L. 3.5 CENTS IN 2025;**  
 19                  **M. 3 CENTS IN 2026;**  
 20                  **N. 2.5 CENTS IN 2027 AND 2028;**  
 21                  **O. 2.25 CENTS IN 2029; AND**  
 22                  **P. 2.235 CENTS IN 2030** and later; and

23                  3. 1.5 cents for each kilowatt–hour of shortfall from required  
 24 Tier 2 renewable sources; or

1 (ii) for industrial process load:

2 1. for each kilowatt-hour of shortfall from required Tier 1  
3 renewable sources, a compliance fee of:

4 A. 0.8 cents in 2006, 2007, and 2008;

5 B. 0.5 cents in 2009 and 2010;

6 C. 0.4 cents in 2011 and 2012;

7 D. 0.3 cents in 2013 and 2014;

8 E. 0.25 cents in 2015 and 2016; and

9 F. except as provided in paragraph (3) of this subsection, 0.2  
10 cents in 2017 and later; and

11 2. nothing for any shortfall from required Tier 2 renewable  
12 sources.

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

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

17 (ii) nothing for the year following any year during which, after final  
18 calculations, the net rate impact per megawatt-hour from [qualified] **ROUND 1** offshore  
19 wind projects exceeded \$1.65 in 2012 dollars.

20 7-714.

21 (a) The Power Plant Research Program shall conduct a study of the renewable  
22 energy portfolio standard and related matters in accordance with this section.

23 (b) The study shall be a comprehensive review of the history, implementation,  
24 overall costs and benefits, and effectiveness of the renewable energy portfolio standard in  
25 relation to the energy policies of the State, including:

26 (1) the availability of all clean energy sources at reasonable and affordable  
27 rates, including in-State and out-of-state renewable energy options;

28 (2) the economic and environmental impacts of the deployment of  
29 renewable energy sources in the State and in surrounding areas of the PJM region;

1 (3) the effectiveness of the standard in encouraging development and  
2 deployment of renewable energy sources;

3 (4) the impact of alterations that have been made in the components of  
4 each tier of the standard, the implementation of different specific goals for particular  
5 sources, and the effect of different percentages and alternative compliance payment scales  
6 for energy in the tiers;

7 (5) an assessment of alternative models of regulation and market-based  
8 tools that may be available or advisable to promote the goals of the standard and the energy  
9 policies of the State; and

10 (6) the potential to alter or otherwise evolve the standard in order to  
11 increase and maintain its effectiveness in promoting the State's energy policies.

12 (c) Particular subjects to be addressed in the study include:

13 (1) the role and effectiveness that the standard may have in reducing the  
14 carbon content of imported electricity and whether existing or new additional  
15 complementary policies or programs could help address the carbon emissions associated  
16 with electricity imported into the State;

17 (2) the net environmental and fiscal impacts that may be associated with  
18 long-term contracts tied to clean energy projects, including:

19 (i) ratepayer impacts that resulted in other states from the use of  
20 long-term contracts for the procurement of renewable energy for the other states' standard  
21 offer service and whether the use of long-term contracts incentivized new renewable energy  
22 generation development; and

23 (ii) ratepayer impacts that may result in the State from the use of  
24 long-term contracts for each energy source in the State's Tier 1 and whether, for each of  
25 the sources, the use of long-term contracts would incentivize new renewable energy  
26 generation development in that source;

27 (3) whether the standard is able to meet current and potential future  
28 targets without the inclusion of certain technologies;

29 (4) what industries are projected to grow, and to what extent, as a result of  
30 incentives associated with the standard;

31 (5) whether the public health and environmental benefits of the growing  
32 clean energy industries supported by the standard are being equitably distributed across  
33 overburdened and underserved environmental justice communities;

34 (6) whether the State is likely to meet its existing goals under the standard  
35 and, if the State were to increase those goals, whether electricity suppliers should expect

1 to find an adequate supply to meet the additional demand for credits;

2 (7) additional opportunities that may be available to promote local job  
3 creation within the industries that are projected to grow as a result of the standard;

4 (8) system flexibility that the State would need under future goals under  
5 the standard, including the quantities of system peaking and ramping that may be  
6 required;

7 (9) how energy storage technology and other flexibility resources should  
8 continue to be addressed in support of renewable energy and State energy policy, including:

9 (i) whether the resources should be encouraged through a  
10 procurement, a production, or an installation incentive;

11 (ii) the advisability of providing incentives for energy storage devices  
12 to increase hosting capacity of increased renewable on-site generation on the distribution  
13 system; and

14 (iii) discussion of the costs and benefits of energy storage deployment  
15 in the State under future goals scenarios for renewable generation;

16 (10) **(I)** the role of in-State clean energy in achieving greenhouse gas  
17 emission reductions and promoting local jobs and economic activity in the State;

18 **(II) THE IMPACT OF ITEM (I) OF THIS ITEM ON RATEPAYERS**  
19 **WITH RESPECT TO THE REQUIREMENT OF IN-STATE CLEAN ENERGY GENERATION**  
20 **AS AN INCREASING PERCENTAGE OF THE STANDARD; AND**

21 **(III) THE IMPACT OF ALL ENERGY SOURCES THAT QUALIFY**  
22 **UNDER THE STANDARD WITH RESPECT TO THE REQUIREMENT OF IN-STATE CLEAN**  
23 **ENERGY GENERATION AS AN INCREASING PERCENTAGE OF THE STANDARD;**

24 (11) an assessment of any change in solar renewable energy credit prices  
25 over the immediate 24 months preceding the submission of the interim report required  
26 under subsection (e) of this section; and

27 (12) any other matters the Program considers relevant to the analysis of the  
28 issues outlined in this section.

29 (d) (1) The Commission, the Administration, the Department of the  
30 Environment, the Department of Natural Resources, and other State and local units shall  
31 cooperate with the Program in the conduct of the study under this section, including  
32 sharing of information, data, and resources, subject to appropriate legal protection of  
33 commercially sensitive and other information.

1           (2)     The Program shall consult with representatives of various segments of  
2 the clean energy industry and other stakeholders.

3           (e)     (1)     (i)     On or before December 1, 2018, the Program shall submit an  
4 interim report on any preliminary findings of the study under this section, including any  
5 observations and requests for alteration or clarification of the scope, subjects, procedures,  
6 and intergovernmental cooperation that may be required to complete the study and submit  
7 a final report under this subsection.

8                     (ii)     If the Program determines that any preliminary findings under  
9 subparagraph (i) of this paragraph warrant reporting earlier than December 1, 2018, the  
10 Program may submit a preliminary interim report on those preliminary findings.

11           (2)     On or before December 1, 2019, the Program shall submit a final report  
12 on the findings of the study, including proposals for any alteration of the renewable  
13 portfolio standard, alternative mechanisms for furthering the State's energy policies, and  
14 related matters, and any proposed legislative or regulatory changes recommended to  
15 implement the findings of the study.

16           (3)     The interim, any preliminary interim, and final reports shall be  
17 submitted to the Governor and, subject to § 2-1246 of the State Government Article, the  
18 Senate Finance Committee and the House Economic Matters Committee.

19           **(F)     (1)     THE PROGRAM SHALL CONDUCT A SUPPLEMENTAL STUDY TO**  
20 **ASSESS THE OVERALL COSTS AND BENEFITS OF INCREASING THE RENEWABLE**  
21 **ENERGY PORTFOLIO STANDARD TO A GOAL OF 100% RENEWABLE ENERGY BY 2040.**

22                     **(2)     PARTICULAR SUBJECTS TO BE ADDRESSED IN THE**  
23 **SUPPLEMENTAL STUDY SHALL INCLUDE:**

24                     **(I)     ALL RELEVANT SUBJECTS LISTED IN SUBSECTIONS (B) AND**  
25 **(C) OF THIS SECTION; AND**

26                     **(II)    AN ASSESSMENT OF WHETHER CERTAIN IN-STATE**  
27 **INDUSTRIES COULD BE DISPLACED BY A 100% RENEWABLE ENERGY PORTFOLIO**  
28 **STANDARD, AND RECOMMENDATIONS ON HOW TO PROVIDE AND FUND A JUST**  
29 **TRANSITION FOR WORKERS AND COMMUNITIES THAT RELY ON THOSE INDUSTRIES**  
30 **THAT COULD FACE DISPLACEMENT.**

31                     **(3)     ON COMPLETION OF THE SUPPLEMENTAL STUDY, THE PROGRAM**  
32 **SHALL USE THE FINDINGS OF THE STUDY TO PUBLISH A COMPREHENSIVE PLAN**  
33 **WITH SPECIFIC RECOMMENDATIONS THAT, IF EXECUTED, WOULD HAVE THE STATE**  
34 **ACHIEVE A RENEWABLE ENERGY PORTFOLIO STANDARD OF 100% BY 2040.**

35                     **(4)     ON OR BEFORE JANUARY 1, 2023, THE PROGRAM SHALL SUBMIT**

1 THE SUPPLEMENTAL STUDY AND PLAN TO THE GOVERNOR AND, IN ACCORDANCE  
2 WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY.

3 (5) ON REVIEW OF THE SUPPLEMENTAL STUDY AND PLAN, THE  
4 GENERAL ASSEMBLY MAY ACT TO REVISE OR INCREASE THE RENEWABLE ENERGY  
5 PORTFOLIO STANDARD TARGETS UNDER § 7-703(B) OF THIS SUBTITLE.

6 Article – State Government

7 9-20B-01.

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

9 (d) “Clean energy industry” means a group of employers that are associated by  
10 their promotion of:

11 (1) products and services that improve energy efficiency and conservation,  
12 including products and services provided by:

13 (i) electricians;

14 (ii) heating, ventilation, and air-conditioning installers;

15 (iii) plumbers; and

16 (iv) energy auditors; and

17 (2) renewable and clean energy resources.

18 9-20B-05.

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

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

1 changes in electric usage by customers in response to:

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

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

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

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

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

15 (5) to provide grants, loans, and other assistance and investment as  
16 necessary and appropriate to implement the purposes of the Program as set forth in §  
17 9-20B-03 of this subtitle;

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

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

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

24 **(9) SUBJECT TO SUBSECTION (F-1) OF THIS SECTION, TO PROVIDE**  
25 **\$7,000,000 IN FUNDING FOR ACCESS TO CAPITAL FOR SMALL, MINORITY,**  
26 **WOMEN-OWNED, AND VETERAN-OWNED BUSINESSES IN THE CLEAN ENERGY**  
27 **INDUSTRY UNDER § 5-1501 OF THE ECONOMIC DEVELOPMENT ARTICLE,**  
28 **ALLOCATED IN ANNUAL INCREMENTS AS FOLLOWS:**

29 **(I) \$200,000 IN FISCAL YEAR 2021;**

30 **(II) \$500,000 IN FISCAL YEAR 2022;**

31 **(III) \$500,000 IN FISCAL YEAR 2023;**

32 **(IV) \$1,000,000 IN FISCAL YEAR 2024; AND**

1 (v) \$1,200,000 IN EACH FISCAL YEAR FROM 2025 THROUGH  
2 2028;

3 (10) TO INVEST IN PRE-APPRENTICESHIP, APPRENTICESHIP, AND  
4 OTHER WORKFORCE DEVELOPMENT PROGRAMS TO ESTABLISH CAREER PATHS IN  
5 THE CLEAN ENERGY INDUSTRY UNDER § 11-708.1 OF THE LABOR AND  
6 EMPLOYMENT ARTICLE, AS FOLLOWS:

7 (i) UP TO \$250,000 EACH YEAR FOR 2 YEARS STARTING IN  
8 FISCAL YEAR 2021 TO APPRENTICESHIP SPONSORS TO CREATE CLEAN ENERGY  
9 APPRENTICESHIPS; AND

10 (ii) UP TO \$250,000 EACH YEAR FOR 2 YEARS STARTING IN  
11 FISCAL YEAR 2021 TO CAREER AND TECHNICAL EDUCATION SCHOOLS TO LAUNCH  
12 AND UPGRADE RELEVANT CAREER AND TECHNICAL EDUCATION PROGRAMS;

13 (11) TO PROVIDE THE LESSER OF \$500,000 OR THE ACTUAL TOTAL  
14 AMOUNT OF TAX CREDITS CLAIMED UNDER § 10-742 OF THE TAX - GENERAL  
15 ARTICLE FOR APPRENTICESHIPS IN THE CLEAN ENERGY INDUSTRY IN EACH OF  
16 FISCAL YEARS 2021 AND 2022; AND

17 [(9)] (12) to pay the expenses of the Program.

18 [(f-1)] The Administration may use the Fund, including money that the Fund  
19 receives under Public Service Commission Order Number 86372, to provide funding for  
20 access to capital for small, minority, and women-owned businesses in the clean energy  
21 industry under § 5-1501 of the Economic Development Article.]

22 (F-1) (1) ANY FUNDING PROVIDED UNDER SUBSECTION (F)(9) OF THIS  
23 SECTION THAT IS NOT SPENT IN A GIVEN FISCAL YEAR SHALL REVERT TO THE FUND  
24 IN THE FOLLOWING FISCAL YEAR.

25 (2) FUNDING THAT IS PROVIDED FOR ACCESS TO CAPITAL FOR  
26 SMALL, MINORITY, WOMEN-OWNED, AND VETERAN-OWNED BUSINESSES UNDER  
27 SUBSECTION (F)(9) OF THIS SECTION SHALL BE USED TO PROVIDE GRANTS TO  
28 ELIGIBLE FUND MANAGERS TO PROVIDE INVESTMENT CAPITAL, INCLUDING EQUITY  
29 AND SIMILAR INVESTMENTS, AND LOANS TO SMALL, MINORITY, WOMEN-OWNED,  
30 AND VETERAN-OWNED BUSINESSES IN THE STATE IN THE CLEAN ENERGY  
31 INDUSTRY.

32 (3) ELIGIBLE FUND MANAGERS RECEIVING GRANTS UNDER  
33 SUBSECTION (F)(9) OF THIS SECTION MAY USE A PORTION OF THE MONEY RECEIVED  
34 TO PAY EXPENSES FOR ADMINISTRATIVE, ACTUARIAL, LEGAL, MARKETING, AND

1 **TECHNICAL SERVICES AND MANAGEMENT FEES.**

2 **(4) THE ADMINISTRATION MAY PROVIDE ADDITIONAL FUNDING FOR**  
 3 **THE PURPOSES STATED IN SUBSECTION (F)(9) OF THIS SECTION.**

4 (i) **(1) IN THIS SUBSECTION, “LOW-INCOME” MEANS HAVING AN ANNUAL**  
 5 **HOUSEHOLD INCOME THAT IS AT OR BELOW 175% OF THE FEDERAL POVERTY**  
 6 **LEVEL.**

7 **(2) Except as provided in paragraph [(2)] (3) of this subsection, compliance**  
 8 **fees paid under § 7-705(b) of the Public Utilities Article may be used only to make loans**  
 9 **and grants to support the creation of new Tier 1 renewable energy sources in the State**  
 10 **THAT ARE OWNED BY OR DIRECTLY BENEFIT LOW-INCOME RESIDENTS OF THE**  
 11 **STATE.**

12 **[(2)] (3) Compliance fees paid under § 7-705(b)(2)(i)2 of the Public**  
 13 **Utilities Article shall be accounted for separately within the Fund and may be used only to**  
 14 **make loans and grants to support the creation of new solar energy sources in the State**  
 15 **THAT ARE OWNED BY OR DIRECTLY BENEFIT LOW-INCOME RESIDENTS OF THE**  
 16 **STATE.**

17 **(M) (1) A LOAN OR GRANT MADE AVAILABLE FROM THE FUND TO A UNIT**  
 18 **OF STATE OR LOCAL GOVERNMENT SHALL COMPLY WITH §§ 14-416 AND 17-303 OF**  
 19 **THE STATE FINANCE AND PROCUREMENT ARTICLE.**

20 **(2) AT LEAST 80% OF WORKERS PARTICIPATING IN A PROJECT OR**  
 21 **PROGRAM THAT RECEIVES MONEY FROM THE FUND MUST RESIDE WITHIN 50 MILES**  
 22 **OF THE PROJECT OR PROGRAM, OR ANOTHER DISTANCE DEFINED BY THE LOCAL**  
 23 **JURISDICTION WHERE THE PROJECT OR PROGRAM IS LOCATED.**

24 **Chapter 393 of the Acts of 2017**

25 **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall take effect June  
 26 1, 2017. It shall remain effective for a period of [3] **6** years and 1 month and, at the end of  
 27 June 30, [2020] **2023**, with no further action required by the General Assembly, this Act  
 28 shall be abrogated and of no further force and effect.

29 **SECTION 2. AND BE IT FURTHER ENACTED,** That the Laws of Maryland read  
 30 as follows:

31 **Article – Public Utilities**

32 7-701.

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

1 sources:

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

4 (2) wind;

5 (3) qualifying biomass;

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

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

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

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

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

16 (9) poultry litter-to-energy; **AND**

17 (10) [~~waste-to-energy;~~

18 (11) refuse-derived fuel; and

19 (12)] thermal energy from a thermal biomass system.

20 7-704.

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

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

29 **SECTION 3. AND BE IT FURTHER ENACTED,** That a presently existing obligation  
30 or contract right may not be impaired in any way by this Act.

1           SECTION 4. AND BE IT FURTHER ENACTED, That, if any provision of this Act or  
2 the application thereof to any person or circumstance is held invalid for any reason in a  
3 court of competent jurisdiction, the invalidity does not affect other provisions or any other  
4 application of this Act that can be given effect without the invalid provision or application,  
5 and for this purpose the provisions of this Act are declared severable.

6           SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take  
7 effect January 1, 2020.

8           SECTION 6. AND BE IT FURTHER ENACTED, That, except as provided in Section  
9 5 of this Act, this Act shall take effect October 1, 2019.