

HOUSE BILL 1366

M5, C5

2lr0108

By: **Chair, Economic Matters Committee (By Request – Departmental – Maryland Energy Administration)**

Introduced and read first time: February 11, 2022

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Zero-Emission Energy Resources and Carbon Capture, Use, and Sequestration –**
3 **Renewable Energy Portfolio Standard and Study**

4 FOR the purpose of including a zero-emission energy resource as a Tier 1 renewable source
5 eligible for meeting certain Tier 1 obligations under the renewable energy portfolio
6 standard; requiring the Maryland Energy Administration, in consultation with the
7 Public Service Commission, the Department of the Environment, and the
8 Department of Natural Resources, to conduct a study on carbon capture, use, and
9 sequestration; and generally relating to zero-emission energy resources and a study
10 on the development of carbon capture, use, and sequestration in the State.

11 BY repealing and reenacting, without amendments,
12 Article – Public Utilities
13 Section 7-701(a) and 7-704(a)(1)
14 Annotated Code of Maryland
15 (2020 Replacement Volume and 2021 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – Public Utilities
18 Section 7-701(s)(12) and (13) and 7-704(a)(2)(i)
19 Annotated Code of Maryland
20 (2020 Replacement Volume and 2021 Supplement)

21 BY adding to
22 Article – Public Utilities
23 Section 7-701(s)(14) and (u)
24 Annotated Code of Maryland
25 (2020 Replacement Volume and 2021 Supplement)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 That the Laws of Maryland read as follows:

2 **Article – Public Utilities**

3 7–701.

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

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

7 (12) thermal energy from a thermal biomass system; [and]

8 (13) raw or treated wastewater used as a heat source or sink for a heating
9 or cooling system; AND

10 (14) **ELECTRICITY PRODUCED BY A ZERO-EMISSION ENERGY**
11 **RESOURCE.**

12 (U) **“ZERO-EMISSION ENERGY RESOURCE” MEANS A NATURAL GAS OR**
13 **QUALIFYING BIOMASS GENERATING STATION WITH A CONCOMITANT CARBON**
14 **CAPTURE SYSTEM TO THE EXTENT THE CAPTURED CARBON DIOXIDE OFFSETS THE**
15 **CARBON OUTPUT OF THE GENERATING STATION AND IS INDEFINITELY**
16 **SEQUESTERED THROUGH ANOTHER METHOD.**

17 7–704.

18 (a) (1) Energy from a Tier 1 renewable source:

19 (i) is eligible for inclusion in meeting the renewable energy portfolio
20 standard regardless of when the generating system or facility was placed in service; and

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

23 (2) (i) Energy from a Tier 1 renewable source under § 7–701(s)(1), (5),
24 (9), (10), [or] (11), **OR (14)** of this subtitle is eligible for inclusion in meeting the renewable
25 energy portfolio standard only if the source is connected with the electric distribution grid
26 serving Maryland.

27 **SECTION 2. AND BE IT FURTHER ENACTED, That:**

28 (a) The Maryland Energy Administration, in consultation with the Public Service
29 Commission, the Department of the Environment, and the Department of Natural
30 Resources, shall study regulatory and statutory impediments to the adoption of carbon
31 capture, use, and sequestration and the corresponding establishment and growth of the

1 carbon capture, use, and sequestration industry in the State, including:

2 (1) determining the appropriate State entity to regulate the creation of a
3 sequestration facility, including the reservoirs, carbon dioxide injection wells, monitoring
4 wells, underground equipment, and surface buildings and equipment used in carbon
5 sequestration and any necessary and reasonable aerial buffer and subsurface monitoring
6 zones for the surface buildings and equipment;

7 (2) determining the appropriate State entity to regulate the injection
8 process;

9 (3) determining the appropriate State entity to regulate and monitor a
10 sequestration facility when and after the well is plugged or is otherwise no longer to be
11 used for the injection of carbon dioxide;

12 (4) establishment of a novel permitting process specifically for the siting of
13 subterranean carbon sequestration and all associated infrastructure and equipment,
14 including an application process that provides for public meetings;

15 (5) creation of a system of accountability for a person who owns or operates
16 a sequestration facility;

17 (6) identifying and defining parties anticipated to be involved in the
18 development and operation of a sequestration facility;

19 (7) identifying necessary environmental protections;

20 (8) identifying the property rights required for the subterranean injection
21 of carbon dioxide;

22 (9) determining options for the limitation of liability for carbon capture
23 facilities; and

24 (10) creation of a mechanism to protect the public from unrecoverable
25 damages.

26 (b) The Maryland Energy Administration shall solicit stakeholder involvement
27 for the study and hold a minimum of four public meetings to allow for public participation
28 and comment.

29 (c) On or before December 31, 2022, the Maryland Energy Administration shall
30 report its findings, including recommendations for statutory or regulatory changes, to the
31 General Assembly in accordance with § 2–1257 of the State Government Article.

32 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall take
33 effect January 1, 2023.

1 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in Section
2 3 of this Act, this Act shall take effect July 1, 2022.