

# SENATE BILL 316

C5, P2, Q7

5lr2224  
CF 5lr0850

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By: **Senator Brooks**

Introduced and read first time: January 13, 2025

Assigned to: Education, Energy, and the Environment

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## A BILL ENTITLED

1 AN ACT concerning

2 **Abundant Affordable Clean Energy – Procurement and Development**  
3 **(AACE Act)**

4 FOR the purpose of requiring each electric company in the State to submit to the Public  
5 Service Commission by certain dates plans for the construction or procurement of  
6 distribution-connected energy storage devices and to construct or procure the  
7 devices in accordance with the plan; providing for the creation of zero-emission  
8 credits by beneficial nuclear facilities; requiring the Commission to pursue certain  
9 coordinated approaches to offshore wind energy transmission development; altering  
10 the requirements for a certain transmission system analysis and the scope of certain  
11 transmission proposals that the Commission may evaluate; repealing a certain draft  
12 solicitation requirement; requiring that certain alternative compliance fees be paid  
13 into a certain escrow account rather than into the Maryland Strategic Energy  
14 Investment Fund; requiring that renewable energy credits be procured in a certain  
15 order; establishing the Utility-Scale SREC-II Program and the Small Solar  
16 Facilities Incentive Program for the creation of SREC-II credits; establishing certain  
17 processes and requirements for the procurement of certain front-of-the-meter  
18 transmission energy storage devices and certain credits from certain solar,  
19 hydroelectric, and land-based wind energy generating systems; requiring the  
20 Commission to establish and the Maryland Energy Administration to supervise a  
21 certain escrow account; authorizing certain units of State government to issue  
22 certain competitive sealed bids for projects that are higher than the amount  
23 authorized for small procurements; authorizing the Chief Procurement Officer to  
24 approve certain procurement contracts; altering the distribution of sales and use tax  
25 revenue attributable to certain data centers; altering the distribution of franchise  
26 tax revenue attributable to certain data centers; and generally relating to the  
27 procurement and development of clean energy resources.

28 BY repealing and reenacting, with amendments,  
29 Article – Public Utilities

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 7–207(b)(1), 7–216(a), 7–704.3(a), (b), and (e)(2), 7–704.4(e), 7–705(b), and  
2 7–709(b)  
3 Annotated Code of Maryland  
4 (2020 Replacement Volume and 2024 Supplement)

5 BY adding to  
6 Article – Public Utilities  
7 Section 7–216.2; 7–231 through 7–235 to be under the new part “Part III.  
8 Zero–Emission Credits”; 7–701(m–1), 7–709.2, and 7–709.3; and 7–1201  
9 through 7–1221 to be under the new subtitle “Subtitle 12. Energy  
10 Procurement”  
11 Annotated Code of Maryland  
12 (2020 Replacement Volume and 2024 Supplement)

13 BY repealing and reenacting, without amendments,  
14 Article – Public Utilities  
15 Section 7–701(a) and (m), 7–704.3(c), 7–704.4(d), 7–709(a), and 7–709.1(a)  
16 Annotated Code of Maryland  
17 (2020 Replacement Volume and 2024 Supplement)

18 BY repealing and reenacting, with amendments,  
19 Article – State Finance and Procurement  
20 Section 13–102(a)  
21 Annotated Code of Maryland  
22 (2021 Replacement Volume and 2024 Supplement)

23 BY adding to  
24 Article – State Finance and Procurement  
25 Section 13–117  
26 Annotated Code of Maryland  
27 (2021 Replacement Volume and 2024 Supplement)

28 BY repealing and reenacting, without amendments,  
29 Article – State Government  
30 Section 9–20B–05(a)  
31 Annotated Code of Maryland  
32 (2021 Replacement Volume and 2024 Supplement)

33 BY repealing and reenacting, with amendments,  
34 Article – State Government  
35 Section 9–20B–05(e) and (i–1)  
36 Annotated Code of Maryland  
37 (2021 Replacement Volume and 2024 Supplement)

38 BY repealing  
39 Article – State Government  
40 Section 9–20B–05(g–1) and (i)

1 Annotated Code of Maryland  
2 (2021 Replacement Volume and 2024 Supplement)

3 BY repealing and reenacting, with amendments,  
4 Article – Tax – General  
5 Section 2–1201 and 2–1303  
6 Annotated Code of Maryland  
7 (2022 Replacement Volume and 2024 Supplement)

8 BY adding to  
9 Article – Tax – General  
10 Section 2–1302.5  
11 Annotated Code of Maryland  
12 (2022 Replacement Volume and 2024 Supplement)

13 BY repealing and reenacting, without amendments,  
14 Article – Tax – General  
15 Section 11–239(a)(1), (2), and (5)  
16 Annotated Code of Maryland  
17 (2022 Replacement Volume and 2024 Supplement)

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

20 **Article – Public Utilities**

21 7–207.

22 (b) (1) (i) Unless a certificate of public convenience and necessity for the  
23 construction is first obtained from the Commission, a person may not begin construction in  
24 the State of:

- 25 1. a generating station; or  
26 2. a qualified generator lead line.

27 (ii) If a person obtains Commission approval for construction under  
28 § 7–207.1 of this subtitle **OR SUBTITLE 12, PART II OF THIS TITLE**, the Commission shall  
29 exempt a person from the requirement to obtain a certificate of public convenience and  
30 necessity under this section.

31 (iii) Notwithstanding subparagraph (i) of this paragraph, a person  
32 may not apply to obtain a certificate of public convenience and necessity for construction of  
33 a qualified generator lead line unless:

- 34 1. at least 90 days before the filing of an application for a  
35 certificate of public convenience and necessity, the person had in good faith offered the

1 electric company that owns that portion of the electric grid in Maryland to which the  
2 qualified generator lead line would interconnect a full and fair opportunity for the electric  
3 company to construct the qualified generator lead line; and

4                   2.       at any time at least 10 days before the filing of an  
5 application for a certificate of public convenience and necessity, the electric company:

6                   A.       did not accept from the person a proposal or a negotiated  
7 version of the proposal under which the electric company would construct the qualified  
8 generator lead line; or

9                   B.       stated in writing that the electric company did not intend  
10 to construct the qualified generator lead line.

11 7–216.

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

13                   (2)   (i)   “Energy storage device” means a resource capable of absorbing  
14 electrical energy, storing it for a period of time, and delivering the energy for use at a later  
15 time as needed, regardless of where the resource is located on the electric [distribution]  
16 system.

17                   (ii)   “Energy storage device” includes all types of electric storage  
18 technologies, regardless of their size, storage medium, or operational purpose, including:

19                           1.   thermal storage;

20                           2.   electrochemical storage;

21                           3.   [virtual power plants]   **THERMO–MECHANICAL**  
22 **STORAGE**; and

23                           4.   hydrogen–based storage.

24                   (3)   “Investor–owned electric company” means an electric company that is  
25 not a municipal electric utility or an electric cooperative.

26 **7–216.2.**

27           **(A)   IN THIS SECTION, “ENERGY STORAGE DEVICE” HAS THE MEANING**  
28 **STATED IN § 7–216 OF THIS SUBTITLE.**

29           **(B)   (1)   THE GENERAL ASSEMBLY FINDS AND DECLARES THAT THE**  
30 **STATE HAS A GOAL OF REACHING 150 MEGAWATTS OF DISTRIBUTION–CONNECTED**  
31 **ENERGY STORAGE DEVICES.**

1           **(2) ON OR BEFORE JULY 1, 2025, AND ON OR BEFORE JULY 1, 2026,**  
2 **THE COMMISSION SHALL NOTIFY EACH ELECTRIC COMPANY OF ITS PROPORTION OF**  
3 **THE GOAL ESTABLISHED UNDER THIS SUBSECTION, BASED ON THE ELECTRIC**  
4 **COMPANY’S SERVICE LOAD.**

5           **(C) (1) ON OR BEFORE NOVEMBER 1, 2025, AND ON OR BEFORE**  
6 **NOVEMBER 1, 2026, THE COMMISSION SHALL REQUIRE EACH ELECTRIC COMPANY**  
7 **TO DEVELOP AND IMPLEMENT A PLAN TO ACHIEVE THE PROPORTION OF**  
8 **DISTRIBUTION-CONNECTED ENERGY STORAGE DEVICES NECESSARY TO REACH THE**  
9 **ELECTRIC COMPANY’S APPORTIONMENT OF THE GOAL STATED IN SUBSECTION (B)**  
10 **OF THIS SECTION.**

11           **(2) ON OR BEFORE MARCH 1, 2026, FOR PLANS SUBMITTED BY**  
12 **NOVEMBER 1, 2025, AND ON OR BEFORE MARCH 1, 2027, FOR PLANS SUBMITTED BY**  
13 **NOVEMBER 1, 2026, THE COMMISSION SHALL:**

14                   **(I) EVALUATE EACH PLAN;**

15                   **(II) ACCEPT PUBLIC COMMENTS ON EACH PLAN; AND**

16                   **(III) ISSUE AN ORDER FOR EACH PLAN THAT EITHER:**

17                           **1. APPROVES THE PLAN; OR**

18                           **2. APPROVES THE PLAN WITH MODIFICATIONS THAT**  
19 **THE COMMISSION CONSIDERS NECESSARY.**

20           **(3) THE ENERGY STORAGE DEVICES CONSTRUCTED OR PROCURED**  
21 **UNDER EACH PLAN SHALL INCLUDE A COMBINATION OF DEVICES OWNED BY THE**  
22 **ELECTRIC COMPANY AND DEVICES OWNED BY A THIRD PARTY, WITH NOT MORE**  
23 **THAN 30% OF THE DEVICES BEING OWNED BY A THIRD PARTY.**

24           **(4) (I) THE ENERGY STORAGE DEVICES THAT ARE CONSTRUCTED**  
25 **OR PROCURED UNDER A PLAN SUBMITTED BY NOVEMBER 1, 2025, SHALL BE**  
26 **OPERATIONAL BY AUGUST 1, 2027.**

27                   **(II) THE ENERGY STORAGE DEVICES THAT ARE CONSTRUCTED**  
28 **OR PROCURED UNDER A PLAN SUBMITTED BY NOVEMBER 1, 2026, SHALL BE**  
29 **OPERATIONAL BY AUGUST 1, 2028.**

30                   **(III) THE COMMISSION MAY EXTEND A DEADLINE UNDER THIS**  
31 **PARAGRAPH FOR GOOD CAUSE.**

1           **(D) THE COMMISSION SHALL REQUIRE EACH PLAN TO DEMONSTRATE THAT**  
2 **THE CONSTRUCTION OR PROCUREMENT OF EACH ENERGY STORAGE DEVICE:**

3                   **(1) IS BENEFICIAL IN TERMS OF COST, INCLUDING A DEMONSTRATION**  
4 **OF ANY:**

5                           **(I) AVOIDED OR DELAYED TRANSMISSION, DISTRIBUTION, AND**  
6 **GENERATION COSTS; AND**

7                           **(II) AVOIDED EMISSIONS; AND**

8                   **(2) CAN BE COMPLETED WITHIN 18 MONTHS AFTER THE PLAN IS**  
9 **APPROVED.**

10           **(E) (1) A DEVELOPER OF A THIRD-PARTY-OWNED ENERGY STORAGE**  
11 **DEVICE CONSTRUCTED IN ACCORDANCE WITH THIS SECTION SHALL ENSURE THAT**  
12 **WORKERS ARE PAID NOT LESS THAN THE PREVAILING WAGE RATE DETERMINED**  
13 **UNDER TITLE 17, SUBTITLE 2 OF THE STATE FINANCE AND PROCUREMENT**  
14 **ARTICLE.**

15                   **(2) AN ENERGY STORAGE DEVICE CONSTRUCTED AND OWNED BY AN**  
16 **ELECTRIC COMPANY SHALL BE CONSTRUCTED BY:**

17                           **(I) EMPLOYEES OF THE ELECTRIC COMPANY; OR**

18                           **(II) CONTRACTORS THAT SHALL ENSURE THAT WORKERS**  
19 **CONSTRUCTING THE ENERGY STORAGE DEVICE ARE PAID NOT LESS THAN THE**  
20 **PREVAILING WAGE RATE DETERMINED UNDER TITLE 17, SUBTITLE 2 OF THE STATE**  
21 **FINANCE AND PROCUREMENT ARTICLE.**

22                   **(3) AN ELECTRIC COMPANY SHALL PROVIDE ITS EMPLOYEE**  
23 **BARGAINING UNIT AN OPPORTUNITY TO PROVIDE MAINTENANCE AND OPERATIONS**  
24 **FOR ANY ENERGY STORAGE DEVICE OWNED BY THE ELECTRIC COMPANY.**

25                   **(4) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, AN**  
26 **ELECTRIC COMPANY MAY CONTRACT ANY WORK UNDER THIS SECTION NOT**  
27 **CONDUCTED BY THE COMPANY'S EMPLOYEE BARGAINING UNIT TO A QUALIFIED**  
28 **CONTRACTOR.**

29                           **(II) AN ELECTRIC COMPANY SHALL REQUIRE A CONTRACTOR**  
30 **OR SUBCONTRACTOR ON A PROJECT UNDER THIS SECTION TO:**

1                   1.     PAY THE AREA PREVAILING WAGE RATE DETERMINED  
2 BY THE COMMISSIONER OF LABOR AND INDUSTRY, INCLUDING WAGES AND FRINGE  
3 BENEFITS; AND

4                   2.     OFFER HEALTH CARE AND RETIREMENT BENEFITS TO  
5 THE EMPLOYEES WORKING ON THE PROJECT.

6 7-229. RESERVED.

7 7-230. RESERVED.

8                                   PART III. ZERO-EMISSION CREDITS.

9 7-231.

10           (A) IN THIS PART THE FOLLOWING WORDS HAVE THE MEANINGS  
11 INDICATED.

12           (B) “BENEFICIAL NUCLEAR FACILITY” MEANS A NUCLEAR REACTOR THAT  
13 IS LOCATED IN AND PROVIDES ENVIRONMENTAL BENEFITS TO THE STATE.

14           (C) “ZERO-EMISSION CREDIT” OR “ZEC” MEANS A PAYMENT EQUAL TO THE  
15 GENERATION ATTRIBUTES OF 1 MEGAWATT-HOUR OF ELECTRICITY THAT IS  
16 DERIVED FROM A BENEFICIAL NUCLEAR FACILITY.

17 7-232.

18           (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A BENEFICIAL NUCLEAR  
19 FACILITY MAY SUBMIT AN APPLICATION TO THE COMMISSION TO RECEIVE  
20 ZERO-EMISSION CREDITS.

21           (B) (1) A BENEFICIAL NUCLEAR FACILITY MAY NOT RECEIVE  
22 ZERO-EMISSION CREDITS DURING ANY PERIOD IN WHICH THE FACILITY RECEIVES  
23 ZERO-EMISSION NUCLEAR POWER PRODUCTION TAX CREDITS UNDER § 13105 OF  
24 THE INFLATION REDUCTION ACT OF 2022.

25                   (2) THE COMMISSION MAY NOT OFFER ZERO-EMISSION CREDITS  
26 AFTER 2055.

27                   (3) TO BE ELIGIBLE TO RECEIVE A ZERO-EMISSION CREDIT, A  
28 BENEFICIAL NUCLEAR FACILITY MUST MAINTAIN A NEUTRAL POSITION IN ANY  
29 LABOR ORGANIZING THAT TAKES PLACE AT THE FACILITY.

1 **7-233.**

2 (A) AFTER NOTICE AND AN OPPORTUNITY FOR A HEARING, THE  
3 COMMISSION SHALL APPROVE OR DENY AN APPLICATION SUBMITTED UNDER §  
4 7-232 OF THIS SUBTITLE WITHIN 9 MONTHS AFTER THE APPLICATION IS FILED.

5 (B) THE COMMISSION MAY APPROVE AN APPLICATION:

6 (1) IN WHOLE OR IN PART; AND

7 (2) SUBJECT TO ANY LIMITATIONS AND QUALIFICATIONS THAT THE  
8 COMMISSION CONSIDERS NECESSARY AND IN THE PUBLIC INTEREST.

9 **7-234.**

10 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE PRICE FOR A  
11 ZERO-EMISSION CREDIT SHALL BE EQUAL TO [ $\$15/\text{MWh} - 80\% \times (\text{GROSS}$   
12  $\text{RECEIPTS} - \$25/\text{MWh})$ ].

13 (B) THE  $\$15/\text{MWh}$  AND  $\$25/\text{MWh}$  CALCULATIONS SHALL BE ADJUSTED FOR  
14 INFLATION.

15 **7-235.**

16 (A) THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT THIS  
17 PART NOT LATER THAN 365 DAYS BEFORE THE EXPIRATION OF THE AVAILABILITY  
18 OF ZERO-EMISSION NUCLEAR POWER PRODUCTION TAX CREDITS UNDER § 13105 OF  
19 THE INFLATION REDUCTION ACT OF 2022.

20 (B) THE REGULATIONS SHALL:

21 (1) INCLUDE DATA SUBMISSION REQUIREMENTS NECESSARY TO  
22 EVALUATE A BENEFICIAL NUCLEAR FACILITY'S PROJECTED ENVIRONMENTAL  
23 BENEFITS AND ANNUAL GROSS RECEIPTS; AND

24 (2) PROVIDE FOR THE RECAPTURE OF THE ALLOCATION OF ANY  
25 ZERO-EMISSION CREDIT WITHIN THE PREVIOUS 3 YEARS TO A BENEFICIAL NUCLEAR  
26 FACILITY THAT PERMANENTLY TERMINATES OPERATIONS, EXCEPT IN THE CASE OF  
27 FORCE MAJEURE.

28 **7-701.**

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



1 (m) “Renewable energy credit” or “credit” means a credit equal to the generation  
2 attributes of 1 megawatt–hour of electricity that is derived from a Tier 1 renewable source  
3 or a Tier 2 renewable source that is located:

4 (1) in the PJM region;

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

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

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

12 (ii) is between 10 and 80 miles off the coast of the State.

13 **(M-1) “RENEWABLE ENERGY CREDIT-II” OR “REC-II” MEANS A**  
14 **RENEWABLE ENERGY CREDIT THAT IS DERIVED FROM AN ENERGY GENERATING**  
15 **SYSTEM PROCURED IN ACCORDANCE WITH SUBTITLE 12 OF THIS TITLE.**

16 7–704.3.

17 (a) **(1)** The General Assembly finds and declares that it is:

18 **(I)** in the public interest to upgrade and expand the transmission  
19 system to accommodate the buildout of at least 8,500 megawatts of offshore wind energy  
20 from qualified offshore wind projects serving the State by 2031; AND

21 **(II) THE PUBLIC POLICY OF THE STATE TO ENGAGE IN**  
22 **COORDINATED TRANSMISSION PLANNING TO SUPPORT OFFSHORE WIND ENERGY ON**  
23 **A MULTISTATE, REGIONAL, OR INTER-REGIONAL BASIS.**

24 **(2) TO FURTHER THE PUBLIC POLICY STATED IN PARAGRAPH (1)(II)**  
25 **OF THIS SUBSECTION, THE COMMISSION SHALL PURSUE ONE OF THE FOLLOWING**  
26 **COORDINATED APPROACHES TO THE TRANSMISSION OF ENERGY DERIVED FROM**  
27 **OFFSHORE WIND:**

28 **(I) PJM INTERCONNECTION’S LONG-TERM TRANSMISSION**  
29 **PLANNING PROCESS; OR**

30 **(II) AN ALTERNATIVE VOLUNTARY AGREEMENT.**

1 (b) (1) To meet the goals established under § 7–703 of this subtitle and  
 2 subsection (a) of this section, the Commission, in consultation with the Maryland Energy  
 3 Administration, shall request that PJM Interconnection conduct an analysis of  
 4 transmission system upgrade and expansion options that take into consideration both  
 5 onshore and offshore infrastructure.

6 (2) The Commission:

7 (i) shall consult with other states served by PJM Interconnection to  
 8 evaluate regional transmission cooperation that could help achieve the State’s renewable  
 9 energy and offshore wind energy goals with greater efficiency;

10 (ii) shall work with PJM Interconnection to ensure that the analysis  
 11 requested under paragraph (1) of this subsection includes an analysis of solutions that:

12 1. use an open–access collector transmission system to allow  
 13 for the interconnection of multiple qualified offshore wind projects at a single [substation]  
 14 **OR AT MULTIPLE SUBSTATIONS LOCATED IN OR NEAR THE DELMARVA PENINSULA;**

15 **2. TO THE EXTENT POSSIBLE, USE UPGRADES TO**  
 16 **EXISTING TRANSMISSION SYSTEMS BEFORE CONSIDERING NEW TRANSMISSION**  
 17 **SYSTEM ELEMENTS, INCLUDING USING UPGRADES TO THE EXISTING 138 KILOVOLTS**  
 18 **AND 230 KILOVOLTS TRANSMISSION ELEMENTS IN THE DELMARVA PENINSULA TO**  
 19 **HIGHER VOLTAGE LEVELS;**

20 **3. SUPPORT 8,500 MEGAWATTS OF OFFSHORE WIND**  
 21 **ENERGY GENERATION TO SERVE THE STATE’S LOAD EITHER THROUGH INTRASTATE**  
 22 **TRANSMISSION UPGRADES OR INTERSTATE TRANSMISSION UPGRADES BETWEEN**  
 23 **THE STATE AND DELAWARE;**

24 [2.] 4. avoid a significant outage, or single contingency, of any  
 25 part of the transmission system;

26 [3.] 5. reduce permitting risks, impacts on communities, and  
 27 unnecessary high costs;

28 [4. leverage existing infrastructure;

29 5.] 6. offer benefits that address additional grid challenges; and

30 [6.] 7. address any other issues that the Commission identifies;

31 [and]

32 (iii) **SHALL ENSURE THE COMPLETION OF A COST–BENEFIT**  
 33 **ANALYSIS OF VARIOUS APPROACHES FOR UPGRADING AND EXPANDING THE**

1 TRANSMISSION SYSTEM TO MEET THE STATE'S OFFSHORE WIND ENERGY TARGETS  
2 AND ENERGY NEEDS, INCLUDING:

3 1. AN ANALYSIS OF THE FOLLOWING THREE SCENARIOS:

4 A. INTERCONNECTING OFFSHORE WIND FACILITIES TO  
5 THE PJM INTERCONNECTION SYSTEM ON A RADIAL BASIS, BASED ON STUDY  
6 ESTIMATES OF PAST RADIAL INTERCONNECTION COSTS AND FUTURE PROJECTED  
7 RADIAL INTERCONNECTION COSTS;

8 B. A COORDINATED TRANSMISSION SOLUTION THAT  
9 CONNECTS ENERGY DERIVED FROM OFFSHORE WIND DIRECTLY TO MAJOR LOAD  
10 CENTERS IN THE STATE; AND

11 C. A COORDINATED TRANSMISSION SOLUTION THAT  
12 DOES NOT CONNECT ENERGY DERIVED FROM OFFSHORE WIND DIRECTLY TO MAJOR  
13 LOAD CENTERS IN THE STATE; AND

14 2. AN ECONOMIC ANALYSIS THAT CONSIDERS, OVER THE  
15 EXPECTED LIFE OF EACH FACILITY:

16 A. THE COSTS OF ANY TRANSMISSION CONSTRUCTION  
17 OR UPGRADES THAT ARE AVOIDED BY ANY NEW OFFSHORE WIND ENERGY  
18 GENERATION AND TRANSMISSION DEVELOPMENT;

19 B. ANY PRODUCTION COST SAVINGS THAT RESULT FROM  
20 MEETING THE STATE'S OFFSHORE WIND ENERGY TARGETS;

21 C. ANY REDUCTION IN TRANSMISSION LOSSES;

22 D. CHANGES IN TOTAL PJM INTERCONNECTION  
23 MARKET COSTS;

24 E. ENVIRONMENTAL BENEFITS;

25 F. RELIABILITY BENEFITS; AND

26 G. ANY OTHER BENEFITS OR COSTS IDENTIFIED BY THE  
27 COMMISSION; AND

28 (IV) may consult with owners of transmission facilities in the State to  
29 gather relevant technical information.

1 (3) The Commission may enter into any necessary agreements with PJM  
2 Interconnection for transmission planning to:

3 (i) initiate PJM Interconnection's analysis; or

4 (ii) assist with the solicitation of proposals for offshore wind  
5 transmission projects.

6 (4) On or before July 1, 2024, the Commission shall submit a status update  
7 on the analysis requested under paragraph (1) of this subsection to the General Assembly,  
8 in accordance with § 2–1257 of the State Government Article.

9 (c) (1) On or before July 1, 2025, the Commission shall issue, or request that  
10 PJM Interconnection issue, one or more competitive solicitations for proposals for open  
11 access offshore wind transmission facilities and complementary onshore transmission  
12 upgrades and expansions.

13 (2) The Commission may issue, or request that PJM Interconnection issue,  
14 further solicitations for proposals after this date if determined necessary by the  
15 Commission.

16 (e) (2) The Commission may evaluate, or request that PJM Interconnection  
17 assist with the evaluation of, proposals that include:

18 (i) upgrading the existing transmission grid **AND DEPLOYING**  
19 **ADVANCED TRANSMISSION TECHNOLOGIES;**

20 (ii) extending the existing transmission grid onshore and offshore to  
21 be closer to offshore wind energy locations;

22 (iii) interconnecting between offshore substations;

23 (iv) adding energy storage; and

24 (v) the use of HVDC converter technology to support potential  
25 weaknesses in the transmission grid.

26 7–704.4.

27 (d) (1) The State shall:

28 (i) issue a draft solicitation for procurement of offshore wind energy  
29 for public comment and review on or before June 1, 2024;

30 (ii) issue a procurement for offshore wind energy on or before July  
31 31, 2024;

1 (iii) provide a procurement submission process window of not less  
2 than 180 days; and

3 (iv) award contracts in a timely manner.

4 (2) (i) Subject to subparagraph (ii) of this paragraph, on or before  
5 September 1, 2025, the State may enter into a contract or contracts for the procurement  
6 issued under paragraph (1) of this subsection.

7 (ii) The State may modify the date established in subparagraph (i)  
8 of this paragraph if an unforeseen circumstance adversely affects the procurement  
9 submission process.

10 (e) (1) In addition to the solicitation and procurement issued under subsection  
11 (d) of this section, the State[:

12 (i) shall issue a draft solicitation for procurement of offshore wind  
13 energy for public comment and review on or before September 1, 2025; and

14 (ii)] shall issue a procurement for offshore wind energy on or before  
15 December 31, 2025.

16 (2) Subject to paragraph (3) of this subsection and in addition to any  
17 contract entered into under subsection (d) of this section, on or before March 31, 2027, the  
18 State may enter into a contract or contracts for the procurement issued under paragraph  
19 (1) of this subsection.

20 (3) The State may modify the date established in paragraph (2) of this  
21 subsection if an unforeseen circumstance adversely affects the procurement submission  
22 process.

23 7–705.

24 (b) (1) This subsection does not apply to a shortfall from the required Tier 1  
25 renewable sources that is to be derived from post–2022 geothermal systems.

26 (2) **[If BEGINNING OCTOBER 1, 2025, IF** an electricity supplier fails to  
27 comply with the renewable energy portfolio standard for the applicable year, the electricity  
28 supplier shall pay into the **[Maryland Strategic Energy Investment Fund established under**  
29 **§ 9–20B–05 of the State Government Article] ESCROW ACCOUNT ESTABLISHED UNDER**  
30 **PARAGRAPH (4) OF THIS SUBSECTION:**

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



- 1 L. 5.5 cents in 2025;
- 2 M. 4.5 cents in 2026;
- 3 N. 3.5 cents in 2027;
- 4 O. 3.25 cents in 2028;
- 5 P. 2.5 cents in 2029; and
- 6 Q. 2.25 cents in 2030 and later; and
- 7 3. 1.5 cents for each kilowatt-hour of shortfall from required  
8 Tier 2 renewable sources; or
- 9 (ii) for industrial process load:
- 10 1. for each kilowatt-hour of shortfall from required Tier 1  
11 renewable sources, a compliance fee of:
- 12 A. 0.8 cents in 2006, 2007, and 2008;
- 13 B. 0.5 cents in 2009 and 2010;
- 14 C. 0.4 cents in 2011 and 2012;
- 15 D. 0.3 cents in 2013 and 2014;
- 16 E. 0.25 cents in 2015 and 2016; and
- 17 F. except as provided in paragraph (3) of this subsection, 0.2  
18 cents in 2017 and later; and
- 19 2. nothing for any shortfall from required Tier 2 renewable  
20 sources.

21 (3) For industrial process load, the compliance fee for each kilowatt-hour  
22 of shortfall from required Tier 1 renewable sources is nothing for the year following any  
23 year during which, after final calculations, the net rate impact per megawatt-hour from  
24 Round 1 offshore wind projects exceeded \$1.65 in 2012 dollars.

25 (4) (I) SUBJECT TO ANY ESCROW ACCOUNT RESERVE  
26 REQUIREMENT THE COMMISSION ESTABLISHES, THE COMPLIANCE FEES PAID INTO  
27 THE ESCROW ACCOUNT ESTABLISHED IN ACCORDANCE WITH THIS SUBSECTION  
28 SHALL BE DISTRIBUTED TO ELECTRIC COMPANIES TO BE REFUNDED OR CREDITED  
29 TO EACH DISTRIBUTION CUSTOMER BASED ON THE CUSTOMER'S CONSUMPTION OF

1 ELECTRICITY SUPPLY THAT IS SUBJECT TO THE RENEWABLE ENERGY PORTFOLIO  
2 STANDARD.

3 (II) THE PROCESS UNDER SUBPARAGRAPH (I) OF THIS  
4 PARAGRAPH RELATED TO THE REFUNDING OR CREDITING OF AMOUNTS TO  
5 DISTRIBUTION CUSTOMERS SHALL BE DIRECTED AND OVERSEEN BY THE  
6 COMMISSION.

7 (5) THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT  
8 THIS SUBSECTION, INCLUDING:

9 (I) THE ESTABLISHMENT OF AN ESCROW ACCOUNT TO BE  
10 UNDER, SUBJECT TO PARAGRAPH (4)(II) OF THIS SUBSECTION, THE SUPERVISION OF  
11 THE MARYLAND ENERGY ADMINISTRATION; AND

12 (II) DEFINING RULES TO FACILITATE AND ENSURE THE SECURE  
13 AND TRANSPARENT TRANSFER OF COMPLIANCE FEE PAYMENTS TO ELECTRIC  
14 COMPANIES TO BE DISTRIBUTED BACK TO DISTRIBUTION CUSTOMERS.

15 7-709.

16 (a) An electricity supplier may use accumulated renewable energy credits to meet  
17 the renewable energy portfolio standard, including credits created by a renewable on-site  
18 generator.

19 (b) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE  
20 MEANINGS INDICATED.

21 (II) "CERTIFIED SREC" HAS THE MEANING STATED IN §  
22 7-709.1 OF THIS SUBTITLE.

23 (III) "SREC-II" HAS THE MEANING STATED IN § 7-709.2 OF THIS  
24 SUBTITLE.

25 (2) A renewable energy credit may be sold or otherwise transferred.

26 (3) AN ELECTRICITY SUPPLIER THAT PROCURES RENEWABLE  
27 ENERGY CREDITS TO MEET THE RENEWABLE ENERGY PORTFOLIO STANDARD SHALL  
28 PROCURE CREDITS TO MEET THE STANDARD IN THE FOLLOWING ORDER:

29 (I) FIRST, ORECS, REC-IIs, AND SREC-IIs;

30 (II) SECOND, CERTIFIED SRECS; AND



1                   **(III) THIRD, RENEWABLE ENERGY CREDITS OTHER THAN**  
2 **ORECs, REC-IIs, SREC-IIs, AND CERTIFIED SRECS.**

3 **7-709.1.**

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

5                   (2)   “Brownfield” has the meaning stated in § 7-207 of this title.

6                   (3)   “Certified SREC” means a solar renewable energy credit generated by  
7 a certified system.

8                   (4)   “Certified system” means a solar energy generating system certified by  
9 the Commission under the Program to generate certified SRECs with the compliance value  
10 specified in subsection (c) of this section.

11                   (5)   “Program” means the Small Solar Energy Generating System Incentive  
12 Program.

13 **7-709.2.**

14           **(A)   (1)   IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**  
15 **INDICATED.**

16                   (2)   “PROGRAM” MEANS THE UTILITY-SCALE SREC-II PROGRAM.

17                   (3)   “QUALIFYING SMALL SYSTEM” HAS THE MEANING STATED IN  
18 **§ 7-709.3 OF THIS SUBTITLE.**

19                   (4)   “QUALIFYING SYSTEM” MEANS A UTILITY-SCALE SOLAR ENERGY  
20 GENERATING SYSTEM CERTIFIED TO GENERATE SREC-IIs.

21                   (5)   “SREC-II” MEANS A SOLAR RENEWABLE ENERGY CREDIT EQUAL  
22 TO THE GENERATION ATTRIBUTES OF 1 MEGAWATT-HOUR OF ELECTRICITY THAT IS  
23 DERIVED FROM A QUALIFYING SYSTEM OR A QUALIFYING SMALL SYSTEM.

24                   (6)   “UTILITY-SCALE SOLAR ENERGY GENERATING SYSTEM” MEANS A  
25 SOLAR PHOTOVOLTAIC SYSTEM THAT HAS A GENERATING CAPACITY THAT EXCEEDS  
26 5 MEGAWATTS, AS MEASURED BY THE ALTERNATING CURRENT RATING OF THE  
27 SYSTEM’S INVERTER.

28           **(B)   THERE IS A UTILITY-SCALE SREC-II PROGRAM IN THE COMMISSION.**

1 (C) THE PROGRAM SHALL PROVIDE INCENTIVES FOR THE DEVELOPMENT  
2 OF AT LEAST 3,000 MEGAWATTS OF NEW UTILITY-SCALE SOLAR GENERATION BY  
3 2035.

4 (D) (1) UNDER THE PROGRAM, A QUALIFYING SYSTEM SHALL GENERATE  
5 SREC-IIS.

6 (2) A QUALIFYING SYSTEM THAT GENERATES SREC-IIS UNDER THE  
7 PROGRAM MAY NOT SIMULTANEOUSLY RECEIVE REC-IIS, RECs, OR ANY OTHER  
8 EQUIVALENT CERTIFICATES.

9 (3) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE  
10 PROVISIONS OF THIS SUBTITLE RELATING TO RENEWABLE ENERGY CREDITS SHALL  
11 APPLY TO SREC-IIS GENERATED UNDER THE PROGRAM.

12 (4) AN SREC-II GENERATED UNDER THE PROGRAM MAY BE  
13 APPLIED ONLY TOWARD MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD  
14 BEGINNING WITH THE YEAR IN WHICH THE SREC-II IS GENERATED.

15 (E) THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT THIS  
16 SECTION, INCLUDING REGULATIONS TO ESTABLISH REQUIREMENTS FOR  
17 CERTIFICATION AS A QUALIFYING SYSTEM UNDER THE PROGRAM.

18 **7-709.3.**

19 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
20 INDICATED.

21 (2) "ADMINISTRATIVELY DETERMINED INCENTIVE" MEANS THE  
22 MONETARY VALUE OF AN SREC-II GENERATED BY A QUALIFYING SMALL SYSTEM  
23 UNDER THE PROGRAM.

24 (3) "CAPACITY BLOCK" MEANS THE MAXIMUM AMOUNT OF  
25 GENERATING CAPACITY, MEASURED IN MEGAWATTS, THAT THE COMMISSION  
26 DETERMINES CAN BE ALLOTTED TO A SPECIFIC MARKET SEGMENT FOR A GIVEN  
27 INCENTIVE YEAR.

28 (4) "COMMUNITY SOLAR ENERGY GENERATING SYSTEM" HAS THE  
29 MEANING STATED IN § 7-306.2 OF THIS TITLE.

30 (5) "ELIGIBLE CUSTOMER-GENERATOR" HAS THE MEANING STATED  
31 IN § 7-306 OF THIS TITLE.

1           **(6) “MARKET SEGMENT” MEANS THE GROUP CLASSIFICATION FOR**  
2 **THE TYPE OF SMALL SOLAR ENERGY GENERATING SYSTEMS ELIGIBLE FOR**  
3 **CERTIFICATION UNDER THE PROGRAM.**

4           **(7) “NET METERED SOLAR ENERGY GENERATING SYSTEM” MEANS A**  
5 **SMALL SOLAR ENERGY GENERATING SYSTEM USED BY AN ELIGIBLE**  
6 **CUSTOMER-GENERATOR FOR NET METERING IN ACCORDANCE WITH § 7-306 OF**  
7 **THIS TITLE.**

8           **(8) “PROGRAM” MEANS THE SMALL SOLAR FACILITIES INCENTIVE**  
9 **PROGRAM.**

10           **(9) “PROJECT OFF-TAKER” MEANS THE END USER OF SREC-IIS**  
11 **THAT ARE GENERATED BY A QUALIFYING SMALL SYSTEM.**

12           **(10) “QUALIFYING SMALL SYSTEM” MEANS A SMALL SOLAR ENERGY**  
13 **GENERATING SYSTEM CERTIFIED TO GENERATE SREC-IIS UNDER THE PROGRAM.**

14           **(11) “SMALL SOLAR ENERGY GENERATING SYSTEM” MEANS A**  
15 **PHOTOVOLTAIC SYSTEM THAT HAS A GENERATING CAPACITY OF 5 MEGAWATTS OR**  
16 **LESS, AS MEASURED BY THE ALTERNATING CURRENT RATING OF THE SYSTEM’S**  
17 **INVERTER.**

18           **(12) “SREC-II” HAS THE MEANING STATED IN § 7-709.2 OF THIS**  
19 **SUBTITLE.**

20           **(B) (1) THERE IS A SMALL SOLAR FACILITIES INCENTIVE PROGRAM.**

21           **(2) THE COMMISSION SHALL ADMINISTER THE PROGRAM.**

22           **(C) THE PROGRAM SHALL PROVIDE INCENTIVES FOR THE DEVELOPMENT**  
23 **OF, BY 2035, AT LEAST 3,000 MEGAWATTS OF NEW SOLAR ENERGY GENERATION BY**  
24 **OWNERS OF SMALL SOLAR ENERGY GENERATING SYSTEMS THAT ARE:**

25           **(1) COMMUNITY SOLAR ENERGY GENERATING SYSTEMS; OR**

26           **(2) NET METERED SOLAR ENERGY GENERATING SYSTEMS.**

27           **(D) (1) THE COMMISSION SHALL ESTABLISH ELIGIBILITY CRITERIA AND**  
28 **AN APPLICATION PROCESS BY WHICH AN OWNER OF A SMALL SOLAR ENERGY**  
29 **GENERATING SYSTEM MAY APPLY TO BECOME A QUALIFYING SMALL SYSTEM AND**  
30 **GENERATE SREC-IIS UNDER THE PROGRAM.**

1           **(2) IN ADDITION TO ANY REQUIREMENTS ESTABLISHED BY THE**  
2 **COMMISSION UNDER PARAGRAPH (1) OF THIS SUBSECTION, TO BE ELIGIBLE UNDER**  
3 **THE PROGRAM, A SMALL SOLAR ENERGY GENERATING SYSTEM SHALL:**

4                   **(I) BE LOCATED IN THE STATE;**

5                   **(II) BE ELIGIBLE FOR INCLUSION IN MEETING THE RENEWABLE**  
6 **ENERGY PORTFOLIO STANDARD;**

7                   **(III) HAVE A GENERATING CAPACITY OF 5 MEGAWATTS OR LESS,**  
8 **AS MEASURED BY THE ALTERNATING CURRENT RATING OF THE SYSTEM'S INVERTER;**

9                   **(IV) BE PLACED IN SERVICE ON OR AFTER JULY 1, 2027; AND**

10                   **(V) BE BENEFICIAL TO THE ELECTRIC DISTRIBUTION SYSTEM IN**  
11 **THE STATE.**

12           **(E) ON OR BEFORE JANUARY 1, 2028, THE PROGRAM SHALL BEGIN**  
13 **ACCEPTING APPLICATIONS FROM QUALIFYING SMALL SYSTEMS TO FULFILL**  
14 **CAPACITY WITHIN A CAPACITY BLOCK ON A FIRST-COME, FIRST-SERVED BASIS.**

15           **(F) (1) ON OR BEFORE JANUARY 1, 2027, AND EVERY 3 YEARS**  
16 **THEREAFTER, THE COMMISSION SHALL ESTABLISH AN ADMINISTRATIVELY**  
17 **DETERMINED INCENTIVE AND ANNUAL CAPACITY BLOCK FOR EACH OF THE**  
18 **FOLLOWING MARKET SEGMENTS UNDER THE PROGRAM:**

19                   **(I) BEHIND-THE-METER RESIDENTIAL;**

20                   **(II) BEHIND-THE-METER NONRESIDENTIAL;**

21                   **(III) AGGREGATED NET METERING; AND**

22                   **(IV) COMMUNITY SOLAR.**

23           **(2) AT ANY TIME AFTER PROVIDING PUBLIC NOTICE THE**  
24 **COMMISSION MAY ADJUST THE ADMINISTRATIVELY DETERMINED INCENTIVE AND**  
25 **ANNUAL CAPACITY BLOCKS IF THE COMMISSION DETERMINES AN ADJUSTMENT IS**  
26 **NECESSARY.**

27           **(3) THE ADMINISTRATIVELY DETERMINED INCENTIVE FOR A**  
28 **QUALIFIED SMALL SYSTEM SHALL BE FIXED FOR 15 YEARS AT THE AMOUNT OF THE**  
29 **ADMINISTRATIVELY DETERMINED INCENTIVE THAT WAS ESTABLISHED IN THE YEAR**

1 IN WHICH THE QUALIFYING SMALL SYSTEM WAS CONSTRUCTED OR RECEIVED  
2 CERTIFICATION AS A QUALIFYING SMALL SYSTEM, WHICHEVER IS LATER.

3 (4) (I) IN ESTABLISHING AN ADMINISTRATIVELY DETERMINED  
4 INCENTIVE AND ANNUAL CAPACITY BLOCKS UNDER PARAGRAPH (1) OF THIS  
5 SUBSECTION, THE COMMISSION SHALL BALANCE THE NEED FOR CONTINUED  
6 MARKET DEVELOPMENT FOR EACH MARKET SEGMENT WHILE LIMITING THE  
7 PROJECTED NET RATE IMPACT FOR ALL CUSTOMERS TO 5% OF THE TOTAL  
8 ELECTRICITY BILL OVER THE DURATION OF THE PROGRAM.

9 (II) THE NET RATE IMPACT CALCULATIONS SHALL TAKE INTO  
10 ACCOUNT ANY COSTS AND BENEFITS ATTRIBUTABLE TO THE PROGRAM AS  
11 DETERMINED BY THE COMMISSION, INCLUDING:

12 1. ENERGY GENERATED;

13 2. THE CAPACITY OF QUALIFYING SMALL SYSTEMS IN  
14 THE PROGRAM; AND

15 3. THE TRANSMISSION AND DISTRIBUTION OF THE  
16 ENERGY THROUGH THE TRANSMISSION AND DISTRIBUTION SYSTEMS.

17 (G) IN DETERMINING THE ADMINISTRATIVELY DETERMINED INCENTIVE  
18 FOR EACH MARKET SEGMENT UNDER SUBSECTION (F)(1) OF THIS SECTION, THE  
19 COMMISSION SHALL:

20 (1) FOR EACH MARKET SEGMENT, CONSIDER PRICE DIFFERENTIALS  
21 BASED ON THE FOLLOWING CRITERIA:

22 (I) PROJECT SIZE;

23 (II) PROJECT OFF-TAKER TYPE;

24 (III) PROJECT LOCATION; AND

25 (IV) ELECTRIC COMPANY SERVICE TERRITORY;

26 (2) ESTABLISH MONETARY VALUES THAT ENCOURAGE MARKET  
27 DEVELOPMENT WHILE BALANCING RATEPAYER INTERESTS; AND

28 (3) STRIVE TO ACHIEVE MARKET DIVERSITY, INCLUDING  
29 GEOGRAPHIC DIVERSITY AND PROJECT OFF-TAKER DIVERSITY.

1           **(H) IN ESTABLISHING THE CAPACITY BLOCK FOR EACH MARKET SEGMENT**  
2 **UNDER SUBSECTION (F)(1) OF THIS SECTION, THE COMMISSION SHALL:**

3           **(1) ENABLE MEANINGFUL AND CONTINUED MARKET GROWTH FOR**  
4 **EACH MARKET SEGMENT;**

5           **(2) CONSIDER THE VALUE OF REDUCING ELECTRICITY DEMAND AND**  
6 **THE COST OF INSTALLING GENERATING CAPACITY ON THE TRANSMISSION AND**  
7 **DISTRIBUTION SYSTEMS; AND**

8           **(3) FOR THE BEHIND-THE-METER RESIDENTIAL MARKET SEGMENT,**  
9 **ENSURE THAT THE NEXT CAPACITY BLOCK IS ESTABLISHED AS SOON AS**  
10 **REASONABLY POSSIBLE AFTER THE CURRENT CAPACITY BLOCK HAS BEEN FULLY**  
11 **RESERVED.**

12           **(I) (1) A QUALIFYING SMALL SYSTEM THAT GENERATES SREC-IIS**  
13 **UNDER THIS PROGRAM MAY NOT SIMULTANEOUSLY RECEIVE REC-IIS, RECS, OR**  
14 **ANY OTHER EQUIVALENT CREDITS.**

15           **(2) EXCEPT AS OTHERWISE PROVIDED IN SECTION, THE PROVISIONS**  
16 **OF THIS SUBTITLE RELATING TO RENEWABLE ENERGY CREDITS SHALL APPLY TO**  
17 **SREC-IIS GENERATED UNDER THE PROGRAM.**

18           **(3) AN SREC-II GENERATED UNDER THE PROGRAM MAY BE**  
19 **APPLIED ONLY TOWARD MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD**  
20 **BEGINNING WITH THE YEAR IN WHICH THE SREC-II IS GENERATED.**

21                           **SUBTITLE 12. ENERGY PROCUREMENT.**

22                           **PART I. DEFINITIONS; GENERAL PROVISIONS.**

23           **7-1201.**

24           **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**  
25 **INDICATED.**

26           **(B) “EFFECTIVE NAMEPLATE CAPACITY” MEANS THE AMOUNT OF ENERGY**  
27 **AN ENERGY STORAGE DEVICE CAN DELIVER CONTINUOUSLY TO THE ELECTRIC**  
28 **DISTRIBUTION SYSTEM OVER A 4-HOUR PERIOD.**

29           **(C) “ENERGY STORAGE DEVICE” HAS THE MEANING STATED IN § 7-216 OF**  
30 **THIS TITLE.**

1 (D) "REC-II" HAS THE MEANING STATED IN § 7-701 OF THIS TITLE.

2 (E) "REC-II PAYMENT" MEANS THE MONETARY VALUE OF A REC-II  
3 GENERATED AND SOLD BY AN ENERGY GENERATING SYSTEM AWARDED A CONTRACT  
4 IN ACCORDANCE WITH THIS SUBTITLE.

5 7-1202.

6 (A) AN APPLICATION FOR A PROPOSED PROJECT UNDER THIS SUBTITLE IS  
7 SUBJECT TO A COMMUNITY BENEFIT AGREEMENT.

8 (B) A COMMUNITY BENEFIT AGREEMENT SHALL:

9 (1) PROMOTE INCREASED OPPORTUNITIES FOR LOCAL BUSINESSES  
10 AND SMALL, MINORITY, WOMEN-OWNED, AND VETERAN-OWNED BUSINESSES IN THE  
11 CLEAN ENERGY INDUSTRY;

12 (2) ENSURE THE TIMELY, SAFE, AND EFFICIENT COMPLETION OF THE  
13 PROJECT BY:

14 (I) FACILITATING A STEADY SUPPLY OF HIGHLY SKILLED  
15 CRAFT WORKERS WHO SHALL BE PAID NOT LESS THAN THE PREVAILING WAGE RATE  
16 DETERMINED BY THE COMMISSIONER OF LABOR AND INDUSTRY UNDER TITLE 17,  
17 SUBTITLE 2 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; AND

18 (II) GUARANTEEING THAT THE CONSTRUCTION WORK  
19 PERFORMED IN CONNECTION WITH THE PROJECT WILL BE SUBJECT TO AN  
20 AGREEMENT THAT:

21 1. ESTABLISHES THE TERMS AND CONDITIONS OF  
22 EMPLOYMENT AT THE CONSTRUCTION SITE OF THE PROJECT OR A PORTION OF THE  
23 PROJECT;

24 2. GUARANTEES AGAINST STRIKES, LOCKOUTS, AND  
25 SIMILAR DISRUPTIONS;

26 3. ENSURES THAT ALL WORK ON THE PROJECT FULLY  
27 CONFORMS TO ALL RELEVANT STATE AND FEDERAL LAWS, RULES, AND  
28 REGULATIONS, INCLUDING ALL REQUIRED TRAINING FOR EMPLOYEES;

29 4. CREATES MUTUALLY BINDING PROCEDURES FOR  
30 RESOLVING LABOR DISPUTES ARISING DURING THE TERM OF THE PROJECT;

1                   **5. SETS FORTH OTHER MECHANISMS FOR**  
2 **LABOR-MANAGEMENT COOPERATION ON MATTERS OF MUTUAL INTEREST AND**  
3 **CONCERN, INCLUDING PRODUCTIVITY, QUALITY OF WORK, SAFETY, AND HEALTH;**  
4 **AND**

5                   **6. BINDS ALL CONTRACTORS AND SUBCONTRACTORS TO**  
6 **THE TERMS OF THE AGREEMENT THROUGH THE INCLUSION OF APPROPRIATE**  
7 **PROVISIONS IN ALL RELEVANT SOLICITATION AND CONTRACT DOCUMENTS;**

8                   **(3) PROMOTE SAFE COMPLETION OF THE PROJECT BY ENSURING**  
9 **THAT AT LEAST 80% OF THE CRAFT WORKERS ON THE PROJECT HAVE COMPLETED**  
10 **AN OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION 10-HOUR COURSE;**

11                   **(4) PROMOTE CAREER TRAINING OPPORTUNITIES IN THE**  
12 **MANUFACTURING, MAINTENANCE, AND CONSTRUCTION INDUSTRIES FOR LOCAL**  
13 **RESIDENTS, VETERANS, WOMEN, MINORITIES, AND FORMERLY INCARCERATED**  
14 **INDIVIDUALS;**

15                   **(5) INCLUDE PROVISIONS FOR LOCAL HIRING AND THE HIRING OF**  
16 **HISTORICALLY DISADVANTAGED GROUPS;**

17                   **(6) USE LOCALLY, SUSTAINABLY, AND DOMESTICALLY**  
18 **MANUFACTURED CONSTRUCTION MATERIALS AND COMPONENTS TO THE EXTENT**  
19 **PRACTICABLE;**

20                   **(7) REQUIRE THE USE OF SKILLED LOCAL LABOR, PARTICULARLY**  
21 **WITH REGARD TO THE CONSTRUCTION AND MANUFACTURING COMPONENTS OF THE**  
22 **PROJECT, USING METHODS INCLUDING OUTREACH, HIRING, OR REFERRAL**  
23 **METHODS THAT ARE AFFILIATED WITH REGISTERED APPRENTICESHIP PROGRAMS**  
24 **UNDER TITLE 11, SUBTITLE 4 OF THE LABOR AND EMPLOYMENT ARTICLE; AND**

25                   **(8) AUTHORIZE THE MARYLAND DEPARTMENT OF LABOR AND THE**  
26 **COMMISSION TO CONSIDER, REVIEW, AND ENFORCE A STORAGE DEVELOPER OR**  
27 **ENERGY DEVELOPER'S COMPLIANCE WITH ANY COMMUNITY BENEFIT AGREEMENT.**

28 **7-1203.**

29                   **THE COMMISSION MAY CONTRACT FOR THE SERVICES OF INDEPENDENT**  
30 **CONSULTANTS AND EXPERTS TO IMPLEMENT AND EXECUTE ANY PART OF THIS**  
31 **SUBTITLE.**

32 **7-1204. RESERVED.**



1 7-1205. RESERVED.

2 PART II. TRANSMISSION ENERGY STORAGE DEVICES.

3 7-1206.

4 (A) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT THE STATE HAS  
5 A GOAL OF REACHING 1,600 MEGAWATTS OF FRONT-OF-THE-METER TRANSMISSION  
6 ENERGY STORAGE DEVICES.

7 (B) THE COMMISSION SHALL, BY REGULATION OR ORDER, ESTABLISH A  
8 COMPETITIVE PROCESS FOR THE PROCUREMENT OF PROJECTS FOR THE  
9 CONSTRUCTION AND DEPLOYMENT OF FRONT-OF-THE-METER TRANSMISSION  
10 ENERGY STORAGE DEVICES.

11 (C) (1) (I) ON OR BEFORE JANUARY 1, 2026, THE COMMISSION SHALL  
12 ISSUE A PROCUREMENT SOLICITATION FOR APPLICATIONS FOR PROJECTS FOR THE  
13 CONSTRUCTION AND DEPLOYMENT OF FRONT-OF-THE-METER TRANSMISSION  
14 ENERGY STORAGE DEVICES.

15 (II) THE PROCUREMENT SOLICITATION SHALL BE FOR A  
16 MAXIMUM OF 800 MEGAWATTS OF CUMULATIVE ENERGY STORAGE CAPACITY, AS  
17 MEASURED IN EFFECTIVE NAMEPLATE CAPACITY.

18 (2) ON OR BEFORE OCTOBER 1, 2026, THE COMMISSION SHALL ISSUE  
19 A DECISION ON WHETHER TO APPROVE ONE OR MORE PROPOSALS IN ACCORDANCE  
20 WITH § 7-1208(B) OF THIS SUBTITLE.

21 (3) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS  
22 PARAGRAPH, THE TRANSMISSION ENERGY STORAGE DEVICES PROCURED IN  
23 ACCORDANCE WITH THIS SUBSECTION SHALL BE OPERATIONAL WITHIN 18 MONTHS  
24 AFTER A PROJECT IS SELECTED BY THE COMMISSION.

25 (II) THE COMMISSION MAY EXTEND THE OPERATING DEADLINE  
26 UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH FOR GOOD CAUSE SHOWN.

27 (D) (1) ON OR BEFORE JANUARY 1, 2027, THE COMMISSION SHALL ISSUE  
28 A SECOND PROCUREMENT SOLICITATION FOR THE PROCUREMENT OF PROJECTS  
29 FOR THE CONSTRUCTION AND DEPLOYMENT OF FRONT-OF-THE-METER  
30 TRANSMISSION ENERGY STORAGE DEVICES.

1           **(2) THE PROCUREMENT SOLICITATION SHALL BE FOR A MAXIMUM OF**  
2 **800 MEGAWATTS OF CUMULATIVE ENERGY STORAGE CAPACITY, AS MEASURED IN**  
3 **EFFECTIVE NAMEPLATE CAPACITY.**

4           **(3) ON OR BEFORE OCTOBER 1, 2027, THE COMMISSION SHALL ISSUE**  
5 **A DECISION ON WHETHER TO APPROVE ONE OR MORE PROPOSALS IN ACCORDANCE**  
6 **WITH § 7-1208(B) OF THIS SUBTITLE.**

7           **(4) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS**  
8 **PARAGRAPH, THE TRANSMISSION ENERGY STORAGE DEVICES PROCURED IN**  
9 **ACCORDANCE WITH THIS SUBSECTION SHALL BE OPERATIONAL WITHIN 18 MONTHS**  
10 **AFTER A PROJECT IS SELECTED BY THE COMMISSION.**

11           **(II) THE COMMISSION MAY EXTEND THE OPERATING DEADLINE**  
12 **UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH FOR GOOD CAUSE SHOWN.**

13 **7-1207.**

14           **(A) THE COMMISSION SHALL INCLUDE SPECIFICATIONS IN A**  
15 **PROCUREMENT SOLICITATION ISSUED UNDER § 7-1206 OF THIS SUBTITLE THAT**  
16 **REQUIRE EACH PROPOSAL TO:**

17           **(1) INCLUDE A PROPOSED PRICING SCHEDULE FOR THE**  
18 **TRANSMISSION ENERGY STORAGE DEVICE PROJECT;**

19           **(2) INCLUDE A COST-BENEFIT ANALYSIS OF THE PROJECT AND THE**  
20 **PROPOSED PRICING SCHEDULE, INCLUDING AN ANALYSIS OF:**

21           **(I) THE LOCATIONAL VALUE, DURATION, AND TIME TO**  
22 **DEPLOYMENT OF THE ENERGY STORAGE DEVICES;**

23           **(II) AVOIDED OR DELAYED TRANSMISSION, GENERATION, AND**  
24 **DISTRIBUTION COSTS;**

25           **(III) AVOIDED EMISSIONS IN THE SHORT TERM AND PROJECTED**  
26 **AVOIDED EMISSIONS IN THE LONG TERM, MEASURED USING THE SOCIAL COST OF**  
27 **CARBON, AS DETERMINED BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY AS**  
28 **OF JANUARY 1, 2025;**

29           **(IV) THE VALUE OF THE RAPID DEPLOYMENT OF ENERGY**  
30 **STORAGE DEVICES; AND**

31           **(V) ANY OTHER AVOIDED COSTS;**

1           **(3) ENSURE THAT THE OWNER OR OPERATOR OF THE PROJECT HAS**  
2 **THE CAPABILITY TO EXPORT ELECTRICITY FOR SALE ON THE WHOLESALE MARKET**  
3 **AND BID INTO THE PJM CAPACITY MARKET UNDER AN AGREEMENT WITH PJM**  
4 **INTERCONNECTION;**

5           **(4) ENSURE THAT THE ENERGY STORAGE DEVICES CAN DELIVER**  
6 **THEIR EFFECTIVE NAMEPLATE CAPACITY;**

7           **(5) INCORPORATE A COMMUNITY BENEFIT AGREEMENT;**

8           **(6) ATTEST IN WRITING THAT ALL CONTRACTORS AND**  
9 **SUBCONTRACTORS WORKING ON THE PROJECT HAVE BEEN IN COMPLIANCE WITH**  
10 **FEDERAL AND STATE WAGE AND HOUR LAWS FOR THE IMMEDIATELY PRECEDING 3**  
11 **YEARS OR THE DURATION OF THE CONTRACTOR'S OR SUBCONTRACTOR'S BUSINESS**  
12 **OPERATION, WHICHEVER IS LONGER; AND**

13           **(7) ENSURE A COMPETITIVE BIDDING PROCESS BY REDACTING**  
14 **PROPRIETARY INFORMATION PROVIDED TO THE COMMISSION.**

15           **(B) FRONT-OF-THE-METER TRANSMISSION ENERGY STORAGE DEVICES**  
16 **PAIRED WITH TIER 1 OR TIER 2 RENEWABLE SOURCES, AS DEFINED UNDER § 7-701**  
17 **OF THIS TITLE, MAY BE INCLUDED IN A PROPOSAL IN RESPONSE TO A PROCUREMENT**  
18 **SOLICITATION UNDER § 7-1206 OF THIS SUBTITLE.**

19 **7-1208.**

20           **(A) IN SELECTING A PROPOSAL FOR A FRONT-OF-THE-METER**  
21 **TRANSMISSION ENERGY STORAGE DEVICE PROJECT, THE COMMISSION:**

22           **(1) SHALL SPECIFY THE PRICING SCHEDULE, WHICH SHALL BE A**  
23 **MONTHLY FIXED PRICE REPRESENTING THE VALUE OF THE FRONT-OF-THE-METER**  
24 **TRANSMISSION ENERGY STORAGE DEVICE BEYOND THE PAYMENTS RECEIVED FROM**  
25 **PJM WHOLESALE MARKETS;**

26           **(2) SHALL SPECIFY THAT FOR CONTINUED RECEIPT OF PAYMENT**  
27 **UNDER ITEM (1) OF THIS SUBSECTION, AN APPLICANT SHALL DEMONSTRATE, TO**  
28 **THE SATISFACTION OF THE COMMISSION, THAT THE APPLICANT'S ENERGY STORAGE**  
29 **DEVICE IS AVAILABLE AND PARTICIPATING IN THE PJM ENERGY AND CAPACITY**  
30 **MARKET AT NOT LESS THAN THE CLASS AVERAGE AVAILABILITY RATE ESTABLISHED**  
31 **BY PJM INTERCONNECTION FOR COMPARABLE DEVICES;**

1           **(3) SHALL INCORPORATE PENALTIES FOR NONPERFORMANCE IN THE**  
2 **CONTRACT, INCLUDING WITHHOLDING OF PAYMENT, FOR ENERGY STORAGE**  
3 **DEVICES THAT FAIL TO MEET AVAILABILITY METRICS;**

4           **(4) MAY TERMINATE ENERGY STORAGE DEVICES FROM THE PROGRAM**  
5 **IF DEVICE PERFORMANCE DOES NOT IMPROVE AFTER APPROPRIATE NOTICE AND**  
6 **OPPORTUNITY TO CURE; AND**

7           **(5) MAY CONSIDER OTHER NONPRICE FACTORS SUCH AS:**

8                   **(I) PROJECT MATURITY DATES;**

9                   **(II) SITE CONTROL; AND**

10                   **(III) ANY OTHER RELEVANT NONPRICE FACTORS AS**  
11 **DETERMINED BY THE COMMISSION.**

12           **(B) THE COMMISSION SHALL:**

13                   **(1) AFTER GIVING PUBLIC NOTICE, HOLD ONE OR MORE PUBLIC**  
14 **HEARINGS TO RECEIVE PUBLIC COMMENT AND EVALUATE THE PROPOSALS; AND**

15                   **(2) SUBJECT TO SUBSECTION (C) OF THIS SECTION, ISSUE ONE OR**  
16 **MORE ORDERS TO SELECT A PROPOSAL OR PROPOSALS FOR DEVELOPMENT.**

17           **(C) IF THE COMMISSION FINDS THAT NONE OF THE PROPOSALS**  
18 **ADEQUATELY SUPPORT THE GOALS ESTABLISHED UNDER THIS SUBTITLE THE**  
19 **COMMISSION MAY END THE SOLICITATION PROCESS WITHOUT SELECTING A**  
20 **PROPOSAL.**

21 **7-1209.**

22           **(A) FOR ANY PROPOSAL SELECTED UNDER THIS PART, THE COMMISSION**  
23 **MAY ADOPT CONDITIONS FOR THE CONSTRUCTION AND OPERATION OF FACILITIES**  
24 **INCLUDED IN THE PROPOSAL.**

25           **(B) AN ORDER SELECTING A PROPOSAL UNDER § 7-1208 OF THIS SUBTITLE**  
26 **BESTOWS THE SAME RIGHTS TO THE SELECTED PROPOSAL THAT A GENERATING**  
27 **SYSTEM WOULD OTHERWISE BE GRANTED THROUGH A CERTIFICATE OF PUBLIC**  
28 **CONVENIENCE AND NECESSITY UNDER § 7-207 OF THIS TITLE IF THE SELECTED**  
29 **PROPOSAL IS REVIEWED UNDER AN ALTERNATIVE PROCESS AS DETERMINED BY THE**  
30 **COMMISSION.**

1 7-1210.

2 ANY TRANSMISSION ENERGY STORAGE DEVICE BUILT IN ACCORDANCE WITH  
3 THIS SUBTITLE SHALL COUNT TOWARD THE ENERGY STORAGE DEVICE  
4 DEPLOYMENT GOALS UNDER § 7-216.2 OF THIS TITLE.

5 7-1211.

6 ON OR BEFORE DECEMBER 31, 2026, THE COMMISSION SHALL REPORT, IN  
7 ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, TO THE  
8 GENERAL ASSEMBLY ON THE EFFECTIVENESS OF THE PROCUREMENT PROCESS  
9 ESTABLISHED UNDER THIS PART.

10 7-1212. RESERVED.

11 7-1213. RESERVED.

12 PART III. RENEWABLE ENERGY CREDITS.

13 7-1214.

14 (A) IN THIS PART THE FOLLOWING WORDS HAVE THE MEANINGS  
15 INDICATED.

16 (B) "BROWNFIELD" HAS THE MEANING STATED IN § 7-207 OF THIS TITLE.

17 (C) "QUALIFYING SYSTEM" HAS THE MEANING STATED IN § 7-709.2 OF THIS  
18 TITLE.

19 (D) "REC ESCROW ADMINISTRATOR" MEANS THE ENTITY CHOSEN, IN  
20 ACCORDANCE WITH § 7-1219 OF THIS SUBTITLE, TO SUPERVISE THE ESCROW  
21 ACCOUNT CREATED UNDER THIS SUBTITLE TO ENSURE THE SECURE AND  
22 TRANSPARENT TRANSFER OF REVENUES, SREC-IIs, AND REC-IIs AMONG  
23 QUALIFYING SYSTEMS, WIND SYSTEMS, SMALL HYDROELECTRIC SYSTEMS, AND  
24 ELECTRIC COMPANIES.

25 (E) "RENEWABLE ENERGY CREDIT" HAS THE MEANING STATED IN § 7-701  
26 OF THIS TITLE.

27 (F) "SMALL HYDROELECTRIC SYSTEM" HAS THE MEANING STATED IN §  
28 7-701(S)(8) OF THIS TITLE.

1           **(G) "SOLAR ENERGY GENERATING SYSTEM" HAS THE MEANING STATED IN §**  
2 **7-709.2 OF THIS TITLE.**

3           **(H) "SREC-II" HAS THE MEANING STATED IN § 7-709.2 OF THIS TITLE.**

4           **(I) "SREC-II PAYMENT" MEANS THE MONETARY VALUE OF AN SREC-II**  
5 **GENERATED AND SOLD BY A SOLAR ENERGY GENERATING SYSTEM AWARDED A**  
6 **CONTRACT IN ACCORDANCE WITH THIS SUBTITLE.**

7           **(J) "WIND SYSTEM" MEANS A LAND-BASED WIND ENERGY GENERATING**  
8 **SYSTEM.**

9 **7-1215.**

10           **(A) THROUGH REGULATION OR ORDER, THE COMMISSION SHALL**  
11 **ESTABLISH A COMPETITIVE PROCESS FOR THE PROCUREMENT OF:**

12                   **(1) SREC-IIS FROM QUALIFYING SYSTEMS; AND**

13                   **(2) REC-IIS FROM SMALL HYDROELECTRIC SYSTEMS AND WIND**  
14 **SYSTEMS.**

15           **(B) THE COMPETITIVE PROCESS ESTABLISHED UNDER THIS PART SHALL**  
16 **REQUIRE THAT:**

17                   **(1) BIDS FROM QUALIFYING SYSTEMS, SMALL HYDROELECTRIC**  
18 **SYSTEMS, AND WIND SYSTEMS SHALL BE ONLY FOR THE PROCUREMENT OF**  
19 **SREC-IIS AND REC-IIS; AND**

20                   **(2) BIDS SUBMITTED FOR THE PROCUREMENT OF SREC-IIS OR**  
21 **REC-IIS SHALL INCLUDE AN SREC-II OR REC-II PRICING SCHEDULE THAT**  
22 **SPECIFIES A PRICE FOR THE GENERATION ATTRIBUTES OF THE ORIGINATING**  
23 **ENERGY GENERATING SYSTEM, INCLUDING ENERGY, CAPACITY, ANCILLARY**  
24 **SERVICES, AND ENVIRONMENTAL ATTRIBUTES.**

25 **7-1216.**

26           **AN ORDER THE COMMISSION ISSUES APPROVING A PROPOSED**  
27 **PROCUREMENT UNDER THIS PART SHALL:**

28                   **(1) SPECIFY THE SREC-II OR REC-II PRICING SCHEDULE;**

1           **(2) SPECIFY THE DURATION OF THE SREC-II OR REC-II PRICING**  
2 **SCHEDULE, NOT TO EXCEED 30 YEARS;**

3           **(3) SPECIFY THE NUMBER OF SREC-IIS OR REC-IIS THAT MAY BE**  
4 **PURCHASED EACH YEAR FROM THE QUALIFYING SYSTEM, SMALL HYDROELECTRIC**  
5 **SYSTEM, OR WIND SYSTEM;**

6           **(4) PROVIDE THAT:**

7           **(I) A PAYMENT MAY NOT BE MADE FOR AN SREC-II OR**  
8 **REC-II UNTIL ELECTRICITY SUPPLY IS GENERATED UNDER THE PROCUREMENT;**  
9 **AND**

10           **(II) RATEPAYERS, PURCHASERS OF SREC-IIS AND REC-IIS,**  
11 **AND THE STATE SHALL BE HELD HARMLESS FOR ANY COST OVERRUNS ASSOCIATED**  
12 **WITH THE QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM;**

13           **(5) REQUIRE THAT ANY DEBT INSTRUMENT ISSUED IN CONNECTION**  
14 **WITH THE QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM**  
15 **INCLUDE LANGUAGE SPECIFYING THAT THE DEBT INSTRUMENT DOES NOT**  
16 **ESTABLISH A DEBT, AN OBLIGATION, OR A LIABILITY OF THE STATE; AND**

17           **(6) REQUIRE THAT THE OWNER OR OPERATOR OF A QUALIFYING**  
18 **SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM EXECUTE AND COMPLY**  
19 **WITH A COMMUNITY BENEFIT AGREEMENT UNDER § 7-1202 OF THIS SUBTITLE.**

20 **7-1217.**

21           **TO BE ELIGIBLE TO PARTICIPATE IN THE COMPETITIVE PROCUREMENT**  
22 **PROCESS UNDER THIS PART, A QUALIFYING SYSTEM, SMALL HYDROELECTRIC**  
23 **SYSTEM, OR WIND SYSTEM SHALL:**

24           **(1) BE LOCATED IN THE STATE OR OTHERWISE DEMONSTRATE AN**  
25 **ABILITY TO ADDRESS THE RESOURCE ADEQUACY NEEDS OF THE STATE;**

26           **(2) BE ELIGIBLE FOR INCLUSION IN MEETING THE RENEWABLE**  
27 **ENERGY PORTFOLIO STANDARD UNDER § 7-703(B) OF THIS TITLE; AND**

28           **(3) FOR SMALL HYDROELECTRIC SYSTEMS:**

29           **(I) HAVE A GENERATING CAPACITY OF LESS THAN 30**  
30 **MEGAWATTS; AND**

1                   **(II) BE LICENSED OR EXEMPT FROM LICENSING BY THE**  
2 **FEDERAL ENERGY REGULATORY COMMISSION.**

3 **7-1218.**

4                   **UNLESS EXTENDED BY MUTUAL CONSENT OF THE PARTIES, THE COMMISSION**  
5 **SHALL APPROVE, CONDITIONALLY APPROVE, OR DENY A PROCUREMENT UNDER**  
6 **THIS PART WITHIN 180 DAYS AFTER THE CLOSE OF A SOLICITATION PERIOD.**

7 **7-1219.**

8                   **(A) FOR THE PROCUREMENT PROCESS ESTABLISHED UNDER THIS PART, BY**  
9 **REGULATION OR ORDER, THE COMMISSION SHALL:**

10                   **(1) ESTABLISH AN SREC-II AND REC-II PURCHASER'S OBLIGATION**  
11 **FOR SREC-II AND REC-II PURCHASERS TO PURCHASE SREC-IIS AND REC-IIS**  
12 **FOR EACH YEAR:**

13                   **(I) ON A FORWARD-LOOKING BASIS; AND**

14                   **(II) AT LEAST 1 YEAR BEFORE THE YEAR IN WHICH THAT**  
15 **SREC-II AND REC-II PURCHASE OBLIGATION BECOMES EFFECTIVE TO ALLOW AN**  
16 **ELECTRIC COMPANY TO REFLECT SREC-II AND REC-II COSTS AS A**  
17 **NONBYPASSABLE SURCHARGE PAID BY ALL DISTRIBUTION CUSTOMERS OF THE**  
18 **ELECTRIC COMPANY;**

19                   **(2) ESTABLISH A NONBYPASSABLE SURCHARGE THAT ALLOWS AN**  
20 **ELECTRIC COMPANY TO RECOVER ALL COSTS ASSOCIATED WITH THE PURCHASE OF**  
21 **SREC-IIS AND REC-IIS FROM ALL DISTRIBUTION CUSTOMERS OF THE ELECTRIC**  
22 **COMPANY;**

23                   **(3) ESTABLISH AN ESCROW ACCOUNT THAT IS UNDER THE**  
24 **SUPERVISION OF THE REC ESCROW ADMINISTRATOR; AND**

25                   **(4) DIRECT THE ELECTRIC COMPANIES, IN CONSULTATION WITH THE**  
26 **COMMISSION, TO JOINTLY SELECT A REC ESCROW ADMINISTRATOR.**

27                   **(B) (1) EACH ELECTRIC COMPANY SHALL PROCURE FROM THE ESCROW**  
28 **ACCOUNT ESTABLISHED BY REGULATION OR ORDER UNDER THIS SECTION THE**  
29 **NUMBER OF SREC-IIS AND REC-IIS REQUIRED TO SATISFY THE SREC-II AND**  
30 **REC-II PURCHASER'S OBLIGATIONS.**



1           **(2) SUBJECT TO ANY ESCROW ACCOUNT RESERVE REQUIREMENT THE**  
2 **COMMISSION ESTABLISHES:**

3           **(I) IF THERE ARE INSUFFICIENT SREC-IIS OR REC-IIS**  
4 **AVAILABLE TO SATISFY THE ELECTRIC COMPANIES' SREC-II AND REC-II**  
5 **PURCHASER'S OBLIGATION, THE OVERPAYMENT SHALL BE DISTRIBUTED TO**  
6 **ELECTRIC COMPANIES TO BE REFUNDED OR CREDITED TO EACH DISTRIBUTION**  
7 **CUSTOMER BASED ON THE CUSTOMER'S CONSUMPTION OF ELECTRICITY SUPPLY**  
8 **THAT IS SUBJECT TO THE RENEWABLE ENERGY PORTFOLIO STANDARD; AND**

9           **(II) THE CALCULATION OF AN ELECTRIC COMPANY'S SREC-II**  
10 **AND REC-II PURCHASE OBLIGATION SHALL BE BASED ON FINAL ELECTRICITY**  
11 **SALES DATA AS REPORTED BY PJM INTERCONNECTION AS MEASURED AT THE**  
12 **CUSTOMER'S METER.**

13           **(3) FOR EACH SREC-II AND REC-II FOR WHICH A QUALIFYING**  
14 **SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM RECEIVES PAYMENT,**  
15 **THE QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM**  
16 **SHALL:**

17           **(I) SELL ALL ENERGY, CAPACITY, AND ANCILLARY SERVICES**  
18 **ASSOCIATED WITH THE CREATION OF THE SREC-IIS OR REC-IIS INTO THE**  
19 **MARKETS OPERATED BY PJM INTERCONNECTION; AND**

20           **(II) DISTRIBUTE THE PROCEEDS RECEIVED FROM THE SALES**  
21 **UNDER ITEM (I) OF THIS PARAGRAPH TO ELECTRIC COMPANIES TO BE REFUNDED**  
22 **OR CREDITED TO EACH DISTRIBUTION CUSTOMER BASED ON THE CUSTOMER'S**  
23 **CONSUMPTION OF ELECTRICITY SUPPLY THAT IS SUBJECT TO THE RENEWABLE**  
24 **ENERGY PORTFOLIO STANDARD.**

25 **7-1220.**

26           **BY REGULATION OR ORDER, THE COMMISSION SHALL SPECIFY THE**  
27 **TRANSFER AND EXPIRATION OF SREC-IIS AND REC-IIS CREATED BY QUALIFYING**  
28 **SYSTEMS, SMALL HYDROELECTRIC SYSTEMS, OR WIND SYSTEMS IN EXCESS OF THE**  
29 **ESTABLISHED SREC-II OR REC-II PRICING SCHEDULE.**

30 **7-1221.**

31           **A DEBT, AN OBLIGATION, OR A LIABILITY OF A QUALIFYING SYSTEM, SMALL**  
32 **HYDROELECTRIC SYSTEM, OR WIND SYSTEM OR OF AN OWNER OR OPERATOR OF A**  
33 **QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM MAY NOT**  
34 **BE CONSIDERED A DEBT, AN OBLIGATION, OR A LIABILITY OF THE STATE.**

**Article – State Finance and Procurement**

13–102.

(a) The following procurement methods are authorized at the procurement officer's discretion, where applicable:

- (1) competitive sealed bids under § 13–103 of this subtitle;
- (2) competitive sealed proposals under § 13–104 or § 13–105 of this subtitle;
- (3) noncompetitive negotiation under § 13–106 of this subtitle;
- (4) sole source procurement under § 13–107 of this subtitle;
- (5) emergency or expedited procurement under § 13–108 of this subtitle;
- (6) small procurement under § 13–109 of this subtitle;
- (7) an intergovernmental cooperative purchasing agreement under § 13–110 of this subtitle;
- (8) auction bids under § 13–111 of this subtitle;
- (9) architectural, engineering, and land surveying services qualification based selection under § 13–112 of this subtitle;
- (10) master contracting under § 13–113 of this subtitle; [or]
- (11) pay-for-success contracting under § 13–112.1 of this subtitle; **OR**
- (12) LEGISLATIVE FAST-TRACK PROCUREMENTS UNDER § 13–117 OF THIS SUBTITLE.**

**13–117.**

**(A) IT IS THE INTENT OF THE GENERAL ASSEMBLY TO:**

- (1) RECOGNIZE THE NEED FOR STATE AGENCIES TO BE RESPONSIVE TO THE REQUESTS AND LEGISLATIVE DIRECTIVES OF THE GENERAL ASSEMBLY;**
- (2) REDUCE THE TIME IT TAKES FOR STATE AGENCIES TO PROCURE CONSULTANTS TO ASSIST WITH LEGISLATIVE MANDATES THAT HAVE DEADLINES SPECIFIED IN LAW; AND**

1           **(3) BE TIMELY IN ADDRESSING CLIMATE CHANGE, ENVIRONMENTAL,**  
2 **ENERGY, AND GREENHOUSE GAS EMISSIONS RELATED ISSUES.**

3           **(B) THIS SECTION APPLIES ONLY TO THE PROCUREMENT OF CONSULTANTS**  
4 **THAT:**

5           **(1) ARE LEGISLATIVELY MANDATED WITH SPECIFIC TIME FRAMES**  
6 **ESTABLISHED IN LAW; AND**

7           **(2) WILL ADDRESS ISSUES RELATED ONLY TO CLIMATE CHANGE,**  
8 **ENVIRONMENTAL, ENERGY, AND GREENHOUSE GAS EMISSIONS.**

9           **(C) THE FOLLOWING UNITS ARE AUTHORIZED TO ISSUE COMPETITIVE**  
10 **SEALED BIDS HIGHER THAN THEIR DESIGNATED SMALL PROCUREMENT**  
11 **DELEGATION AUTHORITIES:**

12           **(1) THE PUBLIC SERVICE COMMISSION;**

13           **(2) THE OFFICE OF PEOPLE'S COUNSEL;**

14           **(3) THE MARYLAND ENERGY ADMINISTRATION;**

15           **(4) THE DEPARTMENT OF THE ENVIRONMENT; AND**

16           **(5) THE DEPARTMENT OF NATURAL RESOURCES.**

17           **(D) BEFORE AWARDING A PROCUREMENT CONTRACT UNDER THIS SECTION,**  
18 **THE PROCUREMENT OFFICER SHALL OBTAIN THE APPROVAL OF:**

19           **(1) THE HEAD OF THE UNIT; AND**

20           **(2) THE CHIEF PROCUREMENT OFFICER, OR THEIR DESIGNEE.**

21           **(E) (1) THE CHIEF PROCUREMENT OFFICER, OR THEIR DESIGNEE,**  
22 **SHALL APPROVE A PROCUREMENT CONTRACT SUBMITTED UNDER THIS SECTION IF**  
23 **IT COMPLIES WITH THE REQUIREMENTS OF THIS SECTION.**

24           **(2) IF THE CHIEF PROCUREMENT OFFICER, OR THEIR DESIGNEE,**  
25 **DOES NOT APPROVE A PROCUREMENT CONTRACT SUBMITTED UNDER THIS SECTION**  
26 **WITHIN 5 BUSINESS DAYS AFTER RECEIVING THE CONTRACT, THE CONTRACT SHALL**  
27 **BE CONSIDERED APPROVED.**

**Article – State Government**

1  
2 9–20B–05.

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

4 (e) The Fund consists of:

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

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

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

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

11 (5) compliance fees paid under [~~§ 7–705~~] **§ 7–705(B–1)** of the Public  
12 Utilities Article;

13 (6) money received from any public or private source for the benefit of the  
14 Fund;

15 (7) money transferred from the Public Service Commission under §  
16 7–207.2(c)(3) of the Public Utilities Article; and

17 (8) money distributed under § 2–614.1 of the Tax – General Article.

18 [(g–1) Proceeds received by the Fund from compliance fees under § 7–705(b)(2)(i)2 of  
19 the Public Utilities Article shall be allocated as follows:

20 (1) beginning in fiscal year 2025, at least 20% of the proceeds shall be used  
21 to provide grants to support the installation of new solar energy generating systems under  
22 the Customer–Sited Solar Program;

23 (2) up to 10% of the proceeds shall be credited to an administrative expense  
24 account for costs related to the administration of the Fund;

25 (3) proceeds collected but unused from a previous year shall be used before  
26 proceeds allocated for the current year; and

27 (4) the Administration shall reallocate to other authorized uses any  
28 proceeds that are not used within 3 fiscal years after collection.]

29 [(i) (1) Except as provided in paragraph (2) of this subsection, compliance fees  
30 paid under § 7–705(b) of the Public Utilities Article may be used only to make loans and

1 grants to support the creation of new Tier 1 renewable energy sources in the State that are  
2 owned by or directly benefit:

3 (i) low- to moderate-income communities located in a census tract  
4 with an average median income at or below 80% of the average median income for the State;  
5 or

6 (ii) overburdened or underserved communities, as defined in § 1-701  
7 of the Environment Article.

8 (2) Compliance fees paid under § 7-705(b)(2)(i)2 of the Public Utilities  
9 Article shall be accounted for separately within the Fund and may be used only to make  
10 loans and grants to support the creation of new solar energy sources in the State that are  
11 owned by or directly benefit:

12 (i) low- to moderate-income communities located in a census tract  
13 with an average median income at or below 80% of the average median income for the State;

14 (ii) overburdened or underserved communities, as defined in § 1-701  
15 of the Environment Article; or

16 (iii) households with low to moderate income, as defined in § 9-2016  
17 of this title.]

18 [(i-1)] (I) (1) (i) In this subsection the following words have the meanings  
19 indicated.

20 (ii) “Area median income” has the meaning stated in § 4-1801 of the  
21 Housing and Community Development Article.

22 (iii) “Low and moderate income” means having an annual household  
23 income that is at or below 120% of the area median income.

24 (2) Compliance fees paid under § 7-705(b-1) of the Public Utilities Article  
25 shall be accounted for separately within the Fund and may be used only to make loans and  
26 grants to promote increased opportunities for the growth and development of small,  
27 minority, women-owned, and veteran-owned businesses in the State that install  
28 geothermal systems in the State.

## 29 Article – Tax – General

30 2-1201.

31 (A) IN THIS SECTION, “QUALIFIED DATA CENTER” HAS THE MEANING  
32 STATED IN § 11-239 OF THIS ARTICLE.

1           **(B)** The Comptroller shall pay refunds relating to the public service company  
2 franchise tax from the General Fund of the State.

3           **(C) THE COMPTROLLER SHALL DISTRIBUTE 75% OF THE FRANCHISE TAX**  
4 **REVENUE FROM PUBLIC SERVICE COMPANIES IMPOSED UNDER § 8-402.1 OF THIS**  
5 **ARTICLE, THAT IS ATTRIBUTABLE TO THE KILOWATT-HOURS OF ELECTRICITY**  
6 **DELIVERED TO QUALIFIED DATA CENTERS THAT ARE OPERATIONAL ON OR AFTER**  
7 **JANUARY 1, 2026, TO THE ESCROW ACCOUNT ESTABLISHED BY THE PUBLIC**  
8 **SERVICE COMMISSION UNDER § 7-705 OF THE PUBLIC UTILITIES ARTICLE.**

9 **2-1302.5.**

10           **(A) IN THIS SECTION, “QUALIFIED DATA CENTER” HAS THE MEANING**  
11 **STATED IN § 11-239 OF THIS ARTICLE.**

12           **(B) THE COMPTROLLER SHALL DISTRIBUTE 75% OF THE SALES AND USE**  
13 **TAX REVENUES ATTRIBUTABLE TO THE SALE OF ELECTRICITY DELIVERED TO**  
14 **QUALIFIED DATA CENTERS THAT ARE OPERATIONAL ON OR AFTER JANUARY 1, 2026,**  
15 **TO THE ESCROW ACCOUNT ESTABLISHED BY THE PUBLIC SERVICE COMMISSION**  
16 **UNDER § 7-705 OF THE PUBLIC UTILITIES ARTICLE.**

17 **2-1303.**

18           After making the distributions required under §§ 2-1301 through [2-1302.4]  
19 **2-1302.5** of this subtitle, the Comptroller shall pay:

20           (1) revenues from the hotel surcharge into the Dorchester County  
21 Economic Development Fund established under § 10-130 of the Economic Development  
22 Article;

23           (2) to the Blueprint for Maryland’s Future Fund established under § 5-206  
24 of the Education Article, the following percentage of the remaining sales and use tax  
25 revenues:

26                           (i) for fiscal year 2023, 9.2%;

27                           (ii) for fiscal year 2024, 11.0%;

28                           (iii) for fiscal year 2025, 11.3%;

29                           (iv) for fiscal year 2026, 11.7%; and

30                           (v) for fiscal year 2027 and each fiscal year thereafter, 12.1%; and

1 (3) the remaining sales and use tax revenue into the General Fund of the  
2 State.

3 11-239.

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

5 (2) "Data center" means a building or group of buildings used to house  
6 computer systems, computer storage equipment, and associated infrastructure that  
7 businesses or other organizations use to organize, process, store, and disseminate large  
8 amounts of data.

9 (5) (i) "Qualified data center" means a data center located in the State  
10 in which an individual or a corporation, within 3 years after submitting an application for  
11 the sales and use tax exemption under this section, has:

12 1. for a data center located within a Tier I area, invested at  
13 least \$2,000,000 in qualified data center personal property and created at least five  
14 qualified positions; or

15 2. for a data center located in any other area of the State,  
16 invested at least \$5,000,000 in qualified data center personal property and created at least  
17 five qualified positions.

18 (ii) "Qualified data center" includes:

19 1. a data center that is a co-located or hosting data center  
20 where equipment, space, and bandwidth are available to lease to multiple customers; and

21 2. an enterprise data center owned and operated by the  
22 company it supports.

23 SECTION 2. AND BE IT FURTHER ENACTED, That the General Assembly  
24 supports the extension or renewal of the Federal Nuclear Regulatory Commission license  
25 for the Calvert Cliffs Nuclear Power Plant's nuclear reactors in the years 2034 and 2036.

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

28 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
29 1, 2025.