

HOUSE BILL 345

C5, M5

6lr1519
CF 6lr1523

By: **Delegates Charkoudian, Taveras, Acevero, Allen, Amprey, Behler, Boaf, Ebersole, Embry, Foley, Guyton, Ivey, A. Johnson, Kaufman, J. Long, Martinez, McCaskill, Rogers, Ruth, Stewart, Turner, and Vogel**

Introduced and read first time: January 19, 2026

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Public Utilities – Solar Energy Generating Systems and Solar Renewable**
3 **Energy Credits**
4 **(Affordable Solar Act)**

5 FOR the purpose of authorizing the purchase, installation, and use of a certain portable
6 solar energy generating system for certain purposes; altering the renewable energy
7 portfolio standard to include energy derived from certain solar energy generating
8 systems; authorizing an electric cooperative and a municipal electric utility to meet
9 their renewable energy portfolio standard for solar energy in a certain manner;
10 requiring that certain alternative compliance fees be paid into a certain escrow
11 account rather than into the Maryland Strategic Energy Investment Fund; requiring
12 the Public Service Commission to require electric companies to procure a certain
13 number of SRECs and SREC-IIs; requiring the Commission to issue solicitations for
14 the construction of distributed solar energy generating systems and utility-scale
15 solar energy generating systems; providing for the terms and conditions of
16 solicitations and procurement of certain solar energy generating systems;
17 establishing an escrow account for certain alternative compliance payments;
18 requiring certain public service companies to file gross receipt tax information;
19 requiring a portion of the franchise tax revenue from certain customers to be placed
20 in a certain escrow account; and generally relating to solar energy generating
21 systems and solar renewable energy credits.

22 BY adding to

23 Article – Public Utilities

24 Section 7–321, 7–701(l–1), (l–2), (p–2), and (p–3), and 7–709.2; and 7–1232 through
25 7–1235 to be under the new part “Part V. Solar Energy”

26 Annotated Code of Maryland

27 (2025 Replacement Volume and 2025 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



BY repealing and reenacting, without amendments,
Article – Public Utilities
Section 7–701(a) and 7–705(a)
Annotated Code of Maryland
(2025 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,
Article – Public Utilities
Section 7–703(a), (b)(23) through (25), and (e) and 7–705(b) and (b–1)
Annotated Code of Maryland
(2025 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 8–404 and 8–408
Annotated Code of Maryland
(2022 Replacement Volume and 2025 Supplement)

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

Article – Public Utilities

7–321.

(A) IN THIS SECTION, “PORTABLE SOLAR ENERGY GENERATING SYSTEM”
MEANS A MOVABLE PHOTOVOLTAIC SOLAR ENERGY GENERATION DEVICE THAT IS:

(1) DESIGNED TO BE CONNECTED TO A BUILDING’S ELECTRICAL
SYSTEM THROUGH A STANDARD ELECTRICAL OUTLET;

(2) PRIMARILY INTENDED TO OFFSET PART OF THE BUILDING’S
ELECTRICITY CONSUMPTION;

(3) LIMITED TO SUPPLYING A MAXIMUM POWER OUTPUT OF NOT
MORE THAN 1,200 WATTS BACK TO THE ELECTRIC SYSTEM; AND

(4) CERTIFIED BY UNDERWRITERS LABORATORY OR AN EQUIVALENT
NATIONALLY RECOGNIZED TESTING LABORATORY.

(B) A PERSON MAY PURCHASE AND INSTALL A PORTABLE SOLAR ENERGY
GENERATING SYSTEM FOR RESIDENTIAL USE ONLY.

(C) A PORTABLE SOLAR ENERGY GENERATING SYSTEM:

(1) IS NOT SUBJECT TO THE REQUIREMENTS OF §§ 7-306 AND 7-306.1
OF THIS TITLE;

(2) IS NOT ELIGIBLE FOR INCLUSION IN MEETING THE RENEWABLE
ENERGY PORTFOLIO STANDARD; AND

(3) MAY NOT GENERATE RENEWABLE ENERGY CREDITS OF ANY TYPE.

(D) AN ELECTRIC COMPANY:

(1) MAY NOT REQUIRE A CUSTOMER USING A PORTABLE SOLAR
ENERGY GENERATING SYSTEM TO:

(I) OBTAIN THE ELECTRIC COMPANY'S APPROVAL BEFORE
INSTALLING OR USING THE PORTABLE SOLAR ENERGY GENERATING SYSTEM;

(II) PAY ANY FEE OR CHARGE RELATED TO THE PORTABLE
SOLAR ENERGY GENERATING SYSTEM'S ABILITY TO FEED ELECTRICITY BACK INTO
THE ELECTRIC SYSTEM; OR

(III) INSTALL ANY ADDITIONAL CONTROLS OR EQUIPMENT
BEYOND WHAT IS INTEGRATED INTO THE PORTABLE SOLAR ENERGY GENERATING
SYSTEM; AND

(2) IS NOT LIABLE FOR ANY DAMAGE CAUSED BY A PORTABLE SOLAR
ENERGY GENERATING SYSTEM.

7-701.

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

(L-1) "QUALIFYING DISTRIBUTED SOLAR ENERGY GENERATING SYSTEM"
MEANS A SOLAR PHOTOVOLTAIC SYSTEM THAT:

(1) HAS A GENERATING CAPACITY OF 5 MEGAWATTS OR LESS, AS
MEASURED BY THE ALTERNATING CURRENT RATING OF THE SYSTEM'S INVERTER;
AND

(2) IS CERTIFIED TO GENERATE SREC-II CREDITS.

(L-2) "QUALIFYING UTILITY-SCALE SOLAR ENERGY GENERATING SYSTEM"
MEANS A SOLAR PHOTOVOLTAIC SYSTEM THAT:

(1) HAS A GENERATING CAPACITY THAT IS GREATER THAN 5

MEGAWATTS, AS MEASURED BY THE ALTERNATING CURRENT RATING OF THE
SYSTEM'S INVERTER; AND

(2) IS CERTIFIED TO GENERATE SREC-II CREDITS.

(P-2) "SOLAR RENEWABLE ENERGY CREDIT" OR "SREC" MEANS A
RENEWABLE ENERGY CREDIT THAT IS DERIVED FROM A SOLAR ENERGY TIER 1
RENEWABLE SOURCE THAT:

(1) IS CONNECTED TO THE DISTRIBUTION SYSTEM IN THE STATE; AND

(2) IS NOT CERTIFIED TO RECEIVE SREC-II CREDITS.

(P-3) "SOLAR RENEWABLE ENERGY CREDIT II" OR "SREC-II" MEANS A
SOLAR RENEWABLE ENERGY CREDIT EQUAL TO THE GENERATION ATTRIBUTES OF 1
MEGAWATT-HOUR OF ELECTRICITY CONNECTED TO THE ELECTRIC TRANSMISSION
OR DISTRIBUTION SYSTEM SERVING THE STATE AND DERIVED FROM:

(1) A QUALIFYING DISTRIBUTED SOLAR ENERGY GENERATING
SYSTEM; OR

(2) A QUALIFYING UTILITY-SCALE SOLAR ENERGY GENERATING
SYSTEM.

7-703.

(a) (1) (i) The Commission shall implement a renewable energy portfolio
standard that, except as provided under paragraphs [(2) and (3)] (2), (3), AND (4) of this
subsection, applies to all retail electricity sales in the State by electricity suppliers.

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

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

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

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

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

(3) The portion of a renewable energy portfolio standard that represents offshore wind energy:

(i) applies only to the distribution sales of electric companies; and

(ii) may not apply to distribution sales by any electric company in excess of:

1. 75,000,000 kilowatt-hours of industrial process load to a single customer in a year; and

2. 3,000 kilowatt-hours of electricity in a month to a customer who is an owner of agricultural land and files an Internal Revenue Service form 1040, schedule F.

(4) THE PORTION OF A RENEWABLE ENERGY PORTFOLIO STANDARD THAT REPRESENTS SOLAR ENERGY THAT IS DERIVED FROM QUALIFYING DISTRIBUTED SOLAR ENERGY GENERATING SYSTEMS AND QUALIFYING UTILITY-SCALE SOLAR ENERGY GENERATING SYSTEMS APPLIES ONLY TO THE DISTRIBUTION SALES OF ELECTRIC COMPANIES.

(b) Except as provided in subsections (e) and (f) of this section, the renewable energy portfolio standard shall be as follows:

(23) in 2028:

(i) **AN AMOUNT EQUAL TO THE SUM OF:**

1. 43% from Tier 1 renewable sources, including:

[1.] **A.** at least 11% derived from solar energy **THAT IS NOT GENERATED FROM SOURCES IDENTIFIED IN ITEM 2 OF THIS ITEM;**

[2.] **B.** an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy, including at least 800 megawatts of Round 2 offshore wind projects; and

[3.] **C.** at least 1% derived from post-2022 geothermal systems; and

2. **AN AMOUNT SET BY THE COMMISSION UNDER § 7-709.2 OF THIS SUBTITLE FOR RENEWABLE ENERGY CREDITS DERIVED FROM**

SOLAR ENERGY THAT IS GENERATED FROM QUALIFYING DISTRIBUTED SOLAR ENERGY GENERATING SYSTEMS AND QUALIFYING UTILITY-SCALE SOLAR ENERGY GENERATING SYSTEMS; AND

(ii) 2.5% from Tier 2 renewable sources;

(24) in 2029:

(i) **AN AMOUNT EQUAL TO THE SUM OF:**

1. 49.5% from Tier 1 renewable sources, including:

[1.] A. at least 12.5% derived from solar energy **THAT IS NOT GENERATED FROM SOURCES IDENTIFIED IN ITEM 2 OF THIS ITEM;**

[2.] B. an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy, including at least 800 megawatts of Round 2 offshore wind projects; and

[3.] C. at least 1% derived from post-2022 geothermal systems; and

2. AN AMOUNT SET BY THE COMMISSION UNDER § 7-709.2 OF THIS SUBTITLE FOR RENEWABLE ENERGY CREDITS DERIVED FROM SOLAR ENERGY THAT IS GENERATED FROM QUALIFYING DISTRIBUTED SOLAR ENERGY GENERATING SYSTEMS AND QUALIFYING UTILITY-SCALE SOLAR ENERGY GENERATING SYSTEMS; AND

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

(25) in 2030 and later:

(i) **AN AMOUNT EQUAL TO THE SUM OF:**

1. 50% from Tier 1 renewable sources, including:

[1.] A. at least 14.5% derived from solar energy **THAT IS NOT GENERATED FROM SOURCES IDENTIFIED IN ITEM 2 OF THIS ITEM;**

[2.] B. an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy, including at least 1,200 megawatts of Round 2 offshore wind projects; and

[3.] C. at least 1% derived from post-2022 geothermal systems; and

1 **2. AN AMOUNT SET BY THE COMMISSION UNDER §**
2 **7-709.2 OF THIS SUBTITLE FOR RENEWABLE ENERGY CREDITS DERIVED FROM**
3 **SOLAR ENERGY THAT IS GENERATED FROM QUALIFYING DISTRIBUTED SOLAR**
4 **ENERGY GENERATING SYSTEMS AND QUALIFYING UTILITY-SCALE SOLAR ENERGY**
5 **GENERATING SYSTEMS; AND**

6 (ii) 2.5% from Tier 2 renewable sources.

7 (e) (1) **(I)** The required percentage of an electric cooperative's renewable
8 energy portfolio standard derived from solar energy shall be 2.5% in 2020 and later.

9 **(II) AN ELECTRIC COOPERATIVE MAY MEET ITS RENEWABLE**
10 **ENERGY PORTFOLIO STANDARD FOR SOLAR ENERGY BY AUTHORIZING THE**
11 **PURCHASE OF SREC-IIS THROUGH A PROCUREMENT PROCESS ESTABLISHED BY**
12 **THE COMMISSION UNDER SUBTITLE 12, PART V OF THIS TITLE.**

13 **(III) AN ELECTRIC COOPERATIVE THAT AUTHORIZES THE**
14 **PURCHASE OF SREC-IIS THROUGH A PROCUREMENT PROCESS ESTABLISHED BY**
15 **THE COMMISSION UNDER SUBTITLE 12, PART V OF THIS TITLE MAY NOT RESCIND**
16 **THAT AUTHORIZATION.**

17 **(IV) BEGINNING JANUARY 1, 2028, AN ELECTRIC COOPERATIVE**
18 **THAT FAILS TO SATISFY ITS SOLAR ENERGY REQUIREMENTS UNDER THIS**
19 **PARAGRAPH SHALL PAY A COMPLIANCE FEE EQUAL TO THE WEIGHTED AVERAGE**
20 **DOLLAR PER KILOWATT-HOUR OF SREC-II CREDITS PROCURED UNDER SUBTITLE**
21 **12, PART V OF THIS TITLE FOR THE RELEVANT COMPLIANCE YEAR INSTEAD OF THE**
22 **COMPLIANCE FEE ESTABLISHED UNDER § 7-705 OF THIS SUBTITLE.**

23 (2) **(I)** The required percentage of a municipal electric utility's
24 renewable energy portfolio standard shall be[:

25 (i) in 2021:

26 1. 20.4% from Tier 1 renewable sources, including:

27 A. at least 1.95% derived from solar energy; and

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

30 2. 2.5% from Tier 2 renewable sources; and

31 (ii) in 2022 and later,] 20.4% from Tier 1 renewable sources,
32 including:

1. at least 1.95% derived from solar energy; and

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

(II) A MUNICIPAL ELECTRIC UTILITY MAY MEET ITS RENEWABLE ENERGY PORTFOLIO STANDARD FOR SOLAR ENERGY BY AUTHORIZING THE PURCHASE OF SREC–IIS THROUGH A PROCUREMENT PROCESS ESTABLISHED BY THE COMMISSION UNDER SUBTITLE 12, PART V OF THIS TITLE.

(III) A MUNICIPAL ELECTRIC UTILITY THAT AUTHORIZES THE PURCHASE OF SREC–IIS THROUGH A PROCUREMENT PROCESS ESTABLISHED BY THE COMMISSION UNDER SUBTITLE 12, PART V OF THIS TITLE MAY NOT RESCIND THAT AUTHORIZATION.

(IV) BEGINNING JANUARY 1, 2028, A MUNICIPAL ELECTRIC UTILITY THAT FAILS TO SATISFY ITS SOLAR ENERGY REQUIREMENTS UNDER THIS SECTION SHALL PAY A COMPLIANCE FEE EQUAL TO THE WEIGHTED AVERAGE DOLLAR PER KILOWATT–HOUR OF SREC–II CREDITS PROCURED UNDER SUBTITLE 12, PART V OF THIS TITLE FOR THE RELEVANT COMPLIANCE YEAR INSTEAD OF THE COMPLIANCE FEE ESTABLISHED UNDER § 7–705 OF THIS SUBTITLE.

7–705.

(a) (1) Except as provided in paragraph (2) of this subsection, each electricity supplier shall submit a report to the Commission each year in a form and by a date specified by the Commission that:

(i) 1. demonstrates that the electricity supplier has complied with the applicable renewable energy portfolio standard under § 7–703 of this subtitle and includes the submission of the required amount of renewable energy credits; or

2. demonstrates the amount of electricity sales by which the electricity supplier failed to meet the applicable renewable energy portfolio standard;

(ii) documents the level of participation of minority business enterprises and minorities in the activities that support the creation of renewable energy credits used to satisfy the standard under § 7–703 of this subtitle, including development, installation, and operation of generating facilities that create credits;

(iii) documents the amounts and types of generation associated with renewable energy credits purchased in compliance with § 7–707(c) of this subtitle during the reporting period; and

(iv) documents the amount of renewable energy certificates that do

not qualify as renewable energy credits as defined in § 7–701 of this subtitle, including, for each certificate:

1. the energy source associated with the certificate, including its location, when it was constructed, and which electric distribution system received the energy;

2. whether the purchase of the certificate was bundled with a power purchase agreement from the energy source associated with the certificate;

3. whether the certificate was purchased directly from the operator of the energy source or through a third party; and

4. any other information required by the Commission.

(2) Paragraph (1)(iii) and (iv) of this subsection does not apply to:

(i) the Department of General Services' sale of energy under § 7–704.4 of this subtitle; or

(ii) a community choice aggregator under § 7–510.3 of this title.

(b) (1) This subsection does not apply to a shortfall from:

(I) the required Tier 1 renewable sources that is to be derived from post–2022 geothermal systems; OR

(II) THE REQUIRED SOLAR ENERGY TIER 1 RENEWABLE SOURCES THAT IS TO BE DERIVED FROM QUALIFYING DISTRIBUTED SOLAR ENERGY GENERATING SYSTEMS AND QUALIFYING UTILITY–SCALE SOLAR ENERGY GENERATING SYSTEMS.

(2) [If] BEGINNING OCTOBER 1, 2026, IF an electricity supplier OR ELECTRIC COMPANY fails to comply with ITS OBLIGATION UNDER the renewable energy portfolio standard for the applicable year, the electricity supplier OR ELECTRIC COMPANY shall pay into the [Maryland Strategic Energy Investment Fund established under § 9–20B–05 of the State Government Article] ESCROW ACCOUNT ESTABLISHED UNDER § 7–1235 OF THIS TITLE:

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

1. the following amounts for each kilowatt–hour of shortfall from required Tier 1 renewable sources other than the shortfall from the required Tier 1 renewable sources that is to be derived from solar energy CONNECTED TO THE DISTRIBUTION SYSTEM IN THE STATE:

- A. 4 cents through 2016;
- B. 3.75 cents in 2017 and 2018;
- C. 3 cents in 2019 through 2023;
- D. 2.75 cents in 2024;
- E. 2.5 cents in 2025;
- F. 2.475 cents in 2026;
- G. 2.45 cents in 2027;
- H. 2.25 cents in 2028 and 2029; and
- I. 2.235 cents in 2030 and later;

2. **EXCEPT AS PROVIDED UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION,** the following amounts for each kilowatt-hour of shortfall from required Tier 1 renewable sources that is to be derived from solar energy:

- A. 45 cents in 2008;
- B. 40 cents in 2009 through 2014;
- C. 35 cents in 2015 and 2016;
- D. 19.5 cents in 2017;
- E. 17.5 cents in 2018;
- F. 10 cents in 2019;
- G. 10 cents in 2020;
- H. 8 cents in 2021;
- I. 6 cents in 2022;
- J. 6 cents in 2023;
- K. 6 cents in 2024;
- L. 5.5 cents in 2025;

1 M. 4.5 cents in 2026;

2 N. 3.5 cents in 2027;

3 O. 3.25 cents in 2028;

4 P. 2.5 cents in 2029; and

5 Q. 2.25 cents in 2030 and later; and

6 3. 1.5 cents for each kilowatt-hour of shortfall from required
7 Tier 2 renewable sources; or

8 (ii) for industrial process load:

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

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

12 B. 0.5 cents in 2009 and 2010;

13 C. 0.4 cents in 2011 and 2012;

14 D. 0.3 cents in 2013 and 2014;

15 E. 0.25 cents in 2015 and 2016; and

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

18 2. nothing for any shortfall from required Tier 2 renewable
19 sources.

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

24 (b-1) If an electricity supplier fails to comply with the renewable energy portfolio
25 standard that is required to be derived from post-2022 geothermal systems for the
26 applicable year, the electricity supplier shall pay into the [Maryland Strategic Energy
27 Investment Fund established under § 9-20B-05 of the State Government Article] **ESCROW**
28 **ACCOUNT ESTABLISHED UNDER § 7-1235 OF THIS TITLE** a compliance fee of the
29 following amounts for each kilowatt-hour of shortfall from required post-2022 geothermal
30 systems:

(1) 10 cents in 2023 through 2025;

(2) 9 cents in 2026;

(3) 8 cents in 2027; and

(4) 6.5 cents in 2028 and later.

7-709.2.

(A) (1) ON OR BEFORE JANUARY 1, 2028, AND BEFORE EACH PROCUREMENT ESTABLISHED UNDER § 7-1232 OF THIS TITLE, THE COMMISSION SHALL DETERMINE:

(I) THE TOTAL NUMBER OF SRECS AND SREC-IIS GENERATED BY SOLAR ENERGY GENERATING SYSTEMS IN THE STATE DURING THE PREVIOUS YEAR; AND

(II) THE AMOUNT OF ADDITIONAL SOLAR ENERGY GENERATION NEEDED, IF ANY, TO MEET THE SOLAR PORTION OF THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR THE CURRENT YEAR.

(2) AFTER MAKING THE DETERMINATIONS UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION SHALL REQUIRE ELECTRIC COMPANIES TO PROCURE THE TOTAL NUMBER OF SRECS AND SREC-IIS GENERATED DURING THAT COMPLIANCE YEAR ON A DATE, DETERMINED BY THE COMMISSION, THAT IS AFTER THE DATE OF THE LAST MONTH IN WHICH SRECS AND SREC-IIS ARE ISSUED FOR THE FINAL MONTH OF THAT COMPLIANCE YEAR.

(3) EACH YEAR THE COMMISSION, IN CONSULTATION WITH THE ADMINISTRATOR OF THE ESCROW ACCOUNT ESTABLISHED IN § 7-1235 OF THIS TITLE, SHALL DETERMINE EACH ELECTRIC COMPANY'S SREC AND SREC-II OBLIGATION BASED ON THE TOTAL RETAIL ELECTRICITY SALES IN THE ELECTRIC COMPANY'S SERVICE TERRITORY DURING THE PREVIOUS YEAR.

(B) (1) THIS SUBSECTION APPLIES ONLY TO THE PROCUREMENT OF SRECS AND SREC-IIS GENERATED BY SOLAR ENERGY GENERATING SYSTEMS THAT BEGAN OPERATION BEFORE JANUARY 1, 2028.

(2) THE COMMISSION SHALL ESTABLISH AN ANNUAL PROCESS FOR THE PROCUREMENT OF ALL AVAILABLE SRECS AND SREC-IIS FROM SOLAR ENERGY GENERATING SYSTEMS THAT BEGAN OPERATION BEFORE JANUARY 1, 2028.

(3) THE PROCESS SHALL:

1 (I) DETERMINE THE AMOUNT OF SRECS AND SREC-IIS
2 NEEDED TO BE PROCURED IN EACH PROCUREMENT;

3 (II) OCCUR FOLLOWING THE LAST MONTH IN WHICH SRECS
4 AND SREC-IIS ARE GENERATED FOR THAT YEAR; AND

5 (III) ENSURE THAT THE SRECS AND SREC-IIS PROCURED ARE
6 EQUAL TO THE TOTAL SRECS AND SREC-IIS GENERATED IN THAT YEAR.

7 (4) THE PRICE FOR AN SREC OR SREC-II PROCURED THROUGH THE
8 PROCESS REQUIRED IN PARAGRAPH (2) OF THIS SUBSECTION SHALL BE EQUAL TO
9 THE ALTERNATIVE COMPLIANCE PAYMENT FOR SOLAR ENERGY UNDER § 7-705 OF
10 THIS SUBTITLE FOR THE RELEVANT RENEWABLE ENERGY PORTFOLIO STANDARD
11 COMPLIANCE YEAR.

12 7-1230. RESERVED.

13 7-1231. RESERVED.

14 PART V. SOLAR ENERGY.

15 7-1232.

16 (A) (1) BEGINNING JANUARY 1, 2028, AND AT INTERVALS OF NOT MORE
17 THAN 18 MONTHS UNTIL JANUARY 1, 2036, IN ACCORDANCE WITH THE PROGRAMS
18 ESTABLISHED IN §§ 7-1233 AND 7-1234 OF THIS SUBTITLE, THE COMMISSION, BY
19 ORDER OR REGULATION, SHALL ISSUE A SOLICITATION FOR APPLICATIONS FOR THE
20 CONSTRUCTION OF SOLAR ENERGY GENERATING SYSTEMS ELIGIBLE FOR
21 INCLUSION IN THE RENEWABLE ENERGY PORTFOLIO STANDARD THAT, IN TOTAL,
22 WILL INCREASE THE GENERATION OF SOLAR ENERGY IN THE STATE BY 4,000
23 MEGAWATTS OF GENERATING CAPACITY IN ADDITION TO THE TOTAL GENERATING
24 CAPACITY OF THE SOLAR GENERATING SYSTEMS IN OPERATION IN THE STATE ON
25 JANUARY 1, 2028, WITH THE ADDITIONAL GENERATION CAPACITY TO CONSIST OF:

26 (I) 2,000 MEGAWATTS FROM QUALIFYING DISTRIBUTED SOLAR
27 ENERGY GENERATING SYSTEMS; AND

28 (II) 2,000 MEGAWATTS FROM QUALIFYING UTILITY-SCALE
29 SOLAR ENERGY GENERATING SYSTEMS.

30 (2) THE COMMISSION, BY ORDER OR REGULATION, SHALL ESTABLISH
31 A PROCESS BY WHICH THE NUMBER OF SRECS ELECTRIC COMPANIES MUST

1 **PROCURE UNDER § 7-709.2 OF THIS TITLE MAY BE REDUCED:**

2 **(I) BY AN AMOUNT EQUAL TO THE NUMBER OF SRECS**
3 **PROCURED DURING THE 2027 COMPLIANCE YEAR; AND**

4 **(II) BASED ON A METHOD DETERMINED BY THE COMMISSION.**

5 **(B) THE COMMISSION, BY ORDER OR REGULATION, SHALL ESTABLISH A**
6 **PROCESS TO ADJUST THE RENEWABLE ENERGY PORTFOLIO STANDARD FOR SOLAR**
7 **ENERGY EACH YEAR TO ACCOUNT FOR THE PROJECTED NUMBER OF SRECS AND**
8 **SREC-IIS ANTICIPATED TO BE PROCURED UNDER § 7-709.2 OF THIS TITLE, AND**
9 **ANY OTHER ADJUSTMENTS THE COMMISSION CONSIDERS NECESSARY.**

10 **(C) THE COMMISSION MAY CONTRACT FOR THE SERVICES OF**
11 **INDEPENDENT CONSULTANTS OR EXPERTS IN THE IMPLEMENTATION OF THE**
12 **PROVISIONS OF THIS PART.**

13 **(D) A DEBT, AN OBLIGATION, OR A LIABILITY OF ANY SOLAR ENERGY**
14 **GENERATING SYSTEMS CONSTRUCTED UNDER THIS SUBTITLE MAY NOT BE**
15 **CONSIDERED A DEBT, AN OBLIGATION, OR A LIABILITY OF THE STATE.**

16 **7-1233.**

17 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
18 **INDICATED.**

19 **(2) “ADMINISTRATIVELY DETERMINED INCENTIVE” MEANS THE**
20 **MONETARY VALUE OF AN SREC-II GENERATED BY A QUALIFYING DISTRIBUTED**
21 **SOLAR ENERGY GENERATING SYSTEM UNDER THE PROGRAM.**

22 **(3) “CAPACITY BLOCK” MEANS THE MAXIMUM AMOUNT OF**
23 **GENERATING CAPACITY, MEASURED IN MEGAWATTS OF ALTERNATING CURRENT,**
24 **THAT THE COMMISSION DETERMINES MAY BE ALLOTTED TO A SPECIFIC MARKET**
25 **SEGMENT FOR ANY GIVEN INCENTIVE YEAR.**

26 **(4) “COMMUNITY SOLAR ENERGY GENERATING SYSTEM” HAS THE**
27 **MEANING STATED IN § 7-306.2 OF THIS TITLE.**

28 **(5) “ELIGIBLE CUSTOMER-GENERATOR” HAS THE MEANING STATED**
29 **IN § 7-306 OF THIS TITLE.**

30 **(6) “MARKET SEGMENT” MEANS THE GROUP CLASSIFICATION FOR**
31 **QUALIFYING DISTRIBUTED SOLAR ENERGY GENERATING SYSTEMS UNDER THE**

1 **PROGRAM.**

2 **(7) "PROGRAM" MEANS THE DISTRIBUTED SOLAR FACILITIES**
3 **INCENTIVE PROGRAM.**

4 **(8) "PROJECT OFF-TAKER" MEANS THE END USER OF SREC-IIS**
5 **THAT ARE GENERATED BY A QUALIFYING DISTRIBUTED SOLAR ENERGY**
6 **GENERATING SYSTEM.**

7 **(9) "QUALIFYING DISTRIBUTED SOLAR ENERGY GENERATING**
8 **SYSTEM" HAS THE MEANING STATED IN § 7-701(L-1) OF THIS TITLE.**

9 **(B) (1) THERE IS A DISTRIBUTED SOLAR FACILITIES INCENTIVE**
10 **PROGRAM.**

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

12 **(3) ON OR BEFORE JANUARY 1, 2028, IN ACCORDANCE WITH §**
13 **7-1232, THE PROGRAM SHALL BEGIN ACCEPTING APPLICATIONS FROM QUALIFYING**
14 **DISTRIBUTED SOLAR ENERGY GENERATING SYSTEMS WITHIN A CAPACITY BLOCK ON**
15 **A FIRST-COME, FIRST-SERVED BASIS.**

16 **(C) ON OR BEFORE JANUARY 1, 2035, THE PROGRAM SHALL PROVIDE**
17 **INCENTIVES FOR THE DEVELOPMENT OF NEW GENERATION CAPACITY OF AT LEAST**
18 **2,000 MEGAWATTS OF SOLAR ENERGY FROM OWNERS OF QUALIFYING DISTRIBUTED**
19 **SOLAR ENERGY GENERATING SYSTEMS.**

20 **(D) (1) THE COMMISSION SHALL ESTABLISH ELIGIBILITY CRITERIA AND**
21 **AN APPLICATION PROCESS FOR OWNERS OF DISTRIBUTED SOLAR ENERGY**
22 **GENERATING SYSTEMS TO BE QUALIFIED UNDER THE PROGRAM.**

23 **(2) IN ADDITION TO ANY QUALIFICATION REQUIREMENTS**
24 **ESTABLISHED BY THE COMMISSION, A QUALIFYING DISTRIBUTED SOLAR ENERGY**
25 **GENERATING SYSTEM SHALL:**

26 **(I) BE CONNECTED TO THE ELECTRIC DISTRIBUTION SYSTEM**
27 **SERVING MARYLAND;**

28 **(II) BE ELIGIBLE FOR INCLUSION IN THE RENEWABLE ENERGY**
29 **PORTFOLIO STANDARD;**

30 **(III) BE PLACED IN SERVICE AFTER DECEMBER 31, 2027; AND**

(IV) CONTRIBUTE TOWARD THE STATE'S ENERGY SUPPLY NEEDS.

(E) (1) ON OR BEFORE OCTOBER 1, 2027, AND EVERY 3 YEARS THEREAFTER, THE COMMISSION SHALL ESTABLISH AN ADMINISTRATIVELY DETERMINED INCENTIVE AND ANNUAL CAPACITY BLOCK FOR EACH OF THE FOLLOWING MARKET SEGMENTS UNDER THE PROGRAM:

(I) BEHIND-THE-METER RESIDENTIAL;

(II) BEHIND-THE-METER NONRESIDENTIAL;

(III) COMMUNITY SOLAR; AND

(IV) ANY OTHER MARKET SEGMENT DETERMINED BY THE COMMISSION.

(2) THE COMMISSION MAY ADJUST THE ADMINISTRATIVELY DETERMINED INCENTIVE AND CAPACITY BLOCKS NOT EARLIER THAN 90 DAYS AFTER PROVIDING PUBLIC NOTICE OF THE ACTION:

(I) IF THE COMMISSION FINDS THAT AN ADJUSTMENT IS NECESSARY; OR

(II) TO ADDRESS CHANGES IN LAW OR POLICY.

(3) IN ADDITION TO THE REQUIREMENTS OF PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION MAY REVIEW AND ADJUST THE ADMINISTRATIVELY DETERMINED INCENTIVE WITHIN 6 MONTHS AFTER MISSING A CAPACITY BLOCK.

(4) SUBJECT TO THE PROVISIONS OF PARAGRAPHS (1) THROUGH (3) OF THIS SUBSECTION, THE ADMINISTRATIVELY DETERMINED INCENTIVE FOR A QUALIFYING DISTRIBUTED SOLAR ENERGY GENERATING SYSTEM SHALL BE FIXED FOR A PERIOD OF 15 YEARS AT THE AMOUNT THAT WAS ESTABLISHED FOR THE CAPACITY BLOCK IN THE YEAR THAT THE QUALIFYING DISTRIBUTED SOLAR ENERGY GENERATING SYSTEM APPLIED FOR THE CAPACITY BLOCK.

(5) (I) IN ESTABLISHING THE ADMINISTRATIVELY DETERMINED INCENTIVE AND ANNUAL CAPACITY BLOCK UNDER THE PROGRAM, THE COMMISSION SHALL BALANCE THE NEED FOR CONTINUED MARKET DEVELOPMENT FOR EACH MARKET SEGMENT WHILE LIMITING THE NET RESIDENTIAL RATEPAYER COST TO NOT MORE THAN 5% OF THE AVERAGE ANNUAL ELECTRIC BILL OVER THE DURATION OF THE PROGRAM.

1 (II) IN CALCULATING THE NET RESIDENTIAL RATEPAYER COST,
2 THE COMMISSION SHALL TAKE INTO ACCOUNT:

3 1. THE COST OF ANY ADMINISTRATIVELY DETERMINED
4 INCENTIVE SREC-IIS REQUIRED TO BE PURCHASED BY ELECTRIC COMPANIES; AND

5 2. THE BENEFITS ATTRIBUTABLE TO THE PROGRAM, AS
6 DETERMINED BY THE COMMISSION, INCLUDING:

7 A. ENERGY GENERATED;

8 B. THE VALUE OF ANY REDUCTION IN CAPACITY
9 PURCHASES BY LOAD-SERVING ENTITIES IN THE STATE THAT RESULT FROM THE
10 QUALIFYING DISTRIBUTED SOLAR ENERGY GENERATING SYSTEMS AUTHORIZED
11 UNDER THE PROGRAM;

12 C. AVOIDED TRANSMISSION AND DISTRIBUTION LINE
13 AND CAPACITY AUCTION COSTS; AND

14 D. SOCIETAL COSTS AND BENEFITS.

15 (F) IN DETERMINING THE ADMINISTRATIVELY DETERMINED INCENTIVE
16 FOR EACH MARKET SEGMENT, THE COMMISSION:

17 (1) MAY CONSIDER PRICE DIFFERENTIALS BASED ON:

18 (I) FEDERAL POLICIES AND PROGRAMS RELATING TO SOLAR
19 ENERGY GENERATING SYSTEMS;

20 (II) THE COST TO CONSTRUCT AND FINANCE A SOLAR ENERGY
21 GENERATING SYSTEM; AND

22 (III) ANY OTHER CRITERIA DETERMINED BY THE COMMISSION;

23 (2) SHALL ESTABLISH MONETARY VALUES THAT ENCOURAGE
24 MARKET DEVELOPMENT WHILE BALANCING RATEPAYER COSTS; AND

25 (3) SHALL STRIVE TO ACHIEVE MARKET DIVERSITY.

26 (G) IN ESTABLISHING THE CAPACITY BLOCK FOR EACH MARKET SEGMENT
27 UNDER SUBSECTION (E)(1) OF THIS SECTION, THE COMMISSION SHALL:

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

3 **(2) CONSIDER THE VALUE OF REDUCING ELECTRICITY DEMAND AND**
4 **THE COST OF INSTALLING GENERATION CAPACITY ON THE TRANSMISSION AND**
5 **DISTRIBUTION SYSTEMS; AND**

6 **(3) FOR EACH MARKET SEGMENT:**

7 **(I) ENSURE THAT THE NEXT CAPACITY BLOCK IS ESTABLISHED**
8 **AS SOON AS REASONABLY POSSIBLE AFTER THE CURRENT CAPACITY BLOCK IS**
9 **FULLY RESERVED; AND**

10 **(II) MAINTAIN A CAPACITY BLOCK WAITLIST UNTIL THE NEXT**
11 **CAPACITY BLOCK IS ESTABLISHED AND ALLOW THE WAITLISTED PROJECTS TO HAVE**
12 **PRIORITY IN THE SUBSEQUENT CAPACITY BLOCK.**

13 **(H) (1) A QUALIFYING DISTRIBUTED SOLAR ENERGY GENERATING**
14 **SYSTEM THAT GENERATES SREC–IIS UNDER THIS SECTION MAY NOT RECEIVE ANY**
15 **OTHER EQUIVALENT SOLAR ENERGY CREDITS.**

16 **(2) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE**
17 **PROVISIONS OF § 7–703 OF THIS TITLE APPLY TO ENERGY GENERATED BY A**
18 **QUALIFYING DISTRIBUTED SOLAR ENERGY GENERATING SYSTEM UNDER THE**
19 **PROGRAM.**

20 **(3) AN SREC–II GENERATED BY A QUALIFYING DISTRIBUTED SOLAR**
21 **ENERGY GENERATING SYSTEM UNDER THE PROGRAM MAY BE INCLUDED IN**
22 **MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD ONLY FOR THE YEAR IN**
23 **WHICH THE SREC–II IS GENERATED OR THE FOLLOWING YEAR, AS DETERMINED BY**
24 **THE COMMISSION.**

25 **7–1234.**

26 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
27 **INDICATED.**

28 **(2) “PROGRAM” MEANS THE UTILITY–SCALE SREC–II PROGRAM.**

29 **(3) “QUALIFYING UTILITY–SCALE SOLAR ENERGY GENERATING**
30 **SYSTEM” HAS THE MEANING STATED IN § 7–701(L–2) OF THIS TITLE.**

31 **(B) (1) THERE IS A UTILITY–SCALE SREC–II PROGRAM.**

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

2 **(C) BY JANUARY 1, 2035, THE PROGRAM SHALL PROVIDE INCENTIVES FOR**
3 **THE DEVELOPMENT OF AT LEAST 2,000 MEGAWATTS OF SOLAR ENERGY**
4 **GENERATING CAPACITY BY QUALIFYING UTILITY-SCALE SOLAR ENERGY**
5 **GENERATING SYSTEMS.**

6 **(D) A QUALIFYING UTILITY-SCALE SOLAR ENERGY GENERATING SYSTEM**
7 **UNDER THE PROGRAM SHALL:**

8 **(1) HAVE A GENERATING CAPACITY THAT IS GREATER THAN 5**
9 **MEGAWATTS, AS MEASURED IN DIRECT CURRENT, OR ANOTHER GENERATING**
10 **CAPACITY AS SPECIFIED BY THE COMMISSION BUT AT LEAST 5 MEGAWATTS;**

11 **(2) BE CONNECTED TO THE ELECTRIC TRANSMISSION SYSTEM**
12 **SERVING MARYLAND;**

13 **(3) BE ELIGIBLE FOR INCLUSION IN THE RENEWABLE ENERGY**
14 **PORTFOLIO STANDARD;**

15 **(4) BE NEWLY CONSTRUCTED OR RECONSTRUCTED; AND**

16 **(5) MEET ANY OTHER CRITERIA DEVELOPED BY THE COMMISSION.**

17 **(E) (1) BY REGULATION OR ORDER, THE COMMISSION SHALL ESTABLISH**
18 **A COMPETITIVE SOLICITATION PROCESS FOR THE SELECTION OF PROJECTS FOR**
19 **THE CONSTRUCTION OF QUALIFYING UTILITY-SCALE SOLAR ENERGY GENERATING**
20 **SYSTEMS UNDER THE PROGRAM.**

21 **(2) THE SOLICITATION PROCESS SHALL REQUIRE THAT**
22 **APPLICATIONS FOR THE CONSTRUCTION OF QUALIFYING UTILITY-SCALE SOLAR**
23 **ENERGY GENERATING SYSTEMS INCLUDE:**

24 **(I) A PROPOSED SREC-II PRICING SCHEDULE THAT**
25 **SPECIFIES:**

26 **1. A FIXED RATE OR RATE SCHEDULE; AND**

27 **2. A FIXED PRICE FOR THE ENVIRONMENTAL**
28 **ATTRIBUTES OF THE ENERGY GENERATED BY THE SYSTEM; AND**

29 **(II) A CERTIFICATION THAT, IF SELECTED UNDER THE**

PROGRAM, THE CONSTRUCTION OF THE QUALIFYING UTILITY-SCALE SOLAR ENERGY GENERATING SYSTEM SHALL INCLUDE A COMMUNITY BENEFIT AGREEMENT AS ESTABLISHED UNDER § 7-1202 OF THIS SUBTITLE.

(F) THE COMMISSION SHALL:

(1) IN ACCORDANCE WITH § 7-1232 OF THIS SUBTITLE, DETERMINE A SCHEDULE FOR THE PROCUREMENT OF QUALIFYING UTILITY-SCALE SOLAR ENERGY GENERATING SYSTEMS UNDER THE PROGRAM THAT MEETS THE JANUARY 1, 2035, GOAL WHILE BALANCING RATEPAYER COSTS; AND

(2) ADOPT REGULATIONS TO IMPLEMENT THE PROGRAM, INCLUDING REQUIREMENTS FOR:

(I) CERTIFICATION AS A QUALIFYING UTILITY-SCALE SOLAR ENERGY GENERATING SYSTEM; AND

(II) ANY MONEY TO BE HELD IN ESCROW DURING THE BIDDING PROCESS.

(G) (1) BEGINNING JANUARY 1, 2027, AND EVERY 18 MONTHS THEREAFTER, THE COMMISSION SHALL COMMENCE SOLICITATIONS FOR THE AWARD OF PROJECTS UNDER THE PROGRAM.

(2) THE SOLICITATION SHALL:

(I) AWARD CONTRACTS FOR THE CONSTRUCTION OF QUALIFYING UTILITY-SCALE SOLAR ENERGY GENERATING SYSTEMS FOR NOT LESS THAN 205 MEGAWATTS PER YEAR FOR 8 YEARS AFTER THE FIRST CONTRACTS ARE AWARDED;

(II) AWARD CONTRACTS WITHIN 6 MONTHS AFTER EACH SOLICITATION;

(III) ENSURE AWARDED PROJECTS RECEIVE A RENEWABLE ENERGY INCENTIVE PAYMENT, IN THE FORM OF AN SREC-II VALUE PER MEGAWATT-HOUR FOR THE ENVIRONMENTAL ATTRIBUTE PRODUCED BY THE QUALIFYING UTILITY-SCALE SOLAR ENERGY GENERATING SYSTEM, AND ANY OTHER BENEFITS TO THE STATE PROVIDED BY THE SYSTEM, AS DETERMINED BY THE COMMISSION;

(IV) ENSURE THAT THE LENGTH OF AN AWARD IS SUFFICIENT TO ENCOURAGE LOW FINANCING RATES, PROVIDE REASONABLE RISKS TO

1 RATEPAYERS, AND ENABLE THE DEVELOPMENT OF AFFORDABLE RENEWABLE
2 ENERGY;

3 (V) MITIGATE PRICE AND DELIVERY RISKS FOR CONSUMERS;

4 (VI) INCLUDE REQUIREMENTS DESIGNED TO ENSURE
5 SUCCESSFUL COMPLETION OF PROJECTS, INCLUDING THE IMPOSITION OF
6 APPROPRIATE ESCROW FEES, BID MATURITY REQUIREMENTS, REQUIRED
7 INTERCONNECTION MILESTONES, AND COMMERCIAL OPERATION MILESTONES;

8 (VII) ENSURE THE RECOGNITION OF THE ENVIRONMENTAL AND
9 PUBLIC HEALTH BENEFITS OF PROJECTS LOCATED ON BROWNFIELDS OR
10 CONTAMINATED SITES;

11 (VIII) BE OPEN ON A NONDISCRIMINATORY BASIS TO ANY
12 PROJECT MEETING THE CRITERIA OF THIS SUBTITLE; AND

13 (IX) INCLUDE ANY OTHER REQUIREMENTS DEVELOPED BY THE
14 COMMISSION.

15 (3) THE COMMISSION MAY:

16 (I) ESTABLISH CONFIDENTIAL HIGH- AND LOW-APPLICATION
17 THRESHOLDS BEFORE CONDUCTING A SOLICITATION, PROVIDED THAT THE
18 THRESHOLDS PROMOTE FISCAL RESPONSIBILITY AND ENSURE THE LIKELIHOOD OF
19 SUCCESSFUL PROJECTS, AS DETERMINED BY THE COMMISSION;

20 (II) MAY INCLUDE A CAP ON THE RENEWABLE ENERGY
21 INCENTIVE UNDER PARAGRAPH (2)(III) OF THIS SUBSECTION; AND

22 (III) PROCURE MORE THAN THE MINIMUM QUANTITY OF SOLAR
23 ENERGY REQUIRED UNDER THE PROGRAM IF APPLICATIONS ARE BELOW THE
24 LOW-APPLICATION THRESHOLD ESTABLISHED IN ITEM (I) OF THIS PARAGRAPH.

25 (4) BEFORE ISSUING A SOLICITATION FOR PROJECTS UNDER THIS
26 SECTION, THE COMMISSION SHALL REQUEST THE COMMISSIONER OF LABOR AND
27 INDUSTRY TO DETERMINE THE PREVAILING WAGE RATE FOR EACH CLASSIFICATION
28 OF WORKER REQUIRED TO PERFORM WORK ON THE PROJECT IN ORDER TO INCLUDE
29 THAT DETERMINATION IN THE BIDDING PROCESS.

30 (5) THE COMMISSION, AT THE END OF THE SOLICITATION PROCESS,
31 SHALL:

1 **(I) RANK ALL APPLICATIONS RECEIVED BASED ON THE**
2 **ESTIMATED COST OF THE PROJECT OR ESTIMATED COST BY CATEGORY;**

3 **(II) SELECT ONE OR MORE PROJECTS IN RANKED ORDER, UP TO**
4 **THE LIMIT ESTABLISHED BY THE COMMISSION; AND**

5 **(III) ADJUST THE NUMBER OF PROJECTS SELECTED IF THE**
6 **COSTS ARE ABOVE OR BELOW THE CONFIDENTIAL PREDETERMINED THRESHOLDS**
7 **ESTABLISHED UNDER PARAGRAPH (3) OF THIS SUBSECTION.**

8 **(H) (1) THE COMMISSION, BY ORDER, SHALL APPROVE, CONDITIONALLY**
9 **APPROVE, OR DENY ONE OR MORE PROJECTS UNDER THIS SECTION WITHIN 6**
10 **MONTHS AFTER THE CLOSE OF THE SOLICITATION PERIOD.**

11 **(2) AN ORDER APPROVING A PROJECT UNDER THIS SECTION SHALL:**

12 **(I) SPECIFY THE SREC-II FIXED PRICING SCHEDULE FOR**
13 **ENERGY GENERATED BY THE PROJECT;**

14 **(II) SPECIFY THE DURATION OF THE SREC-II FIXED PRICING**
15 **SCHEDULE, NOT TO EXCEED 15 YEARS;**

16 **(III) SPECIFY THE TOTAL NUMBER OF SREC-IIs THAT MAY BE**
17 **SOLD EACH YEAR FROM THE QUALIFYING UTILITY-SCALE SOLAR ENERGY**
18 **GENERATING SYSTEM;**

19 **(IV) PROVIDE THAT NO PAYMENT MAY BE MADE FOR AN**
20 **SREC-II UNTIL THE QUALIFYING UTILITY-SCALE SOLAR ENERGY GENERATING**
21 **SYSTEM IS OPERATIONAL AND GENERATING ENERGY; AND**

22 **(V) PROVIDE THAT THE STATE SHALL BE HELD HARMLESS FOR**
23 **ANY COST OVERRUNS ASSOCIATED WITH THE CONSTRUCTION AND OPERATION OF**
24 **THE QUALIFYING UTILITY-SCALE SOLAR ENERGY GENERATING SYSTEM.**

25 **(3) A PROJECT APPROVED UNDER THIS SECTION SHALL REQUIRE:**

26 **(I) COMPLIANCE WITH THE APPLICABLE PREVAILING WAGE**
27 **RATES DETERMINED UNDER THIS SECTION;**

28 **(II) COMPLIANCE WITH THE REQUIREMENTS OF §§ 17-219**
29 **THROUGH 17-221 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; AND**

30 **(III) THE CONTRACTORS AND SUBCONTRACTORS TO INCLUDE**

1 THE REQUIREMENTS OF THIS SECTION IN ANY CONTRACTS FOR ANY OTHER
2 SUBCONTRACTORS BELOW THE PRIME CONTRACTORS OR SUBCONTRACTORS.

3 (4) THE COMMISSION, IN CONSULTATION WITH THE COMMISSIONER
4 OF LABOR AND INDUSTRY, SHALL ADOPT REGULATIONS TO CARRY OUT THIS
5 SUBSECTION, INCLUDING:

6 (I) PROVISIONS RELATING TO THE REPORTING OF
7 NONCOMPLIANCE OR VIOLATIONS OF THE PREVAILING WAGE REQUIREMENTS;

8 (II) PROVISIONS ALLOWING THE USAGE OF THE ESCROW
9 ACCOUNT UNDER THIS SUBTITLE TO ISSUE BACKPAY TO WORKERS; AND

10 (III) PROVISIONS ESTABLISHING LIQUIDATED DAMAGES
11 EQUIVALENT TO THE PROVISIONS IN §§ 17-220 AND 17-222 OF THE STATE FINANCE
12 AND PROCUREMENT ARTICLE.

13 (I) (1) UNDER THE PROGRAM, A QUALIFYING UTILITY-SCALE SOLAR
14 ENERGY GENERATING SYSTEM SHALL GENERATE ONLY SREC-IIs.

15 (2) A QUALIFYING UTILITY-SCALE SOLAR ENERGY GENERATING
16 SYSTEM THAT GENERATES SREC-IIs UNDER THE PROGRAM MAY NOT RECEIVE ANY
17 EQUIVALENT RENEWABLE ENERGY CREDITS OF ANY TYPE.

18 (3) EXCEPT AS OTHERWISE PROVIDED UNDER THIS SECTION, THE
19 PROVISIONS OF § 7-703 OF THIS TITLE APPLY TO SREC-IIs GENERATED UNDER
20 THE PROGRAM.

21 (4) UNDER THE PROGRAM:

22 (I) AN SREC-II GENERATED BY A QUALIFYING UTILITY-SCALE
23 SOLAR ENERGY GENERATING SYSTEM MAY BE APPLIED ONLY TOWARD MEETING THE
24 RENEWABLE ENERGY PORTFOLIO STANDARD FOR THE YEAR IN WHICH THE
25 SREC-II IS GENERATED OR THE FOLLOWING YEAR, ON DETERMINATION BY THE
26 COMMISSION; AND

27 (II) AN OWNER OF A QUALIFYING UTILITY-SCALE SOLAR
28 ENERGY GENERATING SYSTEM PRODUCING SREC-IIs MAY NOT SELL, ALIENATE,
29 OR DISPOSE OF ANY OF THE ENVIRONMENTAL ATTRIBUTES ASSOCIATED WITH THE
30 ENERGY GENERATED BY THE SYSTEM.

31 (J) (1) AN APPLICATION FOR A QUALIFYING UTILITY-SCALE SOLAR
32 ENERGY GENERATING SYSTEM UNDER THIS SECTION SHALL BE SUBJECT TO A

COMMUNITY BENEFIT AGREEMENT.

(2) A COMMUNITY BENEFIT AGREEMENT SHALL:

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

(II) ENSURE THE TIMELY, SAFE, AND EFFICIENT COMPLETION OF THE PROJECT BY FACILITATING THE HIRING OF HIGHLY SKILLED WORKERS WHO SHALL BE PAID NOT LESS THAN THE PREVAILING WAGE, AS DETERMINED BY THE COMMISSIONER OF LABOR AND INDUSTRY UNDER TITLE 17, SUBTITLE 2 OF THE STATE FINANCE AND PROCUREMENT ARTICLE;

(III) GUARANTEE THAT THE CONSTRUCTION WORK ASSOCIATED WITH THE PROJECT IS SUBJECT TO AN AGREEMENT THAT:

1. ESTABLISHES THE TERMS AND CONDITIONS OF EMPLOYMENT AT THE CONSTRUCTION SITE;

2. GUARANTEES AGAINST STRIKES, LOCKOUTS, OR SIMILAR DISRUPTIONS;

3. ENSURES THAT ALL WORK PERFORMED ON THE PROJECT CONFORMS TO ALL RELEVANT FEDERAL AND STATE LAWS, RULES, AND REGULATIONS;

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

5. SETS FORTH MECHANISMS FOR LABOR-MANAGEMENT COOPERATION ON MATTERS OF MUTUAL INTEREST, INCLUDING PRODUCTIVITY, QUALITY OF WORK, SAFETY, AND HEALTH; AND

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

(IV) PROMOTE SAFE COMPLETION OF THE PROJECT BY ENSURING THAT AT LEAST 80 PERCENT OF THE CRAFT WORKERS HAVE COMPLETED AN OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION'S 10-HOUR SAFETY COURSE;

1 (V) PROMOTE CAREER TRAINING OPPORTUNITIES IN THE
2 CONSTRUCTION INDUSTRY FOR LOCAL RESIDENTS, VETERANS, WOMEN,
3 MINORITIES, AND FORMERLY INCARCERATED INDIVIDUALS;

4 (VI) INCLUDE PROVISIONS FOR LOCAL HIRING AND HIRING
5 HISTORICALLY DISADVANTAGED INDIVIDUALS; AND

6 (VII) ENSURE A STEADY SUPPLY OF LABOR AND PROMOTE
7 WORKFORCE DEVELOPMENT BY REQUIRING THE USE OF APPRENTICES ENROLLED
8 IN REGISTERED APPRENTICESHIP PROGRAMS, AS DEFINED IN TITLE 11, SUBTITLE
9 4 OF THE LABOR AND EMPLOYMENT ARTICLE.

10 (K) ANY MISREPRESENTATION OR OMISSION INCLUDED IN THE REPORTING
11 REQUIRED BY A CONTRACT AWARDED UNDER THIS SECTION SHALL CONSTITUTE A
12 FALSE RECORD OR STATEMENT MATERIAL TO A FALSE OR FRAUDULENT CLAIM FOR
13 PURPOSES OF § 8-102 OF THE GENERAL PROVISIONS ARTICLE.

14 7-1235.

15 (A) THE COMMISSION, BY REGULATION OR ORDER, SHALL:

16 (1) DIRECT ELECTRICITY SUPPLIERS, IN CONSULTATION WITH THE
17 COMMISSION, TO JOINTLY SELECT AN ESCROW ADMINISTRATOR;

18 (2) ESTABLISH AN ESCROW ACCOUNT, UNDER THE SUPERVISION OF
19 THE ESCROW ADMINISTRATOR, TO ENSURE THE SECURE AND TRANSPARENT
20 TRANSFER OF REVENUES AND SRECs, REGARDLESS OF TYPE, PROCURED UNDER
21 THIS SUBTITLE;

22 (3) ESTABLISH A NONBYPASSABLE SURCHARGE THAT ALLOWS AN
23 ELECTRIC COMPANY TO RECOVER ALL COSTS ASSOCIATED WITH THE PURCHASE OF
24 SRECs AND SREC-IIS FROM CUSTOMERS IN THE SERVICE TERRITORY OF THE
25 ELECTRIC COMPANY THAT IS ADDED TO THE SUPPLY RATE ON A CUSTOMER'S
26 UTILITY BILL; AND

27 (4) ESTABLISH A MECHANISM THAT ANNUALLY:

28 (I) DETERMINES EACH ELECTRIC COMPANY'S SREC AND
29 SREC-II PURCHASE OBLIGATIONS UNDER THIS SUBTITLE FOR THE FOLLOWING
30 COMPLIANCE YEAR FOR SRECs AND SREC-IIS GENERATED BY SOLAR ENERGY
31 GENERATING SYSTEMS THAT BEGIN OPERATION AFTER JANUARY 1, 2028;

32 (II) ADJUSTS THE RENEWABLE ENERGY PORTFOLIO STANDARD

OBLIGATION TO ACCOMMODATE A SHORTFALL OR EXCESS IN EARLIER YEARS THAT RESULTS FROM THE VARIATION BETWEEN THE QUANTITY OF SRECS AND SREC-IIs, CALCULATED FOR THE RENEWABLE ENERGY PORTFOLIO STANDARD OBLIGATION AND THE QUANTITY OF SRECS AND SREC-IIs SOLD UNDER THIS SUBTITLE; AND

(III) ADJUSTS THE NONBYPASSABLE SURCHARGE FOR PROJECTED AND PAST PURCHASE OBLIGATIONS.

(B) (1) EACH ELECTRIC COMPANY SHALL PROCURE FROM THE ESCROW ACCOUNT UNDER THIS SECTION THE NUMBER OF SRECS AND SREC-IIs TO SATISFY THE ELECTRIC COMPANY'S OBLIGATIONS UNDER THIS SUBTITLE AND § 7-709.2 OF THIS TITLE.

(2) SUBJECT TO ANY ESCROW ACCOUNT RESERVE REQUIREMENT ESTABLISHED BY THE COMMISSION, IF THERE ARE INSUFFICIENT SRECS AND SREC-IIs UNDER THIS SUBTITLE AVAILABLE FOR PURCHASE, ANY OVERPAYMENT SHALL BE DISTRIBUTED BACK TO THE ELECTRIC COMPANY TO BE REFUNDED OR CREDITED TO EACH CUSTOMER BASED ON THE CUSTOMER'S CONSUMPTION OF ELECTRICITY THAT IS SUBJECT TO THE RENEWABLE ENERGY PORTFOLIO STANDARD.

(3) THE CALCULATION OF AN ELECTRIC COMPANY'S SREC AND SREC-II PURCHASE OBLIGATIONS UNDER THIS SUBTITLE FOR SRECS AND SREC-IIs GENERATED BY SOLAR ENERGY GENERATING SYSTEMS THAT BEGIN OPERATION AFTER JANUARY 1, 2028, SHALL BE BASED ON FINAL ELECTRICITY SALES, AS DETERMINED BY THE COMMISSION.

(4) ANY INTEREST EARNED IN THE ESCROW ACCOUNT SHALL REMAIN IN THE ACCOUNT AND MAY NOT BE REDIRECTED TO ANY OTHER FUND.

(C) SUBJECT TO ANY ESCROW ACCOUNT RESERVE REQUIREMENT ESTABLISHED BY THE COMMISSION, COMPLIANCE FEES PAID INTO THE ESCROW ACCOUNT ESTABLISHED IN THIS SECTION SHALL BE DISTRIBUTED TO ELECTRIC COMPANIES TO PAY FOR FUTURE SRECS AND SREC-IIs PROCURED UNDER THIS SUBTITLE.

Article – Tax – General

8-404.

(a) Each public service company that, in a calendar year, has gross receipts derived from business in the State or delivers electricity or natural gas for final

consumption in the State shall complete, under oath, and file with the Department a public service company franchise tax return, on or before April 15th of the next year.

(b) (1) Each public service company that reasonably expects its public service company franchise tax for a year to exceed \$1,000 shall complete, under oath, and file with the Department a declaration of estimated tax, on or before April 15 of that year.

(2) A public service company required under paragraph (1) of this subsection to file a declaration of estimated tax for a taxable year shall complete and file with the Department a quarterly estimated tax return on or before June 15, September 15, and December 15 of that year.

(c) A public service company shall file with the return an attachment that states any information that the Department requires to determine gross receipts derived from business in the State or kilowatt hours or therms of natural gas delivered for final consumption in the State.

(D) A PUBLIC SERVICE COMPANY THAT IS ENGAGED IN THE TRANSMISSION, DISTRIBUTION, OR DELIVERY OF ELECTRICITY IN THE STATE SHALL FILE WITH THE RETURN THE GROSS RECEIPTS DERIVED FROM CUSTOMERS IN THE STATE THAT USE MORE THAN 100 MEGAWATTS OF ELECTRICITY.

8–408.

The Department shall:

(1) administer the laws that relate to the public service company franchise tax;

(2) adopt reasonable regulations to administer the provisions of laws that relate to the public service company franchise tax;

(3) design the returns and forms that, on completion, provide the information required for the administration of the public service company franchise tax laws;

(4) collect the public service company franchise tax revenue, including penalties and interest;

(5) ALLOCATE 75% OF THE PUBLIC SERVICE COMPANY FRANCHISE TAX REVENUES ATTRIBUTED TO CUSTOMERS THAT USE MORE THAN 100 MEGAWATTS OF ELECTRICITY THAT IS COLLECTED FROM PUBLIC SERVICE COMPANIES THAT ARE ENGAGED IN THE TRANSMISSION, DISTRIBUTION, OR DELIVERY OF ELECTRICITY IN THE STATE TO THE ESCROW ACCOUNT ESTABLISHED UNDER § 7–1235 OF THE PUBLIC UTILITIES ARTICLE;

1 **(6) EXCEPT AS PROVIDED IN ITEM (5) OF THIS SECTION,** pay that
2 revenue into the General Fund of the State; and

3 **[(6)] (7)** certify to the Comptroller that revenue.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 October 1, 2026.