HOUSE BILL 970

M5, C5 6lr1865

By: **Delegates T. Morgan, Adams, Anderson, Arentz, Beauchamp, Buckel, Ciliberti, Griffith, Hartman, Hinebaugh, Howard, Hutchinson, Jacobs, Kipke, R. Long, Mangione, Metzgar, Miller, Nkongolo, Pippy, Reilly, Rose, Schmidt, Tomlinson, Valentine, and Wivell**

Introduced and read first time: February 6, 2026
Assigned to: Environment and Transportation

A BILL ENTITLED

AN ACT concerning

Renewable Energy Portfolio Standard – Nuclear Energy and Renaming

FOR the purpose of renaming the "renewable energy portfolio standard" to be the "clean energy portfolio standard"; renaming "renewable energy credits" to be "clean energy credits"; adding energy generated from certain nuclear energy generating stations as a Tier 2 renewable source eligible for inclusion in the clean energy portfolio standard; applying this Act retroactively; and generally relating to the clean energy portfolio standard and nuclear energy.

BY repealing
Article – Public Utilities
Section 7–701(m) and (n)
Annotated Code of Maryland
(2025 Replacement Volume and 2025 Supplement)

BY renumbering
Article – Public Utilities
Section 7–701(c) through (e–1), (f) through (g–1), (h) through (l), (o) through (p–1), and (q) through (t)
to be Section 7–701(f) through (x), respectively
Annotated Code of Maryland
(2025 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,
Article – Natural Resources
Section 5–102(a)(9)
Annotated Code of Maryland
(2023 Replacement Volume and 2025 Supplement)

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.

BY repealing and reenacting, with amendments,
Article – Public Utilities
Section 7–306(g)(5), 7–306.2(b)(1), 7–510.3(k)(1), 7–702, 7–703(a), (b), (d), (e), and (f)(2), 7–704, 7–704.1(a)(4), (c)(4), (e)(1)(i) and (xiii), (f)(1)(iii) and (2), (g), (h), (j)(3), (k)(2), and (l)(1), (2), (3)(i) and (iii), and (4), 7–704.2(a), (b), and (c), 7–704.4(b)(1) and (c), 7–705, 7–706(a) and (b), 7–707(a), (c)(1), (d)(2)(iii) and (3)(ii)3. and (iii), (e), (f)(2), and (g)(4), 7–708, 7–709, 7–709.1(a), (c), (d)(2), (e), and (i), and 7–710
Annotated Code of Maryland
(2025 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, without amendments,
Article – Public Utilities
Section 7–701(a) and 7–704.1(f)(3)
Annotated Code of Maryland
(2025 Replacement Volume and 2025 Supplement)

BY adding to
Article – Public Utilities
Section 7–701(c), (d), and (e)
Annotated Code of Maryland
(2025 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,
Article – Public Utilities
Section 7–701(k) and (x)
Annotated Code of Maryland
(2025 Replacement Volume and 2025 Supplement)
(As enacted by Section 2 of this Act)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 7–701(m) and (n) of Article – Public Utilities of the Annotated Code of Maryland be repealed.

SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 7–701(c) through (e–1), (f) through (g–1), (h) through (l), (o) through (p–1), and (q) through (t) of Article – Public Utilities of the Annotated Code of Maryland be renumbered to be Section(s) 7–701(f) through (x), respectively.

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Natural Resources

5–102.

(a) The General Assembly finds that:

(9) Forests are a renewable resource that help the State meet its renewable energy goals that are consistent with the State's:

(i) Green power goal for State facilities;

(ii) **[**Renewable**]** **CLEAN** Energy Portfolio Standard;

(iii) Healthy Air Act; and

(iv) Maryland Clean Energy Incentive Act of 2006; and

Article – Public Utilities

7–306.

(g) (5) An eligible customer–generator or the eligible customer–generator's assignee shall own and have title to all renewable energy attributes or **[**renewable**]** **CLEAN** energy credits associated with any electricity produced by its electric generating system.

7–306.2.

(b) The General Assembly finds that:

(1) community solar energy generating systems:

(i) provide residents and businesses, including those that lease property, increased access to local solar electricity while encouraging private investment in solar resources;

(ii) enhance continued diversification of the State's energy resource mix to achieve the State's **[**renewable**]** **CLEAN** energy portfolio standard and Greenhouse Gas Emissions Reduction Act goals; and

(iii) provide electric companies and ratepayers the opportunity to realize the many benefits associated with distributed energy; and

7–510.3.

(k) (1) Except for the purposes of meeting the requirements of the **[**renewable**]** **CLEAN** energy portfolio standard under Subtitle 7 of this title, a community choice aggregator may not be considered to be an electricity supplier under § 7–507(a) of this subtitle.

7–701.

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

(C) "CLEAN ENERGY CREDIT" OR "CREDIT" MEANS A CREDIT EQUAL TO THE GENERATION ATTRIBUTES OF 1 MEGAWATT–HOUR OF ELECTRICITY THAT IS DERIVED FROM A TIER 1 RENEWABLE SOURCE OR A TIER 2 RENEWABLE SOURCE THAT IS:

(1) LOCATED IN THE PJM REGION;

(2) LOCATED OUTSIDE THE AREA DESCRIBED IN ITEM (1) OF THIS SUBSECTION, BUT IN A CONTROL AREA THAT IS ADJACENT TO THE PJM REGION, IF THE ELECTRICITY IS DELIVERED INTO THE PJM REGION; OR

(3) LOCATED ON THE OUTER CONTINENTAL SHELF OF THE ATLANTIC OCEAN IN AN AREA THAT:

(I) THE UNITED STATES DEPARTMENT OF THE INTERIOR DESIGNATES FOR LEASING AFTER COORDINATION AND CONSULTATION WITH THE STATE IN ACCORDANCE WITH § 388(A) OF THE ENERGY POLICY ACT OF 2005; AND

(II) IS BETWEEN 10 AND 80 MILES OFF THE COAST OF THE STATE.

(D) "CLEAN ENERGY PORTFOLIO STANDARD" OR "STANDARD" MEANS THE PERCENTAGE OF ELECTRICITY SALES AT RETAIL IN THE STATE THAT IS TO BE DERIVED FROM CLEAN ENERGY SOURCES IN ACCORDANCE WITH § 7–703(B) OF THIS SUBTITLE.

(E) "CLEAN ENERGY SOURCE" MEANS:

(1) A TIER 1 RENEWABLE SOURCE; OR

(2) A TIER 2 RENEWABLE SOURCE.

(k) "Offshore wind **[**renewable**]** **CLEAN** energy credit" or **[**"OREC"**]** **"OCEC"** means a **[**renewable**]** **CLEAN** energy credit equal to the generation attributes of 1 megawatt–hour of electricity that is derived from offshore wind energy.

(x) "Tier 2 renewable source" means**:**

(1) hydroelectric power other than pump storage generation**; AND**

(2) POWER GENERATED BY A NUCLEAR ENERGY GENERATING STATION, INCLUDING A SMALL MODULAR REACTOR, CONNECTED WITH THE ELECTRIC DISTRIBUTION SYSTEM SERVING THE STATE.

7–702.

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

(1) recognize the economic, environmental, fuel diversity, and security benefits of **[**renewable**]** **CLEAN** energy resources;

(2) reduce greenhouse gas emissions and eliminate carbon–fueled generation from the State's electric grid by using these resources;

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

(4) lower the cost to consumers of electricity produced from these resources.

(b) The General Assembly finds **AND DECLARES** that:

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

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

(3) the State needs to increase its reliance on **[**renewable**]** **CLEAN** energy in order to:

(i) reduce greenhouse gas emissions and meet the State's greenhouse gas emissions reduction goals under § 2–1205 of the Environment Article; and

(ii) provide opportunities for small, minority, women–owned, and veteran–owned businesses to participate in and develop a highly skilled workforce for clean energy industries in the State.

7–703.

(a) (1) (i) The Commission shall implement a **[**renewable**]** **CLEAN** energy portfolio standard that, except as provided under paragraphs (2) and (3) 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**]** **CLEAN** 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**]** **CLEAN** energy portfolio standard that represents offshore wind:

(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.

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

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

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

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

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

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

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

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

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

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

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

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

(12) in 2017:

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

1. at least 1.15% 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; and

(ii) 2.5% from Tier 2 renewable sources;

(13) in 2018:

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

1. at least 1.5% 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; and

(ii) 2.5% from Tier 2 renewable sources;

(14) in 2019:

(i) 20.7% from Tier 1 renewable sources, including:

1. at least 5.5% 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; and

(ii) 2.5% from Tier 2 renewable sources;

(15) in 2020:

(i) 28% from Tier 1 renewable sources, including:

1. at least 6% 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; and

(ii) 2.5% from Tier 2 renewable sources;

(16) in 2021:

(i) 30.8% from Tier 1 renewable sources, including:

1. at least 7.5% derived from solar energy; and

2. an amount set by the Commission under § 7–704.2(a) of this subtitle derived from offshore wind energy; and

(ii) 2.5% from Tier 2 renewable sources;

(17) in 2022:

(i) 30.1% from Tier 1 renewable sources, including:

1. at least 5.5% derived from solar energy; and

2. an amount set by the Commission under § 7–704.2(a) of this subtitle derived from offshore wind energy; and

(ii) 2.5% from Tier 2 renewable sources;

(18) in 2023:

(i) 31.9% from Tier 1 renewable sources, including:

1. at least 6% derived from solar energy;

2. an amount set by the Commission under § 7–704.2(a) of this subtitle derived from offshore wind energy; and

3. at least 0.05% derived from post–2022 geothermal systems; and

(ii) 2.5% from Tier 2 renewable sources;

(19) in 2024:

(i) 33.7% from Tier 1 renewable sources, including:

1. at least 6.5% derived from solar energy;

2. an amount set by the Commission under § 7–704.2(a) of this subtitle derived from offshore wind energy; and

3. at least 0.15% derived from post–2022 geothermal systems; and

(ii) 2.5% from Tier 2 renewable sources;

(20) in 2025:

(i) 35.5% from Tier 1 renewable sources, including:

1. at least 7% derived from solar energy;

2. an amount set by the Commission under § 7–704.2(a) of this subtitle, not to exceed 10%, derived from offshore wind energy; and

3. at least 0.25% derived from post–2022 geothermal systems; and

(ii) 2.5% from Tier 2 renewable sources;

(21) in 2026:

(i) 38% from Tier 1 renewable sources, including:

1. at least 8% derived from solar energy;

2. an amount set by the Commission under § 7–704.2(a) of this subtitle derived from offshore wind energy, including at least 400 megawatts of Round 2 offshore wind projects; and

3. at least 0.5% derived from post–2022 geothermal systems; and

(ii) 2.5% from Tier 2 renewable sources;

(22) in 2027:

(i) 41.5% from Tier 1 renewable sources, including:

1. at least 9.5% derived from solar energy;

2. an amount set by the Commission under § 7–704.2(a) of this subtitle derived from offshore wind energy, including at least 400 megawatts of Round 2 offshore wind projects; and

3. at least 0.75% derived from post–2022 geothermal systems; and

(ii) 2.5% from Tier 2 renewable sources;

(23) in 2028:

(i) 43% from Tier 1 renewable sources, including:

1. at least 11% derived from solar energy;

2. 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. at least 1% derived from post–2022 geothermal systems; and

(ii) 2.5% from Tier 2 renewable sources;

(24) in 2029:

(i) 49.5% from Tier 1 renewable sources, including:

1. at least 12.5% derived from solar energy;

2. 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. at least 1% derived from post–2022 geothermal systems; and

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

(25) in 2030 and later:

(i) 50% from Tier 1 renewable sources, including:

1. at least 14.5% derived from solar energy;

2. 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. at least 1% derived from post–2022 geothermal systems; and

(ii) 2.5% from Tier 2 renewable sources.

(d) (1) Subject to subsections (a) and (c) of this section, an electricity supplier shall meet the **[**renewable**]** **CLEAN** energy portfolio standard for all Tier 1 and Tier 2 renewable sources except offshore wind by accumulating the equivalent amount of **[**renewable**]** **CLEAN** energy credits that equal the percentages required under this section.

(2) An electric company shall meet the **[**renewable**]** **CLEAN** energy portfolio standard for offshore wind in accordance with § 7–704.2 of this subtitle.

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

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

(i) in 2021:

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

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

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

2. 2.5% from Tier 2 renewable sources; and

(ii) in 2022 and later, 20.4% from Tier 1 renewable sources, 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.

(f) (2) At least 25% of the required percentage of the **[**renewable**]** **CLEAN** energy portfolio **STANDARD** for each year as set forth in subsection (b) of this section derived from post–2022 geothermal systems shall be derived from systems that were installed:

(i) at single or multifamily housing units that qualified as low or moderate income housing on the date the system was installed on the property; or

(ii) at institutions that primarily serve low and moderate income individuals and families, including:

1. schools with a majority of students who are eligible for free and reduced price meals;

2. hospitals with a majority of patients eligible for financial assistance or who are enrolled in Medicaid; and

3. other institutions that serve individuals and families where the majority of those served are eligible based on income for federal or State safety net programs.

7–704.

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

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

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

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

(ii) Energy from a Tier 1 renewable source under **[**§ 7–701(s)(11)**]** **§ 7–701(W)(11)** of this subtitle is eligible for inclusion in meeting the **[**renewable**]** **CLEAN** energy portfolio standard only if the source:

1. is connected with the electric distribution **[**grid**]** **SYSTEM** serving Maryland; or

2. processes wastewater from Maryland residents.

(iii) If the owner of a solar generating system in this State chooses to sell solar **[**renewable**]** **CLEAN** energy credits from that system, the owner must first offer the credits for sale to an electricity supplier or electric company that shall apply them toward compliance with the **[**renewable**]** **CLEAN** energy portfolio standard under § 7–703 of this subtitle.

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

(4) Energy from a Tier 2 renewable source under **[**§ 7–701(t)**]** **§ 7–701(X)** of this subtitle is eligible for inclusion in meeting the **[**renewable**]** **CLEAN** energy portfolio standard if it is generated at a system or facility that existed and was operational as of January 1, 2004, even if the facility or system was not capable of generating electricity on that date.

(b) On or after January 1, 2004, an electricity supplier may:

(1) receive **[**renewable**]** **CLEAN** energy credits; and

(2) accumulate **[**renewable**]** **CLEAN** energy credits under this subtitle.

(c) (1) This subsection applies only to a generating facility that is placed in service on or after January 1, 2004.

(2) (i) On or before December 31, 2005, an electricity supplier shall receive 120% credit toward meeting the **[**renewable**]** **CLEAN** energy portfolio standard for energy derived from wind.

(ii) After December 31, 2005, and on or before December 31, 2008, an electricity supplier shall receive 110% credit toward meeting the **[**renewable**]** **CLEAN** energy portfolio standard for energy derived from wind.

(3) On or before December 31, 2008, an electricity supplier shall receive 110% credit toward meeting the **[**renewable**]** **CLEAN** energy portfolio standard for energy derived from methane under **[**§ 7–701(r)(4)**]** **§ 7–701(V)(4)** of this subtitle.

(d) An electricity supplier shall receive credit toward meeting the **[**renewable**]** **CLEAN** energy portfolio standard for electricity derived from the biomass fraction of biomass co–fired with other fuels.

(e) (1) In this subsection, "customer" means:

(i) an industrial electric customer that is not on standard offer service; or

(ii) a renewable on–site generator.

(2) This subsection does not apply to offshore wind **[**renewable**]** **CLEAN** energy credits.

(3) (i) A customer may independently acquire **[**renewable**]** **CLEAN** energy credits to satisfy the standards applicable to the customer's load, including credits created by a renewable on–site generator.

(ii) Credits that a customer transfers to its electricity supplier to meet the standard and that the electricity supplier relies on in submitting its compliance report may not be resold or retransferred by the customer or by the electricity supplier.

(4) A renewable on–site generator may retain or transfer at its sole option any credits created by the renewable on–site generator, including credits for the portion of its on–site generation from a Tier 1 renewable source or a Tier 2 renewable source that displaces the purchase of electricity by the renewable on–site generator from the grid.

(5) A customer that satisfies the standard applicable to the customer's load under this subsection may not be required to contribute to a compliance fee recovered under § 7–706 of this subtitle.

(6) The Commission shall adopt regulations governing the application and transfer of credits under this subsection consistent with federal law.

(f) (1) In order to create a **[**renewable**]** **CLEAN** energy credit, a Tier 1 renewable source or Tier 2 renewable source must substantially comply with all applicable environmental and administrative requirements, including air quality, water quality, solid waste, and right–to–know provisions, permit conditions, and administrative orders.

(2) (i) This paragraph applies to Tier 1 renewable sources that incinerate solid waste.

(ii) At least 80% of the solid waste incinerated at a Tier 1 renewable source facility shall be collected from:

1. for areas in Maryland, jurisdictions that achieve the recycling rates required under § 9–505 of the Environment Article; and

2. for other states, jurisdictions for which the electricity supplier demonstrates recycling substantially comparable to that required under § 9–505 of the Environment Article, in accordance with regulations of the Commission.

(iii) An electricity supplier may report credits received under this paragraph based on compliance by the facility with the percentage requirement of subparagraph (ii) of this paragraph during the year immediately preceding the year in which the electricity supplier receives the credit to apply to the standard.

(g) (1) Energy from a solar water heating system is eligible for inclusion in meeting the **[**renewable**]** **CLEAN** energy portfolio standard.

(2) A person that owns and operates a solar water heating system shall receive a **[**renewable**]** **CLEAN** energy credit equal to the amount of energy, converted from BTUs to kilowatt–hours, that is generated by the system that is used by the person for water heating.

(3) The total amount of energy generated and consumed for a nonresidential or commercial solar water heating system shall be measured by an on–site meter that meets the required performance standards of the International Organization of Legal Metrology.

(4) The total amount of energy generated and consumed by a residential solar water heating system shall be:

(i) measured by a meter that meets the required standards of the International Organization of Legal Metrology; or

(ii) 1. measured by the Solar Ratings and Certification Corporation's OG–300 thermal performance rating for the system or an equivalent certification that the Commission approves in consultation with the Administration; and

2. certified to the OG–300 standard of the Solar Ratings and Certification Corporation or an equivalent certification body that the Commission approves in consultation with the Administration.

(5) A residential solar water heating system shall be installed in accordance with applicable State and local plumbing codes.

(6) A residential solar water heating system may not produce more than five solar **[**renewable**]** **CLEAN** energy credits in any 1 year.

(h) (1) Except as provided in paragraph (6) of this subsection, energy from a geothermal heating and cooling system, including energy from a legacy geothermal system and energy from a post–2022 geothermal system, is eligible for inclusion in meeting the **[**renewable**]** **CLEAN** energy portfolio standard.

(2) A person shall receive a **[**renewable**]** **CLEAN** energy credit equal to the amount of energy, converted from BTUs to kilowatt–hours, that is generated by a geothermal heating and cooling system for space heating and cooling or water heating if the person:

(i) owns and operates the system;

(ii) leases and operates the system; or

(iii) contracts with a third party who owns and operates the portion of the system that consists of:

1. a closed loop or a series of closed loop systems in which fluid is permanently confined within a pipe or tubing and does not come in contact with the outside environment; or

2. an open loop system in which ground or surface water is circulated in an environmentally safe manner directly into the facility and returned to the same aquifer or surface water source.

(3) To determine the energy savings of a geothermal heating and cooling system for a residence, the Commission shall:

(i) identify available energy consumption calculators developed by the geothermal heating and cooling industry;

(ii) collect the following data provided in the **[**renewable**]** **CLEAN** energy credit application that:

1. describes the name of the applicant and the address at which the geothermal heating and cooling system is installed; and

2. provides the annual BTU energy savings attributable to home heating, cooling, and water heating; and

(iii) in determining the annual amount of **[**renewable**]** **CLEAN** energy credits awarded for the geothermal heating and cooling system, convert the annual BTUs into annual megawatt–hours.

(4) To determine the energy savings of a nonresidential geothermal heating and cooling system, the Commission shall:

(i) use the geothermal heating and cooling engineering technical system designs provided with the **[**renewable**]** **CLEAN** energy credit application; and

(ii) in determining the annual amount of **[**renewable**]** **CLEAN** energy credits awarded for the geothermal heating and cooling system, convert the annual BTUs into annual megawatt–hours.

(5) A geothermal heating and cooling system shall be installed in accordance with applicable State well construction and local building code standards.

(6) (i) A post–2022 geothermal system with a 360,000 BTU capacity is eligible for inclusion in meeting the **[**renewable**]** **CLEAN** energy portfolio standard only if the company installing the system provides for its employees:

1. family–sustaining wages;

2. employer–provided health care with affordable deductibles and co–pays;

3. career advancement training, as provided in subparagraph (ii) of this paragraph;

4. fair scheduling;

5. employer–paid workers' compensation and unemployment insurance;

6. a retirement plan;

7. paid time off; and

8. the right to bargain collectively for wages and benefits.

(ii) As part of the career advancement training the installation company provides, the company shall ensure that a minimum of 10% of the employees working on the installation are enrolled in an apprenticeship program approved by and registered with the State or the federal government.

(iii) Compliance with this paragraph shall be regulated and enforced by the Maryland Department of Labor.

(i) (1) Energy from a thermal biomass system is eligible for inclusion in meeting the **[**renewable**]** **CLEAN** energy portfolio standard.

(2) (i) A person that owns and operates a thermal biomass system that uses anaerobic digestion is eligible to receive a **[**renewable**]** **CLEAN** energy credit.

(ii) A person that owns and operates a thermal biomass system that uses a thermochemical process is eligible to receive a **[**renewable**]** **CLEAN** energy credit if the person demonstrates to the Maryland Department of the Environment that the operation of the thermal biomass system:

1. is not significantly contributing to local or regional air quality impairments; and

2. will substantially decrease emissions of oxides of nitrogen beyond that achieved by a direct burn combustion unit through the use of precombustion techniques, combustion techniques, or postcombustion techniques.

(3) A person that is eligible to receive a **[**renewable**]** **CLEAN** energy credit under paragraph (2) of this subsection shall receive a **[**renewable**]** **CLEAN** energy credit equal to the amount of energy, converted from BTUs to kilowatt–hours, that is generated by the thermal biomass system and used on site.

(4) The total amount of energy generated and consumed for a residential, nonresidential, or commercial thermal biomass system shall be measured by an on–site meter that meets the required performance standards established by the Commission.

(5) The Commission shall adopt regulations for the metering, verification, and reporting of the output of thermal biomass systems.

(j) (1) Energy from a wastewater heating or cooling system is eligible for inclusion in meeting the **[**renewable**]** **CLEAN** energy portfolio standard.

(2) A person shall receive a **[**renewable**]** **CLEAN** energy credit equal to the amount of energy, converted from BTUs to kilowatt–hours, that is generated by a wastewater heating or cooling system for space heating or cooling, industrial heating or cooling, or another useful thermal purpose, if the person:

(i) owns and operates the system;

(ii) leases and operates the system; or

(iii) contracts with a third party who owns and operates the system.

(3) To determine the energy savings of a wastewater heating or cooling system, the Commission shall:

(i) use the wastewater heating or cooling engineering technical system designs provided with the **[**renewable**]** **CLEAN** energy credit application; and

(ii) in determining the annual amount of **[**renewable**]** **CLEAN** energy credits awarded for the wastewater heating or cooling system, convert the annual BTUs into annual megawatt–hours.

(4) The Commission shall adopt regulations for the metering, verification, and reporting of the output of wastewater heating or cooling systems.

7–704.1.

(a) (4) The Commission shall provide additional application periods beginning, respectively:

(i) January 1, 2020, for consideration of Round 2 offshore wind projects to begin creating **[**ORECs**]** **OCECS** not later than 2026;

(ii) January 1, 2021, for consideration of Round 2 offshore wind projects to begin creating **[**ORECs**]** **OCECS** not later than 2028; and

(iii) January 1, 2022, for consideration of Round 2 offshore wind projects to begin creating **[**ORECs**]** **OCECS** not later than 2030.

(c) An application shall include:

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

(e) (1) The Commission shall use the following criteria to evaluate and compare proposed offshore wind projects submitted during an application period:

(i) lowest cost impact on ratepayers of the price set under a proposed **[**OREC**]** **OCEC** pricing schedule;

(xiii) estimated ability to assist in meeting the **[**renewable**]** **CLEAN** energy portfolio standard under § 7–703 of this subtitle; and

(f) (1) (iii) The Commission may not approve an applicant's proposed offshore wind project unless:

1. for a Round 1 offshore wind project application:

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

B. the projected net rate impact for all nonresidential customers considered as a blended average, combined with the projected net rate impact of other Round 1 offshore wind projects, does not exceed 1.5% of nonresidential customers' total annual electric bills, over the duration of the proposed **[**OREC**]** **OCEC** pricing schedule; and

C. the price specified in the proposed **[**OREC**]** **OCEC** pricing schedule does not exceed $190 per megawatt–hour in 2012 dollars; and

2. for a Round 2 offshore wind project application:

A. the projected incremental net rate impact for an average residential customer, based on annual consumption of 12 megawatt–hours, combined with the projected incremental net rate impact of other Round 2 offshore wind projects, does not exceed 88 cents per month in 2018 dollars, over the duration of the proposed **[**OREC**]** **OCEC** pricing schedule;

B. the projected incremental net rate impact for all nonresidential customers considered as a blended average, combined with the projected net rate impact of other Round 2 offshore wind projects, does not exceed 0.9% of nonresidential customers' total annual electric bills during any year of the proposed **[**OREC**]** **OCEC** pricing schedule; and

C. the project is subject to a community benefit agreement.

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

(ii) When calculating the projected net average rate impacts for Round 1 offshore wind projects under paragraph (1)(iii)1A and B of this subsection and for Round 2 offshore wind projects under paragraph (1)(iii)2A and B of this subsection, the Commission shall apply the same net **[**OREC**]** **OCEC** cost per megawatt–hour to residential and nonresidential customers.

(3) An agreement required under paragraph (1)(i)2B of this subsection shall:

(i) guarantee against strikes, lockouts, and similar disruptions;

(ii) ensure that all work on the project fully conforms to all relevant State and federal laws, rules, and regulations;

(iii) create mutually binding procedures for resolving labor disputes arising during the term of the project;

(iv) set forth other mechanisms for labor–management cooperation on matters of mutual interest and concern, including productivity, quality of work, safety, and health; and

(v) bind all contractors and subcontractors to the terms of the agreement through the inclusion of appropriate provisions in all relevant solicitation and contract documents.

(g) (1) An order the Commission issues approving a proposed offshore wind project shall:

(i) specify the **[**OREC**]** **OCEC** pricing schedule, which may not authorize an **[**OREC**]** **OCEC** price greater than, for a Round 1 offshore wind project, $190 per megawatt–hour in 2012 dollars;

(ii) specify the duration of the **[**OREC**]** **OCEC** pricing schedule, not to exceed 20 years;

(iii) specify the number of **[**ORECs**]** **OCECS** the offshore wind project may sell each year;

(iv) provide that:

1. a payment may not be made for an **[**OREC**]** **OCEC** until electricity supply is generated by the offshore wind project; and

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

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

(2) An order approving a proposed offshore wind project vests the owner of the qualified offshore wind project with the right to receive payments for **[**ORECs**]** **OCECS** according to the terms in the order.

(3) On or before March 1 each year, the Commission shall report to the Governor and, in accordance with § 2–1257 of the State Government Article, to the Senate Committee on Education, Energy, and the Environment and the House Economic Matters Committee on:

(i) compliance by applicants with the minority business enterprise participation goals under subsection (e)(4) of this section; and

(ii) with respect to the community benefit agreement under subsection (f)(1) of this section:

1. the availability and use of opportunities for local businesses and small, minority, women–owned, and veteran–owned businesses;

2. the success of efforts to promote career training opportunities in the manufacturing, maintenance, and construction industries for local residents, veterans, women, and minorities; and

3. compliance with the minority workforce goal under subsection (f)(1)(i)5 of this section.

(h) For Round 2 offshore wind project applications, the Commission shall approve **[**OREC**]** **OCEC** orders representing a minimum of 400 megawatts of nameplate capacity proposed during each application period unless:

(1) not enough Round 2 offshore wind project applications are submitted to meet the net benefit test under subsection (c)(3) of this section; or

(2) the cumulative net ratepayer impact exceeds the maximums provided in subsection (f)(1)(ii)2 of this section.

(j) (3) (i) On or before 6 months after the issuance of an order approving an **[**OREC**]** **OCEC** application, the Governor's Office of Small, Minority, and Women Business Affairs, in consultation with the Office of the Attorney General and an approved applicant, shall establish a clear plan for setting reasonable and appropriate minority business enterprise participation goals and procedures for each phase of the qualified offshore wind project.

(ii) To the extent practicable, the goals and procedures specified in subparagraph (i) of this paragraph shall be based on the requirements of Title 14, Subtitle 3 of the State Finance and Procurement Article and the regulations implementing that subtitle.

(iii) Every 6 months following the issuance of an order approving an **[**OREC**]** **OCEC** application, an approved applicant shall submit a report on its progress establishing and implementing minority business enterprise goals and procedures to the Commission.

(k) (2) A developer seeking an exemption under paragraph (1) of this subsection shall certify that the exemption is required to fulfill the developer's obligations under an approved **[**OREC**]** **OCEC** order.

(l) (1) In this subsection, "revised Round 2 offshore wind project" means a Round 2 offshore wind project that has filed an application with the Commission for revised

project schedules, sizes, or pricing, including **[**OREC**]** **OCEC** pricing, under this subsection.

(2) This subsection applies to Round 1 offshore wind projects and Round 2 offshore wind projects that:

(i) are to be located in a wind energy area authorized by the Bureau of Ocean Energy Management; and

(ii) possess **[**ORECs**]** **OCECS**, or are subject to a Commission order approving an **[**OREC**]** **OCEC** price schedule, as of June 1, 2024.

(3) (i) On June 1, 2024, the Commission shall open a revised Round 2 offshore wind project proceeding that is limited to evaluating revised project schedules, sizes, or pricing, including **[**OREC**]** **OCEC** pricing, for a previously approved Round 2 offshore wind project.

(iii) An application for a revised Round 2 offshore wind project shall be limited to addressing revised project schedules, sizes, or pricing, including **[**OREC**]** **OCEC** pricing.

(4) (i) In order to maximize the amount of renewable energy generated by a Round 1 offshore wind project, any Round 1 offshore wind project may seek approval from the Commission to amend its previously approved Round 1 offshore wind project order to:

1. increase the maximum amount of **[**ORECs**]** **OCECS** sold under the previous order, consistent with the Round 1 offshore wind project ratepayer protections under this section; and

2. modify its project schedule.

(ii) The Commission may approve a request for an increased amount of **[**ORECs**]** **OCECS** sold under a previously approved Round 1 offshore wind project order on a showing that:

1. the unit pricing of the additional **[**OREC**]** **OCEC** does not exceed the pricing under the previously approved Round 1 offshore wind project order; and

2. the Round 1 offshore wind project is in compliance with the ratepayer protection provisions required for Round 1 offshore wind projects, taking into consideration changes in economic conditions since the original Round 1 offshore wind project awards.

7–704.2.

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

(2) The Commission shall establish the **[**renewable**]** **CLEAN** energy portfolio standard obligation for **[**ORECs**]** **OCECS** on a forward–looking basis that includes a surplus to accommodate reasonable forecasting error in estimating overall electricity sales in the State.

(3) Any positive adjustment to the **[**renewable**]** **CLEAN** energy portfolio standard shall be on a forward–looking basis and sufficiently in advance to allow an electric company to reflect **[**OREC**]** **OCEC** costs as a nonbypassable surcharge to distribution customers.

(4) The Commission shall adopt regulations that establish:

(i) the offshore wind purchase obligation sufficiently in advance to allow an electric company to reflect **[**OREC**]** **OCEC** costs as a nonbypassable surcharge paid by all distribution customers of the electric company;

(ii) a mechanism to adjust the **[**renewable**]** **CLEAN** energy portfolio standard obligation in a given year to accommodate a shortfall of **[**ORECs**]** **OCECS** in one or more earlier years that is the result of the variation between the quantity of **[**ORECs**]** **OCECS** calculated from the **[**renewable**]** **CLEAN** energy portfolio standard obligation and the quantity of **[**ORECs**]** **OCECS** approved in the Commission order for the same years; and

(iii) a nonbypassable surcharge that allows an electric company to recover all costs associated with the purchase of **[**ORECs**]** **OCECS** from all distribution customers of the electric company.

(b) The Commission shall adopt regulations**:**

(1) establishing an escrow account under Commission supervision**;** and

(2) defining rules that facilitate and ensure the secure and transparent transfer of revenues and **[**ORECs**]** **OCECS** among the parties.

(c) (1) Each electric company shall purchase from the escrow account established under this section the number of **[**ORECs**]** **OCECS** required to satisfy the offshore wind energy component of the **[**renewable**]** **CLEAN** energy portfolio standard under § 7–703(b)(12) through (25) of this subtitle.

(2) (i) Subject to any escrow account reserve requirement the Commission establishes, if there are insufficient **[**ORECs**]** **OCECS** available to satisfy the electric companies' **[**OREC**]** **OCEC** obligation, the overpayment shall be distributed to electric companies to be refunded or credited to each distribution customer based on the customer's consumption of electricity supply that is subject to the **[**renewable**]** **CLEAN** energy portfolio standard.

(ii) Subject to any escrow account reserve requirement the Commission establishes, the calculation of an electric company's **[**OREC**]** **OCEC** purchase obligation shall be based on final electricity sales data as reported by the PJM Interconnection as measured at the customer meter.

(3) For each **[**OREC**]** **OCEC** for which a qualified offshore wind project receives payment, a qualified offshore wind project shall:

(i) sell all energy, capacity, and ancillary services associated with the creation of **[**ORECs**]** **OCECS** into the markets operated by PJM Interconnection; and

(ii) distribute the proceeds received from the sales to PJM Interconnection markets, under item (i) of this paragraph to electric companies to be refunded or credited to each distribution customer based on the customer's consumption of electricity supply that is subject to the **[**renewable**]** **CLEAN** energy portfolio standard.

(4) Notwithstanding § 7–709 of this subtitle, the Commission shall adopt regulations regarding the transfer and expiration of **[**ORECs**]** **OCECS** created by a qualified offshore wind project in excess of the **[**OREC**]** **OCEC** pricing schedule.

7–704.4.

(b) (1) The Department of General Services, in consultation with the Public Service Commission, shall issue a competitive sealed procurement solicitation and may enter into at least one contract for a power purchase agreement to procure offshore wind energy and associated **[**renewable**]** **CLEAN** energy credits from one or more qualified offshore wind projects.

(c) (1) The Department of General Services shall identify the amount of energy necessary to meet the State's energy needs.

(2) (i) The State shall use the energy procured under subsection (b) of this section to meet the State's energy needs and retire the associated **[**renewable**]** **CLEAN** energy credits to meet its obligations under the **[**renewable**]** **CLEAN** energy portfolio standard and Chapter 38 of the Acts of the General Assembly of 2022.

(ii) The State shall be exempted from the **[**renewable**]** **CLEAN** energy portfolio standard requirements under § 7–703 of this subtitle if the Department of General

Services procures 100% of the State's energy needs from the power purchase agreement required under subsection (b) of this section.

(3) The State shall offer for sale any energy or **[**renewable**]** **CLEAN** energy credits remaining after the requirements under paragraph (2) of this subsection have been met on the competitive wholesale power market operated by PJM Interconnection, through bilateral sales to credit–worthy counterparties, or into **[**renewable**]** **CLEAN** energy credit markets.

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**]** **CLEAN** energy portfolio standard under § 7–703 of this subtitle and includes the submission of the required amount of **[**renewable**]** **CLEAN** energy credits; or

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

(ii) documents the level of participation of minority business enterprises and minorities in the activities that support the creation of **[**renewable**]** **CLEAN** 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**]** **CLEAN** energy credits purchased in compliance with § 7–707(c) of this subtitle during the reporting period; and

(iv) documents the amount of **[**renewable**]** **CLEAN** energy certificates that do not qualify as **[**renewable**]** **CLEAN** 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 the required Tier 1 renewable sources that is to be derived from post–2022 geothermal systems.

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

(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:

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. 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;

M. 4.5 cents in 2026;

N. 3.5 cents in 2027;

O. 3.25 cents in 2028;

P. 2.5 cents in 2029; and

Q. 2.25 cents in 2030 and later; and

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

(ii) for industrial process load:

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

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

B. 0.5 cents in 2009 and 2010;

C. 0.4 cents in 2011 and 2012;

D. 0.3 cents in 2013 and 2014;

E. 0.25 cents in 2015 and 2016; and

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

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

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

[(b–1)**] (C)** If an electricity supplier fails to comply with the **[**renewable**]** **CLEAN** energy portfolio standard that is required to be derived from post–2022 geothermal systems for the applicable year, the electricity supplier shall pay into the Maryland Strategic Energy Investment Fund established under § 9–20B–05 of the State Government Article a compliance fee of the following amounts for each kilowatt–hour of shortfall from required post–2022 geothermal 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.

[(c)**] (D)** The Commission may allow an electricity supplier to submit the report required under § 7–505(b)(4) of this title to demonstrate compliance with the **[**renewable**]** **CLEAN** energy portfolio standard.

[(d)**] (E)** An aggregator or broker who assists an electricity customer in purchasing electricity but who does not supply the electricity or take title to or ownership of the electricity may require the electricity supplier who supplies the electricity to demonstrate compliance with this subtitle.

[(e)**] (F)** (1) Notwithstanding the requirements of § 7–703(b) of this subtitle, if the actual or projected dollar–for–dollar cost incurred or to be incurred by an electricity supplier solely for the purchase of Tier 1 **[**renewable**]** **CLEAN** energy credits derived from solar energy in any 1 year is greater than or equal to, or is anticipated to be greater than or equal to, 6.0% of the electricity supplier's total annual electricity sales revenues in Maryland, the electricity supplier may request that the Commission:

(i) delay by 1 year each of the scheduled percentages for solar energy under § 7–703(b) of this subtitle that would apply to the electricity supplier; and

(ii) allow the **[**renewable**]** **CLEAN** energy portfolio standard for solar energy for that year to continue to apply to the electricity supplier for the following year.

(2) In making its determination under paragraph (1) of this subsection, the Commission shall consider the actual or projected dollar–for–dollar compliance costs of other electricity suppliers.

(3) If an electricity supplier makes a request under paragraph (1) of this subsection based on projected costs, the electricity supplier shall provide verifiable evidence of the projections to the Commission at the time of the request.

(4) If the Commission allows a delay under paragraph (1) of this subsection:

(i) the **[**renewable**]** **CLEAN** energy portfolio standard for solar energy applicable to the electricity supplier under the delay continues for each subsequent consecutive year that the actual or projected dollar–for–dollar costs incurred, or to be incurred, by the electricity supplier solely for the purchase of solar **[**renewable**]** **CLEAN** energy credits is greater than or equal to, or is anticipated to be greater than or equal to, 6.0% of the electricity supplier's total annual retail electricity sales revenues in Maryland; and

(ii) the **[**renewable**]** **CLEAN** energy portfolio standard for solar energy applicable to the electricity supplier under the delay is increased to the next scheduled percentage increase under § 7–703(b) of this subtitle for each year in which the actual or projected dollar–for–dollar costs incurred, or to be incurred, by the electricity supplier solely for the purchase of solar **[**renewable**]** **CLEAN** energy credits is less than, or is anticipated to be less than, 6.0% of the electricity supplier's total annual retail electricity sales revenues in Maryland.

7–706.

(a) (1) Except as provided in paragraph (2) of this subsection, in accordance with the obligation to provide standard offer service through the bid process created under § 7–510 of this title, the Commission shall allow an electricity supplier to recover actual dollar–for–dollar costs incurred, including a compliance fee under § 7–705 of this subtitle, in complying with a State–mandated **[**renewable**]** **CLEAN** energy portfolio standard.

(2) In accordance with the Phase II settlement agreement approved by the Commission in Order No. 78710 in Case No. 8908 on September 30, 2003, for any full–service agreement executed before the **[**renewable**]** **CLEAN** energy **PORTFOLIO** standard under this subtitle applies to an electric company, the electric company and its wholesale electricity suppliers may pass through their commercially reasonable additional

costs, if any, associated with complying with the standard, through the end of the year of standard offer service in which the requirement took effect.

(b) An electricity supplier may recover a compliance fee if:

(1) the payment of a compliance fee is the least–cost measure to customers as compared to the purchase of Tier 1 renewable sources to comply with a **[**renewable**]** **CLEAN** energy portfolio standard;

(2) there are insufficient Tier 1 renewable sources available for the electricity supplier to comply with a **[**renewable**]** **CLEAN** energy portfolio standard; or

(3) a wholesale electricity supplier defaults or otherwise fails to deliver **[**renewable**]** **CLEAN** energy credits under a supply contract approved by the Commission.

7–707.

(a) In this section, "green power" means energy sources or **[**renewable**]** **CLEAN** energy credits that are marketed as clean, green, eco–friendly, environmentally friendly or responsible, carbon–free, renewable, 100% renewable, 100% wind, 100% hydro, 100% solar, 100% emission–free, or similar claims.

(c) An electricity supplier that supplies electricity to residential retail electric customers may not market electricity as green power unless:

(1) the percentage of the electricity being offered, or the equivalent number of **[**renewable**]** **CLEAN** energy credits associated with the electricity being marketed as green power, that is eligible for inclusion in meeting the **[**renewable**]** **CLEAN** energy portfolio standard equals or exceeds the greater of:

(i) 51%; or

(ii) 1% higher than the **[**renewable**]** **CLEAN** energy portfolio standard for the year the electricity is provided to the customer;

(d) (2) (iii) During a proceeding held under subparagraph (i) of this paragraph, the Commission:

1. shall consider:

A. the price of the energy purchased, including the total cost of the **[**renewable**]** **CLEAN** energy credits;

B. the amount of electricity that is eligible for inclusion in meeting the **[**renewable**]** **CLEAN** energy portfolio standard;

C. the state in which the electricity was generated; and

D. applicable market data; and

2. may consider whether the purchase of **[**renewable**]** **CLEAN** energy credits was bundled with a power purchase agreement from the energy sources associated with the credit.

(3) (ii) Subject to paragraph (4) of this subsection, at a proceeding held under this paragraph the Commission may set a price per megawatt–hour that is higher than the price determined in the proceeding held under paragraph (2) of this subsection for an electricity supplier if:

3. the electricity supplier demonstrates to the Commission's satisfaction that the electricity supplier has a significant long–term investment in renewable energy that meets the **[**renewable**]** **CLEAN** energy portfolio standard under § 7–703 of this subtitle.

(iii) During a proceeding held under this paragraph, the Commission shall consider:

1. whether the purchase of **[**renewable**]** **CLEAN** energy credits was bundled with a power purchase agreement from the energy sources associated with the credit;

2. the price of the energy purchased, including the total cost of the **[**renewable**]** **CLEAN** energy credits or power purchase agreements;

3. the amount of electricity that is eligible for inclusion in meeting the **[**renewable**]** **CLEAN** energy portfolio standard;

4. the state in which the electricity was generated; and

5. applicable market data.

(e) (1) On and after January 1, 2025, an electricity supplier shall purchase **[**renewable**]** **CLEAN** energy credits for each year the electricity supplier offers green power for sale to residential retail electric customers.

(2) A **[**renewable**]** **CLEAN** energy credit an electricity supplier purchases under paragraph (1) of this subsection shall be retired in a PJM Environmental Information Services, Inc., generation attribute tracking system reserve subaccount accessible by the Commission.

(f) (2) An electricity supplier that claims in the electricity supplier's marketing of electricity to residential retail electric customers that the customer will be

purchasing green power shall include the following disclosure or a similar disclosure approved by the Commission:

"We deliver energy through the purchase of **[**Renewable**]** **CLEAN** Energy Credits **[**(RECs)**]** **(CECS)**. A **[**REC**]** **CEC** represents the social good that accompanies 1 megawatt–hour of renewable electricity generation. **[**RECs**]** **CECS** may be sold separately from renewable electricity itself. Renewable electricity and **[**RECs**]** **CECS** may be sold to different entities. The purchase of a **[**REC**]** **CEC** does not indicate that renewable electricity itself has been purchased by the entity that purchased the **[**REC**]** **CEC**.".

(g) In addition to the disclosure required under subsection (f) of this section, the Commission shall adopt regulations that require an electricity supplier, other than the Department of General Services when the Department of General Services sells energy under § 7–704.4 of this subtitle or a community choice aggregator under § 7–510.3 of this title, that offers green power for sale to residential retail customers to include in the electricity supplier's marketing materials a disclosure, written in plain language, that explains:

(4) the percentage of electricity that would be provided by the electricity supplier that is eligible for inclusion in meeting the **[**renewable**]** **CLEAN** energy portfolio standard; and

7–708.

(a) (1) The Commission shall establish and maintain a market–based renewable electricity trading system to facilitate the creation and transfer of **[**renewable**]** **CLEAN** energy credits.

(2) To the extent practicable, the trading system shall be consistent with and operate in conjunction with the trading system developed by PJM Interconnection, Inc., if available.

(3) The Commission may contract with a for–profit or a nonprofit entity to assist in the administration of the electricity trading system required under paragraph (1) of this subsection.

(b) (1) The system shall include a registry of pertinent information regarding all:

(i) available **[**renewable**]** **CLEAN** energy credits; and

(ii) **[**renewable**]** **CLEAN** energy credit transactions among electricity suppliers in the State, including:

1. the creation and application of **[**renewable**]** **CLEAN** energy credits;

2. the number of **[**renewable**]** **CLEAN** energy credits sold or transferred; and

3. the price paid for the sale or transfer of **[**renewable**]** **CLEAN** energy credits.

(2) (i) The registry shall provide current information to electricity suppliers and the public on the status of **[**renewable**]** **CLEAN** energy credits created, sold, or transferred in the State.

(ii) Registry information shall be available by computer network access through the Internet.

7–709.

(a) An electricity supplier may use accumulated **[**renewable**]** **CLEAN** energy credits to meet the **[**renewable**]** **CLEAN** energy portfolio standard, including credits created by a renewable on–site generator.

(b) A **[**renewable**]** **CLEAN** energy credit may be sold or otherwise transferred.

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

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

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

(ii) The Commission shall:

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

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

(d) (1) Except as authorized under paragraph (2) of this subsection, a **[**renewable**]** **CLEAN** energy credit shall exist for 5 years from the date created.

(2) A **[**renewable**]** **CLEAN** energy credit may be diminished or extinguished before the expiration of 5 years by:

(i) the electricity supplier that received the credit;

(ii) a nonaffiliated entity of the electricity supplier:

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

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

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

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

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

(2) for later years must:

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

(ii) replace the credit with a **[**renewable**]** **CLEAN** energy credit from another source.

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

7–709.1.

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

(2) "Brownfield" has the meaning stated in § 7–207 of this title.

(3) "Certified **[**SREC"**]** **SCEC"** means a solar **[**renewable**]** **CLEAN** energy credit generated by a certified system.

(4) "Certified system" means a solar energy generating system certified by the Commission under the Program to generate certified **[**SRECs**]** **SCECS** with the compliance value specified in subsection (c) of this section.

(5) "Program" means the Small Solar Energy Generating System Incentive Program.

(c) (1) Under the Program, a certified system shall generate certified **[**SRECs**]** **SCECS**.

(2) Except as provided in paragraph (3) of this subsection, the provisions of this subtitle relating to **[**renewable**]** **CLEAN** energy credits shall apply to certified **[**SRECs**]** **SCECS**.

(3) A certified **[**SREC**]** **SCEC** shall have a compliance value of 150% for electricity suppliers to put toward meeting the **[**renewable**]** **CLEAN** energy portfolio standard for energy derived from solar energy under § 7–703 of this subtitle.

(d) To be eligible for certification under the Program, a solar energy generating system shall:

(2) be eligible for inclusion in meeting the **[**renewable**]** **CLEAN** energy portfolio standard;

(e) Except as provided in subsection (f) of this section, the Commission, at the time of certifying a solar energy generating system as a Tier 1 renewable source, shall certify the system as eligible to generate certified **[**SRECs**]** **SCECS** in accordance with subsection (c) of this section if the applicant submits with its application for certification as a Tier 1 renewable source:

(1) a form requesting to be certified to receive certified **[**SRECs**]** **SCECS** with the value specified in subsection (c) of this section;

(2) a copy of the interconnection agreement between the applicant and the applicant's electric company indicating that the size of the system is eligible;

(3) if seeking certification as a system located on or over an area specified under subsection (d)(5)(iii) of this section, a copy of the final approval of the local building permit;

(4) if seeking certification as a system located on a brownfield, documentation demonstrating that the system is located on a brownfield;

(5) if seeking certification based on aggregated net metering, a copy of the aggregated net energy metering rider submitted with the interconnection agreement; and

(6) any other information required by the Commission.

(i) (1) A certified system shall continue to be eligible to generate certified **[**SRECs**]** **SECS** for 15 years after the date of certification by the Commission, or January 1, 2025, whichever is later, after which the system shall be eligible to generate noncertified solar **[**renewable**]** **CLEAN** energy credits as long as the system meets the requirements as a Tier 1 renewable source under this subtitle.

(2) The Commission shall:

(i) on or before January 1, 2025, begin determining eligibility of solar energy generating systems to be certified under the Program; and

(ii) on or before July 1, 2026, implement a revised system to review and ensure compliance with the **[**renewable**]** **CLEAN** energy portfolio standard.

(3) An electricity supplier may apply the certified SRECs generated in accordance with this section toward the **[**renewable**]** **CLEAN** energy portfolio standard starting with the 2025 compliance year.

(4) Notwithstanding any other law, the Commission shall allow electricity suppliers to demonstrate compliance with the **[**renewable**]** **CLEAN** energy portfolio standard for the 2025 compliance year by submitting information between July 1, 2026, and December 31, 2026, using the revised system developed in accordance with paragraph (2)(ii) of this subsection.

7–710.

The Commission may impose an administrative fee on a **[**renewable**]** **CLEAN** energy credit transaction, but the amount of the fee may not exceed the Commission's actual direct cost of processing the transaction.

SECTION 4. AND BE IT FURTHER ENACTED, That the publisher of the Annotated Code of Maryland, in consultation with and subject to the approval of the Department of Legislative Services, shall correct, with no further action required by the General Assembly, cross–references and terminology rendered incorrect by this Act. The publisher shall adequately describe any correction that is made in an editor's note following the section affected.

SECTION 5. AND BE IT FURTHER ENACTED, That a presently existing obligation or contract right may not be impaired in any way by this Act.

SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply retroactively and shall be applied to and interpreted to affect all clean energy portfolio standard compliance years that begin on or after January 1, 2026.

SECTION 7. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2026.