

# SENATE BILL 801

M3, M5, C5

6lr3429  
CF 6lr1749

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By: **Senator McKay**

Introduced and read first time: February 6, 2026

Assigned to: Education, Energy, and the Environment

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## A BILL ENTITLED

1 AN ACT concerning

2 **Regional Greenhouse Gas Initiative, EmPOWER Energy Efficiency Programs,**  
3 **and Net Energy Metering**

4 FOR the purpose of requiring the Governor to withdraw the State from the Regional  
5 Greenhouse Gas Initiative on or before a certain date; authorizing the State to rejoin  
6 the Initiative under certain circumstances; eliminating the surcharge that allows  
7 recovery of costs to utilities from the EmPOWER energy efficiency programs;  
8 altering the rate at which eligible customer-generators are paid for net excess  
9 generation; and generally relating to energy efficiency.

10 BY repealing and reenacting, with amendments,  
11 Article – Environment  
12 Section 2–1002(g)  
13 Annotated Code of Maryland  
14 (2013 Replacement Volume and 2025 Supplement)

15 BY repealing and reenacting, with amendments,  
16 Article – Public Utilities  
17 Section 7–222(d) and 7–306(f)(5)(iii) and (7)  
18 Annotated Code of Maryland  
19 (2025 Replacement Volume and 2025 Supplement)

20 BY repealing  
21 Article – Public Utilities  
22 Section 7–222(e)  
23 Annotated Code of Maryland  
24 (2025 Replacement Volume and 2025 Supplement)

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



**Article – Environment**

2–1002.

(g) (1) [In this subsection, “allowance” means one ton of carbon dioxide that may be bought, sold, traded, or banked for use under the Regional Greenhouse Gas Initiative.

(2) Not later than June 30, 2007] **ON OR BEFORE JANUARY 1, 2027**, the Governor shall [include] **WITHDRAW** the State as a full participant in the Regional Greenhouse Gas Initiative among Mid–Atlantic and Northeast states.

[(3) The State may withdraw from the Initiative, as provided in the December 20, 2005 memorandum of understanding of the Initiative, at any time after January 1, 2009, if the General Assembly enacts a law to approve the withdrawal.

(4) If the Regional Greenhouse Gas Initiative expires and there is a successor organization with the same purposes and goals, the Governor is encouraged to join the State in the successor organization.

(5) Notwithstanding § 2–107 of this title, all of the proceeds from the sale of Maryland allowances under the Regional Greenhouse Gas Initiative shall be deposited in the Maryland Strategic Energy Investment Fund under § 9–20B–05 of the State Government Article.

(6) If the State’s participation in the Regional Greenhouse Gas Initiative ceases for any reason, the Governor shall report to the General Assembly, in accordance with § 2–1257 of the State Government Article, regarding:

(i) Why participation ceased; and

(ii) A plan to reduce carbon dioxide emissions from power plants in the State that considers the use of Maryland grown, native, warm season grasses as a possible method of reducing carbon emissions.]

**(2) THE STATE MAY REJOIN AS A FULL PARTICIPANT IN THE REGIONAL GREENHOUSE GAS INITIATIVE IF:**

**(I) ALL OTHER STATES SERVED BY PJM INTERCONNECTION BECOME FULL MEMBERS OF THE REGIONAL GREENHOUSE GAS INITIATIVE; OR**

**(II) THE STATE BECOMES AND REMAINS A NET EXPORTER OF ELECTRICITY.**

**(3) NOTWITHSTANDING § 2–107 OF THIS TITLE, IF THE STATE REJOINS THE REGIONAL GREENHOUSE GAS INITIATIVE ALL OF THE PROCEEDS**

FROM THE SALE OF MARYLAND ALLOWANCES UNDER THE INITIATIVE SHALL BE  
DEPOSITED IN THE MARYLAND STRATEGIC ENERGY INVESTMENT FUND UNDER §  
~~9-20B-05~~ OF THE STATE GOVERNMENT ARTICLE.

#### Article – Public Utilities

7-222.

(d) The Commission shall encourage and promote the efficient use and conservation of energy in support of the greenhouse gas emissions reduction goals and targets required under Title 2, Subtitle 12 of the Environment Article, established by the Commission under § 7-223(b) of this subtitle, and specified in § 7-224(a)(2) of this subtitle by:

(1) requiring each electric company and gas company to establish any program or service that the Commission determines to be appropriate and cost-effective;  
AND

(2) [adopting rate-making policies that provide, through a surcharge line item on customer bills:

(i) full cost recovery of reasonably incurred costs for programs and services established under item (1) of this subsection, including full recovery on a current basis on or before January 1, 2028;

(ii) on or before December 31, 2032, the elimination of any unpaid costs and unamortized costs that:

1. A. existed on December 31, 2024; or

B. were incurred before January 1, 2028; and

2. were accrued for the purpose of achieving statutory targets for annual incremental gross energy savings;

(iii) compensation for any unpaid costs and unamortized costs under item (ii) of this item at not more than each electric company's and each gas company's average cost of outstanding debt; and

(iv) reasonable financial performance incentives and penalties for investor-owned electric companies and gas companies, as appropriate; and

(3)] ensuring that adoption of electric customer choice under Subtitle 5 of this title and gas customer choice under Subtitle 6 of this title does not adversely impact these goals and targets.

1 [(e) The Commission shall, by regulation or order, require each electric company  
2 and each gas company subject to subsection (a) of this section that has submitted to the  
3 Commission, on or before July 1, 2024, a plan for achieving electricity or gas savings and  
4 demand reduction targets to disclose the following information in a form and format readily  
5 understandable to the average customer:

6 (1) that the surcharge imposed in accordance with subsection (d) of this  
7 section includes the cost of paying down the unpaid costs and unamortized costs that were  
8 accrued over time by programs and services required by the Commission dating back to  
9 2008; and

10 (2) the period of time that the surcharge will include excess charges to pay  
11 down the unpaid costs and unamortized costs.]

12 7-306.

13 (f) (5) (iii) 1. If an eligible customer-generator elects to accrue net  
14 excess generation for a period not to exceed 12 months under subparagraph (i)1 of this  
15 paragraph, the dollar value of net excess generation shall be equal to the generation or  
16 commodity portion of the rate that the eligible customer-generator would have been  
17 charged by the electric company **FOR STANDARD OFFER SERVICE** averaged over the  
18 previous 12-month period ending with the billing cycle that is complete immediately before  
19 the end of April multiplied by the number of kilowatt-hours of net excess generation.

20 2. For an eligible customer-generator that elects to accrue  
21 net excess generation under subparagraph (i)1 of this paragraph and is served by a  
22 community choice aggregator or an electricity supplier, the dollar value of the net excess  
23 generation shall be equal to the generation or commodity rate that the customer would  
24 have been charged by the community choice aggregator or electricity supplier **FOR**  
25 **STANDARD OFFER SERVICE, WHICHEVER IS LESS**, multiplied by the number of  
26 kilowatt-hours of net excess generation.

27 (7) (i) Notwithstanding paragraphs (5) and (6) of this subsection, an  
28 eligible customer-generator served by an electric cooperative that serves a population of  
29 less than 250,000 in its distribution territory may choose to be paid for the dollar value of  
30 net excess generation remaining at the end of each month instead of at the end of the  
31 accrual period specified under paragraph (5)(i)1 of this subsection.

32 (ii) If an eligible customer-generator chooses to be paid for the dollar  
33 value of net excess generation remaining at the end of each month:

34 1. the customer-generator may accrue net excess generation  
35 on a monthly basis;

36 2. the dollar value of the net excess generation shall be equal  
37 to the generation or commodity portion of the rate that the eligible customer-generator

1 would have been charged by the electric company **FOR STANDARD OFFER SERVICE** for  
2 the previous month; and

3 3. on or before 30 days after the end of each month, the  
4 electric cooperative shall pay the eligible customer-generator for the dollar value of net  
5 excess generation remaining at the end of the previous month.

6 SECTION 2. AND BE IT FURTHER ENACTED, That the Governor shall notify the  
7 Department of Legislative Services:

8 (1) within 5 days after withdrawing from the Regional Greenhouse Gas  
9 Initiative in accordance with § 2-1002(g)(1) of the Environment Article, as enacted by  
10 Section 1 of this Act; and

11 (2) within 5 days after the State rejoins the Regional Greenhouse Gas  
12 Initiative in accordance with § 2-1002(g)(2) of the Environment Article, as enacted by  
13 Section 1 of this Act.

14 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
15 October 1, 2026.