

# SENATE BILL 841

P1, M5, C5

6lr2749

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By: **Senators Feldman and Ferguson**

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 **Maryland Energy Administration – Renewable Energy Generation Projects –**  
3 **Alternative Compliance Fee Auctions**

4 FOR the purpose of altering the uses of the Maryland Strategic Energy Investment Fund  
5 and certain compliance fees; requiring the Maryland Energy Administration, in  
6 consultation with the Public Service Commission, to develop and conduct certain  
7 annual, competitive, low-bid alternative compliance fee auctions for the  
8 development of certain renewable energy generation projects; establishing the  
9 purpose and procedures for an auction and the eligibility requirements for certain  
10 bidders; requiring the Administration and the Commission to set certain thresholds  
11 and capacity targets; requiring the Administration to set certain deadlines and  
12 milestones for projects awarded a contract; authorizing the Administration to  
13 provide certain extensions under certain circumstances; authorizing the recapture  
14 of certain funds under certain circumstances; and generally relating to alternative  
15 compliance fee auctions for renewable energy generation projects.

16 BY repealing and reenacting, without amendments,

17 Article – State Government

18 Section 9–2016(a), (b), and (e) and 9–20B–05(a), (b), (c), and (e)

19 Annotated Code of Maryland

20 (2021 Replacement Volume and 2025 Supplement)

21 BY repealing and reenacting, with amendments,

22 Article – State Government

23 Section 9–2016(f) and 9–20B–05(f)(13) and (14)

24 Annotated Code of Maryland

25 (2021 Replacement Volume and 2025 Supplement)

26 BY adding to

27 Article – State Government

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Section 9-20B-05(f)(14) and (i); and 9-20E-01 and 9-20E-02 to be under the new subtitle “Subtitle 20E. Alternative Compliance Fee Auctions”  
Annotated Code of Maryland  
(2021 Replacement Volume and 2025 Supplement)

5 BY repealing  
6 Article – State Government  
7 Section 9–20B–05(g–1), (i), and (i–1)  
8 Annotated Code of Maryland  
9 (2021 Replacement Volume and 2025 Supplement)

10 BY repealing  
11 Article – State Government  
12 Section 9–20B–05(g–1)  
13 Annotated Code of Maryland  
14 (2021 Replacement Volume and 2025 Supplement)  
15 (As enacted by Chapter 595 of the Acts of the General Assembly of 2024)

## Article States

19 9 20B 05

(a) There is a Maryland Strategic Energy Investment Fund

21 (b) The purpose of the Fund is to implement the Strategic Energy Investment  
22 Program.

23 (c) The Administration shall administer the Fund.

24 (e) The Fund consists of:

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

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

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

30 (4) compliance fees paid under § 7-705 of the Public Utilities Article;

31 (5) money received from any public or private source for the benefit of the  
32 Fund;

(6) money transferred from the Public Service Commission under § 7-207.2(d)(3) of the Public Utilities Article; and

3 (7) money distributed under § 2–614.1 of the Tax – General Article.

4 (f) The Administration shall use the Fund:

5 (13) notwithstanding subsection (g) of this section, to pay costs associated  
6 with the Air and Radiation Administration within the Department of the Environment;  
7 [and]

10 [14] (15) to pay the expenses of the Program.

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

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

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

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

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

22        (i)    (1)    Except as provided in paragraphs (2), (3), and (4) of this subsection,  
23 compliance fees paid under § 7-705(b) of the Public Utilities Article may be used only to  
24 make loans and grants to support the creation of new Tier 1 renewable energy sources in  
25 the State that are owned by or directly benefit:

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

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

31 (2) Compliance fees paid under § 7-705(b)(2)(i)2 of the Public Utilities  
32 Article shall be accounted for separately within the Fund and may be used only to make

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

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

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

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

9 (3) For fiscal year 2026 only, up to \$100,000,000 of compliance fees paid  
10 under §§ 7-705(b) and 7-705(b)(2)(i)2 of the Public Utilities Article shall be accounted for  
11 separately within the Fund and may be used for solar development on State government  
12 property and local government clean energy projects.

13 (4) (i) Subject to subparagraphs (ii), (iii), and (iv) of this paragraph,  
14 compliance fees paid under § 7-705 of the Public Utilities Article may be used to provide  
15 grants to electric companies to be refunded or credited to each residential distribution  
16 customer based on the customer's consumption of electricity supply that is subject to the  
17 renewable energy portfolio standard.

18 (ii) The refunding or crediting of amounts to residential distribution  
19 customers shall be identified on the customer's bill as a line item identified as a "legislative  
20 energy relief refund".

21 (iii) An electric company awarded a grant under this paragraph:

22 1. may not retain any of the grant funds to cover overhead  
23 expenses; and

24 2. shall provide all of the grant funds to residential  
25 distribution customers.

26 (iv) The process under subparagraphs (i) and (ii) of this paragraph  
27 related to the refunding or crediting of amounts to residential distribution customers shall  
28 be directed and overseen by the Commission.

29 (i-1) (1) (i) In this subsection the following words have the meanings  
30 indicated.

31 (ii) "Area median income" has the meaning stated in § 4-1801 of the  
32 Housing and Community Development Article.

33 (iii) "Low and moderate income" means having an annual household  
34 income that is at or below 120% of the area median income.

6 (I) COMPLIANCE FEES PAID INTO THE FUND UNDER § 7-705 OF THE  
7 PUBLIC UTILITIES ARTICLE MAY BE USED ONLY TO AWARD BIDS FOR RENEWABLE  
8 ENERGY GENERATION PROJECTS UNDER § 9-20E-01 OF THIS TITLE.

## **SUBTITLE 20E. ALTERNATIVE COMPLIANCE FEE AUCTIONS.**

10 9-20E-01.

11 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
12 INDICATED.

13 (B) "ADMINISTRATION" MEANS THE MARYLAND ENERGY  
14 ADMINISTRATION.

15 (C) "ALTERNATIVE COMPLIANCE FEE" MEANS A FEE PAID IN ACCORDANCE  
16 WITH § 7-705 OF THE PUBLIC UTILITIES ARTICLE TO THE MARYLAND STRATEGIC  
17 ENERGY INVESTMENT FUND ESTABLISHED UNDER § 9-20B-05 OF THIS TITLE.

18 (D) "AUCTION" MEANS AN ALTERNATIVE COMPLIANCE FEE AUCTION.

24 (F) "COMMISSION" MEANS THE PUBLIC SERVICE COMMISSION.

25 (G) "RENEWABLE ENERGY" MEANS ENERGY GENERATED FROM:

**26 (1) GEOTHERMAL ENERGY GENERATING SYSTEMS;**

**(2) OFFSHORE WIND ENERGY GENERATING SYSTEMS; OR**

28 (3) SOLAR ENERGY GENERATING SYSTEMS.

29 9-20E-02.

10 (II) IN DETERMINING THE CAPACITY TARGET FOR EACH  
11 AUCTION, THE ADMINISTRATION AND THE COMMISSION SHALL USE A  
12 TRANSPARENT METHODOLOGY, INCLUDING:

## 5. TRENDS IN IN-STATE RENEWABLE ENERGY GENERATION.

27 (4) THE ADMINISTRATION AND THE COMMISSION MAY SET:

28 (I) A MINIMUM LEVEL OF MEGAWATTS REQUIRED FROM EACH  
29 TYPE OF RENEWABLE ENERGY SOURCE IN THE AUCTION; OR

1 (B) (1) THE ADMINISTRATION, IN CONSULTATION WITH THE  
2 COMMISSION, SHALL DEVELOP AND CONDUCT THE AUCTIONS IN A MANNER THAT IS  
3 COST-EFFECTIVE AND MAINTAINS AND PROMOTES THE DEVELOPMENT OF  
4 RENEWABLE ENERGY IN THE STATE.

5 (2) THE COMPETITIVE AUCTION PROCESS MAY REQUIRE THE  
6 ADMINISTRATION TO SOLICIT A SERIES OF BIDS FROM RENEWABLE ENERGY  
7 PROJECT DEVELOPERS FOR THE DEVELOPMENT OF RENEWABLE ENERGY  
8 GENERATION PROJECTS THAT ARE NEEDED TO MEET ELECTRICITY DEMAND IN A  
9 COST-EFFECTIVE MANNER.

10 (c) (1) TO BE ELIGIBLE TO SUBMIT A BID UNDER THIS SECTION A PERSON  
11 MUST:

12 (I) BE A RENEWABLE ENERGY GENERATION PROJECT  
13 DEVELOPER; AND

14 (II) MEET THE MINIMUM CREDIT AND OTHER ELIGIBILITY  
15 REQUIREMENTS SET UNDER PARAGRAPH (2) OF THIS SUBSECTION.

**19 (I) PROVIDE PROOF OF FINANCIAL INTEGRITY;**

**(II) POST A BOND OR OTHER SIMILAR INSTRUMENT;**

22 (IV) COMPLY WITH ANY OTHER REQUIREMENTS THE  
23 ADMINISTRATION DETERMINES ARE IN THE PUBLIC INTEREST.

24 (D) (1) ELIGIBLE BIDDERS SHALL SUBMIT COMPETITIVE BIDS BY  
25 SPECIFYING:

26 (I) THE ACTUAL AMOUNT OF MEGAWATTS TO BE GENERATED  
27 BY THE RENEWABLE ENERGY GENERATION PROJECT; AND

28 (II) A PRICE PER MEGAWATT THAT WOULD BE REQUIRED FROM  
29 THE AUCTION.

6 (4) THE BIDDER WHO SUBMITS THE LOWEST RESPONSIVE BID FOR  
7 DEVELOPING A RENEWABLE ENERGY GENERATION PROJECT SHALL BE AWARDED  
8 THE AMOUNT OF FUNDS TO BUILD THE RENEWABLE ENERGY GENERATION PROJECT.

12 (6) IF THE CAPACITY TARGET CAN BE MET AT A COST BELOW THE  
13 ALLOCATED FUNDING, THE ADMINISTRATION MAY:

**(I) CARRY FORWARD ANY FUNDING TO THE NEXT AUCTION; OR**

15 (II) APPLY THE FUNDS FOR ANY ADDITIONAL MEGAWATTS OF  
16 RENEWABLE ENERGY GENERATION THAT HAVE BEEN OFFERED UNDER THE  
17 AUCTION.

18 (E) (1) THE ADMINISTRATION SHALL SET DELIVERY DEADLINES FOR  
19 EACH RENEWABLE ENERGY GENERATION PROJECT THAT IS AWARDED FUNDING  
20 FROM AN AUCTION.

29 (4) THE ADMINISTRATION SHALL ESTABLISH A METHOD OF  
30 COLLECTION AGAINST ANY DEVELOPER AWARDED A CONTRACT UNDER THIS  
31 SECTION TO RECAPTURE ANY FUNDS RECEIVED AS A RESULT OF:

**(D) MISAPPROPRIATION, OVERPAYMENT, OR FRAUD; OR**

**(II) FAILURE TO MEET MILESTONES OR DELIVERY DATES.**

2 (F) WITHIN 90 DAYS AFTER ALL CONTRACTS FOR RENEWABLE ENERGY  
3 GENERATION PROJECTS ARE EXECUTED, THE ADMINISTRATION SHALL PUBLICLY  
4 DISCLOSE THE NAMES OF EACH SUCCESSFUL BIDDER AND THE MEGAWATTS TO BE  
5 DELIVERED BY THE DEVELOPMENT OF THE RENEWABLE ENERGY GENERATION  
6 PROJECT.

7 (G) ALL PROCEEDS FROM ALTERNATIVE COMPLIANCE FEES ACCRUED IN  
8 THE MARYLAND STRATEGIC ENERGY INVESTMENT FUND SHALL BE AVAILABLE  
9 EACH YEAR FOR EACH AUCTION.

10 (h) ON OR BEFORE JULY 1, 2027, AND EACH JULY 1 THEREAFTER, THE  
11 ADMINISTRATION AND THE COMMISSION SHALL REPORT TO THE GENERAL  
12 ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THIS ARTICLE, ON THE  
13 ADMINISTRATION OF EACH AUCTION, INCLUDING:

14 (1) THE AMOUNT OF MEGAWATTS PROCURED THROUGH THE  
15 AUCTION;

16 (2) THE COST PER MEGAWATT OF RENEWABLE ENERGY ALLOCATED  
17 IN THE AUCTION;

20 (4) ANY OTHER INFORMATION THE ADMINISTRATION AND THE  
21 COMMISSION CONSIDER RELEVANT.

22 (I) THE ADMINISTRATION, IN CONSULTATION WITH THE COMMISSION,  
23 SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION.

24 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
25 as follows:

## Article – State Government

27 9-2016.

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

29 (2) "Eligible customer-generator" has the meaning stated in § 7-306 of the  
30 Public Utilities Article.

(3) "Low to moderate income" means a household with an annual household income at or below 150% of the average median income for the State.

3 (4) "Program" means the Customer-Sited Solar Program established in  
4 this section.

5 (b) There is a Customer-Sited Solar Program in the Administration.

10 (f) A grant awarded under subsection (e) of this section shall be funded from [fees  
11 collected under § 7-705(b)(2)(i)2 of the Public Utilities Article and allocated in accordance  
12 with § 9-20B-05(g-1) of this title] **THE MARYLAND STRATEGIC ENERGY INVESTMENT**  
13 **FUND ESTABLISHED UNDER § 9-20B-05 OF THIS TITLE.**

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

## Article – State Government

17 9-20B-05.

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

19        [(g-1) Up to 10% of the proceeds received by the Fund from compliance fees under §  
20 7-705(b)(2)(i)2 of the Public Utilities Article shall be credited to an administrative expense  
21 account for costs related to the administration of the Fund.]

22 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall  
23 terminate on the taking effect of the termination provision specified in Section 10 of  
24 Chapter 595 of the Acts of the General Assembly of 2024. If that termination provision  
25 takes effect, Section 1 of this Act, with no further action required by the General Assembly,  
26 shall be abrogated and of no further force and effect. This Act may not be interpreted to  
27 have any effect on that termination provision.

28 SECTION 5. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take  
29 effect on the taking effect of the termination provision specified in Section 10 of Chapter  
30 595 of the Acts of the General Assembly of 2024.

31 SECTION 6. AND BE IT FURTHER ENACTED, That, subject to Section 5 of this  
32 Act, this Act shall take effect July 1, 2026.