Department of Legislative Services

Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 429 (Senator Brooks)
Education, Energy, and the Environment

Maryland Energy Administration - Study on Land-Based Wind Energy

This bill requires the Maryland Energy Administration (MEA) to conduct a study on land-based wind energy generating systems in the State. To complete the study, the bill authorizes MEA to use available funds in the Strategic Energy Investment Fund (SEIF). By December 1, 2026, MEA must report its findings and recommendations to the Governor, the Senate Committee on Education, Energy, and the Environment, and the House Environment and Transportation Committee. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: Special fund (SEIF) expenditures increase by $200,000 in FY 2027 only, as discussed below. Revenues are not affected.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	$0	$0	$0	$0	$0
SF Expenditure	200,000	0	0	0	0
Net Effect	($200,000)	$0	$0	$0	$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill does not directly affect local government finances or operations.

Small Business Effect: None.

Analysis

Bill Summary: The study must include: (1) the total potential for land-based wind energy generation in the State, and a description of the locations used to determine that potential; (2) information on locations in the United States where mitigation efforts have been

successfully employed to allow wind energy generating systems and military radar technologies, including the Advanced Dynamic Aircraft Measurement System (ADAMS), to operate successfully in the same area; (3) a description of those mitigation efforts, their effects, and the potential for their use in the State; and (4) any other relevant matter, as determined by MEA.

Current Law:

Renewable Energy Portfolio Standard

Maryland's Renewable Energy Portfolio Standard (RPS) was enacted in 2004 to facilitate a gradual transition to renewable sources of energy. The RPS establishes eligibility tiers (Tier 1 and Tier 2) and includes carve-outs for solar, offshore wind, and geothermal. Wind energy, both onshore and offshore, qualifies as a Tier 1 source under the RPS.

The RPS requires that renewable sources generate specified percentages of Maryland's electricity supply each year. Utilities and other electricity suppliers must submit renewable energy credits equal to these percentages in each year or else pay an alternative compliance payment (ACP) equivalent to the shortfall.

For 2026, the requirements are 38.0% from Tier 1 sources, including at least 8.0% from solar and 0.5% from post-2022 geothermal systems, plus 2.5% from Tier 2 sources. For more information on Maryland's RPS, see the **Appendix – Renewable Energy Portfolio Standard**.

Strategic Energy Investment Fund

MEA administers SEIF, which, among other revenue sources, receives funds from the sale of carbon dioxide emissions allowances under the Regional Greenhouse Gas Initiative and ACP revenues through the State's RPS. Additionally, SEIF will receive a portion of corporate income tax revenues from qualified data centers that are operational on or after January 1, 2026.

MEA is required to use SEIF for specified uses, including investing in the promotion, development, and implementation of (1) cost-effective energy efficiency and conservation programs, projects, or activities; (2) renewable and clean energy resources; (3) climate change programs directly related to reducing or mitigating the effects of climate change; and (4) demand response programs that are designed to promote changes in electric usage by customers. SEIF must also be used to provide targeted programs, projects, activities, and investments to reduce electricity consumption by customers in low-income and moderate-income residential sectors, and to provide supplemental funds for low-income energy assistance administered by the Department of Human Services.

State Expenditures: Special fund (SEIF) expenditures increase by $200,000 in fiscal 2027 only, for MEA to hire a consultant to complete the study. MEA advises that its existing staff lacks the requisite expertise to provide the required content of the study and estimates that hiring a consultant would cost $200,000. The cost of the consultant is assumed to be incurred in fiscal 2027, due to the bill's effective date (July 1, 2026) and the date by which the report of MEA's findings and recommendations must be submitted (December 1, 2026).

While this bill does not expressly reallocate other, existing SEIF revenues/spending in order to support the spending under the bill, the net impact of the bill on SEIF expenditures may be less than the amount identified if MEA reduces other existing or planned SEIF spending as a result of the bill.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 629 (Delegate A. Johnson) - Environment and Transportation.

Information Source(s): Maryland Energy Administration; Department of Legislative Services

Fiscal Note History: First Reader - February 15, 2026
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Analysis by: Ralph W. Kettell

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

Appendix – Renewable Energy Portfolio Standard

General Overview

Maryland's Renewable Energy Portfolio Standard (RPS) was enacted in 2004 to facilitate a gradual transition to renewable sources of energy. There are specified eligible ("Tier 1" or "Tier 2") sources as well as carve-outs for solar, offshore wind, and geothermal. Electric companies (utilities) and other electricity suppliers must submit renewable energy credits (RECs) equal to a percentage of their retail electricity sales specified in statute each year or else pay an alternative compliance payment (ACP) equivalent to their shortfall. Historically, RPS requirements have been met almost entirely through RECs, with negligible reliance on ACPs; however, as discussed further below, that has not been the case more recently. Generally, the Maryland Energy Administration must use ACPs for purposes related to renewable energy, as specified.

In 2026, the requirements are 38.0% from Tier 1 sources, including at least 8.0% from solar and 0.50% from post-2022 geothermal systems, plus 2.5% from Tier 2 sources.

Recent Significant Changes to Overall Percentage Requirements

- Chapter 757 of 2019 significantly increased the percentage requirements, which now escalate over time to a minimum of 50% from Tier 1 sources, including 14.5% from solar, by 2030.

- Chapter 673 of 2021 reduced the amount of solar energy required under the RPS each year from 2022 through 2029, while leaving the nonsolar requirement generally unchanged, before realigning with the previous requirements beginning in 2030. The Act also extended Tier 2 in perpetuity at 2.5%.

- Chapter 164 of 2021 created a carve-out for post-2022 geothermal systems in Tier 1 beginning in 2023.

Limited Applicability to Municipal Electric Utilities and Electric Cooperatives

As RPS percentage requirements have grown over time, legislation has been enacted to limit the effect on municipal electric utilities and electric cooperatives. Tier 1 percentage requirements for municipal electric utilities are limited to 20.4% in total beginning in 2021, including at least 1.95% from solar energy and up to 2.5% from offshore wind. Municipal electric utilities are also exempt from Tier 2 after 2021. Electric cooperatives are exempt from future increases to the solar carve-out beyond 2.5%, and the RPS does not apply to Choptank Electric Cooperative.

Renewable Energy Credits

Generally, a REC is a tradable commodity equal to one megawatt-hour of electricity generated or obtained from a renewable energy generation resource. In other words, a REC represents the "generation attributes" of renewable energy – the lack of carbon emissions, its renewable nature, etc. A REC has a five-year life during which it may be transferred, sold, or redeemed. REC generators and electricity suppliers are allowed to trade RECs using a Public Service Commission (PSC) approved system known as the Generation Attributes Tracking System, a trading platform designed and operated by PJM Environmental Information Services, Inc., that tracks the ownership and trading of RECs.

Eligible Sources

Tier 1 sources include wind (onshore and offshore); solar (photovoltaic and certain water-heating systems); qualifying biomass; methane from anaerobic decomposition of organic materials in a landfill or wastewater treatment plant; geothermal; ocean, including energy from waves, tides, currents, and thermal differences; a fuel cell that produces electricity from specified sources; a small hydroelectric plant of less than 30 megawatts; poultry litter-to-energy; thermal energy from a thermal biomass system; and raw or treated wastewater used as a heat source or sink for heating or cooling. Tier 2 includes only large hydroelectric power plants.

Chapter 673 excluded black liquor, or any product derived from black liquor, from Tier 1 beginning in 2022, although some black liquor RECs remain eligible through the duration of certain contracts. Chapters 625 and 626 of 2025 removed waste-to-energy and refuse-derived fuel from RPS eligibility. The exclusion generally applies to all RPS compliance years starting on or after January 1, 2025, except for a facility owned by a public instrumentality of the State (*i.e.*, Montgomery County), which applies beginning July 1, 2026.

Trends in Compliance Costs, Renewable Energy Credit Prices, and Resources Used

Compliance costs for electricity suppliers totaled $616.9 million in 2024: $254.7 million for 7.0 million RECs and $362.3 million in ACPs. This continues a multi-year trend of increasing overall compliance costs, reliance on ACPs, and REC prices. Of note, 2024 continues the trend of 2023 that ACPs have been used in a significant way for general Tier 1 compliance. In fact, 2024 had the fewest RECs retired since 2014. ACP prices were in many instances less expensive than REC prices and, as a result, suppliers chose to pay the ACP rather than retire RECs. Compliance costs and REC prices for the most recent five-year period are shown in **Exhibit 1**.

Exhibit 1
RPS Compliance Costs and REC Prices
2020-2024

	2020	2021	2022	2023	2024
Compliance Costs ($ Millions)					
RECs					
Tier 1	$99.8	$187.3	$246.5	$124.9	$90.1
Tier 1 Solar	122.9	144.4	101.4	109.6	150.4
Tier 1 Geothermal	n/a	n/a	n/a	0.1	2.2
Tier 2	0.4	1.0	4.4	9.3	12.0
RECs Subtotal	***$223.1***	***$332.7***	***$352.3***	***$243.8***	***$254.7***
ACPs					
Tier 1	$0.0	$0.2	$0.7	$262.4	$319.4
Tier 1 Solar	0.0	76.9	85.9	56.0	37.2
Tier 1 Geothermal	n/a	n/a	n/a	1.6	4.4
Tier 2	0.0	0.0	0.0	0.4	1.3
ACPs Subtotal	***$0.1***	***$77.1***	***$86.6***	***$320.4***	***$362.3***
Total	**$223.2**	**$409.8**	**$438.9**	**$564.2**	**$616.9**
Average REC Price ($)					
Tier 1	$8.24	$14.36	$17.80	$24.61	$27.09
Tier 1 Solar	$66.10	$72.59	$57.80	$56.67	$58.56
Tier 1 Geothermal	n/a	n/a	n/a	$94.47	$94.04
Tier 2	$1.06	$6.45	$7.42	$10.50	$11.16

ACP: alternative compliance payment
n/a: not applicable
REC: renewable energy credit
RPS: Renewable Energy Portfolio Standard

Note: Numbers may not sum to total due to rounding. The post-2022 geothermal system carve-out became effective in 2023.

Source: Public Service Commission

Approximately 45% of RECs used for compliance in 2024 came from in-state resources, up from 35% in 2023. RECs derived from three fuel types, solar (43.4%), black liquor (16.2%), and wind (15.1%), were the predominant sources of Tier 1 compliance in 2024. Maryland facilities generated approximately 5.7 million RECs in 2024: 1.5 million Tier 1

nonsolar RECs, 2.4 million Tier 1 SRECs, and 1.8 million Tier 2 RECs. Many RECs can be used for compliance in both Maryland and other surrounding states, although there are geographic and energy source restrictions.

Related Studies and Reports

PSC must submit an RPS compliance report to the General Assembly each year. The most recent report, which contains historical data through 2024, can be found here.

The Power Plant Research Program (PPRP) in the Department of Natural Resources has frequently been required to conduct RPS studies. PPRP submitted a final report on a comprehensive RPS study in December 2019, which can be found here. PPRP also submitted a related required study on nuclear energy at that time, which can be found here. PPRP's supplemental study on the overall costs and benefits of increasing the RPS to a goal of 100% by 2040 can be found here.

The Department of Legislative Services also issued an RPS report in 2025, which can be found here. The report contains additional detail on the program, significant statutory changes, and visualizations of planned and actual RPS percentage requirements over time.