

HB1016/817371/1

BY: Finance Committee

AMENDMENTS TO HOUSE BILL 1016
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, before “Renewable” insert “Electricity – Net Energy Metering –”; in line 3, after “of” insert “increasing a certain limit used to determine the availability of net energy metering to eligible customer–generators; increasing the amount of generating capacity of an electric generating system that may be used by an eligible customer–generator for net metering; requiring the Public Service Commission to make a certain determination concerning dual metering for certain eligible customer-generators; providing that an eligible customer–generator has a title to certain attributes or credits associated with certain electricity produced; requiring the Commission on or before a certain date each year to report to the General Assembly on the status of the net metering program in the State;”; in line 7, after “standard” insert “in certain manners during certain periods; requiring certain credits to be offered for certain purposes in a certain manner”; and strike beginning with “requiring” in line 10 down through “Commission” in line 14 and substitute “allowing certain renewable on–site generators to retain or transfer certain credits in a certain manner; requiring certain electricity suppliers to submit a certain report”.

On page 2, strike beginning with “requiring” in line 3 down through “request;” in line 4; in line 5, after “fund;” insert “requiring certain fees to be accounted for and used in a certain manner; requiring the Maryland Energy Administration to report each year on certain matters; requiring certain electricity suppliers to enter into certain contracts for not less than a certain term of years; requiring the Commission to set a maximum price for a solar renewable energy credit each year by taking into consideration certain market prices; prohibiting certain credits from being sold above a certain price; requiring the purchase of certain credits from certain systems to be made based on certain market prices determined by the Commission;”; strike beginning with “altering” in line 6 down through “circumstances;” in line 7; in line 9, in each instance, after “standards” insert “and procedures”; strike beginning with

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“altering” in line 10 down through “certificate;” in line 15; in line 17, after “report” insert “due on a certain date”; strike beginning with “requiring” in line 17 down through “purposes” in line 18 and substitute “altering certain definitions; making stylistic changes”; in line 18, after “application” insert “and construction”; in the same line, after “of” insert “certain provisions of”; in line 19, after “to” insert “net energy metering,”; in the same line, strike “use of”; in the same line, after “energy” insert “portfolio standard,”; in line 23, after “7-306,” insert “7-701(h)(2) and (m),”; in the same line, strike “7-704(a),” and substitute “7-704,”; in the same line, after “7-705,” insert “7-706(c)(1),”; in the same line, after “7-707(f),” insert “7-709,”; strike in their entirety lines 26 through 30, inclusive; and in line 33, strike “7-704(c)” and substitute “7-707(h)”.

On pages 2 and 3, strike in their entirety the lines beginning with line 36 on page 2 through line 1 on page 3, inclusive.

AMENDMENT NO. 2

On page 9, strike beginning with “**STARTING**” in line 15 down through “**LATER:**” in line 16; in line 17, after “**(I)**” insert “**1. EXCEPT AS PROVIDED IN SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH,**”; in lines 20 and 21, strike “**;**” and substitute a period; after line 21, insert:

“2. ON OR BEFORE DECEMBER 31, 2011, ENERGY FROM A TIER 1 RENEWABLE SOURCE UNDER § 7-701(L)(1) OF THIS SUBTITLE THAT IS NOT CONNECTED WITH THE ELECTRIC DISTRIBUTION GRID SERVING MARYLAND IS ELIGIBLE FOR INCLUSION IN MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD ONLY IF OFFERS FOR SOLAR CREDITS FROM MARYLAND GRID SOURCES ARE NOT MADE TO THE ELECTRICITY SUPPLIER THAT WOULD SATISFY REQUIREMENTS UNDER THE STANDARD AND ONLY TO THE EXTENT THAT SUCH OFFERS ARE NOT MADE.”;

and in line 22, strike “**IF**” and substitute “**IF**”.

AMENDMENT NO. 3

On page 7, after line 10, insert:

“7-701.

(h) (2) “Qualifying biomass” includes biomass listed in paragraph (1) of this section that is used for co-firing, subject to [§ 7-704(e)] § 7-704(D) of this subtitle.

(m) “Tier 2 renewable source” means one or more of the following types of energy sources:

(1) hydroelectric power other than pump storage generation;

(2) incineration of poultry litter[, if the Maryland Energy Administration and the Maryland Department of Agriculture determine that there is a sufficient quantity of poultry litter available for the economic viability of any existing and operating entity that is sited on the Delmarva Peninsula and that, as of July 1, 2004, processes and pasteurizes chicken litter as fertilizer]; and

(3) waste-to-energy.”.

On page 8, in line 28, strike “**9.5%**” and substitute “**9.35%**”.

On page 10, in line 8, after “standard” insert a comma; in the same line, after “service” insert “, **IF THE MARYLAND ENERGY ADMINISTRATION AND THE MARYLAND DEPARTMENT OF AGRICULTURE DETERMINE THAT THERE IS A SUFFICIENT QUANTITY OF POULTRY LITTER AVAILABLE FOR THE ECONOMIC VIABILITY OF ANY EXISTING AND OPERATING ENTITY THAT IS SITED ON THE**”

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DELMARVA PENINSULA AND THAT, AS OF JULY 1, 2004, PROCESSED AND PASTEURIZED CHICKEN LITTER AS FERTILIZER"; after line 8, insert:

- “(b) On or after January 1, 2004, an electricity supplier may:
- (1) receive renewable energy credits; and
 - (2) accumulate renewable energy credits under this subtitle.”;

and strike in their entirety lines 11 through 31, inclusive, and substitute:

“[(d)] (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 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 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 energy portfolio standard for energy derived from methane under § 7-701(1)(4) of this subtitle.

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

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

(ii) [Except as provided in subparagraph (iii)1 of this paragraph, the customer shall surrender the credits necessary to meet the standard to its electricity supplier for inclusion in the electricity supplier's compliance report under § 7-705 of this subtitle.

(iii) 1.] Credits that a customer [surrenders] **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.

[2. The customer may retain or transfer any credits in excess of the amount needed to satisfy the standard for the customer's load.

(iv) A customer who surrenders credits under this subsection retains all rights and title to any environmental or other attributes associated with the credits, including emission reductions or related allowances.]

(3) A renewable on-site generator [shall receive credit] **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.

(4) 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.

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

~~[(g)]~~ **(F)** (1) In order to create a renewable 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 2 renewable sources that incinerate solid waste.

(ii) At least 80% of the solid waste incinerated at a Tier 2 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.”.

On page 11, in line 11, strike “paragraph” and substitute “**ITEM**”.

On page 14, after line 11, insert:

“7-706.

(c) Any cost recovery under this section:

(1) for all electricity suppliers, may be in the form of a generation surcharge payable by all current electricity supply customers, except as otherwise provided in [§ 7-704(f)] § 7-704(E) of this subtitle;”;

in line 15, strike “energy”; and after line 30, insert:

“(H) (1) ON OR BEFORE FEBRUARY 1 OF EACH YEAR, THE ADMINISTRATION, IN CONSULTATION WITH THE COMMISSION, SHALL REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY, ON THE STATUS OF THE FUND.

(2) THE REPORT SHALL INCLUDE:

(I) ALL AMOUNTS RECEIVED BY AND DISBURSED FROM THE FUND;

(II) ALL AMOUNTS USED BY THE ADMINISTRATION AND THE COMMISSION FOR ADMINISTRATIVE PURPOSES;

(III) THE EVALUATION CRITERIA USED BY THE ADMINISTRATION IN MAKING LOANS AND GRANTS FROM THE FUND AND IN SELECTING RECIPIENTS OF THOSE LOANS AND GRANTS;

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(IV) THE NUMBER AND AMOUNTS OF LOANS AND GRANTS MADE IN THE PRECEDING CALENDAR YEAR;

(V) THE STATUS OF LOANS PENDING AS OF THE END OF THE PRECEDING CALENDAR YEAR;

(VI) THE ALLOCATION OF DISBURSEMENTS FOR DEVELOPMENT OF NEW SOLAR AND OTHER TIER 1 RENEWABLE SOURCES;

(VII) THE PROJECTED RECEIPTS OF THE FUND IN THE CURRENT CALENDAR YEAR; AND

(VIII) PLANS FOR THE USE OF RESOURCES OF THE FUND IN THE CURRENT CALENDAR YEAR.

7-709.

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

(b) A renewable energy credit may be sold or otherwise transferred.

(c) (1) (I) IF AN ELECTRICITY SUPPLIER PURCHASES SOLAR RENEWABLE ENERGY CREDITS DIRECTLY FROM A RENEWABLE ON-SITE GENERATOR TO MEET THE SOLAR COMPONENT OF THE TIER 1 RENEWABLE ENERGY PORTFOLIO STANDARD, THE DURATION OF THE CONTRACT TERM FOR THE SOLAR RENEWABLE ENERGY CREDITS MAY NOT BE LESS THAN 15 YEARS.

(II) SUBJECT TO SUBPARAGRAPH (IV) OF THIS PARAGRAPH,

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 ENERGY CREDIT THAT VARIES OVER TIME IN ANY MANNER.

(III) THE COMMISSION SHALL SET A MAXIMUM PRICE FOR A SOLAR RENEWABLE ENERGY CREDIT EACH YEAR BY TAKING INTO CONSIDERATION THE MARKET PRICES FOR SOLAR RENEWABLE ENERGY CREDITS IN ALL THE STATES THAT ARE WITHIN THE PJM REGION.

(IV) A SOLAR RENEWABLE ENERGY CREDIT MAY NOT BE SOLD FOR MORE THAN THE MAXIMUM PRICE ESTABLISHED BY THE COMMISSION IN ACCORDANCE WITH SUBPARAGRAPH (III) OF THIS PARAGRAPH.

(2) AN ELECTRICITY SUPPLIER THAT PURCHASES SOLAR RENEWABLE ENERGY CREDITS FROM A RENEWABLE ON-SITE GENERATOR WITH A CAPACITY NOT EXCEEDING 10 KILOWATTS SHALL PAY THE ON-SITE GENERATOR THE MAXIMUM PRICE ESTABLISHED EACH YEAR BY THE COMMISSION UNDER PARAGRAPH (1)(III) OF THIS SUBSECTION.

[(c)] (D) (1) Except as authorized under paragraph (2) of this subsection, a renewable energy credit shall exist for 3 years from the date created.

(2) A renewable energy credit may be diminished or extinguished before the expiration of 3 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(g)] § 7-704(F) of this subtitle.

[(d)] (E) Notwithstanding subsection [(c)(2)(iii)] (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 energy credit that is extinguished for noncompliance with [§ 7-704(g)(1)] § 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(g)] § 7-704(F) of this subtitle; or

(ii) replace the credit with a renewable energy credit from another source.

[(e)] (F) The Commission by regulation shall establish requirements for documentation and verification of renewable 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.”.

On page 15, in line 8, strike “ENERGY”; and in line 13, strike the first “ENERGY”.

AMENDMENT NO. 4

On pages 15 through 18, strike in their entirety the lines beginning with line 22 on page 15 through line 22 on page 18, inclusive.

On page 19, in line 33, strike “provisions”.

On page 20, in line 2, strike “and”; and in line 4, after “2014” insert “;

(5) determine the realized and projected availability of solar renewable energy credits in Maryland;

(6) consider the ability of a regional market to lower the cost impact of the solar requirements of the renewable energy portfolio standard on customers;

(7) consider the ability of a regional market, in complying with the solar requirements, to develop solar energy in Maryland; and

(8) determine the appropriate use of the funds that are paid into the Maryland Renewable Energy Fund from compliance fees, including specific criteria for making loans and grants, to achieve the intended goals of the renewable energy portfolio standard”.

On pages 20 and 21, strike in their entirety the lines beginning with line 5 on page 20 through line 4 on page 21, inclusive.

On page 21, in lines 5 and 9, strike “7.” and “8.”, respectively, and substitute “6.” and “7.”, respectively; strike beginning with “The” in line 6 down through “2007.” in line 8; and in line 10, strike “7” and substitute “6”.