

SENATE BILL 293

C5, P2

71r0650

By: **Senators Lenett, Frosh, Madaleno, Muse, Pugh, Raskin, Robey, Rosapepe, and Zirkin**

Introduced and read first time: January 31, 2007

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Renewable Energy Portfolio Standard and Procurement of Renewable**
3 **Energy – Solar Energy**

4 FOR the purpose of altering a certain renewable energy portfolio standard by
5 requiring that certain portions of electricity in the standard be derived from
6 solar energy in certain years; repealing a certain provision that provides that an
7 electricity supplier receive double credit toward meeting a certain renewable
8 energy portfolio standard for energy derived by solar energy sources under
9 certain circumstances; altering the amount of a certain compliance fee;
10 requiring the Department of General Services to adopt certain regulations
11 requiring a certain percentage of the electricity supply procured by each unit on
12 and after a certain date to be from renewable energy sources; authorizing
13 certain units to enter into certain contracts not to exceed a certain term of years
14 for the provision of electricity from renewable energy sources; defining a certain
15 term; and generally relating to the use of renewable energy in the State of
16 Maryland.

17 BY repealing and reenacting, with amendments,
18 Article – Public Utility Companies
19 Section 7–703 and 7–705
20 Annotated Code of Maryland
21 (1998 Volume and 2006 Supplement)

22 BY repealing
23 Article – Public Utility Companies

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 7–704(c)
 2 Annotated Code of Maryland
 3 (1998 Volume and 2006 Supplement)

4 BY adding to
 5 Article – State Finance and Procurement
 6 Section 4–805
 7 Annotated Code of Maryland
 8 (2006 Replacement Volume and 2006 Supplement)

9 BY renumbering
 10 Article – Public Utility Companies
 11 Section 7–704(d) through (g), respectively
 12 to be Section 7–704(c) through (f), respectively
 13 Annotated Code of Maryland
 14 (1998 Volume and 2006 Supplement)

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

17 **Article – Public Utility Companies**

18 7–703.

19 (a) (1) (i) The Commission shall implement a renewable energy
 20 portfolio standard that, except as provided under paragraph (2) of this subsection,
 21 applies to all retail electricity sales in the State by electricity suppliers.

22 (ii) If the standard becomes applicable to electricity sold to a
 23 customer after the start of a calendar year, the standard does not apply to electricity
 24 sold to the customer during that portion of the year before the standard became
 25 applicable.

26 (2) A renewable energy portfolio standard may not apply to electricity
 27 sales at retail by any electricity supplier:

28 (i) in excess of 300,000,000 kilowatt–hours of industrial process
 29 load to a single customer in a year;

30 (ii) to residential customers in a region of the State in which
 31 electricity prices for residential customers are subject to a freeze or cap contained in a

1 settlement agreement entered into under § 7-505 of this title until the freeze or cap
2 has expired; or

3 (iii) to a customer served by an electric cooperative under an
4 electricity supplier purchase agreement that existed on October 1, 2004, until the
5 expiration of the agreement.

6 (b) The renewable energy portfolio standard shall be as follows:

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

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

11 (3) in 2008, 2% from Tier 1 renewable sources and 2.5% from Tier 2
12 renewable sources;

13 (4) in 2009, 2% from Tier 1 renewable sources and 2.5% from Tier 2
14 renewable sources;

15 (5) in 2010, [3%] **4%** from Tier 1 renewable sources, **INCLUDING AT**
16 **LEAST 0.0824% DERIVED FROM SOLAR ENERGY**, and 2.5% from Tier 2 renewable
17 sources;

18 (6) in 2011, [3%] **4%** from Tier 1 renewable sources, **INCLUDING AT**
19 **LEAST 0.0824% DERIVED FROM SOLAR ENERGY**, and 2.5% from Tier 2 renewable
20 sources;

21 (7) in 2012, [4%] **6%** from Tier 1 renewable sources, **INCLUDING AT**
22 **LEAST 0.1658% DERIVED FROM SOLAR ENERGY**, and 2.5% from Tier 2 renewable
23 sources;

24 (8) in 2013, [4%] **6%** from Tier 1 renewable sources, **INCLUDING AT**
25 **LEAST 0.1658% DERIVED FROM SOLAR ENERGY**, and 2.5% from Tier 2 renewable
26 sources;

27 (9) in 2014, [5%] **8%** from Tier 1 renewable sources, **INCLUDING AT**
28 **LEAST 0.2492% DERIVED FROM SOLAR ENERGY**, and 2.5% from Tier 2 renewable
29 sources;

1 (10) in 2015, [5%] **8%** from Tier 1 renewable sources, **INCLUDING AT**
2 **LEAST 0.2492% DERIVED FROM SOLAR ENERGY**, and 2.5% from Tier 2 renewable
3 sources;

4 (11) in 2016, [6%] **10%** from Tier 1 renewable sources, **INCLUDING AT**
5 **LEAST 0.332% DERIVED FROM SOLAR ENERGY**, and 2.5% from Tier 2 renewable
6 sources;

7 (12) in 2017, [6%] **10%** from Tier 1 renewable sources, **INCLUDING AT**
8 **LEAST 0.332% DERIVED FROM SOLAR ENERGY**, and 2.5% from Tier 2 renewable
9 sources;

10 (13) in 2018, [7%] **12%** from Tier 1 renewable sources, **INCLUDING AT**
11 **LEAST 0.4166% DERIVED FROM SOLAR ENERGY**, and 2.5% from Tier 2 renewable
12 sources; [and]

13 (14) in 2019 [and later], [7.5%] **12%** from Tier 1 renewable sources,
14 **INCLUDING AT LEAST 0.4166% DERIVED FROM SOLAR ENERGY**, and [0%] **2.5%**
15 from Tier 2 renewable sources;

16 (15) **IN 2020, 15% FROM TIER 1 RENEWABLE SOURCES, INCLUDING**
17 **AT LEAST 0.5% DERIVED FROM SOLAR ENERGY, AND 0% FROM TIER 2**
18 **RENEWABLE SOURCES;**

19 (16) **IN 2021, 15% FROM TIER 1 RENEWABLE SOURCES, INCLUDING**
20 **AT LEAST 0.5% DERIVED FROM SOLAR ENERGY, AND 0% FROM TIER 2**
21 **RENEWABLE SOURCES;**

22 (17) **IN 2022, 17% FROM TIER 1 RENEWABLE SOURCES, INCLUDING**
23 **AT LEAST 1% DERIVED FROM SOLAR ENERGY, AND 0% FROM TIER 2**
24 **RENEWABLE SOURCES;**

25 (18) **IN 2023, 17% FROM TIER 1 RENEWABLE SOURCES, INCLUDING**
26 **AT LEAST 1% DERIVED FROM SOLAR ENERGY, AND 0% FROM TIER 2**
27 **RENEWABLE SOURCES;**

28 (19) **IN 2024, 19% FROM TIER 1 RENEWABLE SOURCES, INCLUDING**
29 **AT LEAST 1.5% DERIVED FROM SOLAR ENERGY, AND 0% FROM TIER 2**
30 **RENEWABLE SOURCES;**

1 **(20) IN 2025, 19% FROM TIER 1 RENEWABLE SOURCES, INCLUDING**
2 **AT LEAST 1.5% DERIVED FROM SOLAR ENERGY, AND 0% FROM TIER 2**
3 **RENEWABLE SOURCES;**

4 **(21) IN 2026, 21% FROM TIER 1 RENEWABLE SOURCES, INCLUDING**
5 **AT LEAST 2% DERIVED FROM SOLAR ENERGY, AND 0% FROM TIER 2**
6 **RENEWABLE SOURCES;**

7 **(22) IN 2027, 21% FROM TIER 1 RENEWABLE SOURCES, INCLUDING**
8 **AT LEAST 2% DERIVED FROM SOLAR ENERGY, AND 0% FROM TIER 2**
9 **RENEWABLE SOURCES;**

10 **(23) IN 2028, 23% FROM TIER 1 RENEWABLE SOURCES, INCLUDING**
11 **AT LEAST 2.5% DERIVED FROM SOLAR ENERGY, AND 0% FROM TIER 2**
12 **RENEWABLE SOURCES;**

13 **(24) IN 2029, 23% FROM TIER 1 RENEWABLE SOURCES, INCLUDING**
14 **AT LEAST 2.5% DERIVED FROM SOLAR ENERGY, AND 0% FROM TIER 2**
15 **RENEWABLE SOURCES; AND**

16 **(25) IN 2030 AND LATER, 25% FROM TIER 1 RENEWABLE SOURCES,**
17 **INCLUDING AT LEAST 3% DERIVED FROM SOLAR ENERGY, AND 0% FROM TIER 2**
18 **RENEWABLE SOURCES.**

19 (c) Before calculating the number of credits required to meet the percentages
20 established under subsection (b) of this section, an electricity supplier shall exclude
21 from its total retail electricity sales all retail electricity sales described in subsection
22 (a)(2) of this section.

23 (d) Subject to subsections (a) and (c) of this section, an electricity supplier
24 shall meet the renewable energy portfolio standard by accumulating the equivalent
25 amount of renewable energy credits that equal the percentage required under this
26 section.

27 7-704.

28 [(c) An electricity supplier shall receive double credit toward meeting the
29 renewable energy portfolio standard for energy derived from solar energy.]

30 7-705.

1 (a) Each electricity supplier shall submit a report to the Commission each
2 year in a form and by a date specified by the Commission that:

3 (1) demonstrates that the electricity supplier has complied with the
4 applicable renewable energy portfolio standard under § 7-703 of this subtitle and
5 includes the submission of the required amount of renewable energy credits; or

6 (2) demonstrates the amount of electricity sales by which the
7 electricity supplier failed to meet the applicable renewable energy portfolio standard.

8 (b) If an electricity supplier fails to comply with the renewable energy
9 portfolio standard for the applicable year, the electricity supplier shall pay into the
10 Maryland Renewable Energy Fund established under § 7-707 of this subtitle:

11 (1) except as provided in paragraph (2) of this subsection, a
12 compliance fee of:

13 (i) 2 cents for each kilowatt-hour of shortfall from required
14 Tier 1 renewable sources **OTHER THAN THE SHORTFALL FROM THE REQUIRED**
15 **TIER 1 RENEWABLE SOURCES THAT IS REQUIRED TO BE DERIVED FROM SOLAR**
16 **ENERGY SOURCES; [and]**

17 (ii) **10 CENTS FOR EACH KILOWATT-HOUR OF SHORTFALL**
18 **FROM THE REQUIRED TIER 1 RENEWABLE SOURCES THAT IS REQUIRED TO BE**
19 **DERIVED FROM SOLAR ENERGY SOURCES IN THE TIER 1 RENEWABLE SOURCES;**
20 **AND**

21 (iii) 1.5 cents for each kilowatt-hour of shortfall from required
22 Tier 2 renewable sources; or

23 (2) for industrial process load:

24 (i) for each kilowatt-hour of shortfall from required Tier 1
25 renewable sources, a compliance fee of:

26 1. 0.8 cents in 2006, 2007, and 2008;

27 2. 0.5 cents in 2009 and 2010;

28 3. 0.4 cents in 2011 and 2012;

- 1 4. 0.3 cents in 2013 and 2014;
- 2 5. 0.25 cents in 2015 and 2016; and
- 3 6. 0.2 cents in 2017 and later; and
- 4 (ii) nothing for any shortfall from required Tier 2 renewable
- 5 sources.

6 (c) The Commission may allow an electricity supplier to submit the report

7 required under § 7-505(b)(4) of this title to demonstrate compliance with the

8 renewable energy portfolio standard.

9 (d) An aggregator or broker who assists an electricity customer in purchasing

10 electricity but who does not supply the electricity or take title to or ownership of the

11 electricity may require the electricity supplier who supplies the electricity to

12 demonstrate compliance with this subtitle.

13 **Article – State Finance and Procurement**

14 **4-805.**

15 (A) **IN THIS SECTION, “RENEWABLE ENERGY RESOURCE” HAS THE**

16 **MEANING STATED IN § 1-101(AA) OF THE PUBLIC UTILITY COMPANIES**

17 **ARTICLE.**

18 (B) **THE DEPARTMENT SHALL ADOPT REGULATIONS REQUIRING AT**

19 **LEAST 25% OF THE ELECTRICITY SUPPLY PROCURED BY EACH UNIT ON AND**

20 **AFTER JANUARY 1, 2010, TO BE FROM RENEWABLE ENERGY RESOURCES.**

21 (C) **EACH UNIT THAT IS AUTHORIZED TO PROCURE ELECTRICITY**

22 **SUPPLY MAY ENTER INTO CONTRACTS NOT TO EXCEED A TERM OF 15 YEARS FOR**

23 **THE PROVISION OF ELECTRICITY FROM RENEWABLE ENERGY RESOURCES.**

24 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 7-704(d)

25 through (g), respectively, of Article – Public Utility Companies of the Annotated Code

26 of Maryland be renumbered to be Section(s) 7-704(c) through (f), respectively.

27 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect

28 October 1, 2007.