

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 727
Economic Matters

(Delegate Cardin, *et al.*)

Task Force on Renewable Energy

This bill establishes a Task Force on Renewable Energy to evaluate and make recommendations regarding methods of facilitating the use of renewable energy within the State. The Maryland Energy Administration (MEA) and the Maryland Department of the Environment must staff the task force. A report of preliminary findings and recommendations has to be submitted to the Governor and specified committees by July 1, 2008, with a final report by December 1, 2008.

The bill takes effect July 1, 2007, and terminates December 31, 2008.

Fiscal Summary

State Effect: The bill's staffing requirements and any expense reimbursements for task force members are expected to be absorbable within existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Several programs and efforts have been established under State law to encourage the generation/production and use of renewable energy resources. They include the Renewable Energy Portfolio Standard (RPS), grant and loan programs administered by MEA, net metering, renewable fuels production credits, and tax credits for green buildings and producers of qualified energy resources.

Background: Maryland is a net electricity importer, importing over 25% of its electricity needs. The Public Service Commission (PSC) indicates that states to the south, east, and north of Maryland are also significant importers of electricity – resulting in Maryland only being able to import electricity in appreciable amounts from West Virginia and Pennsylvania. The current capacity of the transmission network through which electricity is imported into Maryland can also limit the amount of electricity that can be delivered into the State during times of peak demand. Upgrades are planned, however, to help ensure reliability. PSC expects Maryland’s dependence on out-of-state electricity supplies will likely increase due to projected increases in demand, little new in-state electric generation scheduled to be built in the next five years, and the possibility of fossil-fired generating capacity being de-rated or retired to comply with federal and State air emission requirements.

A number of the programs and efforts established under State law to encourage the generation/production and use of renewable energy resources are relatively new. The RPS, for example, was enacted in 2004 (Chapter 487/488), and 2006 was the first year in which electricity suppliers were required to meet the RPS requirements. The Solar Energy Grant Program was also enacted in 2004 (Chapter 128) and took effect January 1, 2005. The fiscal 2006 budget included a \$75,000 general fund appropriation for the program, and funding was increased in fiscal 2007 to \$1.5 million. Renewable fuel production credits established under Chapter 332 of 2005 are authorized in State law to be distributed on or after December 31, 2007. However, renewable fuel production in Maryland is mostly in the conceptual or development stages currently, and no producers have applied or been certified to receive credits to date.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Association of Counties, Maryland Municipal League, Maryland Department of Agriculture, Maryland Department of the Environment, Maryland Energy Administration, Maryland Environmental Service, Department of Budget and Management, Department of General Services, Department of Natural Resources, University System of Maryland, Department of Legislative Services

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bfl/ljm

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