

SENATE BILL 209

M3

8lr0233

CF 8lr0234

By: **The President (By Request – Administration) and Senators Garagiola, Forehand, Frosh, King, Lenett, Madaleno, Pinsky, and Rosapepe**

Introduced and read first time: January 18, 2008

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Renewable Portfolio Standard Percentage Requirements – Acceleration**

3 FOR the purpose of altering the renewable energy portfolio standard by increasing the
4 percentages of electricity sales that must be met in certain years through the
5 accumulation of renewable energy credits from certain sources; redefining a
6 certain renewable energy credit; increasing the maximum allowable alternative
7 compliance payment; and generally relating to the renewable energy portfolio
8 standard.

9 BY repealing and reenacting, without amendments,
10 Article – Public Utility Companies
11 Section 7–701(a) and 7–703(a)
12 Annotated Code of Maryland
13 (1998 Volume and 2007 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article – Public Utility Companies
16 Section 7–701(i), 7–703(b), and 7–705(b)
17 Annotated Code of Maryland
18 (1998 Volume and 2007 Supplement)

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

21 **Article – Public Utility Companies**

22 7–701.

23 (a) In this subtitle the following words have the meanings indicated.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (i) "Renewable energy credit" or "credit" means a credit equal to the
2 generation attributes of 1 megawatt-hour of electricity that is derived from a Tier 1
3 renewable source or a Tier 2 renewable source that is located:

4 (1) in the PJM region [or in a state that is adjacent to the PJM
5 region]; or

6 (2) outside the area described in item (1) of this subsection but in a
7 control area that is adjacent to the PJM region, if the electricity is delivered into the
8 PJM region.

9 7-703.

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

13 (ii) If the standard becomes applicable to electricity sold to a
14 customer after the start of a calendar year, the standard does not apply to electricity
15 sold to the customer during that portion of the year before the standard became
16 applicable.

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

19 (i) in excess of 300,000,000 kilowatt-hours of industrial process
20 load to a single customer in a year;

21 (ii) to residential customers in a region of the State in which
22 electricity prices for residential customers are subject to a freeze or cap contained in a
23 settlement agreement entered into under § 7-505 of this title until the freeze or cap
24 has expired; or

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

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

29 (1) in 2006, 1% from Tier 1 renewable sources and 2.5% from Tier 2
30 renewable sources;

31 (2) in 2007, 1% from Tier 1 renewable sources and 2.5% from Tier 2
32 renewable sources;

33 (3) in 2008, 2.005% from Tier 1 renewable sources, including at least
34 0.005% derived from solar energy, and 2.5% from Tier 2 renewable sources;

1 (4) in 2009, [2.01%] **4.02%** from Tier 1 renewable sources, including
2 at least 0.01% derived from solar energy, and 2.5% from Tier 2 renewable sources;

3 (5) in 2010, [3.025%] **6.05%** from Tier 1 renewable sources, including
4 at least 0.025% derived from solar energy, and 2.5% from Tier 2 renewable sources;

5 (6) in 2011, [3.04%] **6.08%** from Tier 1 renewable sources, including
6 at least 0.04% derived from solar energy, and 2.5% from Tier 2 renewable sources;

7 (7) in 2012, [4.06%] **8.12%** from Tier 1 renewable sources, including
8 at least 0.06% derived from solar energy, and 2.5% from Tier 2 renewable sources;

9 (8) in 2013, [4.1%] **8.2%** from Tier 1 renewable sources, including at
10 least 0.1% derived from solar energy, and 2.5% from Tier 2 renewable sources;

11 (9) in 2014, [5.15%] **10.3%** from Tier 1 renewable sources, including
12 at least 0.15% derived from solar energy, and 2.5% from Tier 2 renewable sources;

13 (10) in 2015, [5.25%] **10.5%** from Tier 1 renewable sources, including
14 at least 0.25% derived from solar energy, and 2.5% from Tier 2 renewable sources;

15 (11) in 2016, [6.35%] **12.7%** from Tier 1 renewable sources, including
16 at least 0.35% derived from solar energy, and 2.5% from Tier 2 renewable sources;

17 (12) in 2017, [6.55%] **13.1%** from Tier 1 renewable sources, including
18 at least 0.55% derived from solar energy, and 2.5% from Tier 2 renewable sources;

19 (13) in 2018, [7.9%] **15.8%** from Tier 1 renewable sources, including at
20 least 0.9% derived from solar energy, and 2.5% from Tier 2 renewable sources;

21 (14) in 2019, [8.7%] **17.4%** from Tier 1 renewable sources, including at
22 least 1.2% derived from solar energy, and 0% from Tier 2 renewable sources;

23 (15) in 2020, [9%] **18%** from Tier 1 renewable sources, including at
24 least 1.5% derived from solar energy, and 0% from Tier 2 renewable sources;

25 (16) in 2021, [9.35%] **18.7%** from Tier 1 renewable sources, including
26 at least 1.85% derived from solar energy, and 0% from Tier 2 renewable sources; and

27 (17) in 2022 and later, [9.5%] **20%** from Tier 1 renewable sources,
28 including at least 2% derived from solar energy, and 0% from Tier 2 renewable
29 sources.

30 7-705.

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

4 (1) except as provided in item (2) of this subsection, a compliance fee
5 of:

6 (i) [2] 4 cents for each kilowatt-hour of shortfall from required
7 Tier 1 renewable sources other than the shortfall from the required Tier 1 renewable
8 sources that is to be derived from solar energy;

9 (ii) the following amounts for each kilowatt-hour of shortfall
10 from required Tier 1 renewable sources that is to be derived from solar energy:

- 11 1. 45 cents in 2008;
- 12 2. 40 cents in 2009 and 2010;
- 13 3. 35 cents in 2011 and 2012;
- 14 4. 30 cents in 2013 and 2014;
- 15 5. 25 cents in 2015 and 2016;
- 16 6. 20 cents in 2017 and 2018;
- 17 7. 15 cents in 2019 and 2020;
- 18 8. 10 cents in 2021 and 2022; and
- 19 9. 5 cents in 2023 and later; and

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

22 (2) for industrial process load:

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

- 25 1. 0.8 cents in 2006, 2007, and 2008;
- 26 2. 0.5 cents in 2009 and 2010;
- 27 3. 0.4 cents in 2011 and 2012;
- 28 4. 0.3 cents in 2013 and 2014;

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

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect

6 October 1, 2008.