

# SENATE BILL 277

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

Introduced and read first time: January 22, 2010

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Renewable Energy Portfolio Standard – Solar Energy**

3 FOR the purpose of altering a certain renewable energy portfolio standard in certain  
4 years for electricity derived from solar energy; altering certain compliance fees  
5 for a shortfall from the requirement for solar energy in meeting a certain  
6 standard; providing for the effective date of this Act; and generally relating to  
7 the renewable energy portfolio standard and solar energy.

8 BY repealing and reenacting, with amendments,  
9 Article – Public Utility Companies  
10 Section 7–703 and 7–705(b)  
11 Annotated Code of Maryland  
12 (2008 Replacement Volume and 2009 Supplement)

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

15 **Article – Public Utility Companies**

16 7–703.

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

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

13                   (1) in 2006, 1% from Tier 1 renewable sources and 2.5% from Tier 2  
14 renewable sources;

15                   (2) in 2007, 1% from Tier 1 renewable sources and 2.5% from Tier 2  
16 renewable sources;

17                   (3) in 2008, 2.005% from Tier 1 renewable sources, including at least  
18 0.005% derived from solar energy, and 2.5% from Tier 2 renewable sources;

19                   (4) in 2009, 2.01% from Tier 1 renewable sources, including at least  
20 0.01% derived from solar energy, and 2.5% from Tier 2 renewable sources;

21                   (5) in 2010, 3.025% from Tier 1 renewable sources, including at least  
22 0.025% derived from solar energy, and 2.5% from Tier 2 renewable sources;

23                   (6) in 2011, 5.0% from Tier 1 renewable sources, including at least  
24 [0.04%] **0.05%** derived from solar energy, and 2.5% from Tier 2 renewable sources;

25                   (7) in 2012, 6.5% from Tier 1 renewable sources, including at least  
26 [0.06%] **0.12%** derived from solar energy, and 2.5% from Tier 2 renewable sources;

27                   (8) in 2013, 8.2% from Tier 1 renewable sources, including at least  
28 [0.1%] **0.22%** derived from solar energy, and 2.5% from Tier 2 renewable sources;

29                   (9) in 2014, 10.3% from Tier 1 renewable sources, including at least  
30 [0.15%] **0.36%** derived from solar energy, and 2.5% from Tier 2 renewable sources;

31                   (10) in 2015, 10.5% from Tier 1 renewable sources, including at least  
32 [0.25%] **0.5%** derived from solar energy, and 2.5% from Tier 2 renewable sources;

1 (11) in 2016, 12.7% from Tier 1 renewable sources, including at least  
2 ~~[0.35%]~~ **0.7%** derived from solar energy, and 2.5% from Tier 2 renewable sources;

3 (12) in 2017, 13.1% from Tier 1 renewable sources, including at least  
4 ~~[0.55%]~~ **0.9%** derived from solar energy, and 2.5% from Tier 2 renewable sources;

5 (13) in 2018, 15.8% from Tier 1 renewable sources, including at least  
6 ~~[0.9%]~~ **1.15%** derived from solar energy, and 2.5% from Tier 2 renewable sources;

7 (14) in 2019, 17.4% from Tier 1 renewable sources, including at least  
8 ~~[1.2%]~~ **1.4%** derived from solar energy, and 0% from Tier 2 renewable sources;

9 (15) in 2020, 18% from Tier 1 renewable sources, including at least  
10 ~~[1.5%]~~ **1.65%** derived from solar energy, and 0% from Tier 2 renewable sources;

11 (16) in 2021, 18.7% from Tier 1 renewable sources, including at least  
12 1.85% derived from solar energy, and 0% from Tier 2 renewable sources; and

13 (17) in 2022 and later, 20% from Tier 1 renewable sources, including at  
14 least 2% derived from solar energy, and 0% from Tier 2 renewable sources.

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

19 (d) Subject to subsections (a) and (c) of this section, an electricity supplier  
20 shall meet the renewable energy portfolio standard by accumulating the equivalent  
21 amount of renewable energy credits that equal the percentages required under this  
22 section.

23 7-705.

24 (b) If an electricity supplier fails to comply with the renewable energy  
25 portfolio standard for the applicable year, the electricity supplier shall pay into the  
26 Maryland Strategic Energy Investment Fund established under § 9-20B-05 of the  
27 State Government Article:

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

30 (i) 2 cents for each kilowatt-hour of shortfall from required  
31 Tier 1 renewable sources other than the shortfall from the required Tier 1 renewable  
32 sources that is to be derived from solar energy;

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

- 3 1. 45 cents in 2008;
- 4 2. 40 cents in 2009 [and 2010] **THROUGH 2014**;
- 5 [3. 35 cents in 2011 and 2012;
- 6 4. 30 cents in 2013 and 2014;]
- 7 [5.] **3. [25] 35 cents in 2015 and 2016;**
- 8 [6.] **4. [20] 30 cents in 2017 and 2018;**
- 9 [7.] **5. [15] 25 cents in 2019 and 2020;**
- 10 [8.] **6. [10] 20 cents in 2021 and 2022; [and]**
- 11 [9.] **7. [5] 15 cents in 2023 and [later; and] 2024;**
- 12 **8. 10 CENTS IN 2025 AND 2026; AND**
- 13 **9. 5 CENTS IN 2027 AND LATER; AND**

14 (iii) 1.5 cents for each kilowatt–hour of shortfall from required  
15 Tier 2 renewable sources; or

16 (2) for industrial process load:

17 (i) for each kilowatt–hour of shortfall from required Tier 1  
18 renewable sources, a compliance fee of:

- 19 1. 0.8 cents in 2006, 2007, and 2008;
- 20 2. 0.5 cents in 2009 and 2010;
- 21 3. 0.4 cents in 2011 and 2012;
- 22 4. 0.3 cents in 2013 and 2014;
- 23 5. 0.25 cents in 2015 and 2016; and
- 24 6. 0.2 cents in 2017 and later; and

25 (ii) nothing for any shortfall from required Tier 2 renewable  
26 sources.

1           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2    January 1, 2011.