

HOUSE BILL 1414

C5

(7lr1915)

ENROLLED BILL

— *Economic Matters/Finance* —

Introduced by **Delegate Jameson**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Renewable Energy Portfolio Standard – Study**

3 FOR the purpose of requiring the ~~Maryland Clean Energy Center and the University of~~
4 ~~Maryland Energy Research Center jointly~~ Power Plant Research Program to conduct
5 a study on the renewable energy portfolio standard and certain related matters;
6 providing for the scope of the study; providing certain specific subjects that the study
7 must address; requiring certain State and local units to cooperate with the ~~centers~~
8 Program in the conduct of the study; requiring the ~~centers~~ Program to report to the
9 Governor and certain committees on or before certain dates; providing for the
10 termination of this Act; and generally relating to the renewable energy portfolio
11 standard and the State's energy policies.

12 BY repealing and reenacting, without amendments,

13 Article – Public Utilities

14 Section 7–701(a), (b), (i), (n), (o), and (p)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



Annotated Code of Maryland
(2010 Replacement Volume and 2016 Supplement)

BY adding to
Article – Public Utilities
Section 7–714
Annotated Code of Maryland
(2010 Replacement Volume and 2016 Supplement)

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

Article – Public Utilities

7–701.

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

(b) “Administration” means the Maryland Energy Administration.

(i) “PJM region” means the control area administered by the PJM
Interconnection, as the area may change from time to time.

(n) “Renewable energy credit” or “credit” means a credit equal to the generation
attributes of 1 megawatt–hour of electricity that is derived from a Tier 1 renewable source
or a Tier 2 renewable source that is located:

(1) in the PJM region;

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

(3) on the outer continental shelf of the Atlantic Ocean in an area that:

(i) the United States Department of the Interior designates for
leasing after coordination and consultation with the State in accordance with § 388(a) of
the Energy Policy Act of 2005; and

(ii) is between 10 and 30 miles off the coast of the State.

(o) “Renewable energy portfolio standard” or “standard” means the percentage of
electricity sales at retail in the State that is to be derived from Tier 1 renewable sources
and Tier 2 renewable sources in accordance with § 7–703(b) of this subtitle.

(p) “Renewable on–site generator” means a person who generates electricity on
site from a Tier 1 renewable source or a Tier 2 renewable source for the person’s own use.

7-714.

(A) ~~THE MARYLAND CLEAN ENERGY CENTER AND THE UNIVERSITY OF MARYLAND ENERGY RESEARCH CENTER~~ POWER PLANT RESEARCH PROGRAM SHALL ~~JOINTLY~~ CONDUCT A STUDY OF THE RENEWABLE ENERGY PORTFOLIO STANDARD AND RELATED MATTERS IN ACCORDANCE WITH THIS SECTION.

(B) THE STUDY SHALL BE A COMPREHENSIVE REVIEW OF THE HISTORY, IMPLEMENTATION, OVERALL COSTS AND BENEFITS, AND EFFECTIVENESS OF THE RENEWABLE ENERGY PORTFOLIO STANDARD IN RELATION TO THE ENERGY POLICIES OF THE STATE, INCLUDING:

(1) THE AVAILABILITY OF ALL CLEAN ENERGY SOURCES AT REASONABLE AND AFFORDABLE RATES, INCLUDING IN-STATE AND OUT-OF-STATE RENEWABLE ENERGY OPTIONS;

(2) THE ECONOMIC AND ENVIRONMENTAL IMPACTS OF THE DEPLOYMENT OF RENEWABLE ENERGY SOURCES IN THE STATE AND IN SURROUNDING AREAS OF THE PJM REGION;

(3) THE EFFECTIVENESS OF THE STANDARD IN ENCOURAGING DEVELOPMENT AND DEPLOYMENT OF RENEWABLE ENERGY SOURCES;

(4) THE IMPACT OF ALTERATIONS THAT HAVE BEEN MADE IN THE COMPONENTS OF EACH TIER OF THE STANDARD, THE IMPLEMENTATION OF DIFFERENT SPECIFIC GOALS FOR PARTICULAR SOURCES, AND THE EFFECT OF DIFFERENT PERCENTAGES AND ALTERNATIVE COMPLIANCE PAYMENT SCALES FOR ENERGY IN THE TIERS;

(5) AN ASSESSMENT OF ALTERNATIVE MODELS OF REGULATION AND MARKET-BASED TOOLS THAT MAY BE AVAILABLE OR ADVISABLE TO PROMOTE THE GOALS OF THE STANDARD AND THE ENERGY POLICIES OF THE STATE; AND

(6) THE POTENTIAL TO ALTER OR OTHERWISE EVOLVE THE STANDARD IN ORDER TO INCREASE AND MAINTAIN ITS EFFECTIVENESS IN PROMOTING THE STATE'S ENERGY POLICIES.

(C) PARTICULAR SUBJECTS TO BE ADDRESSED IN THE STUDY INCLUDE:

(1) THE ROLE AND EFFECTIVENESS THAT THE STANDARD MAY HAVE IN REDUCING THE CARBON CONTENT OF IMPORTED ELECTRICITY AND WHETHER EXISTING OR NEW ADDITIONAL COMPLEMENTARY POLICIES OR PROGRAMS COULD

1 HELP ADDRESS THE CARBON EMISSIONS ASSOCIATED WITH ELECTRICITY IMPORTED
2 INTO THE STATE;

3 (2) THE NET ENVIRONMENTAL AND FISCAL IMPACTS THAT MAY BE
4 ASSOCIATED WITH LONG-TERM CONTRACTS TIED TO CLEAN ENERGY PROJECTS,
5 INCLUDING:

6 (I) RATEPAYER IMPACTS THAT RESULTED IN OTHER STATES
7 FROM THE USE OF LONG-TERM CONTRACTS FOR THE PROCUREMENT OF RENEWABLE
8 ENERGY FOR THE OTHER STATES' STANDARD OFFER SERVICE AND WHETHER THE
9 USE OF LONG-TERM CONTRACTS INCENTIVIZED NEW RENEWABLE ENERGY
10 GENERATION DEVELOPMENT; AND

11 (II) RATEPAYER IMPACTS THAT MAY RESULT IN THE STATE
12 FROM THE USE OF LONG-TERM CONTRACTS FOR EACH ENERGY SOURCE IN THE
13 STATE'S TIER 1 AND WHETHER, FOR EACH OF THE SOURCES, THE USE OF
14 LONG-TERM CONTRACTS WOULD INCENTIVIZE NEW RENEWABLE ENERGY
15 GENERATION DEVELOPMENT IN THAT SOURCE;

16 (3) WHETHER THE STANDARD IS ABLE TO MEET CURRENT AND
17 POTENTIAL FUTURE TARGETS WITHOUT THE INCLUSION OF CERTAIN
18 TECHNOLOGIES;

19 (4) WHAT INDUSTRIES ARE PROJECTED TO GROW, AND TO WHAT
20 EXTENT, AS A RESULT OF INCENTIVES ASSOCIATED WITH THE STANDARD;

21 (5) WHETHER THE PUBLIC HEALTH AND ENVIRONMENTAL BENEFITS
22 OF THE GROWING CLEAN ENERGY INDUSTRIES SUPPORTED BY THE STANDARD ARE
23 BEING EQUITABLY DISTRIBUTED ACROSS OVERBURDENED AND UNDERSERVED
24 ENVIRONMENTAL JUSTICE COMMUNITIES;

25 (6) WHETHER THE STATE IS LIKELY TO MEET ITS EXISTING GOALS
26 UNDER THE STANDARD AND, IF THE STATE WERE TO INCREASE THOSE GOALS,
27 WHETHER ELECTRICITY SUPPLIERS SHOULD EXPECT TO FIND AN ADEQUATE
28 SUPPLY TO MEET THE ADDITIONAL DEMAND FOR CREDITS;

29 (7) ADDITIONAL OPPORTUNITIES THAT MAY BE AVAILABLE TO
30 PROMOTE LOCAL JOB CREATION WITHIN THE INDUSTRIES THAT ARE PROJECTED TO
31 GROW AS A RESULT OF THE STANDARD;

32 (8) SYSTEM FLEXIBILITY THAT THE STATE WOULD NEED UNDER
33 FUTURE GOALS UNDER THE STANDARD, INCLUDING THE QUANTITIES OF SYSTEM
34 PEAKING AND RAMPING THAT MAY BE REQUIRED;

1 (9) ~~WHETHER AND~~ HOW ENERGY STORAGE TECHNOLOGY AND OTHER
2 FLEXIBILITY RESOURCES SHOULD CONTINUE TO BE ADDRESSED IN SUPPORT OF
3 RENEWABLE ENERGY AND STATE ENERGY POLICY, INCLUDING:

4 (I) ~~WHETHER THE RESOURCES SHOULD BE INCLUDED IN THE~~
5 ~~STANDARD OR SHOULD BE ADDRESSED BY A SEPARATE STANDARD OR~~ ENCOURAGED
6 THROUGH A PROCUREMENT MECHANISM, A PRODUCTION, OR AN INSTALLATION
7 INCENTIVE;

8 (II) ~~WHETHER RESOURCES SUCH AS THE ADVISABILITY OF~~
9 PROVIDING INCENTIVES FOR ENERGY STORAGE DEVICES THAT TO INCREASE
10 HOSTING CAPACITY OF INCREASED RENEWABLE ON-SITE GENERATION ON THE
11 DISTRIBUTION SYSTEM SHOULD BE INCLUDED AS PART OF THE STANDARD; AND

12 (III) ~~WHAT OWNERSHIP MODELS MAY BE APPROPRIATE FOR~~
13 ~~ENERGY STORAGE RECOGNIZED UNDER THE STANDARD OR AN ALTERNATIVE~~
14 ~~MECHANISM; AND~~

15 (IV) ~~A COMPARISON OF THE NET RATEPAYER DISCUSSION OF~~
16 THE COSTS AND BENEFITS OF ENERGY STORAGE DEPLOYMENT IN THE STATE UNDER
17 FUTURE GOALS SCENARIOS, AND HOW MUCH OF THOSE BENEFITS CAN BE
18 MONETIZED BY EITHER STORAGE RESOURCE OWNERS OR ELECTRIC DISTRIBUTION
19 UTILITIES FOR RENEWABLE GENERATION; AND

20 (10) THE ROLE OF IN-STATE CLEAN ENERGY IN ACHIEVING
21 GREENHOUSE GAS EMISSION REDUCTIONS AND PROMOTING LOCAL JOBS AND
22 ECONOMIC ACTIVITY IN THE STATE;

23 (11) AN ASSESSMENT OF ANY CHANGE IN SOLAR RENEWABLE ENERGY
24 CREDIT PRICES OVER THE IMMEDIATE 24 MONTHS PRECEDING THE SUBMISSION OF
25 THE INTERIM REPORT REQUIRED UNDER SUBSECTION (E) OF THIS SECTION; AND

26 (12) ANY OTHER MATTERS THE ~~CENTERS CONSIDER~~ PROGRAM
27 CONSIDERS RELEVANT TO THE ANALYSIS OF THE ISSUES OUTLINED IN THIS
28 SECTION.

29 (D) (1) THE COMMISSION, THE ADMINISTRATION, THE DEPARTMENT OF
30 THE ENVIRONMENT, THE DEPARTMENT OF NATURAL RESOURCES, AND OTHER
31 STATE AND LOCAL UNITS SHALL COOPERATE WITH THE ~~CENTERS~~ PROGRAM IN THE
32 CONDUCT OF THE STUDY UNDER THIS SECTION, INCLUDING SHARING OF
33 INFORMATION, DATA, AND RESOURCES, SUBJECT TO APPROPRIATE LEGAL
34 PROTECTION OF COMMERCIALY SENSITIVE AND OTHER INFORMATION.

1 **(2) THE PROGRAM SHALL CONSULT WITH REPRESENTATIVES OF**
2 **VARIOUS SEGMENTS OF THE CLEAN ENERGY INDUSTRY AND OTHER STAKEHOLDERS.**

3 **(E) (1) (I) ON OR BEFORE DECEMBER 1, 2018, THE ~~CENTERS~~**
4 **PROGRAM SHALL SUBMIT AN INTERIM REPORT ON ANY PRELIMINARY FINDINGS OF**
5 **THE STUDY UNDER THIS SECTION, INCLUDING ANY OBSERVATIONS AND REQUESTS**
6 **FOR ALTERATION OR CLARIFICATION OF THE SCOPE, SUBJECTS, PROCEDURES, AND**
7 **INTERGOVERNMENTAL COOPERATION THAT MAY BE REQUIRED TO COMPLETE THE**
8 **STUDY AND SUBMIT A FINAL REPORT UNDER THIS SUBSECTION.**

9 **(II) IF THE PROGRAM DETERMINES THAT ANY PRELIMINARY**
10 **FINDINGS UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH WARRANT REPORTING**
11 **EARLIER THAN DECEMBER 1, 2018, THE PROGRAM MAY SUBMIT A PRELIMINARY**
12 **INTERIM REPORT ON THOSE PRELIMINARY FINDINGS.**

13 **(2) ON OR BEFORE DECEMBER 1, 2019, THE ~~CENTERS~~ PROGRAM**
14 **SHALL SUBMIT A FINAL REPORT ON THE FINDINGS OF THE STUDY, INCLUDING**
15 **PROPOSALS FOR ANY ALTERATION OF THE RENEWABLE PORTFOLIO STANDARD,**
16 **ALTERNATIVE MECHANISMS FOR FURTHERING THE STATE'S ENERGY POLICIES, AND**
17 **RELATED MATTERS, AND ANY PROPOSED LEGISLATIVE OR REGULATORY CHANGES**
18 **RECOMMENDED TO IMPLEMENT THE FINDINGS OF THE STUDY.**

19 **(3) THE INTERIM, ANY PRELIMINARY INTERIM, AND FINAL REPORTS**
20 **SHALL BE SUBMITTED TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE STATE**
21 **GOVERNMENT ARTICLE, THE SENATE FINANCE COMMITTEE AND THE HOUSE**
22 **ECONOMIC MATTERS COMMITTEE.**

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
24 1, 2017. It shall remain effective for a period of 3 years and 1 month and, at the end of June
25 30, 2020, with no further action required by the General Assembly, this Act shall be
26 abrogated and of no further force and effect.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.