

HOUSE BILL 879

C5, M5

9lr2693
CF 9lr3023

By: **Delegates Clippinger, R. Lewis, and Pena–Melnyk**

Introduced and read first time: February 8, 2019

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Ratepayer Reduction for Renewable Energy Act**

3 FOR the purpose of requiring an electric company to contract for certain renewable energy
4 credits and electricity generated from certain Tier 1 renewable sources to meet a
5 certain portion of the renewable energy portfolio standard for electricity that the
6 electric company provides to certain customers beginning on a certain date; requiring
7 an electric company to solicit bids for a certain contract from certain renewable
8 energy facilities; requiring an electric company to use a competitive procurement
9 process to award a certain contract; requiring that a term for a certain contract be
10 for a certain minimum and maximum duration; requiring an electric company to
11 submit a certain contract to the Public Service Commission for review and approval
12 before awarding the contract; requiring the Commission to approve a certain
13 contract under certain circumstances; requiring an awarded contract to be subject to
14 the Commission's regulatory authority; requiring the Commission to adopt certain
15 regulations on or before a certain date; providing for the application of this Act; and
16 generally relating to the renewable energy portfolio standard.

17 BY repealing and reenacting, without amendments,
18 Article – Public Utilities
19 Section 7–701(a) and (r)
20 Annotated Code of Maryland
21 (2010 Replacement Volume and 2018 Supplement)

22 BY adding to
23 Article – Public Utilities
24 Section 7–703.1
25 Annotated Code of Maryland
26 (2010 Replacement Volume and 2018 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – Public Utilities

1

2 7–701.

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

4 (r) “Tier 1 renewable source” means one or more of the following types of energy
5 sources:6 (1) solar energy, including energy from photovoltaic technologies and solar
7 water heating systems;

8 (2) wind;

9 (3) qualifying biomass;

10 (4) methane from the anaerobic decomposition of organic materials in a
11 landfill or wastewater treatment plant;12 (5) geothermal, including energy generated through geothermal exchange
13 from or thermal energy avoided by, groundwater or a shallow ground source;14 (6) ocean, including energy from waves, tides, currents, and thermal
15 differences;16 (7) a fuel cell that produces electricity from a Tier 1 renewable source
17 under item (3) or (4) of this subsection;18 (8) a small hydroelectric power plant of less than 30 megawatts in capacity
19 that is licensed or exempt from licensing by the Federal Energy Regulatory Commission;

20 (9) poultry litter–to–energy;

21 (10) waste–to–energy;

22 (11) refuse–derived fuel; and

23 (12) thermal energy from a thermal biomass system.

24 **7–703.1.**25 **(A) THIS SECTION DOES NOT APPLY TO AN ELECTRIC COOPERATIVE THAT**
26 **CHOOSSES TO CONTINUE TO SUPPLY ITS STANDARD OFFER SERVICE LOAD THROUGH**
27 **A PORTFOLIO OF BLENDED WHOLESALE SUPPLY CONTRACTS AND OTHER**
28 **APPROPRIATE ELECTRICITY PRODUCTS AND STRATEGIES IN ACCORDANCE WITH §**

1 7-510(C)(8) OF THIS TITLE.

2 (B) NOTWITHSTANDING § 7-510 OF THIS TITLE OR ANY REGULATION OR
3 ORDER UNDER THIS TITLE, BEGINNING IN 2020, AN ELECTRIC COMPANY SHALL
4 CONTRACT FOR RENEWABLE ENERGY CREDITS AND ELECTRICITY GENERATED
5 FROM ENERGY FROM A TIER 1 RENEWABLE SOURCE UNDER § 7-701(R)(1), (2), (5),
6 (6), OR (8) OF THIS SUBTITLE TO MEET A PORTION OF THE ELECTRIC COMPANY'S
7 RENEWABLE ENERGY PORTFOLIO STANDARD IN ACCORDANCE WITH SUBSECTIONS
8 (C) AND (D) OF THIS SECTION.

9 (C) (1) AN ELECTRIC COMPANY SHALL:

10 (I) SOLICIT BIDS FOR A CONTRACT UNDER SUBSECTION (B) OF
11 THIS SECTION FROM RENEWABLE ENERGY FACILITIES THAT WILL BE PLACED INTO
12 SERVICE WITHIN 3 YEARS AFTER THE DATE OF THE SOLICITATION; AND

13 (II) USE A COMPETITIVE PROCUREMENT PROCESS TO AWARD
14 THE CONTRACT.

15 (2) THE TERM OF A CONTRACT UNDER SUBSECTION (B) OF THIS
16 SECTION SHALL BE FOR AT LEAST 10 YEARS AND NOT MORE THAN 20 YEARS.

17 (3) (I) BEFORE AWARDING A CONTRACT UNDER THIS SUBSECTION,
18 THE ELECTRIC COMPANY SHALL:

19 1. SUBMIT THE CONTRACT TO THE COMMISSION FOR
20 REVIEW; AND

21 2. RECEIVE THE COMMISSION'S APPROVAL OF THE
22 CONTRACT, AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH.

23 (II) IF THE COMMISSION DETERMINES THAT THE CONTRACT
24 SUBMITTED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH IS COST EFFECTIVE AS
25 COMPARED TO THE LONG-TERM PROJECTION OF RENEWABLE ENERGY COSTS, THE
26 COMMISSION SHALL APPROVE THE CONTRACT.

27 (4) A CONTRACT AWARDED UNDER THIS SECTION IS SUBJECT TO THE
28 COMMISSION'S REGULATORY AUTHORITY.

29 (D) BEGINNING IN 2022, THE RENEWABLE ENERGY CREDITS AND
30 ELECTRICITY CONTRACTED FOR UNDER SUBSECTION (B) OF THIS SECTION SHALL
31 BE USED TO MEET AT LEAST 50% OF THAT YEAR'S AND EACH SUBSEQUENT YEAR'S
32 RENEWABLE PORTFOLIO STANDARD FOR THE ELECTRICITY THAT THE ELECTRIC

1 COMPANY PROVIDES TO CUSTOMERS OF THE ELECTRIC COMPANY'S STANDARD
2 OFFER SERVICE.

3 (E) ON OR BEFORE MARCH 31, 2020, THE COMMISSION SHALL ADOPT
4 REGULATIONS TO CARRY OUT THIS SECTION.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to
6 apply only prospectively and may not be applied or interpreted to have any effect on or
7 application to any contract existing before the effective date of this Act.

8 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 October 1, 2019.