

# SENATE BILL 902

C5, M3

2lr2882

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By: **Senator Hershey**

Introduced and read first time: February 7, 2022

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Dams With Hydroelectric Power Plants – Annual Compensation Fee**

3 FOR the purpose of requiring the owner of a dam associated with a certain hydroelectric  
4 power plant to pay an annual compensation fee to the Department of the  
5 Environment for the use of State land and waterways beginning on a certain date;  
6 requiring the Public Service Commission to determine the average price of a Tier 2  
7 renewable energy credit for certain renewable energy portfolio standard compliance  
8 years; prohibiting the owner of the dam from applying to or petitioning the  
9 Commission to increase the hydroelectric power plant's rates as a means of offsetting  
10 the cost of the compensation fee; requiring the Department to transfer revenue  
11 generated from the compensation fee to the Chesapeake Bay Trust for certain  
12 purposes; and generally relating to an annual compensation fee for dams associated  
13 with hydroelectric power plants.

14 BY adding to

15 Article – Public Utilities

16 Section 7–217

17 Annotated Code of Maryland

18 (2020 Replacement Volume and 2021 Supplement)

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

21 **Article – Public Utilities**

22 **7–217.**

23 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**  
24 **INDICATED.**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           **(2) “RENEWABLE ENERGY CREDIT” HAS THE MEANING STATED IN §**  
2 **7-701 OF THIS TITLE.**

3           **(3) “RENEWABLE ENERGY PORTFOLIO STANDARD” HAS THE**  
4 **MEANING STATED IN § 7-701 OF THIS TITLE.**

5           **(4) “TIER 2” MEANS A TIER 2 RENEWABLE SOURCE AS DEFINED IN §**  
6 **7-701 OF THIS TITLE.**

7           **(B) BEGINNING JANUARY 1, 2023, THE OWNER OF A DAM ASSOCIATED WITH**  
8 **A HYDROELECTRIC POWER PLANT THAT HAS A GENERATING CAPACITY OF AT LEAST**  
9 **30 MEGAWATTS AND IS CONNECTED WITH THE ELECTRIC DISTRIBUTION GRID**  
10 **SERVING MARYLAND SHALL PAY AN ANNUAL COMPENSATION FEE TO THE**  
11 **DEPARTMENT OF THE ENVIRONMENT FOR THE USE OF STATE LAND AND**  
12 **WATERWAYS.**

13           **(C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION,**  
14 **THE COMPENSATION FEE SHALL BE:**

15                   **(I) CALCULATED ON AN ANNUAL BASIS; AND**

16                   **(II) COMPUTED BY MULTIPLYING:**

17                           **1. THE MEGAWATT-HOURS OF ELECTRICITY**  
18 **GENERATED BY THE HYDROELECTRIC POWER PLANT DURING THE PREVIOUS YEAR;**

19                           **2. THE AVERAGE PRICE OF A TIER 2 RENEWABLE**  
20 **ENERGY CREDIT FOR THE PREVIOUS RENEWABLE ENERGY PORTFOLIO STANDARD**  
21 **COMPLIANCE YEAR, AS DETERMINED BY THE COMMISSION; AND**

22                           **3. 80%.**

23           **(2) ON OR BEFORE JANUARY 31, 2023, AND ON OR BEFORE EACH**  
24 **JANUARY 31 THEREAFTER, THE COMMISSION SHALL DETERMINE THE AVERAGE**  
25 **PRICE OF A TIER 2 RENEWABLE ENERGY CREDIT FOR THE PREVIOUS RENEWABLE**  
26 **ENERGY PORTFOLIO STANDARD COMPLIANCE YEAR.**

27           **(3) (I) THE COMPENSATION FEE PAID IN 2023 SHALL INCLUDE A**  
28 **FEE FOR THE USE OF STATE LAND AND WATERWAYS DURING THE 2020 AND 2021**  
29 **CALENDAR YEARS.**

30                   **(II) THE COMPENSATION FEE UNDER SUBPARAGRAPH (I) OF**  
31 **THIS PARAGRAPH SHALL BE COMPUTED BY MULTIPLYING:**

1                   **1. THE MEGAWATT-HOURS OF ELECTRICITY**  
2 **GENERATED BY THE HYDROELECTRIC POWER PLANT DURING 2020 AND 2021,**  
3 **RESPECTIVELY;**

4                   **2. THE AVERAGE PRICE OF A TIER 2 RENEWABLE**  
5 **ENERGY CREDIT FOR THE 2020 AND 2021 RENEWABLE ENERGY PORTFOLIO**  
6 **STANDARD COMPLIANCE YEARS, RESPECTIVELY, AS DETERMINED BY THE**  
7 **COMMISSION; AND**

8                   **3. 80%.**

9                   **(III) ON OR BEFORE JANUARY 31, 2023, THE COMMISSION**  
10 **SHALL DETERMINE THE AVERAGE PRICE OF A TIER 2 RENEWABLE ENERGY CREDIT**  
11 **FOR THE 2020 AND 2021 RENEWABLE ENERGY PORTFOLIO STANDARD COMPLIANCE**  
12 **YEARS.**

13                   **(D) THE OWNER OF A DAM ASSOCIATED WITH A HYDROELECTRIC POWER**  
14 **PLANT MAY NOT APPLY TO OR PETITION THE COMMISSION TO INCREASE THE**  
15 **HYDROELECTRIC POWER PLANT'S ELECTRICITY RATES AS A MEANS OF OFFSETTING**  
16 **THE COST OF THE COMPENSATION FEE IMPOSED UNDER THIS SECTION.**

17                   **(E) THE DEPARTMENT OF THE ENVIRONMENT SHALL TRANSFER REVENUE**  
18 **GENERATED FROM THE COMPENSATION FEE UNDER THIS SECTION TO THE**  
19 **CHESAPEAKE BAY TRUST TO BE USED AS FOLLOWS:**

20                   **(1) 25% OF THE REVENUE FOR THE ADMINISTRATION OF GRANTS FOR**  
21 **AQUATIC SPECIES RESTORATION; AND**

22                   **(2) 75% OF THE REVENUE AS GRANTS TO COUNTY OYSTER**  
23 **COMMITTEES FOR PURCHASING OR OBTAINING NATIVE CHESAPEAKE BAY OYSTER**  
24 **SHELLS.**

25                   **(F) THE COMMISSION AND THE DEPARTMENT OF THE ENVIRONMENT**  
26 **JOINTLY SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION.**

27                   **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**  
28 **October 1, 2022.**