

# SENATE BILL 867

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CF 6lr1754

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By: **Senator Nathan–Pulliam**

Introduced and read first time: February 5, 2016

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Public Utilities – Renewable Energy Portfolio Standard – Eligible Sources**

3 FOR the purpose of prohibiting certain Tier 1 renewable sources from being eligible for  
4 inclusion in meeting the renewable energy portfolio standard on and after a certain  
5 date; authorizing renewable energy credits generated from certain Tier 1 renewable  
6 sources before a certain date to be eligible for inclusion in meeting the renewable  
7 energy portfolio standard in accordance with a certain provision of law; altering the  
8 definition of “geothermal heating and cooling system”; providing for the application  
9 of this Act; and generally relating to the renewable energy portfolio standard.

10 BY repealing and reenacting, without amendments,  
11 Article – Public Utilities  
12 Section 7–701(a) and (r) and 7–709(d)  
13 Annotated Code of Maryland  
14 (2010 Replacement Volume and 2015 Supplement)

15 BY repealing and reenacting, with amendments,  
16 Article – Public Utilities  
17 Section 7–701(d) and 7–704(a)  
18 Annotated Code of Maryland  
19 (2010 Replacement Volume and 2015 Supplement)

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

22 **Article – Public Utilities**

23 7–701.

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (d) "Geothermal heating and cooling system" means a system that:

2 (1) exchanges thermal energy from groundwater or a shallow ground  
3 source to generate thermal energy through a geothermal heat pump or a system of  
4 geothermal heat pumps interconnected with any geothermal extraction facility that is:

5 (i) a closed loop or a series of closed loop systems in which fluid is  
6 permanently confined within a pipe or tubing and does not come in contact with the outside  
7 environment; or

8 (ii) an open loop system in which ground or surface water is  
9 circulated in an environmentally safe manner directly into the facility and returned to the  
10 same aquifer or surface water source;

11 (2) meets or exceeds the current federal Energy Star product specification  
12 standards;

13 (3) replaces or displaces inefficient space or water heating systems whose  
14 primary fuel is electricity or a [nonnatural gas] **COMBUSTION-BASED** fuel source;

15 (4) replaces or displaces inefficient space cooling systems that do not meet  
16 federal Energy Star product specification standards;

17 (5) is manufactured, installed, and operated in accordance with applicable  
18 government and industry standards; and

19 (6) does not feed electricity back to the grid.

20 (r) "Tier 1 renewable source" means one or more of the following types of energy  
21 sources:

22 (1) solar energy, including energy from photovoltaic technologies and solar  
23 water heating systems;

24 (2) wind;

25 (3) qualifying biomass;

26 (4) methane from the anaerobic decomposition of organic materials in a  
27 landfill or wastewater treatment plant;

28 (5) geothermal, including energy generated through geothermal exchange  
29 from or thermal energy avoided by, groundwater or a shallow ground source;

30 (6) ocean, including energy from waves, tides, currents, and thermal  
31 differences;

1 (7) a fuel cell that produces electricity from a Tier 1 renewable source  
2 under item (3) or (4) of this subsection;

3 (8) a small hydroelectric power plant of less than 30 megawatts in capacity  
4 that is licensed or exempt from licensing by the Federal Energy Regulatory Commission;

5 (9) poultry litter-to-energy;

6 (10) waste-to-energy;

7 (11) refuse-derived fuel; and

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

9 7-704.

10 (a) (1) Energy from a Tier 1 renewable source:

11 (i) is eligible for inclusion in meeting the renewable energy portfolio  
12 standard regardless of when the generating system or facility was placed in service; and

13 (ii) may be applied to the percentage requirements of the standard  
14 for either Tier 1 renewable sources or Tier 2 renewable sources.

15 (2) (i) **[Energy] EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS**  
16 **SUBSECTION, ENERGY** from a Tier 1 renewable source under § 7-701(r)(1), (5), (9), (10),  
17 or (11) of this subtitle is eligible for inclusion in meeting the renewable energy portfolio  
18 standard only if the source is connected with the electric distribution grid serving  
19 Maryland.

20 (ii) If the owner of a solar generating system in this State chooses to  
21 sell solar renewable energy credits from that system, the owner must first offer the credits  
22 for sale to an electricity supplier or electric company that shall apply them toward  
23 compliance with the renewable energy portfolio standard under § 7-703 of this subtitle.

24 (3) Energy from a Tier 1 renewable source under § 7-701(r)(8) of this  
25 subtitle is eligible for inclusion in meeting the renewable energy portfolio standard if it is  
26 generated at a dam that existed as of January 1, 2004, even if a system or facility that is  
27 capable of generating electricity did not exist on that date.

28 (4) **(I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS**  
29 **PARAGRAPH, ON OR AFTER JANUARY 1, 2018, ENERGY FROM A TIER 1 RENEWABLE**  
30 **SOURCE UNDER § 7-701(R)(3), (4), (7), (9), (10), (11), OR (12) OF THIS SUBTITLE IS**  
31 **NOT ELIGIBLE FOR INCLUSION IN MEETING THE RENEWABLE ENERGY PORTFOLIO**  
32 **STANDARD.**

1                   **(II) A RENEWABLE ENERGY CREDIT GENERATED FROM A TIER 1**  
2 **RENEWABLE SOURCE UNDER § 7-701(R)(3), (4), (7), (9), (10), (11), OR (12) OF THIS**  
3 **SUBTITLE BEFORE JANUARY 1, 2017, IS ELIGIBLE FOR INCLUSION IN MEETING THE**  
4 **RENEWABLE ENERGY PORTFOLIO STANDARD IN ACCORDANCE WITH § 7-709(D) OF**  
5 **THIS SUBTITLE.**

6                   **(5)** Energy from a Tier 2 renewable source under § 7-701(s) of this subtitle  
7 is eligible for inclusion in meeting the renewable energy portfolio standard through 2018 if  
8 it is generated at a system or facility that existed and was operational as of January 1,  
9 2004, even if the facility or system was not capable of generating electricity on that date.

10 7-709.

11                   (d) (1) Except as authorized under paragraph (2) of this subsection, a  
12 renewable energy credit shall exist for 3 years from the date created.

13                   (2) A renewable energy credit may be diminished or extinguished before  
14 the expiration of 3 years by:

15                   (i) the electricity supplier that received the credit;

16                   (ii) a nonaffiliated entity of the electricity supplier:

17                   1. that purchased the credit from the electricity supplier  
18 receiving the credit; or

19                   2. to whom the electricity supplier otherwise transferred the  
20 credit; or

21                   (iii) demonstrated noncompliance by the generating facility with the  
22 requirements of § 7-704(f) of this subtitle.

23                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to  
24 apply only prospectively and may not be applied or interpreted to have any effect on or  
25 application to any contract for renewable energy credits that existed before the effective  
26 date of this Act.

27                   SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
28 October 1, 2016.