

BY: Finance Committee

AMENDMENTS TO SENATE BILL 521

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “and Middleton” and substitute “Middleton, Montgomery, and Simonaire”; in line 2, strike “Agriculture – Poultry Litter –” and substitute “Poultry Litter”; in lines 5 and 6, strike “State Department of Agriculture” and substitute “Public Service Commission”; in lines 6 and 7, strike “Energy-Generating Cooperative Advisory Committee” and substitute “Maryland Energy Administration”; strike beginning with “providing” in line 7 down through “cooperative;” in line 9 and substitute “requiring the Commission to determine whether an energy-generating cooperative applicant meets certain requirements; requiring the Commission to adopt certain regulations; requiring an energy-generating cooperative to follow certain procedures for interconnection; requiring the monetary value of subscribed energy produced by an energy-generating cooperative to be determined in a certain manner; requiring the Commission to determine a certain method to ensure that certain limitations are enforced; requiring a cooperative organization to notify an electric company of each cooperative member’s interest in a certain total production;”; strike beginning with “requiring” in line 9 down through “company;” in line 11 and substitute “requiring a cooperative organization to compensate an electric company for billing purposes under certain circumstances; prohibiting a certain capacity from exceeding a certain amount in certain locations;”; in line 12, strike “Department” and substitute “Administration”; in line 13, strike “Public Service”; in line 14, after “Act” insert “under certain circumstances”; strike beginning with “establishing” in line 14 down through “Act” in line 26 and substitute “allowing an electric company to use certain generation to reduce certain wholesale purchases; allowing an electric company to require that certain members be billed in a certain manner; requiring the Commission to authorize a certain cost recovery under certain circumstances; requiring the Administration to make a certain report on recommendations for certain tariff structures for energy-generating cooperatives; requiring the Commission to open a certain proceeding; requiring the Commission to

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issue a certain decision; requiring a certain energy-generating cooperative to operate under a certain offset rate under certain circumstances; limiting the number of energy-generating cooperatives that may operate under a certain offset rate established under this Act for a certain period of time; requiring a certain energy-generating cooperative to operate under a certain offset rate established by the Commission for a certain period of time; requiring the Administration to make a report to the Commission on recommendations for certain tariff structures for community renewable energy-generating systems”; and in line 27, after “to” insert “poultry litter”.

On pages 1 and 2, strike beginning with line 29 on page 1 through line 4 on page 2, inclusive.

On page 2, strike in their entirety lines 10 through 14, inclusive.

AMENDMENT NO. 2

On page 2, in line 33, strike “Agriculture” and substitute “Public Utilities”; and strike line 34 in its entirety.

On page 3, in line 1, strike “**10-2001**” and substitute “**7-306.1**”; in line 2, after “(A)” insert “**(1)**”; in the same line, strike “SUBTITLE” and substitute “**SECTION**”; after line 3, insert:

“(2) “ADMINISTRATION” MEANS THE MARYLAND ENERGY ADMINISTRATION.

(3) “BASELINE ANNUAL USAGE” MEANS:

(I) A COOPERATIVE MEMBER’S ACCUMULATED ELECTRICITY USE IN KILOWATT-HOURS FOR THE 12 MONTHS BEFORE THE COOPERATIVE MEMBER’S MOST RECENT SUBSCRIPTION; OR

(II) FOR A COOPERATIVE MEMBER WHO DOES NOT HAVE A RECORD OF 12 MONTHS OF ELECTRICITY USE AT THE TIME OF THE COOPERATIVE MEMBER'S MOST RECENT SUBSCRIPTION, AN ESTIMATE OF THE COOPERATIVE MEMBER'S 12 MONTHS OF ELECTRICITY USE IN KILOWATT-HOURS, DETERMINED IN A MANNER APPROVED BY THE COMMISSION.”;

strike beginning with “(B)” in line 4 down through “(D)” in line 7 and substitute “(4)”;

in line 9, after “THE” insert “ENERGY-GENERATING”; in lines 9, 10, and 13, strike “(1)”, “(2)”, and “(3)”, respectively, and substitute “(I)”, “(II)”, and “(III)”, respectively;

in line 10, strike “A RESIDENCE OR PLACE OF BUSINESS THAT IS LOCATED” and substitute “AN ELECTRIC ACCOUNT”; in lines 11 and 12, strike “COOPERATIVE CUSTOMER'S ORGANIZATION” and substitute “ENERGY-GENERATING COOPERATIVE”; in line 13, strike “METERS OR” and substitute “ELECTRIC”; in line 14, after “ACCOUNTS” insert “IN THE SAME ELECTRIC COMPANY SERVICE TERRITORY AS THE ENERGY-GENERATING COOPERATIVE”; in line 15, strike “(E) (1)” and substitute “(5) (I)”; in line 17, strike “FOR A COOPERATIVE MEMBER”; in line 18, strike “(2)” and substitute “(II)”; in line 20, strike “(F) (1)” and substitute “(6) (I)”; after line 21, insert:

“1. USES PRIMARILY POULTRY LITTER TO GENERATE ELECTRICITY;”;

in lines 22, 24, 26, and 28, strike “(I)”, “(II)”, “(III)”, and “(IV)”, respectively, and substitute “2.”, “3.”, “4.”, and “5.”, respectively; in line 22, after “GENERATES” insert “METERED”; in line 24, after “ITS” insert “COOPERATIVE MEMBERS THE MONETARY VALUE FOR ELECTRICITY”; in lines 24 and 25, strike “ELECTRICITY TO ITS COOPERATIVE MEMBERS” and substitute “FROM ANAEROBIC DECOMPOSITION OF POULTRY LITTER”; and after line 28, insert:

“6. CREDITS THE MONETARY VALUE FOR ELECTRICITY TO NO MORE THAN 40 ELECTRIC ACCOUNTS;

7. HAS A RATED CAPACITY OF NO MORE THAN 1 MEGAWATT;”.

On page 4, in lines 1 and 3, strike “(V)” and “(VI)”, respectively, and substitute “8.” and “9.”, respectively; in line 5, strike “(2)” and substitute “(II)”; after line 7, insert:

“(7) “ENERGY-GENERATING COOPERATIVE OFFSET RATE” MEANS A RATE MEASURED IN DOLLARS PER KILOWATT-HOUR THAT CORRESPONDS TO THE RATE A COOPERATIVE MEMBER WOULD HAVE BEEN CHARGED BY AN ELECTRIC COMPANY UNDER THE STANDARD OFFER SERVICE RATE FOR THE COOPERATIVE MEMBER’S CUSTOMER CLASS, AS APPROVED BY THE COMMISSION, DURING THE CURRENT BILLING CYCLE FOR:

(I) ENERGY;

(II) CAPACITY; AND

(III) TRANSMISSION.

(8) “NET EXCESS GENERATION” MEANS THE KILOWATT-HOURS OF ELECTRICITY ATTRIBUTED TO A COOPERATIVE MEMBER’S SHARE OF THE ELECTRICITY GENERATED BY AN ENERGY-GENERATING COOPERATIVE THAT IS IN EXCESS OF THE COOPERATIVE MEMBER’S ELECTRICITY CONSUMPTION DURING THE CURRENT BILLING CYCLE.”;

in lines 8, 10, and 13, strike “(G)”, “(H)”, and “(I)”, respectively, and substitute “(9)”, “(10)”, and “(11)”, respectively; strike in its entirety line 15; strike in its entirety line 23; strike in its entirety line 28; in line 16, before “THE” insert “(B)”; and in line 24, before “DUE” insert “(C)”.

AMENDMENT NO. 3

On page 4, in line 29, strike “(A)” and substitute “(D)(1)”; in the same line, strike “PROGRAM ON ENERGY-GENERATING COOPERATIVES” and substitute “POULTRY LITTER ENERGY-GENERATING COOPERATIVE PROGRAM”; in line 30, strike “DEPARTMENT” and substitute “COMMISSION”; in line 31, strike “(B)” and substitute “(2)”; in the same line, strike “DEPARTMENT” and substitute “COMMISSION”; in the same line, strike “COMMITTEE” and substitute “ADMINISTRATION”; and after line 32, insert:

“(3) THE COMMISSION SHALL DETERMINE WHETHER AN ENERGY-GENERATING COOPERATIVE APPLICANT MEETS THE REQUIREMENTS OF THE PROGRAM.

“(4) THE COMMISSION SHALL ADOPT ALL REGULATIONS NECESSARY TO IMPLEMENT THE PROGRAM, CONSISTENT WITH THE REQUIREMENTS OF THIS SECTION.

“(5) AN ENERGY-GENERATING COOPERATIVE SHALL:

“(I) MEET ALL APPLICABLE FEDERAL, STATE, AND LOCAL STATUTES AND REGULATIONS; AND

“(II) FOLLOW ALL PROCEDURES FOR INTERCONNECTION SPECIFIED IN TITLE 20, SUBTITLE 50, CHAPTER 9 OF THE CODE OF MARYLAND REGULATIONS.

(6) (i) THE MONETARY VALUE OF SUBSCRIBED ENERGY PRODUCED BY AN ENERGY-GENERATING COOPERATIVE SHALL BE DETERMINED AS PROVIDED UNDER THIS PARAGRAPH.

(ii) 1. THE AMOUNT OF ELECTRICITY GENERATED EACH MONTH AND AVAILABLE FOR ALLOCATION SHALL BE DETERMINED BY A REVENUE QUALITY PRODUCTION METER INSTALLED AND PAID FOR BY THE COOPERATIVE ORGANIZATION.

2. EACH BILLING MONTH, AN ELECTRIC COMPANY SHALL ALLOCATE THE MONETARY VALUE OF A COOPERATIVE MEMBER'S PORTION OF THE METERED ELECTRICITY GENERATED BY AN ENERGY-GENERATING COOPERATIVE.

3. THE DOLLAR VALUE OF A COOPERATIVE MEMBER'S SHARE OF THE ELECTRICITY GENERATED BY AN ENERGY-GENERATING COOPERATIVE SHALL BE CALCULATED BY MULTIPLYING THE ENERGY-GENERATING COOPERATIVE OFFSET RATE BY THE KILOWATT-HOURS OF ELECTRICITY GENERATED BY THE ENERGY-GENERATION COOPERATIVE THAT IS:

A. GENERATED DURING THE CURRENT BILLING CYCLE;

B. ATTRIBUTED TO THE COOPERATIVE MEMBER'S SUBSCRIPTION; AND

C. LESS THAN OR EQUAL TO THE COOPERATIVE MEMBER'S ELECTRICITY CONSUMPTION MEASURED IN KILOWATT-HOURS DURING THE CURRENT BILLING CYCLE.

4. A COOPERATIVE MEMBER'S MONTHLY ELECTRIC BILL SHALL BE OFFSET UP TO, BUT NOT INCLUDING, THE CUSTOMER CHARGE BY SUBTRACTING FROM THE COOPERATIVE MEMBER'S MONTHLY ELECTRIC BILL:

A. THE DOLLAR VALUE OF THE COOPERATIVE MEMBER'S SHARE OF ELECTRICITY GENERATED BY THE ENERGY-GENERATING COOPERATIVE AS DETERMINED UNDER SUBSUBPARAGRAPH 3 OF THIS SUBPARAGRAPH; AND

B. ANY ACCRUED NET EXCESS GENERATION MULTIPLIED BY THE CURRENT ENERGY-GENERATING COOPERATIVE OFFSET RATE.

5. NET EXCESS GENERATION NOT CONSUMED UNDER SUBSUBPARAGRAPH 4B OF THIS SUBPARAGRAPH SHALL BE CARRIED FORWARD FOR A 12-MONTH PERIOD ON A COOPERATIVE MEMBER'S BILL UNTIL CONSUMED, AFTER WHICH THE ELECTRIC COMPANY SHALL PAY THE COOPERATIVE MEMBER FOR THE DOLLAR VALUE OF ANY ACCRUED EXCESS GENERATION REMAINING THAT IS BELOW THE CAP ESTABLISHED UNDER SUBSUBPARAGRAPH 6 OF THIS SUBPARAGRAPH.

6. A COOPERATIVE MEMBER MAY NOT RECEIVE A PAYMENT FOR NET EXCESS GENERATION UNDER SUBSUBPARAGRAPH 5 OF THIS SUBPARAGRAPH THAT EXCEEDS 100% OF THE COOPERATIVE MEMBER'S

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BASELINE ANNUAL USAGE WHEN COMBINED WITH THE KILOWATT-HOURS OF ELECTRICITY USED TO OFFSET THE COOPERATIVE MEMBER'S MONTHLY ELECTRICITY BILLS DURING THE APPLICABLE 12-MONTH PERIOD.

(7) THE COMMISSION SHALL DETERMINE A METHOD TO ENSURE THAT THE LIMITATIONS ESTABLISHED UNDER PARAGRAPH (11) OF THIS SUBSECTION ARE ENFORCED.

AMENDMENT NO. 4

On page 5, strike in its entirety line 1; in line 2, strike “(A) THE” and substitute “(8) ONCE EACH QUARTER, A”; strike beginning with “THE” in line 3 down through “BILL” in line 4 and substitute “EACH COOPERATIVE MEMBER'S INTEREST IN THE ENERGY-GENERATING COOPERATIVE'S TOTAL PRODUCTION”; strike in their entirety lines 5 through 7, inclusive; in line 8, strike “(C)” and substitute “(9)”; and after line 11, insert:

“(10) A COOPERATIVE ORGANIZATION SHALL COMPENSATE THE ELECTRIC COMPANY FOR BILLING SERVICES PROVIDED UNDER THIS SECTION, AS AUTHORIZED BY THE COMMISSION.

(11) THE COMBINED RATED GENERATING CAPACITY OF ALL ENERGY-GENERATING COOPERATIVES MAY NOT:

(I) EXCEED 15 MEGAWATTS IN ANY ELECTRIC COMPANY SERVICE TERRITORY; OR

(II) EXCEED 30 MEGAWATTS IN THE STATE.

(12) A COOPERATIVE ORGANIZATION MAY CONTRACT WITH A THIRD PARTY FOR THE THIRD PARTY TO FINANCE, BUILD, CONSTRUCT, LEASE, OR OPERATE AN ENERGY-GENERATING COOPERATIVE.

(13) THE ADMINISTRATION, THE COMMISSION, AND THE ELECTRIC COMPANY MAY NOT CHANGE THE TERMS OF A CONTRACT THAT COMPLIES WITH THIS SECTION AND ALL OTHER RELEVANT LAWS AND REGULATIONS.

(14) AN ELECTRIC COMPANY MAY USE AN ENERGY-GENERATING COOPERATIVE'S GENERATION TO REDUCE THE WHOLESALE PURCHASES FROM ITS STANDARD OFFER SERVICE SUPPLIERS.

(15) AN ELECTRIC COMPANY MAY REQUIRE THAT ALL COOPERATIVE MEMBERS BE BILLED WITHIN THE SAME BILLING GROUP.

(16) IN A RATE PROCEEDING FILED UNDER TITLE 4, SUBTITLE 2 OF THIS ARTICLE, THE COMMISSION SHALL AUTHORIZE THE FULL AND TIMELY COST RECOVERY OF AN ELECTRIC COMPANY'S PRUDENTLY INCURRED COSTS ARISING FROM ITS OBLIGATIONS UNDER THIS SECTION.

(E) ON OR BEFORE DECEMBER 1, 2015, THE ADMINISTRATION SHALL REPORT TO THE COMMISSION ON RECOMMENDATIONS FOR:

(1) TARIFF STRUCTURES FOR ENERGY-GENERATING COOPERATIVES THAT ALLOW ELECTRIC COMPANIES TO RECOVER REASONABLE DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES WHILE ENCOURAGING IN-STATE DISTRIBUTED GENERATION BY TAKING INTO ACCOUNT ELECTRIC

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COMPANY BENEFITS, RATEPAYERS BENEFITS, PUBLIC HEALTH BENEFITS, AND ECONOMIC BENEFITS WHICH MAY INCLUDE:

(I) FAIR AND EQUITABLE SHARING OF THE COSTS TO MAINTAIN THE ELECTRIC DISTRIBUTION SYSTEM BY ALL BENEFICIARIES OF THE DISTRIBUTION INFRASTRUCTURE;

(II) AVOIDED TRANSMISSION AND DISTRIBUTION LINE LOSSES;

(III) TRANSMISSION AND DISTRIBUTION UPGRADE DEFERRALS;

(IV) AVOIDED INTERCONNECTION COSTS;

(V) ANCILLARY SERVICES AND VOLT-AMPERE REACTIVE (VAR) SUPPORT;

(VI) REDUCED LAND COSTS;

(VII) DEMAND CHARGE MANAGEMENT;

(VIII) ELECTRIC SERVICE RELIABILITY;

(IX) REDUCED AIR EMISSIONS FROM GENERATION, INCLUDING CARBON DIOXIDE AND CRITERIA POLLUTANTS; AND

(X) ANY ADDITIONAL FACTORS THE ADMINISTRATION CONSIDERS APPROPRIATE; AND

(2) ANY ADDITIONAL POLICY CONSIDERATIONS THE ADMINISTRATION CONSIDERS APPROPRIATE.

(F) (1) (I) ON OR BEFORE JANUARY 1, 2016, THE COMMISSION SHALL OPEN A PROCEEDING TO ESTABLISH, AT THE MINIMUM, AN APPROPRIATE ENERGY-GENERATING COOPERATIVE OFFSET RATE.

(II) ON OR BEFORE SEPTEMBER 30, 2016, THE COMMISSION SHALL ISSUE A DECISION THAT ESTABLISHES AN APPROPRIATE ENERGY-GENERATING COOPERATIVE OFFSET.

(2) (I) 1. EXCEPT AS PROVIDED IN SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, ANY ENERGY-GENERATING COOPERATIVE THAT HAS ACQUIRED ALL REQUIRED PERMITS AND HAS BEGUN CONSTRUCTION PRIOR TO A DECISION ISSUED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL USE THE ENERGY-GENERATING COOPERATIVE OFFSET RATE DEFINED IN SUBSECTION (A)(7) OF THIS SECTION IN DETERMINING THE CALCULATIONS UNDER SUBSECTION (D)(6)(II) OF THIS SECTION FOR A PERIOD NOT TO EXCEED 10 YEARS.

2. NO MORE THAN EIGHT ENERGY-GENERATING COOPERATIVES MAY USE THE ENERGY-GENERATING COOPERATIVE OFFSET RATE DEFINED IN SUBSECTION (A)(7) OF THIS SECTION IN DETERMINING THE CALCULATIONS UNDER SUBSECTION (D)(6)(II) OF THIS SECTION.

(II) ANY ENERGY-GENERATING COOPERATIVE THAT IS NOT COVERED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL USE THE ENERGY-GENERATING COOPERATIVE OFFSET RATE ESTABLISHED BY THE

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COMMISSION UNDER PARAGRAPH (1) OF THIS SUBSECTION IN DETERMINING THE CALCULATIONS UNDER SUBSECTION (D)(6)(II) OF THIS SECTION FOR A PERIOD NOT TO EXCEED 10 YEARS.”.

AMENDMENT NO. 5

On pages 5 through 9, strike in their entirety the lines beginning with line 12 on page 5 through line 18 on page 9, inclusive, and substitute:

“SECTION 2. AND BE IT FURTHER ENACTED, That:

(1) Under this section, “community renewable energy generating system” means a renewable energy system that credits its generated electricity, in whole or in part, to an electric company billing accounts of two or more subscribers to the system; and

(2) On or before December 1, 2015, the Maryland Energy Administration shall report to the Public Service Commission on recommendations for tariff structures for community renewable energy generating systems that allow electric companies to recover reasonable distribution costs and administrative expenses while encouraging in-State distributed generation by taking into account electric company benefits, ratepayer benefits, public health benefits, and economic benefits which may include the factors listed in § 7-306.1(e) of the Public Utilities Article, as enacted by Section 1 of this Act.”;

in line 19, strike “2.” and substitute “3.”.