

# HOUSE BILL 743

C5, M5

11r2387  
CF 11r2388

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By: **Delegate Dumais**

Introduced and read first time: January 29, 2021

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Electricity – Standard Offer Service – Renewable Energy**

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 portion of the renewable energy portfolio standard for the electric company;  
6 requiring an electric company to solicit certain bids and award certain contracts in  
7 a certain manner; providing for certain remuneration for certain contracts; providing  
8 a required minimum and maximum term for certain contracts; requiring an electric  
9 company to submit certain contracts to the Public Service Commission for review  
10 and approval; requiring the Commission to approve certain contracts under certain  
11 circumstances; providing that certain contracts are under the regulatory authority  
12 of the Commission; requiring that certain credits and electricity be used to meet a  
13 certain portion of the renewable energy portfolio standard for electricity provided to  
14 certain standard offer service customers; exempting certain electric cooperatives  
15 from this Act; providing for the application of this Act; and generally relating to  
16 standard offer service and renewable energy.

17 BY repealing and reenacting, without amendments,  
18 Article – Public Utilities  
19 Section 7–701(a) and (s)  
20 Annotated Code of Maryland  
21 (2020 Replacement Volume and 2020 Supplement)

22 BY adding to  
23 Article – Public Utilities  
24 Section 7–703.1  
25 Annotated Code of Maryland  
26 (2020 Replacement Volume and 2020 Supplement)

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



## Article – Public Utilities

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2 7–701.

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

4 (s) “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 **CHOUSES 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 2022, 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(S)(1), (2), (5),  
6 (6), OR (8) OF THIS SUBTITLE TO MEET A PORTION OF THE RENEWABLE ENERGY  
7 PORTFOLIO STANDARD APPLICABLE TO THE ELECTRIC COMPANY'S STANDARD  
8 OFFER SERVICE IN ACCORDANCE WITH SUBSECTIONS (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;

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

15 (III) RECEIVE AN ANNUAL REMUNERATION EQUAL TO 1% OF THE  
16 ANNUAL PAYMENTS UNDER THE CONTRACT TO COMPENSATE THE ELECTRIC  
17 COMPANY FOR ACCEPTING THE FINANCIAL OBLIGATION OF THE LONG-TERM  
18 CONTRACT.

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

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

23 1. SUBMIT THE CONTRACT TO THE COMMISSION FOR  
24 REVIEW; AND

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

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

31 (4) A CONTRACT AWARDED UNDER THIS SECTION IS SUBJECT TO THE  
32 REGULATORY AUTHORITY OF THE COMMISSION.

1           **(D) BEGINNING IN 2023, THE RENEWABLE ENERGY CREDITS AND**  
2 **ELECTRICITY CONTRACTED FOR UNDER SUBSECTION (B) OF THIS SECTION SHALL**  
3 **BE USED TO MEET AT LEAST 50% OF THAT YEAR'S AND EACH SUBSEQUENT YEAR'S**  
4 **RENEWABLE PORTFOLIO STANDARD FOR THE ELECTRICITY THAT THE ELECTRIC**  
5 **COMPANY PROVIDES TO THE ELECTRIC COMPANY'S STANDARD OFFER SERVICE**  
6 **CUSTOMERS.**

7           **(E) ON OR BEFORE MARCH 31, 2022, THE COMMISSION SHALL ADOPT**  
8 **REGULATIONS TO CARRY OUT THIS SECTION.**

9           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to  
10 apply only prospectively and may not be applied or interpreted to have any effect on or  
11 application to any contract for electricity supply before the effective date of this Act.

12           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
13 October 1, 2021.