HOUSE BILL 398

C5, P2, Q7 5lr0850
CF SB 316

By: **Delegate Charkoudian**
Introduced and read first time: January 16, 2025
Assigned to: Economic Matters

A BILL ENTITLED

AN ACT concerning

Abundant Affordable Clean Energy – Procurement and Development (AACE Act)

FOR the purpose of requiring each electric company in the State to submit to the Public Service Commission by certain dates plans for the construction or procurement of distribution–connected energy storage devices and to construct or procure the devices in accordance with the plan; providing for the creation of zero–emission credits by beneficial nuclear facilities; requiring the Commission to pursue certain coordinated approaches to offshore wind energy transmission development; altering the requirements for a certain transmission system analysis and the scope of certain transmission proposals that the Commission may evaluate; repealing a certain draft solicitation requirement; requiring that certain alternative compliance fees be paid into a certain escrow account rather than into the Maryland Strategic Energy Investment Fund; requiring that renewable energy credits be procured in a certain order; establishing the Utility–Scale SREC–II Program and the Small Solar Facilities Incentive Program for the creation of SREC–II credits; establishing certain processes and requirements for the procurement of certain front–of–the–meter transmission energy storage devices and certain credits from certain solar, hydroelectric, and land–based wind energy generating systems; requiring the Commission to establish and the Maryland Energy Administration to supervise a certain escrow account; authorizing certain units of State government to issue certain competitive sealed bids for projects that are higher than the amount authorized for small procurements; authorizing the Chief Procurement Officer to approve certain procurement contracts; altering the distribution of sales and use tax revenue attributable to certain data centers; altering the distribution of franchise tax revenue attributable to certain data centers; and generally relating to the procurement and development of clean energy resources.

BY repealing and reenacting, with amendments,
Article – Public Utilities

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.

Section 7–207(b)(1), 7–216(a), 7–704.3(a), (b), and (e)(2), 7–704.4(e), 7–705(b), and 7–709(b)
Annotated Code of Maryland
(2020 Replacement Volume and 2024 Supplement)

BY adding to
Article – Public Utilities
Section 7–216.2; 7–231 through 7–235 to be under the new part "Part III. Zero–Emission Credits"; 7–701(m–1), 7–709.2, and 7–709.3; and 7–1201 through 7–1221 to be under the new subtitle "Subtitle 12. Energy Procurement"
Annotated Code of Maryland
(2020 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, without amendments,
Article – Public Utilities
Section 7–701(a) and (m), 7–704.3(c), 7–704.4(d), 7–709(a), and 7–709.1(a)
Annotated Code of Maryland
(2020 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,
Article – State Finance and Procurement
Section 13–102(a)
Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

BY adding to
Article – State Finance and Procurement
Section 13–117
Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, without amendments,
Article – State Government
Section 9–20B–05(a)
Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,
Article – State Government
Section 9–20B–05(e) and (i–1)
Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

BY repealing
Article – State Government
Section 9–20B–05(g–1) and (i)

Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 2–1201 and 2–1303
Annotated Code of Maryland
(2022 Replacement Volume and 2024 Supplement)

BY adding to
Article – Tax – General
Section 2–1302.5
Annotated Code of Maryland
(2022 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, without amendments,
Article – Tax – General
Section 11–239(a)(1), (2), and (5)
Annotated Code of Maryland
(2022 Replacement Volume and 2024 Supplement)

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

Article – Public Utilities

7–207.

(b) (1) (i) Unless a certificate of public convenience and necessity for the construction is first obtained from the Commission, a person may not begin construction in the State of:

1. a generating station; or

2. a qualified generator lead line.

(ii) If a person obtains Commission approval for construction under § 7–207.1 of this subtitle **OR SUBTITLE 12, PART II OF THIS TITLE**, the Commission shall exempt a person from the requirement to obtain a certificate of public convenience and necessity under this section.

(iii) Notwithstanding subparagraph (i) of this paragraph, a person may not apply to obtain a certificate of public convenience and necessity for construction of a qualified generator lead line unless:

1. at least 90 days before the filing of an application for a certificate of public convenience and necessity, the person had in good faith offered the

electric company that owns that portion of the electric grid in Maryland to which the qualified generator lead line would interconnect a full and fair opportunity for the electric company to construct the qualified generator lead line; and

2. at any time at least 10 days before the filing of an application for a certificate of public convenience and necessity, the electric company:

A. did not accept from the person a proposal or a negotiated version of the proposal under which the electric company would construct the qualified generator lead line; or

B. stated in writing that the electric company did not intend to construct the qualified generator lead line.

7–216.

(a) (1) In this section the following words have the meanings indicated.

(2) (i) "Energy storage device" means a resource capable of absorbing electrical energy, storing it for a period of time, and delivering the energy for use at a later time as needed, regardless of where the resource is located on the electric **[**distribution**]** system.

(ii) "Energy storage device" includes all types of electric storage technologies, regardless of their size, storage medium, or operational purpose, including:

1. thermal storage;

2. electrochemical storage;

3. **[**virtual power plants**]** **THERMO–MECHANICAL STORAGE**; and

4. hydrogen–based storage.

(3) "Investor–owned electric company" means an electric company that is not a municipal electric utility or an electric cooperative.

7–216.2.

(A) IN THIS SECTION, "ENERGY STORAGE DEVICE" HAS THE MEANING STATED IN § 7–216 OF THIS SUBTITLE.

(B) (1) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT THE STATE HAS A GOAL OF REACHING 150 MEGAWATTS OF DISTRIBUTION–CONNECTED ENERGY STORAGE DEVICES.

(2) ON OR BEFORE JULY 1, 2025, AND ON OR BEFORE JULY 1, 2026, THE COMMISSION SHALL NOTIFY EACH ELECTRIC COMPANY OF ITS PROPORTION OF THE GOAL ESTABLISHED UNDER THIS SUBSECTION, BASED ON THE ELECTRIC COMPANY'S SERVICE LOAD.

(C) (1) ON OR BEFORE NOVEMBER 1, 2025, AND ON OR BEFORE NOVEMBER 1, 2026, THE COMMISSION SHALL REQUIRE EACH ELECTRIC COMPANY TO DEVELOP AND IMPLEMENT A PLAN TO ACHIEVE THE PROPORTION OF DISTRIBUTION–CONNECTED ENERGY STORAGE DEVICES NECESSARY TO REACH THE ELECTRIC COMPANY'S APPORTIONMENT OF THE GOAL STATED IN SUBSECTION (B) OF THIS SECTION.

(2) ON OR BEFORE MARCH 1, 2026, FOR PLANS SUBMITTED BY NOVEMBER 1, 2025, AND ON OR BEFORE MARCH 1, 2027, FOR PLANS SUBMITTED BY NOVEMBER 1, 2026, THE COMMISSION SHALL:

(I) EVALUATE EACH PLAN;

(II) ACCEPT PUBLIC COMMENTS ON EACH PLAN; AND

(III) ISSUE AN ORDER FOR EACH PLAN THAT EITHER:

1. APPROVES THE PLAN; OR

2. APPROVES THE PLAN WITH MODIFICATIONS THAT THE COMMISSION CONSIDERS NECESSARY.

(3) THE ENERGY STORAGE DEVICES CONSTRUCTED OR PROCURED UNDER EACH PLAN SHALL INCLUDE A COMBINATION OF DEVICES OWNED BY THE ELECTRIC COMPANY AND DEVICES OWNED BY A THIRD PARTY, WITH NOT MORE THAN 30% OF THE DEVICES BEING OWNED BY A THIRD PARTY.

(4) (I) THE ENERGY STORAGE DEVICES THAT ARE CONSTRUCTED OR PROCURED UNDER A PLAN SUBMITTED BY NOVEMBER 1, 2025, SHALL BE OPERATIONAL BY AUGUST 1, 2027.

(II) THE ENERGY STORAGE DEVICES THAT ARE CONSTRUCTED OR PROCURED UNDER A PLAN SUBMITTED BY NOVEMBER 1, 2026, SHALL BE OPERATIONAL BY AUGUST 1, 2028.

(III) THE COMMISSION MAY EXTEND A DEADLINE UNDER THIS PARAGRAPH FOR GOOD CAUSE.

(D) THE COMMISSION SHALL REQUIRE EACH PLAN TO DEMONSTRATE THAT THE CONSTRUCTION OR PROCUREMENT OF EACH ENERGY STORAGE DEVICE:

(1) IS BENEFICIAL IN TERMS OF COST, INCLUDING A DEMONSTRATION OF ANY:

(I) AVOIDED OR DELAYED TRANSMISSION, DISTRIBUTION, AND GENERATION COSTS; AND

(II) AVOIDED EMISSIONS; AND

(2) CAN BE COMPLETED WITHIN 18 MONTHS AFTER THE PLAN IS APPROVED.

(E) (1) A DEVELOPER OF A THIRD–PARTY–OWNED ENERGY STORAGE DEVICE CONSTRUCTED IN ACCORDANCE WITH THIS SECTION SHALL ENSURE THAT WORKERS ARE PAID NOT LESS THAN THE PREVAILING WAGE RATE DETERMINED UNDER TITLE 17, SUBTITLE 2 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) AN ENERGY STORAGE DEVICE CONSTRUCTED AND OWNED BY AN ELECTRIC COMPANY SHALL BE CONSTRUCTED BY:

(I) EMPLOYEES OF THE ELECTRIC COMPANY; OR

(II) CONTRACTORS THAT SHALL ENSURE THAT WORKERS CONSTRUCTING THE ENERGY STORAGE DEVICE ARE PAID NOT LESS THAN THE PREVAILING WAGE RATE DETERMINED UNDER TITLE 17, SUBTITLE 2 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(3) AN ELECTRIC COMPANY SHALL PROVIDE ITS EMPLOYEE BARGAINING UNIT AN OPPORTUNITY TO PROVIDE MAINTENANCE AND OPERATIONS FOR ANY ENERGY STORAGE DEVICE OWNED BY THE ELECTRIC COMPANY.

(4) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, AN ELECTRIC COMPANY MAY CONTRACT ANY WORK UNDER THIS SECTION NOT CONDUCTED BY THE COMPANY'S EMPLOYEE BARGAINING UNIT TO A QUALIFIED CONTRACTOR.

(II) AN ELECTRIC COMPANY SHALL REQUIRE A CONTRACTOR OR SUBCONTRACTOR ON A PROJECT UNDER THIS SECTION TO:

1. PAY THE AREA PREVAILING WAGE RATE DETERMINED BY THE COMMISSIONER OF LABOR AND INDUSTRY, INCLUDING WAGES AND FRINGE BENEFITS; AND

2. OFFER HEALTH CARE AND RETIREMENT BENEFITS TO THE EMPLOYEES WORKING ON THE PROJECT.

7–229. RESERVED.

7–230. RESERVED.

PART III. ZERO–EMISSION CREDITS.

7–231.

(A) IN THIS PART THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "BENEFICIAL NUCLEAR FACILITY" MEANS A NUCLEAR REACTOR THAT IS LOCATED IN AND PROVIDES ENVIRONMENTAL BENEFITS TO THE STATE.

(C) "ZERO–EMISSION CREDIT" OR "ZEC" MEANS A PAYMENT EQUAL TO THE GENERATION ATTRIBUTES OF 1 MEGAWATT–HOUR OF ELECTRICITY THAT IS DERIVED FROM A BENEFICIAL NUCLEAR FACILITY.

7–232.

(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A BENEFICIAL NUCLEAR FACILITY MAY SUBMIT AN APPLICATION TO THE COMMISSION TO RECEIVE ZERO–EMISSION CREDITS.

(B) (1) A BENEFICIAL NUCLEAR FACILITY MAY NOT RECEIVE ZERO–EMISSION CREDITS DURING ANY PERIOD IN WHICH THE FACILITY RECEIVES ZERO–EMISSION NUCLEAR POWER PRODUCTION TAX CREDITS UNDER § 13105 OF THE INFLATION REDUCTION ACT OF 2022.

(2) THE COMMISSION MAY NOT OFFER ZERO–EMISSION CREDITS AFTER 2055.

(3) TO BE ELIGIBLE TO RECEIVE A ZERO–EMISSION CREDIT, A BENEFICIAL NUCLEAR FACILITY MUST MAINTAIN A NEUTRAL POSITION IN ANY LABOR ORGANIZING THAT TAKES PLACE AT THE FACILITY.

7–233.

(A) AFTER NOTICE AND AN OPPORTUNITY FOR A HEARING, THE COMMISSION SHALL APPROVE OR DENY AN APPLICATION SUBMITTED UNDER § 7–232 OF THIS SUBTITLE WITHIN 9 MONTHS AFTER THE APPLICATION IS FILED.

(B) THE COMMISSION MAY APPROVE AN APPLICATION:

(1) IN WHOLE OR IN PART; AND

(2) SUBJECT TO ANY LIMITATIONS AND QUALIFICATIONS THAT THE COMMISSION CONSIDERS NECESSARY AND IN THE PUBLIC INTEREST.

7–234.

(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE PRICE FOR A ZERO–EMISSION CREDIT SHALL BE EQUAL TO [$15/MWH – 80% X (GROSS RECEIPTS – $25/MWH)].

(B) THE $15/MWH AND $25/MWH CALCULATIONS SHALL BE ADJUSTED FOR INFLATION.

7–235.

(A) THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT THIS PART NOT LATER THAN 365 DAYS BEFORE THE EXPIRATION OF THE AVAILABILITY OF ZERO–EMISSION NUCLEAR POWER PRODUCTION TAX CREDITS UNDER § 13105 OF THE INFLATION REDUCTION ACT OF 2022.

(B) THE REGULATIONS SHALL:

(1) INCLUDE DATA SUBMISSION REQUIREMENTS NECESSARY TO EVALUATE A BENEFICIAL NUCLEAR FACILITY'S PROJECTED ENVIRONMENTAL BENEFITS AND ANNUAL GROSS RECEIPTS; AND

(2) PROVIDE FOR THE RECAPTURE OF THE ALLOCATION OF ANY ZERO–EMISSION CREDIT WITHIN THE PREVIOUS 3 YEARS TO A BENEFICIAL NUCLEAR FACILITY THAT PERMANENTLY TERMINATES OPERATIONS, EXCEPT IN THE CASE OF FORCE MAJEURE.

7–701.

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

(m) "Renewable energy credit" or "credit" means a credit equal to the generation attributes of 1 megawatt–hour of electricity that is derived from a Tier 1 renewable source or a Tier 2 renewable source that is located:

(1) in the PJM region;

(2) outside the area described in item (1) of this subsection but in a control area that is adjacent to the PJM region, if the electricity is delivered into the PJM region; or

(3) on the outer continental shelf of the Atlantic Ocean in an area that:

(i) the United States Department of the Interior designates for leasing after coordination and consultation with the State in accordance with § 388(a) of the Energy Policy Act of 2005; and

(ii) is between 10 and 80 miles off the coast of the State.

(M–1) "RENEWABLE ENERGY CREDIT–II" OR "REC–II" MEANS A RENEWABLE ENERGY CREDIT THAT IS DERIVED FROM AN ENERGY GENERATING SYSTEM PROCURED IN ACCORDANCE WITH SUBTITLE 12 OF THIS TITLE.

7–704.3.

(a) **(1)** The General Assembly finds and declares that it is**:**

(I) in the public interest to upgrade and expand the transmission system to accommodate the buildout of at least 8,500 megawatts of offshore wind energy from qualified offshore wind projects serving the State by 2031**; AND**

(II) THE PUBLIC POLICY OF THE STATE TO ENGAGE IN COORDINATED TRANSMISSION PLANNING TO SUPPORT OFFSHORE WIND ENERGY ON A MULTISTATE, REGIONAL, OR INTER–REGIONAL BASIS.

(2) TO FURTHER THE PUBLIC POLICY STATED IN PARAGRAPH (1)(II) OF THIS SUBSECTION, THE COMMISSION SHALL PURSUE ONE OF THE FOLLOWING COORDINATED APPROACHES TO THE TRANSMISSION OF ENERGY DERIVED FROM OFFSHORE WIND:

(I) PJM INTERCONNECTION'S LONG–TERM TRANSMISSION PLANNING PROCESS; OR

(II) AN ALTERNATIVE VOLUNTARY AGREEMENT.

(b) (1) To meet the goals established under § 7–703 of this subtitle and subsection (a) of this section, the Commission, in consultation with the Maryland Energy Administration, shall request that PJM Interconnection conduct an analysis of transmission system upgrade and expansion options that take into consideration both onshore and offshore infrastructure.

(2) The Commission:

(i) shall consult with other states served by PJM Interconnection to evaluate regional transmission cooperation that could help achieve the State's renewable energy and offshore wind energy goals with greater efficiency;

(ii) shall work with PJM Interconnection to ensure that the analysis requested under paragraph (1) of this subsection includes an analysis of solutions that:

1. use an open–access collector transmission system to allow for the interconnection of multiple qualified offshore wind projects at a single **[**substation**]** **OR AT MULTIPLE SUBSTATIONS LOCATED IN OR NEAR THE DELMARVA PENINSULA**;

2. TO THE EXTENT POSSIBLE, USE UPGRADES TO EXISTING TRANSMISSION SYSTEMS BEFORE CONSIDERING NEW TRANSMISSION SYSTEM ELEMENTS, INCLUDING USING UPGRADES TO THE EXISTING 138 KILOVOLTS AND 230 KILOVOLTS TRANSMISSION ELEMENTS IN THE DELMARVA PENINSULA TO HIGHER VOLTAGE LEVELS;

3. SUPPORT 8,500 MEGAWATTS OF OFFSHORE WIND ENERGY GENERATION TO SERVE THE STATE'S LOAD EITHER THROUGH INTRASTATE TRANSMISSION UPGRADES OR INTERSTATE TRANSMISSION UPGRADES BETWEEN THE STATE AND DELAWARE;

[2.**]** **4.** avoid a significant outage, or single contingency, of any part of the transmission system;

[3.**]** **5.** reduce permitting risks, impacts on communities, and unnecessary high costs;

[4. leverage existing infrastructure;

5.**]** **6.** offer benefits that address additional grid challenges; and

[6.**]** **7.** address any other issues that the Commission identifies; **[**and**]**

(iii) **SHALL ENSURE THE COMPLETION OF A COST–BENEFIT ANALYSIS OF VARIOUS APPROACHES FOR UPGRADING AND EXPANDING THE**

TRANSMISSION SYSTEM TO MEET THE STATE'S OFFSHORE WIND ENERGY TARGETS AND ENERGY NEEDS, INCLUDING:

1. AN ANALYSIS OF THE FOLLOWING THREE SCENARIOS:

A. INTERCONNECTING OFFSHORE WIND FACILITIES TO THE PJM INTERCONNECTION SYSTEM ON A RADIAL BASIS, BASED ON STUDY ESTIMATES OF PAST RADIAL INTERCONNECTION COSTS AND FUTURE PROJECTED RADIAL INTERCONNECTION COSTS;

B. A COORDINATED TRANSMISSION SOLUTION THAT CONNECTS ENERGY DERIVED FROM OFFSHORE WIND DIRECTLY TO MAJOR LOAD CENTERS IN THE STATE; AND

C. A COORDINATED TRANSMISSION SOLUTION THAT DOES NOT CONNECT ENERGY DERIVED FROM OFFSHORE WIND DIRECTLY TO MAJOR LOAD CENTERS IN THE STATE; AND

2. AN ECONOMIC ANALYSIS THAT CONSIDERS, OVER THE EXPECTED LIFE OF EACH FACILITY:

A. THE COSTS OF ANY TRANSMISSION CONSTRUCTION OR UPGRADES THAT ARE AVOIDED BY ANY NEW OFFSHORE WIND ENERGY GENERATION AND TRANSMISSION DEVELOPMENT;

B. ANY PRODUCTION COST SAVINGS THAT RESULT FROM MEETING THE STATE'S OFFSHORE WIND ENERGY TARGETS;

C. ANY REDUCTION IN TRANSMISSION LOSSES;

D. CHANGES IN TOTAL PJM INTERCONNECTION MARKET COSTS;

E. ENVIRONMENTAL BENEFITS;

F. RELIABILITY BENEFITS; AND

G. ANY OTHER BENEFITS OR COSTS IDENTIFIED BY THE COMMISSION; AND

(IV) may consult with owners of transmission facilities in the State to gather relevant technical information.

(3) The Commission may enter into any necessary agreements with PJM Interconnection for transmission planning to:

(i) initiate PJM Interconnection's analysis; or

(ii) assist with the solicitation of proposals for offshore wind transmission projects.

(4) On or before July 1, 2024, the Commission shall submit a status update on the analysis requested under paragraph (1) of this subsection to the General Assembly, in accordance with § 2–1257 of the State Government Article.

(c) (1) On or before July 1, 2025, the Commission shall issue, or request that PJM Interconnection issue, one or more competitive solicitations for proposals for open access offshore wind transmission facilities and complementary onshore transmission upgrades and expansions.

(2) The Commission may issue, or request that PJM Interconnection issue, further solicitations for proposals after this date if determined necessary by the Commission.

(e) (2) The Commission may evaluate, or request that PJM Interconnection assist with the evaluation of, proposals that include:

(i) upgrading the existing transmission grid **AND DEPLOYING ADVANCED TRANSMISSION TECHNOLOGIES**;

(ii) extending the existing transmission grid onshore and offshore to be closer to offshore wind energy locations;

(iii) interconnecting between offshore substations;

(iv) adding energy storage; and

(v) the use of HVDC converter technology to support potential weaknesses in the transmission grid.

7–704.4.

(d) (1) The State shall:

(i) issue a draft solicitation for procurement of offshore wind energy for public comment and review on or before June 1, 2024;

(ii) issue a procurement for offshore wind energy on or before July 31, 2024;

(iii) provide a procurement submission process window of not less than 180 days; and

(iv) award contracts in a timely manner.

(2) (i) Subject to subparagraph (ii) of this paragraph, on or before September 1, 2025, the State may enter into a contract or contracts for the procurement issued under paragraph (1) of this subsection.

(ii) The State may modify the date established in subparagraph (i) of this paragraph if an unforeseen circumstance adversely affects the procurement submission process.

(e) (1) In addition to the solicitation and procurement issued under subsection (d) of this section, the State**[**:

(i) shall issue a draft solicitation for procurement of offshore wind energy for public comment and review on or before September 1, 2025; and

(ii)**]** shall issue a procurement for offshore wind energy on or before December 31, 2025.

(2) Subject to paragraph (3) of this subsection and in addition to any contract entered into under subsection (d) of this section, on or before March 31, 2027, the State may enter into a contract or contracts for the procurement issued under paragraph (1) of this subsection.

(3) The State may modify the date established in paragraph (2) of this subsection if an unforeseen circumstance adversely affects the procurement submission process.

7–705.

(b) (1) This subsection does not apply to a shortfall from the required Tier 1 renewable sources that is to be derived from post–2022 geothermal systems.

(2) **[**If**]** **BEGINNING OCTOBER 1, 2025, IF** an electricity supplier fails to comply with the renewable energy portfolio standard for the applicable year, the electricity supplier shall pay into the **[**Maryland Strategic Energy Investment Fund established under § 9–20B–05 of the State Government Article**]** **ESCROW ACCOUNT ESTABLISHED UNDER PARAGRAPH (4) OF THIS SUBSECTION**:

(i) except as provided in item (ii) of this paragraph, a compliance fee of:

1. the following amounts for each kilowatt–hour of shortfall from required Tier 1 renewable sources other than the shortfall from the required Tier 1 renewable sources that is to be derived from solar energy:

A. 4 cents through 2016;

B. 3.75 cents in 2017 and 2018;

C. 3 cents in 2019 through 2023;

D. 2.75 cents in 2024;

E. 2.5 cents in 2025;

F. 2.475 cents in 2026;

G. 2.45 cents in 2027;

H. 2.25 cents in 2028 and 2029; and

I. 2.235 cents in 2030 and later;

2. the following amounts for each kilowatt–hour of shortfall from required Tier 1 renewable sources that is to be derived from solar energy:

A. 45 cents in 2008;

B. 40 cents in 2009 through 2014;

C. 35 cents in 2015 and 2016;

D. 19.5 cents in 2017;

E. 17.5 cents in 2018;

F. 10 cents in 2019;

G. 10 cents in 2020;

H. 8 cents in 2021;

I. 6 cents in 2022;

J. 6 cents in 2023;

K. 6 cents in 2024;

L. 5.5 cents in 2025;

M. 4.5 cents in 2026;

N. 3.5 cents in 2027;

O. 3.25 cents in 2028;

P. 2.5 cents in 2029; and

Q. 2.25 cents in 2030 and later; and

3. 1.5 cents for each kilowatt–hour of shortfall from required Tier 2 renewable sources; or

(ii) for industrial process load:

1. for each kilowatt–hour of shortfall from required Tier 1 renewable sources, a compliance fee of:

A. 0.8 cents in 2006, 2007, and 2008;

B. 0.5 cents in 2009 and 2010;

C. 0.4 cents in 2011 and 2012;

D. 0.3 cents in 2013 and 2014;

E. 0.25 cents in 2015 and 2016; and

F. except as provided in paragraph (3) of this subsection, 0.2 cents in 2017 and later; and

2. nothing for any shortfall from required Tier 2 renewable sources.

(3) For industrial process load, the compliance fee for each kilowatt–hour of shortfall from required Tier 1 renewable sources is nothing for the year following any year during which, after final calculations, the net rate impact per megawatt–hour from Round 1 offshore wind projects exceeded $1.65 in 2012 dollars.

(4) (I) SUBJECT TO ANY ESCROW ACCOUNT RESERVE REQUIREMENT THE COMMISSION ESTABLISHES, THE COMPLIANCE FEES PAID INTO THE ESCROW ACCOUNT ESTABLISHED IN ACCORDANCE WITH THIS SUBSECTION SHALL BE DISTRIBUTED TO ELECTRIC COMPANIES TO BE REFUNDED OR CREDITED TO EACH DISTRIBUTION CUSTOMER BASED ON THE CUSTOMER'S CONSUMPTION OF

ELECTRICITY SUPPLY THAT IS SUBJECT TO THE RENEWABLE ENERGY PORTFOLIO STANDARD.

(II) THE PROCESS UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH RELATED TO THE REFUNDING OR CREDITING OF AMOUNTS TO DISTRIBUTION CUSTOMERS SHALL BE DIRECTED AND OVERSEEN BY THE COMMISSION.

(5) THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT THIS SUBSECTION, INCLUDING:

(I) THE ESTABLISHMENT OF AN ESCROW ACCOUNT TO BE UNDER, SUBJECT TO PARAGRAPH (4)(II) OF THIS SUBSECTION, THE SUPERVISION OF THE MARYLAND ENERGY ADMINISTRATION; AND

(II) DEFINING RULES TO FACILITATE AND ENSURE THE SECURE AND TRANSPARENT TRANSFER OF COMPLIANCE FEE PAYMENTS TO ELECTRIC COMPANIES TO BE DISTRIBUTED BACK TO DISTRIBUTION CUSTOMERS.

7–709.

(a) An electricity supplier may use accumulated renewable energy credits to meet the renewable energy portfolio standard, including credits created by a renewable on–site generator.

(b) **(1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**

(II) "CERTIFIED SREC" HAS THE MEANING STATED IN § 7–709.1 OF THIS SUBTITLE.

(III) "SREC–II" HAS THE MEANING STATED IN § 7–709.2 OF THIS SUBTITLE.

(2) A renewable energy credit may be sold or otherwise transferred.

(3) AN ELECTRICITY SUPPLIER THAT PROCURES RENEWABLE ENERGY CREDITS TO MEET THE RENEWABLE ENERGY PORTFOLIO STANDARD SHALL PROCURE CREDITS TO MEET THE STANDARD IN THE FOLLOWING ORDER:

(I) FIRST, ORECS, REC–IIS, AND SREC–IIS;

(II) SECOND, CERTIFIED SRECS; AND

(III) THIRD, RENEWABLE ENERGY CREDITS OTHER THAN ORECS, REC–IIS, SREC–IIS, AND CERTIFIED SRECS.

7–709.1.

(a) (1) In this section the following words have the meanings indicated.

(2) "Brownfield" has the meaning stated in § 7–207 of this title.

(3) "Certified SREC" means a solar renewable energy credit generated by a certified system.

(4) "Certified system" means a solar energy generating system certified by the Commission under the Program to generate certified SRECs with the compliance value specified in subsection (c) of this section.

(5) "Program" means the Small Solar Energy Generating System Incentive Program.

7–709.2.

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

(2) "PROGRAM" MEANS THE UTILITY–SCALE SREC–II PROGRAM.

(3) "QUALIFYING SMALL SYSTEM" HAS THE MEANING STATED IN § 7–709.3 OF THIS SUBTITLE.

(4) "QUALIFYING SYSTEM" MEANS A UTILITY–SCALE SOLAR ENERGY GENERATING SYSTEM CERTIFIED TO GENERATE SREC–IIS.

(5) "SREC–II" MEANS A SOLAR RENEWABLE ENERGY CREDIT EQUAL TO THE GENERATION ATTRIBUTES OF 1 MEGAWATT–HOUR OF ELECTRICITY THAT IS DERIVED FROM A QUALIFYING SYSTEM OR A QUALIFYING SMALL SYSTEM.

(6) "UTILITY–SCALE SOLAR ENERGY GENERATING SYSTEM" MEANS A SOLAR PHOTOVOLTAIC SYSTEM THAT HAS A GENERATING CAPACITY THAT EXCEEDS 5 MEGAWATTS, AS MEASURED BY THE ALTERNATING CURRENT RATING OF THE SYSTEM'S INVERTER.

(B) THERE IS A UTILITY–SCALE SREC–II PROGRAM IN THE COMMISSION.

(C) THE PROGRAM SHALL PROVIDE INCENTIVES FOR THE DEVELOPMENT OF AT LEAST 3,000 MEGAWATTS OF NEW UTILITY–SCALE SOLAR GENERATION BY 2035.

(D) (1) UNDER THE PROGRAM, A QUALIFYING SYSTEM SHALL GENERATE SREC–IIS.

(2) A QUALIFYING SYSTEM THAT GENERATES SREC–IIS UNDER THE PROGRAM MAY NOT SIMULTANEOUSLY RECEIVE REC–IIS, RECS, OR ANY OTHER EQUIVALENT CERTIFICATES.

(3) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE PROVISIONS OF THIS SUBTITLE RELATING TO RENEWABLE ENERGY CREDITS SHALL APPLY TO SREC–IIS GENERATED UNDER THE PROGRAM.

(4) AN SREC–II GENERATED UNDER THE PROGRAM MAY BE APPLIED ONLY TOWARD MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD BEGINNING WITH THE YEAR IN WHICH THE SREC–II IS GENERATED.

(E) THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT THIS SECTION, INCLUDING REGULATIONS TO ESTABLISH REQUIREMENTS FOR CERTIFICATION AS A QUALIFYING SYSTEM UNDER THE PROGRAM.

7–709.3.

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

(2) "ADMINISTRATIVELY DETERMINED INCENTIVE" MEANS THE MONETARY VALUE OF AN SREC–II GENERATED BY A QUALIFYING SMALL SYSTEM UNDER THE PROGRAM.

(3) "CAPACITY BLOCK" MEANS THE MAXIMUM AMOUNT OF GENERATING CAPACITY, MEASURED IN MEGAWATTS, THAT THE COMMISSION DETERMINES CAN BE ALLOTTED TO A SPECIFIC MARKET SEGMENT FOR A GIVEN INCENTIVE YEAR.

(4) "COMMUNITY SOLAR ENERGY GENERATING SYSTEM" HAS THE MEANING STATED IN § 7–306.2 OF THIS TITLE.

(5) "ELIGIBLE CUSTOMER–GENERATOR" HAS THE MEANING STATED IN § 7–306 OF THIS TITLE.

(6) "MARKET SEGMENT" MEANS THE GROUP CLASSIFICATION FOR THE TYPE OF SMALL SOLAR ENERGY GENERATING SYSTEMS ELIGIBLE FOR CERTIFICATION UNDER THE PROGRAM.

(7) "NET METERED SOLAR ENERGY GENERATING SYSTEM" MEANS A SMALL SOLAR ENERGY GENERATING SYSTEM USED BY AN ELIGIBLE CUSTOMER–GENERATOR FOR NET METERING IN ACCORDANCE WITH § 7–306 OF THIS TITLE.

(8) "PROGRAM" MEANS THE SMALL SOLAR FACILITIES INCENTIVE PROGRAM.

(9) "PROJECT OFF–TAKER" MEANS THE END USER OF SREC–IIS THAT ARE GENERATED BY A QUALIFYING SMALL SYSTEM.

(10) "QUALIFYING SMALL SYSTEM" MEANS A SMALL SOLAR ENERGY GENERATING SYSTEM CERTIFIED TO GENERATE SREC–IIS UNDER THE PROGRAM.

(11) "SMALL SOLAR ENERGY GENERATING SYSTEM" MEANS A PHOTOVOLTAIC SYSTEM THAT HAS A GENERATING CAPACITY OF 5 MEGAWATTS OR LESS, AS MEASURED BY THE ALTERNATING CURRENT RATING OF THE SYSTEM'S INVERTER.

(12) "SREC–II" HAS THE MEANING STATED IN § 7–709.2 OF THIS SUBTITLE.

(B) (1) THERE IS A SMALL SOLAR FACILITIES INCENTIVE PROGRAM.

(2) THE COMMISSION SHALL ADMINISTER THE PROGRAM.

(C) THE PROGRAM SHALL PROVIDE INCENTIVES FOR THE DEVELOPMENT OF, BY 2035, AT LEAST 3,000 MEGAWATTS OF NEW SOLAR ENERGY GENERATION BY OWNERS OF SMALL SOLAR ENERGY GENERATING SYSTEMS THAT ARE:

(1) COMMUNITY SOLAR ENERGY GENERATING SYSTEMS; OR

(2) NET METERED SOLAR ENERGY GENERATING SYSTEMS.

(D) (1) THE COMMISSION SHALL ESTABLISH ELIGIBILITY CRITERIA AND AN APPLICATION PROCESS BY WHICH AN OWNER OF A SMALL SOLAR ENERGY GENERATING SYSTEM MAY APPLY TO BECOME A QUALIFYING SMALL SYSTEM AND GENERATE SREC–IIS UNDER THE PROGRAM.

(2) IN ADDITION TO ANY REQUIREMENTS ESTABLISHED BY THE COMMISSION UNDER PARAGRAPH (1) OF THIS SUBSECTION, TO BE ELIGIBLE UNDER THE PROGRAM, A SMALL SOLAR ENERGY GENERATING SYSTEM SHALL:

(I) BE LOCATED IN THE STATE;

(II) BE ELIGIBLE FOR INCLUSION IN MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD;

(III) HAVE A GENERATING CAPACITY OF 5 MEGAWATTS OR LESS, AS MEASURED BY THE ALTERNATING CURRENT RATING OF THE SYSTEM'S INVERTER;

(IV) BE PLACED IN SERVICE ON OR AFTER JULY 1, 2027; AND

(V) BE BENEFICIAL TO THE ELECTRIC DISTRIBUTION SYSTEM IN THE STATE.

(E) ON OR BEFORE JANUARY 1, 2028, THE PROGRAM SHALL BEGIN ACCEPTING APPLICATIONS FROM QUALIFYING SMALL SYSTEMS TO FULFILL CAPACITY WITHIN A CAPACITY BLOCK ON A FIRST–COME, FIRST–SERVED BASIS.

(F) (1) ON OR BEFORE JANUARY 1, 2027, AND EVERY 3 YEARS THEREAFTER, THE COMMISSION SHALL ESTABLISH AN ADMINISTRATIVELY DETERMINED INCENTIVE AND ANNUAL CAPACITY BLOCK FOR EACH OF THE FOLLOWING MARKET SEGMENTS UNDER THE PROGRAM:

(I) BEHIND–THE–METER RESIDENTIAL;

(II) BEHIND–THE–METER NONRESIDENTIAL;

(III) AGGREGATED NET METERING; AND

(IV) COMMUNITY SOLAR.

(2) AT ANY TIME AFTER PROVIDING PUBLIC NOTICE THE COMMISSION MAY ADJUST THE ADMINISTRATIVELY DETERMINED INCENTIVE AND ANNUAL CAPACITY BLOCKS IF THE COMMISSION DETERMINES AN ADJUSTMENT IS NECESSARY.

(3) THE ADMINISTRATIVELY DETERMINED INCENTIVE FOR A QUALIFIED SMALL SYSTEM SHALL BE FIXED FOR 15 YEARS AT THE AMOUNT OF THE ADMINISTRATIVELY DETERMINED INCENTIVE THAT WAS ESTABLISHED IN THE YEAR

IN WHICH THE QUALIFYING SMALL SYSTEM WAS CONSTRUCTED OR RECEIVED CERTIFICATION AS A QUALIFYING SMALL SYSTEM, WHICHEVER IS LATER.

(4) (I) IN ESTABLISHING AN ADMINISTRATIVELY DETERMINED INCENTIVE AND ANNUAL CAPACITY BLOCKS UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION SHALL BALANCE THE NEED FOR CONTINUED MARKET DEVELOPMENT FOR EACH MARKET SEGMENT WHILE LIMITING THE PROJECTED NET RATE IMPACT FOR ALL CUSTOMERS TO 5% OF THE TOTAL ELECTRICITY BILL OVER THE DURATION OF THE PROGRAM.

(II) THE NET RATE IMPACT CALCULATIONS SHALL TAKE INTO ACCOUNT ANY COSTS AND BENEFITS ATTRIBUTABLE TO THE PROGRAM AS DETERMINED BY THE COMMISSION, INCLUDING:

1. ENERGY GENERATED;

2. THE CAPACITY OF QUALIFYING SMALL SYSTEMS IN THE PROGRAM; AND

3. THE TRANSMISSION AND DISTRIBUTION OF THE ENERGY THROUGH THE TRANSMISSION AND DISTRIBUTION SYSTEMS.

(G) IN DETERMINING THE ADMINISTRATIVELY DETERMINED INCENTIVE FOR EACH MARKET SEGMENT UNDER SUBSECTION (F)(1) OF THIS SECTION, THE COMMISSION SHALL:

(1) FOR EACH MARKET SEGMENT, CONSIDER PRICE DIFFERENTIALS BASED ON THE FOLLOWING CRITERIA:

(I) PROJECT SIZE;

(II) PROJECT OFF–TAKER TYPE;

(III) PROJECT LOCATION; AND

(IV) ELECTRIC COMPANY SERVICE TERRITORY;

(2) ESTABLISH MONETARY VALUES THAT ENCOURAGE MARKET DEVELOPMENT WHILE BALANCING RATEPAYER INTERESTS; AND

(3) STRIVE TO ACHIEVE MARKET DIVERSITY, INCLUDING GEOGRAPHIC DIVERSITY AND PROJECT OFF–TAKER DIVERSITY.

(H) IN ESTABLISHING THE CAPACITY BLOCK FOR EACH MARKET SEGMENT UNDER SUBSECTION (F)(1) OF THIS SECTION, THE COMMISSION SHALL:

(1) ENABLE MEANINGFUL AND CONTINUED MARKET GROWTH FOR EACH MARKET SEGMENT;

(2) CONSIDER THE VALUE OF REDUCING ELECTRICITY DEMAND AND THE COST OF INSTALLING GENERATING CAPACITY ON THE TRANSMISSION AND DISTRIBUTION SYSTEMS; AND

(3) FOR THE BEHIND–THE–METER RESIDENTIAL MARKET SEGMENT, ENSURE THAT THE NEXT CAPACITY BLOCK IS ESTABLISHED AS SOON AS REASONABLY POSSIBLE AFTER THE CURRENT CAPACITY BLOCK HAS BEEN FULLY RESERVED.

(I) (1) A QUALIFYING SMALL SYSTEM THAT GENERATES SREC–IIS UNDER THIS PROGRAM MAY NOT SIMULTANEOUSLY RECEIVE REC–IIS, RECS, OR ANY OTHER EQUIVALENT CREDITS.

(2) EXCEPT AS OTHERWISE PROVIDED IN SECTION, THE PROVISIONS OF THIS SUBTITLE RELATING TO RENEWABLE ENERGY CREDITS SHALL APPLY TO SREC–IIS GENERATED UNDER THE PROGRAM.

(3) AN SREC–II GENERATED UNDER THE PROGRAM MAY BE APPLIED ONLY TOWARD MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD BEGINNING WITH THE YEAR IN WHICH THE SREC–II IS GENERATED.

SUBTITLE 12. ENERGY PROCUREMENT.

PART I. DEFINITIONS; GENERAL PROVISIONS.

7–1201.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "EFFECTIVE NAMEPLATE CAPACITY" MEANS THE AMOUNT OF ENERGY AN ENERGY STORAGE DEVICE CAN DELIVER CONTINUOUSLY TO THE ELECTRIC DISTRIBUTION SYSTEM OVER A 4–HOUR PERIOD.

(C) "ENERGY STORAGE DEVICE" HAS THE MEANING STATED IN § 7–216 OF THIS TITLE.

(D) "REC–II" HAS THE MEANING STATED IN § 7–701 OF THIS TITLE.

(E) "REC–II PAYMENT" MEANS THE MONETARY VALUE OF A REC–II GENERATED AND SOLD BY AN ENERGY GENERATING SYSTEM AWARDED A CONTRACT IN ACCORDANCE WITH THIS SUBTITLE.

7–1202.

(A) AN APPLICATION FOR A PROPOSED PROJECT UNDER THIS SUBTITLE IS SUBJECT TO A COMMUNITY BENEFIT AGREEMENT.

(B) A COMMUNITY BENEFIT AGREEMENT SHALL:

(1) PROMOTE INCREASED OPPORTUNITIES FOR LOCAL BUSINESSES AND SMALL, MINORITY, WOMEN–OWNED, AND VETERAN–OWNED BUSINESSES IN THE CLEAN ENERGY INDUSTRY;

(2) ENSURE THE TIMELY, SAFE, AND EFFICIENT COMPLETION OF THE PROJECT BY:

(I) FACILITATING A STEADY SUPPLY OF HIGHLY SKILLED CRAFT WORKERS WHO SHALL BE PAID NOT LESS THAN THE PREVAILING WAGE RATE DETERMINED BY THE COMMISSIONER OF LABOR AND INDUSTRY UNDER TITLE 17, SUBTITLE 2 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; AND

(II) GUARANTEEING THAT THE CONSTRUCTION WORK PERFORMED IN CONNECTION WITH THE PROJECT WILL BE SUBJECT TO AN AGREEMENT THAT:

1. ESTABLISHES THE TERMS AND CONDITIONS OF EMPLOYMENT AT THE CONSTRUCTION SITE OF THE PROJECT OR A PORTION OF THE PROJECT;

2. GUARANTEES AGAINST STRIKES, LOCKOUTS, AND SIMILAR DISRUPTIONS;

3. ENSURES THAT ALL WORK ON THE PROJECT FULLY CONFORMS TO ALL RELEVANT STATE AND FEDERAL LAWS, RULES, AND REGULATIONS, INCLUDING ALL REQUIRED TRAINING FOR EMPLOYEES;

4. CREATES MUTUALLY BINDING PROCEDURES FOR RESOLVING LABOR DISPUTES ARISING DURING THE TERM OF THE PROJECT;

5. SETS FORTH OTHER MECHANISMS FOR LABOR–MANAGEMENT COOPERATION ON MATTERS OF MUTUAL INTEREST AND CONCERN, INCLUDING PRODUCTIVITY, QUALITY OF WORK, SAFETY, AND HEALTH; AND

6. BINDS ALL CONTRACTORS AND SUBCONTRACTORS TO THE TERMS OF THE AGREEMENT THROUGH THE INCLUSION OF APPROPRIATE PROVISIONS IN ALL RELEVANT SOLICITATION AND CONTRACT DOCUMENTS;

(3) PROMOTE SAFE COMPLETION OF THE PROJECT BY ENSURING THAT AT LEAST 80% OF THE CRAFT WORKERS ON THE PROJECT HAVE COMPLETED AN OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION 10–HOUR COURSE;

(4) PROMOTE CAREER TRAINING OPPORTUNITIES IN THE MANUFACTURING, MAINTENANCE, AND CONSTRUCTION INDUSTRIES FOR LOCAL RESIDENTS, VETERANS, WOMEN, MINORITIES, AND FORMERLY INCARCERATED INDIVIDUALS;

(5) INCLUDE PROVISIONS FOR LOCAL HIRING AND THE HIRING OF HISTORICALLY DISADVANTAGED GROUPS;

(6) USE LOCALLY, SUSTAINABLY, AND DOMESTICALLY MANUFACTURED CONSTRUCTION MATERIALS AND COMPONENTS TO THE EXTENT PRACTICABLE;

(7) REQUIRE THE USE OF SKILLED LOCAL LABOR, PARTICULARLY WITH REGARD TO THE CONSTRUCTION AND MANUFACTURING COMPONENTS OF THE PROJECT, USING METHODS INCLUDING OUTREACH, HIRING, OR REFERRAL METHODS THAT ARE AFFILIATED WITH REGISTERED APPRENTICESHIP PROGRAMS UNDER TITLE 11, SUBTITLE 4 OF THE LABOR AND EMPLOYMENT ARTICLE; AND

(8) AUTHORIZE THE MARYLAND DEPARTMENT OF LABOR AND THE COMMISSION TO CONSIDER, REVIEW, AND ENFORCE A STORAGE DEVELOPER OR ENERGY DEVELOPER'S COMPLIANCE WITH ANY COMMUNITY BENEFIT AGREEMENT.

7–1203.

THE COMMISSION MAY CONTRACT FOR THE SERVICES OF INDEPENDENT CONSULTANTS AND EXPERTS TO IMPLEMENT AND EXECUTE ANY PART OF THIS SUBTITLE.

7–1204. RESERVED.

7–1205. RESERVED.

PART II. TRANSMISSION ENERGY STORAGE DEVICES.

7–1206.

(A) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT THE STATE HAS A GOAL OF REACHING 1,600 MEGAWATTS OF FRONT–OF–THE–METER TRANSMISSION ENERGY STORAGE DEVICES.

(B) THE COMMISSION SHALL, BY REGULATION OR ORDER, ESTABLISH A COMPETITIVE PROCESS FOR THE PROCUREMENT OF PROJECTS FOR THE CONSTRUCTION AND DEPLOYMENT OF FRONT–OF–THE–METER TRANSMISSION ENERGY STORAGE DEVICES.

(C) (1) (I) ON OR BEFORE JANUARY 1, 2026, THE COMMISSION SHALL ISSUE A PROCUREMENT SOLICITATION FOR APPLICATIONS FOR PROJECTS FOR THE CONSTRUCTION AND DEPLOYMENT OF FRONT–OF–THE–METER TRANSMISSION ENERGY STORAGE DEVICES.

(II) THE PROCUREMENT SOLICITATION SHALL BE FOR A MAXIMUM OF 800 MEGAWATTS OF CUMULATIVE ENERGY STORAGE CAPACITY, AS MEASURED IN EFFECTIVE NAMEPLATE CAPACITY.

(2) ON OR BEFORE OCTOBER 1, 2026, THE COMMISSION SHALL ISSUE A DECISION ON WHETHER TO APPROVE ONE OR MORE PROPOSALS IN ACCORDANCE WITH § 7–1208(B) OF THIS SUBTITLE.

(3) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE TRANSMISSION ENERGY STORAGE DEVICES PROCURED IN ACCORDANCE WITH THIS SUBSECTION SHALL BE OPERATIONAL WITHIN 18 MONTHS AFTER A PROJECT IS SELECTED BY THE COMMISSION.

(II) THE COMMISSION MAY EXTEND THE OPERATING DEADLINE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH FOR GOOD CAUSE SHOWN.

(D) (1) ON OR BEFORE JANUARY 1, 2027, THE COMMISSION SHALL ISSUE A SECOND PROCUREMENT SOLICITATION FOR THE PROCUREMENT OF PROJECTS FOR THE CONSTRUCTION AND DEPLOYMENT OF FRONT–OF–THE–METER TRANSMISSION ENERGY STORAGE DEVICES.

(2) THE PROCUREMENT SOLICITATION SHALL BE FOR A MAXIMUM OF 800 MEGAWATTS OF CUMULATIVE ENERGY STORAGE CAPACITY, AS MEASURED IN EFFECTIVE NAMEPLATE CAPACITY.

(3) ON OR BEFORE OCTOBER 1, 2027, THE COMMISSION SHALL ISSUE A DECISION ON WHETHER TO APPROVE ONE OR MORE PROPOSALS IN ACCORDANCE WITH § 7–1208(B) OF THIS SUBTITLE.

(4) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE TRANSMISSION ENERGY STORAGE DEVICES PROCURED IN ACCORDANCE WITH THIS SUBSECTION SHALL BE OPERATIONAL WITHIN 18 MONTHS AFTER A PROJECT IS SELECTED BY THE COMMISSION.

(II) THE COMMISSION MAY EXTEND THE OPERATING DEADLINE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH FOR GOOD CAUSE SHOWN.

7–1207.

(A) THE COMMISSION SHALL INCLUDE SPECIFICATIONS IN A PROCUREMENT SOLICITATION ISSUED UNDER § 7–1206 OF THIS SUBTITLE THAT REQUIRE EACH PROPOSAL TO:

(1) INCLUDE A PROPOSED PRICING SCHEDULE FOR THE TRANSMISSION ENERGY STORAGE DEVICE PROJECT;

(2) INCLUDE A COST–BENEFIT ANALYSIS OF THE PROJECT AND THE PROPOSED PRICING SCHEDULE, INCLUDING AN ANALYSIS OF:

(I) THE LOCATIONAL VALUE, DURATION, AND TIME TO DEPLOYMENT OF THE ENERGY STORAGE DEVICES;

(II) AVOIDED OR DELAYED TRANSMISSION, GENERATION, AND DISTRIBUTION COSTS;

(III) AVOIDED EMISSIONS IN THE SHORT TERM AND PROJECTED AVOIDED EMISSIONS IN THE LONG TERM, MEASURED USING THE SOCIAL COST OF CARBON, AS DETERMINED BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY AS OF JANUARY 1, 2025;

(IV) THE VALUE OF THE RAPID DEPLOYMENT OF ENERGY STORAGE DEVICES; AND

(V) ANY OTHER AVOIDED COSTS;

(3) ENSURE THAT THE OWNER OR OPERATOR OF THE PROJECT HAS THE CAPABILITY TO EXPORT ELECTRICITY FOR SALE ON THE WHOLESALE MARKET AND BID INTO THE PJM CAPACITY MARKET UNDER AN AGREEMENT WITH PJM INTERCONNECTION;

(4) ENSURE THAT THE ENERGY STORAGE DEVICES CAN DELIVER THEIR EFFECTIVE NAMEPLATE CAPACITY;

(5) INCORPORATE A COMMUNITY BENEFIT AGREEMENT;

(6) ATTEST IN WRITING THAT ALL CONTRACTORS AND SUBCONTRACTORS WORKING ON THE PROJECT HAVE BEEN IN COMPLIANCE WITH FEDERAL AND STATE WAGE AND HOUR LAWS FOR THE IMMEDIATELY PRECEDING 3 YEARS OR THE DURATION OF THE CONTRACTOR'S OR SUBCONTRACTOR'S BUSINESS OPERATION, WHICHEVER IS LONGER; AND

(7) ENSURE A COMPETITIVE BIDDING PROCESS BY REDACTING PROPRIETARY INFORMATION PROVIDED TO THE COMMISSION.

(B) FRONT–OF–THE–METER TRANSMISSION ENERGY STORAGE DEVICES PAIRED WITH TIER 1 OR TIER 2 RENEWABLE SOURCES, AS DEFINED UNDER § 7–701 OF THIS TITLE, MAY BE INCLUDED IN A PROPOSAL IN RESPONSE TO A PROCUREMENT SOLICITATION UNDER § 7–1206 OF THIS SUBTITLE.

7–1208.

(A) IN SELECTING A PROPOSAL FOR A FRONT–OF–THE–METER TRANSMISSION ENERGY STORAGE DEVICE PROJECT, THE COMMISSION:

(1) SHALL SPECIFY THE PRICING SCHEDULE, WHICH SHALL BE A MONTHLY FIXED PRICE REPRESENTING THE VALUE OF THE FRONT–OF–THE–METER TRANSMISSION ENERGY STORAGE DEVICE BEYOND THE PAYMENTS RECEIVED FROM PJM WHOLESALE MARKETS;

(2) SHALL SPECIFY THAT FOR CONTINUED RECEIPT OF PAYMENT UNDER ITEM (1) OF THIS SUBSECTION, AN APPLICANT SHALL DEMONSTRATE, TO THE SATISFACTION OF THE COMMISSION, THAT THE APPLICANT'S ENERGY STORAGE DEVICE IS AVAILABLE AND PARTICIPATING IN THE PJM ENERGY AND CAPACITY MARKET AT NOT LESS THAN THE CLASS AVERAGE AVAILABILITY RATE ESTABLISHED BY PJM INTERCONNECTION FOR COMPARABLE DEVICES;

(3) SHALL INCORPORATE PENALTIES FOR NONPERFORMANCE IN THE CONTRACT, INCLUDING WITHHOLDING OF PAYMENT, FOR ENERGY STORAGE DEVICES THAT FAIL TO MEET AVAILABILITY METRICS;

(4) MAY TERMINATE ENERGY STORAGE DEVICES FROM THE PROGRAM IF DEVICE PERFORMANCE DOES NOT IMPROVE AFTER APPROPRIATE NOTICE AND OPPORTUNITY TO CURE; AND

(5) MAY CONSIDER OTHER NONPRICE FACTORS SUCH AS:

(I) PROJECT MATURITY DATES;

(II) SITE CONTROL; AND

(III) ANY OTHER RELEVANT NONPRICE FACTORS AS DETERMINED BY THE COMMISSION.

(B) THE COMMISSION SHALL:

(1) AFTER GIVING PUBLIC NOTICE, HOLD ONE OR MORE PUBLIC HEARINGS TO RECEIVE PUBLIC COMMENT AND EVALUATE THE PROPOSALS; AND

(2) SUBJECT TO SUBSECTION (C) OF THIS SECTION, ISSUE ONE OR MORE ORDERS TO SELECT A PROPOSAL OR PROPOSALS FOR DEVELOPMENT.

(C) IF THE COMMISSION FINDS THAT NONE OF THE PROPOSALS ADEQUATELY SUPPORT THE GOALS ESTABLISHED UNDER THIS SUBTITLE THE COMMISSION MAY END THE SOLICITATION PROCESS WITHOUT SELECTING A PROPOSAL.

7–1209.

(A) FOR ANY PROPOSAL SELECTED UNDER THIS PART, THE COMMISSION MAY ADOPT CONDITIONS FOR THE CONSTRUCTION AND OPERATION OF FACILITIES INCLUDED IN THE PROPOSAL.

(B) AN ORDER SELECTING A PROPOSAL UNDER § 7–1208 OF THIS SUBTITLE BESTOWS THE SAME RIGHTS TO THE SELECTED PROPOSAL THAT A GENERATING SYSTEM WOULD OTHERWISE BE GRANTED THROUGH A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY UNDER § 7–207 OF THIS TITLE IF THE SELECTED PROPOSAL IS REVIEWED UNDER AN ALTERNATIVE PROCESS AS DETERMINED BY THE COMMISSION.

7–1210.

ANY TRANSMISSION ENERGY STORAGE DEVICE BUILT IN ACCORDANCE WITH THIS SUBTITLE SHALL COUNT TOWARD THE ENERGY STORAGE DEVICE DEPLOYMENT GOALS UNDER § 7–216.2 OF THIS TITLE.

7–1211.

ON OR BEFORE DECEMBER 31, 2026, THE COMMISSION SHALL REPORT, IN ACCORDANCE WITH § 2–1257 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY ON THE EFFECTIVENESS OF THE PROCUREMENT PROCESS ESTABLISHED UNDER THIS PART.

7–1212. RESERVED.

7–1213. RESERVED.

PART III. RENEWABLE ENERGY CREDITS.

7–1214.

(A) IN THIS PART THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "BROWNFIELD" HAS THE MEANING STATED IN § 7–207 OF THIS TITLE.

(C) "QUALIFYING SYSTEM" HAS THE MEANING STATED IN § 7–709.2 OF THIS TITLE.

(D) "REC ESCROW ADMINISTRATOR" MEANS THE ENTITY CHOSEN, IN ACCORDANCE WITH § 7–1219 OF THIS SUBTITLE, TO SUPERVISE THE ESCROW ACCOUNT CREATED UNDER THIS SUBTITLE TO ENSURE THE SECURE AND TRANSPARENT TRANSFER OF REVENUES, SREC–IIS, AND REC–IIS AMONG QUALIFYING SYSTEMS, WIND SYSTEMS, SMALL HYDROELECTRIC SYSTEMS, AND ELECTRIC COMPANIES.

(E) "RENEWABLE ENERGY CREDIT" HAS THE MEANING STATED IN § 7–701 OF THIS TITLE.

(F) "SMALL HYDROELECTRIC SYSTEM" HAS THE MEANING STATED IN § 7–701(S)(8) OF THIS TITLE.

(G) "SOLAR ENERGY GENERATING SYSTEM" HAS THE MEANING STATED IN § 7–709.2 OF THIS TITLE.

(H) "SREC–II" HAS THE MEANING STATED IN § 7–709.2 OF THIS TITLE.

(I) "SREC–II PAYMENT" MEANS THE MONETARY VALUE OF AN SREC–II GENERATED AND SOLD BY A SOLAR ENERGY GENERATING SYSTEM AWARDED A CONTRACT IN ACCORDANCE WITH THIS SUBTITLE.

(J) "WIND SYSTEM" MEANS A LAND–BASED WIND ENERGY GENERATING SYSTEM.

7–1215.

(A) THROUGH REGULATION OR ORDER, THE COMMISSION SHALL ESTABLISH A COMPETITIVE PROCESS FOR THE PROCUREMENT OF:

(1) SREC–IIS FROM QUALIFYING SYSTEMS; AND

(2) REC–IIS FROM SMALL HYDROELECTRIC SYSTEMS AND WIND SYSTEMS.

(B) THE COMPETITIVE PROCESS ESTABLISHED UNDER THIS PART SHALL REQUIRE THAT:

(1) BIDS FROM QUALIFYING SYSTEMS, SMALL HYDROELECTRIC SYSTEMS, AND WIND SYSTEMS SHALL BE ONLY FOR THE PROCUREMENT OF SREC–IIS AND REC–IIS; AND

(2) BIDS SUBMITTED FOR THE PROCUREMENT OF SREC–IIS OR REC–IIS SHALL INCLUDE AN SREC–II OR REC–II PRICING SCHEDULE THAT SPECIFIES A PRICE FOR THE GENERATION ATTRIBUTES OF THE ORIGINATING ENERGY GENERATING SYSTEM, INCLUDING ENERGY, CAPACITY, ANCILLARY SERVICES, AND ENVIRONMENTAL ATTRIBUTES.

7–1216.

AN ORDER THE COMMISSION ISSUES APPROVING A PROPOSED PROCUREMENT UNDER THIS PART SHALL:

(1) SPECIFY THE SREC–II OR REC–II PRICING SCHEDULE;

(2) SPECIFY THE DURATION OF THE SREC–II OR REC–II PRICING SCHEDULE, NOT TO EXCEED 30 YEARS;

(3) SPECIFY THE NUMBER OF SREC–IIS OR REC–IIS THAT MAY BE PURCHASED EACH YEAR FROM THE QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM;

(4) PROVIDE THAT:

(I) A PAYMENT MAY NOT BE MADE FOR AN SREC–II OR REC–II UNTIL ELECTRICITY SUPPLY IS GENERATED UNDER THE PROCUREMENT; AND

(II) RATEPAYERS, PURCHASERS OF SREC–IIS AND REC–IIS, AND THE STATE SHALL BE HELD HARMLESS FOR ANY COST OVERRUNS ASSOCIATED WITH THE QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM;

(5) REQUIRE THAT ANY DEBT INSTRUMENT ISSUED IN CONNECTION WITH THE QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM INCLUDE LANGUAGE SPECIFYING THAT THE DEBT INSTRUMENT DOES NOT ESTABLISH A DEBT, AN OBLIGATION, OR A LIABILITY OF THE STATE; AND

(6) REQUIRE THAT THE OWNER OR OPERATOR OF A QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM EXECUTE AND COMPLY WITH A COMMUNITY BENEFIT AGREEMENT UNDER § 7–1202 OF THIS SUBTITLE.

7–1217.

TO BE ELIGIBLE TO PARTICIPATE IN THE COMPETITIVE PROCUREMENT PROCESS UNDER THIS PART, A QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM SHALL:

(1) BE LOCATED IN THE STATE OR OTHERWISE DEMONSTRATE AN ABILITY TO ADDRESS THE RESOURCE ADEQUACY NEEDS OF THE STATE;

(2) BE ELIGIBLE FOR INCLUSION IN MEETING THE RENEWABLE ENERGY PORTFOLIO STANDARD UNDER § 7–703(B) OF THIS TITLE; AND

(3) FOR SMALL HYDROELECTRIC SYSTEMS:

(I) HAVE A GENERATING CAPACITY OF LESS THAN 30 MEGAWATTS; AND

(II) BE LICENSED OR EXEMPT FROM LICENSING BY THE FEDERAL ENERGY REGULATORY COMMISSION.

7–1218.

UNLESS EXTENDED BY MUTUAL CONSENT OF THE PARTIES, THE COMMISSION SHALL APPROVE, CONDITIONALLY APPROVE, OR DENY A PROCUREMENT UNDER THIS PART WITHIN 180 DAYS AFTER THE CLOSE OF A SOLICITATION PERIOD.

7–1219.

(A) FOR THE PROCUREMENT PROCESS ESTABLISHED UNDER THIS PART, BY REGULATION OR ORDER, THE COMMISSION SHALL:

(1) ESTABLISH AN SREC–II AND REC–II PURCHASER'S OBLIGATION FOR SREC–II AND REC–II PURCHASERS TO PURCHASE SREC–IIS AND REC–IIS FOR EACH YEAR:

(I) ON A FORWARD–LOOKING BASIS; AND

(II) AT LEAST 1 YEAR BEFORE THE YEAR IN WHICH THAT SREC–II AND REC–II PURCHASE OBLIGATION BECOMES EFFECTIVE TO ALLOW AN ELECTRIC COMPANY TO REFLECT SREC–II AND REC–II COSTS AS A NONBYPASSABLE SURCHARGE PAID BY ALL DISTRIBUTION CUSTOMERS OF THE ELECTRIC COMPANY;

(2) ESTABLISH A NONBYPASSABLE SURCHARGE THAT ALLOWS AN ELECTRIC COMPANY TO RECOVER ALL COSTS ASSOCIATED WITH THE PURCHASE OF SREC–IIS AND REC–IIS FROM ALL DISTRIBUTION CUSTOMERS OF THE ELECTRIC COMPANY;

(3) ESTABLISH AN ESCROW ACCOUNT THAT IS UNDER THE SUPERVISION OF THE REC ESCROW ADMINISTRATOR; AND

(4) DIRECT THE ELECTRIC COMPANIES, IN CONSULTATION WITH THE COMMISSION, TO JOINTLY SELECT A REC ESCROW ADMINISTRATOR.

(B) (1) EACH ELECTRIC COMPANY SHALL PROCURE FROM THE ESCROW ACCOUNT ESTABLISHED BY REGULATION OR ORDER UNDER THIS SECTION THE NUMBER OF SREC–IIS AND REC–IIS REQUIRED TO SATISFY THE SREC–II AND REC–II PURCHASER'S OBLIGATIONS.

(2) SUBJECT TO ANY ESCROW ACCOUNT RESERVE REQUIREMENT THE COMMISSION ESTABLISHES:

(I) IF THERE ARE INSUFFICIENT SREC–IIS OR REC–IIS AVAILABLE TO SATISFY THE ELECTRIC COMPANIES' SREC–II AND REC–II PURCHASER'S OBLIGATION, THE OVERPAYMENT SHALL BE DISTRIBUTED TO ELECTRIC COMPANIES TO BE REFUNDED OR CREDITED TO EACH DISTRIBUTION CUSTOMER BASED ON THE CUSTOMER'S CONSUMPTION OF ELECTRICITY SUPPLY THAT IS SUBJECT TO THE RENEWABLE ENERGY PORTFOLIO STANDARD; AND

(II) THE CALCULATION OF AN ELECTRIC COMPANY'S SREC–II AND REC–II PURCHASE OBLIGATION SHALL BE BASED ON FINAL ELECTRICITY SALES DATA AS REPORTED BY PJM INTERCONNECTION AS MEASURED AT THE CUSTOMER'S METER.

(3) FOR EACH SREC–II AND REC–II FOR WHICH A QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM RECEIVES PAYMENT, THE QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM SHALL:

(I) SELL ALL ENERGY, CAPACITY, AND ANCILLARY SERVICES ASSOCIATED WITH THE CREATION OF THE SREC–IIS OR REC–IIS INTO THE MARKETS OPERATED BY PJM INTERCONNECTION; AND

(II) DISTRIBUTE THE PROCEEDS RECEIVED FROM THE SALES UNDER ITEM (I) OF THIS PARAGRAPH TO ELECTRIC COMPANIES TO BE REFUNDED OR CREDITED TO EACH DISTRIBUTION CUSTOMER BASED ON THE CUSTOMER'S CONSUMPTION OF ELECTRICITY SUPPLY THAT IS SUBJECT TO THE RENEWABLE ENERGY PORTFOLIO STANDARD.

7–1220.

BY REGULATION OR ORDER, THE COMMISSION SHALL SPECIFY THE TRANSFER AND EXPIRATION OF SREC–IIS AND REC–IIS CREATED BY QUALIFYING SYSTEMS, SMALL HYDROELECTRIC SYSTEMS, OR WIND SYSTEMS IN EXCESS OF THE ESTABLISHED SREC–II OR REC–II PRICING SCHEDULE.

7–1221.

A DEBT, AN OBLIGATION, OR A LIABILITY OF A QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM OR OF AN OWNER OR OPERATOR OF A QUALIFYING SYSTEM, SMALL HYDROELECTRIC SYSTEM, OR WIND SYSTEM MAY NOT BE CONSIDERED A DEBT, AN OBLIGATION, OR A LIABILITY OF THE STATE.

Article – State Finance and Procurement

13–102.

(a) The following procurement methods are authorized at the procurement officer's discretion, where applicable:

(1) competitive sealed bids under § 13–103 of this subtitle;

(2) competitive sealed proposals under § 13–104 or § 13–105 of this subtitle;

(3) noncompetitive negotiation under § 13–106 of this subtitle;

(4) sole source procurement under § 13–107 of this subtitle;

(5) emergency or expedited procurement under § 13–108 of this subtitle;

(6) small procurement under § 13–109 of this subtitle;

(7) an intergovernmental cooperative purchasing agreement under § 13–110 of this subtitle;

(8) auction bids under § 13–111 of this subtitle;

(9) architectural, engineering, and land surveying services qualification based selection under § 13–112 of this subtitle;

(10) master contracting under § 13–113 of this subtitle; **[**or**]**

(11) pay–for–success contracting under § 13–112.1 of this subtitle**; OR**

(12) LEGISLATIVE FAST–TRACK PROCUREMENTS UNDER § 13–117 OF THIS SUBTITLE.

13–117.

(A) IT IS THE INTENT OF THE GENERAL ASSEMBLY TO:

(1) RECOGNIZE THE NEED FOR STATE AGENCIES TO BE RESPONSIVE TO THE REQUESTS AND LEGISLATIVE DIRECTIVES OF THE GENERAL ASSEMBLY;

(2) REDUCE THE TIME IT TAKES FOR STATE AGENCIES TO PROCURE CONSULTANTS TO ASSIST WITH LEGISLATIVE MANDATES THAT HAVE DEADLINES SPECIFIED IN LAW; AND

(3) BE TIMELY IN ADDRESSING CLIMATE CHANGE, ENVIRONMENTAL, ENERGY, AND GREENHOUSE GAS EMISSIONS RELATED ISSUES.

(B) THIS SECTION APPLIES ONLY TO THE PROCUREMENT OF CONSULTANTS THAT:

(1) ARE LEGISLATIVELY MANDATED WITH SPECIFIC TIME FRAMES ESTABLISHED IN LAW; AND

(2) WILL ADDRESS ISSUES RELATED ONLY TO CLIMATE CHANGE, ENVIRONMENTAL, ENERGY, AND GREENHOUSE GAS EMISSIONS.

(C) THE FOLLOWING UNITS ARE AUTHORIZED TO ISSUE COMPETITIVE SEALED BIDS HIGHER THAN THEIR DESIGNATED SMALL PROCUREMENT DELEGATION AUTHORITIES:

(1) THE PUBLIC SERVICE COMMISSION;

(2) THE OFFICE OF PEOPLE'S COUNSEL;

(3) THE MARYLAND ENERGY ADMINISTRATION;

(4) THE DEPARTMENT OF THE ENVIRONMENT; AND

(5) THE DEPARTMENT OF NATURAL RESOURCES.

(D) BEFORE AWARDING A PROCUREMENT CONTRACT UNDER THIS SECTION, THE PROCUREMENT OFFICER SHALL OBTAIN THE APPROVAL OF:

(1) THE HEAD OF THE UNIT; AND

(2) THE CHIEF PROCUREMENT OFFICER, OR THEIR DESIGNEE.

(E) (1) THE CHIEF PROCUREMENT OFFICER, OR THEIR DESIGNEE, SHALL APPROVE A PROCUREMENT CONTRACT SUBMITTED UNDER THIS SECTION IF IT COMPLIES WITH THE REQUIREMENTS OF THIS SECTION.

(2) IF THE CHIEF PROCUREMENT OFFICER, OR THEIR DESIGNEE, DOES NOT APPROVE A PROCUREMENT CONTRACT SUBMITTED UNDER THIS SECTION WITHIN 5 BUSINESS DAYS AFTER RECEIVING THE CONTRACT, THE CONTRACT SHALL BE CONSIDERED APPROVED.

Article – State Government

9–20B–05.

(a) There is a Maryland Strategic Energy Investment Fund.

(e) The Fund consists of:

(1) all of the proceeds from the sale of allowances under § 2–1002(g) of the Environment Article;

(2) money appropriated in the State budget to the Program;

(3) repayments and prepayments of principal and interest on loans made from the Fund;

(4) interest and investment earnings on the Fund;

(5) compliance fees paid under **[**§ 7–705**]** **§ 7–705(B–1)** of the Public Utilities Article;

(6) money received from any public or private source for the benefit of the Fund;

(7) money transferred from the Public Service Commission under § 7–207.2(c)(3) of the Public Utilities Article; and

(8) money distributed under § 2–614.1 of the Tax – General Article.

[(g–1) Proceeds received by the Fund from compliance fees under § 7–705(b)(2)(i)2 of the Public Utilities Article shall be allocated as follows:

(1) beginning in fiscal year 2025, at least 20% of the proceeds shall be used to provide grants to support the installation of new solar energy generating systems under the Customer–Sited Solar Program;

(2) up to 10% of the proceeds shall be credited to an administrative expense account for costs related to the administration of the Fund;

(3) proceeds collected but unused from a previous year shall be used before proceeds allocated for the current year; and

(4) the Administration shall reallocate to other authorized uses any proceeds that are not used within 3 fiscal years after collection.**]**

[(i) (1) Except as provided in paragraph (2) of this subsection, compliance fees paid under § 7–705(b) of the Public Utilities Article may be used only to make loans and

grants to support the creation of new Tier 1 renewable energy sources in the State that are owned by or directly benefit:

(i) low– to moderate–income communities located in a census tract with an average median income at or below 80% of the average median income for the State; or

(ii) overburdened or underserved communities, as defined in § 1–701 of the Environment Article.

(2) Compliance fees paid under § 7–705(b)(2)(i)2 of the Public Utilities Article shall be accounted for separately within the Fund and may be used only to make loans and grants to support the creation of new solar energy sources in the State that are owned by or directly benefit:

(i) low– to moderate–income communities located in a census tract with an average median income at or below 80% of the average median income for the State;

(ii) overburdened or underserved communities, as defined in § 1–701 of the Environment Article; or

(iii) households with low to moderate income, as defined in § 9–2016 of this title.**]**

[(i–1)**] (I)** (1) (i) In this subsection the following words have the meanings indicated.

(ii) "Area median income" has the meaning stated in § 4–1801 of the Housing and Community Development Article.

(iii) "Low and moderate income" means having an annual household income that is at or below 120% of the area median income.

(2) Compliance fees paid under § 7–705(b–1) of the Public Utilities Article shall be accounted for separately within the Fund and may be used only to make loans and grants to promote increased opportunities for the growth and development of small, minority, women–owned, and veteran–owned businesses in the State that install geothermal systems in the State.

Article – Tax – General

2–1201.

(A) IN THIS SECTION, "QUALIFIED DATA CENTER" HAS THE MEANING STATED IN § 11–239 OF THIS ARTICLE.

(B) The Comptroller shall pay refunds relating to the public service company franchise tax from the General Fund of the State.

(C) THE COMPTROLLER SHALL DISTRIBUTE 75% OF THE FRANCHISE TAX REVENUE FROM PUBLIC SERVICE COMPANIES IMPOSED UNDER § 8–402.1 OF THIS ARTICLE, THAT IS ATTRIBUTABLE TO THE KILOWATT–HOURS OF ELECTRICITY DELIVERED TO QUALIFIED DATA CENTERS THAT ARE OPERATIONAL ON OR AFTER JANUARY 1, 2026, TO THE ESCROW ACCOUNT ESTABLISHED BY THE PUBLIC SERVICE COMMISSION UNDER § 7–705 OF THE PUBLIC UTILITIES ARTICLE.

2–1302.5.

(A) IN THIS SECTION, "QUALIFIED DATA CENTER" HAS THE MEANING STATED IN § 11–239 OF THIS ARTICLE.

(B) THE COMPTROLLER SHALL DISTRIBUTE 75% OF THE SALES AND USE TAX REVENUES ATTRIBUTABLE TO THE SALE OF ELECTRICITY DELIVERED TO QUALIFIED DATA CENTERS THAT ARE OPERATIONAL ON OR AFTER JANUARY 1, 2026, TO THE ESCROW ACCOUNT ESTABLISHED BY THE PUBLIC SERVICE COMMISSION UNDER § 7–705 OF THE PUBLIC UTILITIES ARTICLE.

2–1303.

After making the distributions required under §§ 2–1301 through **[**2–1302.4**]** **2–1302.5** of this subtitle, the Comptroller shall pay:

(1) revenues from the hotel surcharge into the Dorchester County Economic Development Fund established under § 10–130 of the Economic Development Article;

(2) to the Blueprint for Maryland's Future Fund established under § 5–206 of the Education Article, the following percentage of the remaining sales and use tax revenues:

(i) for fiscal year 2023, 9.2%;

(ii) for fiscal year 2024, 11.0%;

(iii) for fiscal year 2025, 11.3%;

(iv) for fiscal year 2026, 11.7%; and

(v) for fiscal year 2027 and each fiscal year thereafter, 12.1%; and

(3) the remaining sales and use tax revenue into the General Fund of the State.

11–239.

(a) (1) In this section the following words have the meanings indicated.

(2) "Data center" means a building or group of buildings used to house computer systems, computer storage equipment, and associated infrastructure that businesses or other organizations use to organize, process, store, and disseminate large amounts of data.

(5) (i) "Qualified data center" means a data center located in the State in which an individual or a corporation, within 3 years after submitting an application for the sales and use tax exemption under this section, has:

1. for a data center located within a Tier I area, invested at least $2,000,000 in qualified data center personal property and created at least five qualified positions; or

2. for a data center located in any other area of the State, invested at least $5,000,000 in qualified data center personal property and created at least five qualified positions.

(ii) "Qualified data center" includes:

1. a data center that is a co–located or hosting data center where equipment, space, and bandwidth are available to lease to multiple customers; and

2. an enterprise data center owned and operated by the company it supports.

SECTION 2. AND BE IT FURTHER ENACTED, That the General Assembly supports the extension or renewal of the Federal Nuclear Regulatory Commission license for the Calvert Cliffs Nuclear Power Plant's nuclear reactors in the years 2034 and 2036.

SECTION 3. AND BE IT FURTHER ENACTED, That a presently existing obligation or contract right may not be impaired in any way by this Act.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2025.