

SENATE BILL 521

M4, C5, P1

4r0607
CF HB 1076

By: Senators Pinsky, Hershey, Mathias, ~~and Middleton~~ Middleton,
Montgomery, ~~and Simonaire~~ Simonaire, and Colburn

Introduced and read first time: January 29, 2014

Assigned to: Finance and Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 14, 2014

CHAPTER _____

1 AN ACT concerning

2 ~~Agriculture Poultry Litter~~ Poultry Litter Energy-Generating Cooperative
3 Program

4 FOR the purpose of establishing a Poultry Litter Energy-Generating Cooperative
5 Program; prohibiting the rates and structure of the Program from being used for
6 distributed generation from other sources of energy; requiring the ~~State~~
7 ~~Department of Agriculture~~ Public Service Commission to consult with the
8 ~~Energy Generating Cooperative Advisory Committee~~ Maryland Energy
9 Administration on the administration of the Program; ~~providing for the credit~~
10 ~~structure for the energy generated from an energy-generating cooperative;~~
11 requiring the Commission to determine whether an energy-generating
12 cooperative applicant meets certain requirements; requiring the Commission to
13 adopt certain regulations; requiring an energy-generating cooperative to follow
14 certain procedures for interconnection; requiring the monetary value of
15 subscribed energy produced by an energy-generating cooperative to be
16 determined in a certain manner; requiring the Commission to determine a
17 certain method to ensure that certain limitations are enforced; requiring a
18 cooperative organization to notify an electric company of each cooperative
19 member's interest in a certain total production; providing for the allocation of
20 unsubscribed energy; ~~requiring an energy-generating cooperative to pay a~~
21 ~~certain infrastructure use and distribution rate to an electric company;~~
22 requiring a cooperative organization to compensate an electric company for
23 billing purposes under certain circumstances; prohibiting a certain capacity
24 from exceeding a certain amount in certain locations; authorizing a cooperative

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 organization to contract with a third party for certain purposes; prohibiting the
 2 ~~Department Administration, the Public Service Commission, and an electric~~
 3 ~~company from changing the terms of a contract entered into under this Act~~
 4 ~~under certain circumstances; establishing the Energy Generating Cooperative~~
 5 ~~Advisory Committee; providing for the membership, staffing, duties, meetings,~~
 6 ~~and structure of the Committee; prohibiting members of the Committee from~~
 7 ~~receiving certain compensation, but authorizing the reimbursement of certain~~
 8 ~~expenses; requiring the Committee to assist the Department with the~~
 9 ~~development and implementation of the Program; requiring the Committee to~~
 10 ~~create two subcommittees and specifying the duties of each subcommittee;~~
 11 ~~requiring the Committee to make a certain report to the Department; requiring~~
 12 ~~the Department, in coordination with the Maryland Energy Administration, to~~
 13 ~~make a certain report to the General Assembly on or before a certain date;~~
 14 ~~providing for the regulation of electricity from a certain source in a certain~~
 15 ~~manner; requiring the Administration to meet certain requirements of this Act~~
 16 allowing an electric company to use certain generation to reduce certain
 17 wholesale purchases; allowing an electric company to require that certain
 18 members be billed in a certain manner; requiring the Commission to authorize a
 19 certain cost recovery under certain circumstances; requiring the Administration
 20 to make a certain report on recommendations for certain tariff structures for
 21 energy-generating cooperatives; requiring the Commission to open a certain
 22 proceeding; requiring the Commission to issue a certain decision; requiring a
 23 certain energy-generating cooperative to operate under a certain offset rate
 24 under certain circumstances; limiting the number of energy-generating
 25 cooperatives that may operate under a certain offset rate established under this
 26 Act for a certain period of time; requiring a certain energy-generating
 27 cooperative to operate under a certain offset rate established by the Commission
 28 for a certain period of time; requiring the Administration to make a report to
 29 the Commission on recommendations for certain tariff structures for community
 30 renewable energy-generating systems; defining certain terms; stating certain
 31 findings of the General Assembly; and generally relating to poultry litter
 32 energy-generating cooperatives.

33 ~~BY adding to~~

34 ~~Article Agriculture~~

35 ~~Section 10-2001 through 10-2009 to be under the new subtitle "Subtitle 20-~~

36 ~~Poultry Litter"~~

37 ~~Annotated Code of Maryland~~

38 ~~(2007 Replacement Volume and 2013 Supplement)~~

39 BY adding to

40 Article – Public Utilities

41 Section 7-306.1

42 Annotated Code of Maryland

43 (2010 Replacement Volume and 2013 Supplement)

44 ~~BY adding to~~

1 ~~Article – State Government~~
 2 ~~Section 9 – 2009~~
 3 ~~Annotated Code of Maryland~~
 4 ~~(2009 Replacement Volume and 2013 Supplement)~~

5 Preamble

6 WHEREAS, The State of Maryland produces nearly 500,000 tons of poultry
 7 litter every year; and

8 WHEREAS, Poultry litter has nearly equivalent levels of phosphorus and
 9 nitrogen, but many crops require significantly less phosphorus than nitrogen, and
 10 application of poultry litter may result in phosphorus-saturated soils; and

11 WHEREAS, High levels of phosphorus in the Chesapeake Bay lead to algae
 12 blooms, oxygen-deprived environments, poor water quality, degraded habitats, and
 13 low populations of many species of fish and shellfish; and

14 WHEREAS, In order to meet the Environmental Protection Agency's
 15 Chesapeake Bay Total Maximum Daily Load, the State of Maryland must reduce
 16 phosphorus loads to the Chesapeake Bay by 14.9% below 2010 levels by 2025; and

17 WHEREAS, Poultry litter is a beneficial resource that can be used to generate
 18 clean energy, helping the State achieve its renewable energy portfolio standard; and

19 WHEREAS, Utilizing poultry litter as an energy source will reduce the overall
 20 cost of energy for farmers who raise poultry; now, therefore,

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

23 ~~Article – Agriculture~~ Public Utilities

24 ~~SUBTITLE 20. POULTRY LITTER.~~

25 ~~10-2001 7-306.1.~~

26 (A) (1) IN THIS ~~SUBTITLE~~ SECTION THE FOLLOWING WORDS HAVE
 27 THE MEANINGS INDICATED.

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

30 (3) “BASELINE ANNUAL USAGE” MEANS:

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

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

10 **~~(B) "COMMISSION" MEANS THE PUBLIC SERVICE COMMISSION.~~**

11 **~~(C) "COMMITTEE" MEANS THE ENERGY GENERATING COOPERATIVE~~**
 12 **~~ADVISORY COMMITTEE.~~**

13 **~~(D)~~ **(4) "COOPERATIVE MEMBER" MEANS A RETAIL CUSTOMER OF AN****
 14 ****ENERGY-GENERATING COOPERATIVE WHO:****

15 **~~(1)~~ **(I) OWNS A SUBSCRIPTION TO THE ENERGY-GENERATING****
 16 ****COOPERATIVE;****

17 **~~(2)~~ **(II) HAS A RESIDENCE OR PLACE OF BUSINESS THAT IS****
 18 **~~LOCATED~~ **AN ELECTRIC ACCOUNT IN THE SAME ELECTRIC COMPANY SERVICE****
 19 ****TERRITORY AS THE COOPERATIVE CUSTOMER'S ORGANIZATION****
 20 ****ENERGY-GENERATING COOPERATIVE; AND****

21 **~~(3)~~ **(III) HAS IDENTIFIED ONE OR MORE INDIVIDUAL METERS OR****
 22 ****ELECTRIC ACCOUNTS IN THE SAME ELECTRIC COMPANY SERVICE TERRITORY AS****
 23 ****THE ENERGY-GENERATING COOPERATIVE TO WHICH THE SUBSCRIPTION SHALL****
 24 ****BE ATTRIBUTED.****

25 **~~(E)~~ **(4) (5) (I) "COOPERATIVE ORGANIZATION" MEANS AN****
 26 ****ORGANIZATION WHOSE SOLE PURPOSE IS TO BENEFICIALLY OWN OR OPERATE****
 27 ****AN ENERGY-GENERATING COOPERATIVE FOR A COOPERATIVE MEMBER.****

28 **~~(2)~~ **(II) "COOPERATIVE ORGANIZATION" MAY BE ANY****
 29 ****FOR-PROFIT OR NONPROFIT ENTITY ORGANIZED UNDER STATE LAW.****

30 **~~(F)~~ **(4) (6) (I) "ENERGY-GENERATING COOPERATIVE" MEANS A****
 31 ****RENEWABLE ENERGY FACILITY THAT:****

32 **1. USES PRIMARILY POULTRY LITTER TO GENERATE**
 33 **ELECTRICITY;**

1 ~~(I)~~ 2. GENERATES METERED ELECTRICITY FROM THE
2 ANAEROBIC DECOMPOSITION OF POULTRY LITTER;

3 ~~(II)~~ 3. CREDITS ITS COOPERATIVE MEMBERS THE
4 MONETARY VALUE FOR ELECTRICITY GENERATED ~~ELECTRICITY TO ITS~~
5 ~~COOPERATIVE MEMBERS~~ FROM ANAEROBIC DECOMPOSITION OF POULTRY
6 LITTER;

7 ~~(III)~~ 4. IS LOCATED IN THE SAME ELECTRIC COMPANY
8 SERVICE TERRITORY AS ITS COOPERATIVE MEMBERS;

9 ~~(IV)~~ 5. HAS AT LEAST TWO COOPERATIVE MEMBERS;

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

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

14 ~~(V)~~ 8. DOES NOT UTILIZE MORE THAN 20,000 TONS OF
15 POULTRY LITTER IN A SINGLE YEAR; AND

16 ~~(VI)~~ 9. MAY BE OWNED BY ANY PERSON, INCLUDING A
17 PUBLIC SERVICE COMPANY OR A COOPERATIVE ORGANIZATION.

18 ~~(2)~~ (II) “ENERGY-GENERATING COOPERATIVE” DOES NOT
19 INCLUDE A RENEWABLE ENERGY FACILITY THAT BURNS POULTRY LITTER TO
20 GENERATE ENERGY.

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

27 (I) ENERGY;

28 (II) CAPACITY; AND

29 (III) TRANSMISSION.

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

6 ~~(C)~~ **(9) “PROGRAM” MEANS THE POULTRY LITTER**
 7 **ENERGY-GENERATING COOPERATIVE PROGRAM.**

8 ~~(H)~~ **(10) “POULTRY LITTER” MEANS THE FECAL AND URINARY**
 9 **EXCRETIONS OF POULTRY, INCLUDING WOOD SHAVINGS, SAWDUST, STRAW,**
 10 **RICE HULLS, AND OTHER BEDDING MATERIAL FOR THE DISPOSITION OF**
 11 **MANURE.**

12 ~~(I)~~ **(11) “SUBSCRIPTION” MEANS AN INTEREST IN AN**
 13 **ENERGY-GENERATING COOPERATIVE.**

14 ~~10-2002.~~

15 **(B) THE GENERAL ASSEMBLY FINDS THAT ENERGY-GENERATING**
 16 **COOPERATIVES THAT USE POULTRY LITTER AS AN ENERGY SOURCE ALLOW**
 17 **RESIDENTS AND BUSINESSES INCREASED ACCESS TO RENEWABLE ELECTRICITY**
 18 **WHILE ENCOURAGING PRIVATE INVESTMENT IN RENEWABLE RESOURCES,**
 19 **STIMULATING IN-STATE ECONOMIC GROWTH, ENHANCING CONTINUED**
 20 **DIVERSIFICATION OF THE STATE’S ENERGY RESOURCE MIX, AND PROTECTING**
 21 **THE CHESAPEAKE BAY BY REDUCING THE NUTRIENT LOAD ENTERING THE BAY.**

22 ~~10-2003.~~

23 **(C) DUE TO THE NATURE AND COMPLEXITY OF ANAEROBIC**
 24 **DECOMPOSITION OF POULTRY LITTER, THE RATES AND STRUCTURE OF THE**
 25 **PROGRAM ESTABLISHED IN THIS SECTION MAY NOT BE USED FOR DISTRIBUTED**
 26 **GENERATION FROM OTHER SOURCES OF ENERGY.**

27 ~~10-2004.~~

28 ~~(A)~~ **(D) (1) THERE IS A ~~PROGRAM ON ENERGY-GENERATING~~**
 29 **~~COOPERATIVES~~ POULTRY LITTER ENERGY-GENERATING COOPERATIVE**
 30 **PROGRAM ADMINISTERED BY THE ~~DEPARTMENT~~ COMMISSION.**

31 ~~(B)~~ **(2) THE ~~DEPARTMENT~~ COMMISSION SHALL CONSULT WITH THE**
 32 **~~COMMITTEE~~ ADMINISTRATION ON THE ADMINISTRATION OF THE PROGRAM.**

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

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

7 (5) AN ENERGY-GENERATING COOPERATIVE SHALL:

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

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

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

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

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

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

30 A. GENERATED DURING THE CURRENT BILLING
31 CYCLE;

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

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

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

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

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

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

22 6. A COOPERATIVE MEMBER MAY NOT RECEIVE A
23 PAYMENT FOR NET EXCESS GENERATION UNDER SUBSUBPARAGRAPH 5 OF THIS
24 SUBPARAGRAPH THAT EXCEEDS 100% OF THE COOPERATIVE MEMBER'S
25 BASELINE ANNUAL USAGE WHEN COMBINED WITH THE KILOWATT-HOURS OF
26 ELECTRICITY USED TO OFFSET THE COOPERATIVE MEMBER'S MONTHLY
27 ELECTRICITY BILLS DURING THE APPLICABLE 12-MONTH PERIOD.

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

31 ~~10-2005.~~

32 ~~(A)~~ (8) THE ONCE EACH QUARTER, A COOPERATIVE ORGANIZATION
33 SHALL NOTIFY THE ELECTRIC COMPANY OF THE CREDIT AMOUNT TO BE POSTED
34 ON EACH COOPERATIVE MEMBER'S BILL EACH COOPERATIVE MEMBER'S
35 INTEREST IN THE ENERGY-GENERATING COOPERATIVE'S TOTAL PRODUCTION.

1 ~~(B) AN ELECTRIC COMPANY SHALL CREDIT KILOWATT HOURS TO A~~
2 ~~COOPERATIVE MEMBER ON A MONTHLY BASIS FOR THE COOPERATIVE~~
3 ~~MEMBER'S PORTION OF THE ENERGY-GENERATING COOPERATIVE.~~

4 ~~(c)~~ (9) IF ELECTRICITY GENERATED BY THE ENERGY-GENERATING
5 COOPERATIVE IS NOT FULLY ALLOCATED TO COOPERATIVE MEMBERS, THE
6 ELECTRIC COMPANY SHALL RECEIVE THE REMAINING UNSUBSCRIBED ENERGY
7 AT NO COST.

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

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

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

15 (II) EXCEED 30 MEGAWATTS IN THE STATE.

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

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

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

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

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

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

1 **(1) TARIFF STRUCTURES FOR ENERGY-GENERATING**
2 **COOPERATIVES THAT ALLOW ELECTRIC COMPANIES TO RECOVER REASONABLE**
3 **DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES WHILE ENCOURAGING**
4 **IN-STATE DISTRIBUTED GENERATION BY TAKING INTO ACCOUNT ELECTRIC**
5 **COMPANY BENEFITS, RATEPAYERS BENEFITS, PUBLIC HEALTH BENEFITS, AND**
6 **ECONOMIC BENEFITS WHICH MAY INCLUDE:**

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

10 **(II) AVOIDED TRANSMISSION AND DISTRIBUTION LINE**
11 **LOSSES;**

12 **(III) TRANSMISSION AND DISTRIBUTION UPGRADE**
13 **DEFERRALS;**

14 **(IV) AVOIDED INTERCONNECTION COSTS;**

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

17 **(VI) REDUCED LAND COSTS;**

18 **(VII) DEMAND CHARGE MANAGEMENT;**

19 **(VIII) ELECTRIC SERVICE RELIABILITY;**

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

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

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

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

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

4 (2) (I) 1. EXCEPT AS PROVIDED IN SUBSUBPARAGRAPH 2
5 OF THIS SUBPARAGRAPH, ANY ENERGY-GENERATING COOPERATIVE THAT HAS
6 ACQUIRED ALL REQUIRED PERMITS AND HAS BEGUN CONSTRUCTION PRIOR TO
7 A DECISION ISSUED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL USE
8 THE ENERGY-GENERATING COOPERATIVE OFFSET RATE DEFINED IN
9 SUBSECTION (A)(7) OF THIS SECTION IN DETERMINING THE CALCULATIONS
10 UNDER SUBSECTION (D)(6)(II) OF THIS SECTION FOR A PERIOD NOT TO EXCEED
11 10 YEARS.

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

16 (II) ANY ENERGY-GENERATING COOPERATIVE THAT IS NOT
17 COVERED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL USE THE
18 ENERGY-GENERATING COOPERATIVE OFFSET RATE ESTABLISHED BY THE
19 COMMISSION UNDER PARAGRAPH (1) OF THIS SUBSECTION IN DETERMINING
20 THE CALCULATIONS UNDER SUBSECTION (D)(6)(II) OF THIS SECTION FOR A
21 PERIOD NOT TO EXCEED 10 YEARS.

22 ~~10-2006.~~

23 ~~(A) THE ENERGY-GENERATING COOPERATIVE SHALL PAY AN~~
24 ~~INFRASTRUCTURE USE AND DISTRIBUTION RATE TO THE ELECTRIC COMPANY.~~

25 ~~(B) THE INFRASTRUCTURE USE AND DISTRIBUTION RATE PAID BY THE~~
26 ~~ENERGY-GENERATING COOPERATIVE UNDER SUBSECTION (A) OF THIS SECTION~~
27 ~~SHALL BE 25% OF THE DISTRIBUTION RATE NORMALLY CHARGED BY THE~~
28 ~~ELECTRIC COMPANY TO A CUSTOMER OF THE SAME CLASS AS THE SUBSCRIBER.~~

29 ~~10-2007.~~

30 ~~(A) A COOPERATIVE ORGANIZATION MAY CONTRACT WITH A THIRD~~
31 ~~PARTY FOR THE THIRD PARTY TO FINANCE, BUILD, OWN, OR OPERATE AN~~
32 ~~ENERGY-GENERATING COOPERATIVE.~~

33 ~~(B) THE DEPARTMENT, THE COMMISSION, AND THE ELECTRIC~~
34 ~~COMPANY MAY NOT CHANGE THE TERMS OF THE CONTRACT.~~

1 ~~10-2008.~~

2 ~~(A) THERE IS AN ENERGY GENERATING COOPERATIVE ADVISORY~~
3 ~~COMMITTEE.~~

4 ~~(B) THE COMMITTEE CONSISTS OF THE FOLLOWING MEMBERS:~~

5 ~~(1) ONE MEMBER OF THE SENATE OF MARYLAND, APPOINTED BY~~
6 ~~THE PRESIDENT OF THE SENATE;~~

7 ~~(2) ONE MEMBER OF THE HOUSE OF DELEGATES, APPOINTED BY~~
8 ~~THE SPEAKER OF THE HOUSE;~~

9 ~~(3) THE SECRETARY, OR THE SECRETARY'S DESIGNEE;~~

10 ~~(4) THE DIRECTOR OF THE MARYLAND ENERGY~~
11 ~~ADMINISTRATION, OR THE DIRECTOR'S DESIGNEE;~~

12 ~~(5) THE CHAIR OF THE PUBLIC SERVICE COMMISSION, OR THE~~
13 ~~CHAIR'S DESIGNEE; AND~~

14 ~~(6) THE FOLLOWING MEMBERS APPOINTED BY THE GOVERNOR:~~

15 ~~(I) ONE REPRESENTATIVE OF THE ELECTRIC UTILITY~~
16 ~~INDUSTRY;~~

17 ~~(II) ONE REPRESENTATIVE OF THE POULTRY INDUSTRY;~~

18 ~~(III) ONE POULTRY FARMER; AND~~

19 ~~(IV) ONE REPRESENTATIVE OF THE ENVIRONMENTAL~~
20 ~~COMMUNITY.~~

21 ~~(C) THE SECRETARY, OR THE SECRETARY'S DESIGNEE, AND THE~~
22 ~~DIRECTOR OF THE MARYLAND ENERGY ADMINISTRATION, OR THE DIRECTOR'S~~
23 ~~DESIGNEE, SHALL COCHAIR THE COMMITTEE.~~

24 ~~(D) THE STATE UNITS REPRESENTED ON THE COMMITTEE SHALL~~
25 ~~PROVIDE STAFF FOR THE COMMITTEE.~~

26 ~~(E) A MEMBER OF THE COMMITTEE:~~

27 ~~(1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE~~
28 ~~COMMITTEE; BUT~~

1 ~~(2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE~~
2 ~~STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE~~
3 ~~BUDGET.~~

4 ~~(F) THE COMMITTEE SHALL:~~

5 ~~(1) ASSIST THE DEPARTMENT WITH THE DEVELOPMENT AND~~
6 ~~IMPLEMENTATION OF THE PROGRAM;~~

7 ~~(2) CREATE A SUBCOMMITTEE ON ENVIRONMENT AND A~~
8 ~~SUBCOMMITTEE ON ENERGY FROM AMONG MEMBERS OF THE COMMITTEE;~~

9 ~~(3) REPORT TO THE DEPARTMENT ON THE SUBCOMMITTEES'~~
10 ~~RECOMMENDATIONS UNDER SUBSECTION (G) OF THIS SECTION IN ORDER TO~~
11 ~~ASSIST THE DEPARTMENT WITH THE REPORT REQUIRED UNDER § 10-2009 OF~~
12 ~~THIS SUBTITLE; AND~~

13 ~~(4) MEET AT LEAST ONCE EACH YEAR TO EVALUATE THE~~
14 ~~PERFORMANCE OF THE PROGRAM AND MAKE RECOMMENDATIONS FOR~~
15 ~~IMPROVEMENTS TO THE PROGRAM.~~

16 ~~(G) (1) THE SUBCOMMITTEE ON ENVIRONMENT ESTABLISHED UNDER~~
17 ~~SUBSECTION (F)(2) OF THIS SECTION SHALL EVALUATE AND MAKE~~
18 ~~RECOMMENDATIONS TO THE COMMITTEE ON:~~

19 ~~(I) THE MOST EFFICIENT, COST EFFECTIVE, AND~~
20 ~~ENVIRONMENTALLY SOUND METHODS FOR UTILIZING POULTRY LITTER;~~

21 ~~(II) WHETHER ANAEROBIC DECOMPOSITION OF POULTRY~~
22 ~~LITTER IS AN APPROPRIATE METHOD TO REDUCE THE STATE'S NUTRIENT LOAD~~
23 ~~TO THE CHESAPEAKE BAY;~~

24 ~~(III) THE POTENTIAL FOR REDUCED AIR EMISSIONS FROM~~
25 ~~ANAEROBIC DECOMPOSITION OF POULTRY LITTER; AND~~

26 ~~(IV) ANY OTHER ISSUE THE COMMITTEE DETERMINES IS~~
27 ~~NECESSARY.~~

28 ~~(2) THE SUBCOMMITTEE ON ENERGY ESTABLISHED UNDER~~
29 ~~SUBSECTION (F)(2) OF THIS SECTION SHALL EVALUATE AND MAKE~~
30 ~~RECOMMENDATIONS TO THE COMMITTEE ON:~~

31 ~~(I) A TARIFF STRUCTURE FOR POULTRY LITTER~~
32 ~~ENERGY GENERATING COOPERATIVES THAT ALLOWS AN ELECTRIC COMPANY~~

~~1 TO RECOVER FOR DISTRIBUTION COSTS AND ADMINISTRATIVE COSTS WHILE
2 ENCOURAGING POULTRY LITTER ENERGY GENERATING COOPERATIVES BY
3 CONSIDERING:~~

~~4 1. AVOIDED TRANSMISSION AND DISTRIBUTION LINE
5 LOSSES;~~

~~6 2. TRANSMISSION AND DISTRIBUTION UPGRADE
7 DEFERRALS;~~

~~8 3. AVOIDED INTERCONNECTION COSTS;~~

~~9 4. ANCILLARY SERVICES AND VOLT AMPERE
10 REACTIVE SUPPORT;~~

~~11 5. REDUCED LAND COSTS;~~

~~12 6. DEMAND CHARGE MANAGEMENT; AND~~

~~13 7. ELECTRIC SERVICE RELIABILITY;~~

~~14 (H) A CREDIT MECHANISM TO OPERATE THE
15 ENERGY GENERATING COOPERATIVE AT LEAST COST;~~

~~16 (HH) WHETHER AN ENERGY GENERATING COOPERATIVE
17 AND ITS COOPERATIVE MEMBERS SHOULD BE COMPENSATED FOR AVOIDED
18 TRANSMISSION AND DISTRIBUTION COSTS;~~

~~19 (IV) THE SIZE AND NUMBER OF ENERGY GENERATING
20 COOPERATIVES THAT THE STATE CAN SUPPORT; AND~~

~~21 (V) ANY OTHER ISSUE THAT THE COMMITTEE DETERMINES
22 IS NECESSARY.~~

~~23 10-2009.~~

~~24 ON OR BEFORE DECEMBER 31, 2015, THE DEPARTMENT, IN
25 COORDINATION WITH THE MARYLAND ENERGY ADMINISTRATION, SHALL
26 REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1246 OF THE
27 STATE GOVERNMENT ARTICLE, ON:~~

~~28 (1) A TARIFF STRUCTURE THAT ENCOURAGES POULTRY LITTER
29 ENERGY GENERATING COOPERATIVES AND ALLOWS AN ELECTRIC COMPANY TO
30 RECOVER FOR DISTRIBUTION COSTS;~~

1 ~~(2) AN APPROPRIATE CREDIT MECHANISM THAT ALLOWS THE~~
2 ~~ENERGY GENERATING COOPERATIVE TO BE OPERATED AT LEAST COST;~~

3 ~~(3) WHETHER AN ENERGY GENERATING COOPERATIVE AND ITS~~
4 ~~COOPERATIVE MEMBERS SHOULD BE COMPENSATED FOR AVOIDED~~
5 ~~TRANSMISSION AND DISTRIBUTION COSTS;~~

6 ~~(4) THE AMOUNT AND TYPE OF NECESSARY OVERSIGHT;~~

7 ~~(5) THE SIZE AND NUMBER OF ENERGY GENERATING~~
8 ~~COOPERATIVES THAT THE STATE CAN SUPPORT; AND~~

9 ~~(6) THE MOST EFFICIENT, COST EFFECTIVE, AND~~
10 ~~ENVIRONMENTALLY SOUND METHODS FOR UTILIZING POULTRY LITTER.~~

11 ~~Article Public Utilities~~

12 ~~7-306.1.~~

13 ~~THE REGULATION OF ELECTRICITY GENERATED BY~~
14 ~~ENERGY GENERATING COOPERATIVES AS DEFINED IN § 10-2001 OF THE~~
15 ~~AGRICULTURE ARTICLE SHALL BE GOVERNED UNDER TITLE 10, SUBTITLE 20~~
16 ~~OF THE AGRICULTURE ARTICLE.~~

17 ~~Article State Government~~

18 ~~9-2009.~~

19 ~~THE ADMINISTRATION SHALL COMPLY WITH THE REQUIREMENTS THAT~~
20 ~~APPLY TO IT UNDER TITLE 10, SUBTITLE 20 OF THE AGRICULTURE ARTICLE.~~

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

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

26 (2) On or before December 1, 2015, the Maryland Energy
27 Administration shall report to the Public Service Commission on recommendations for
28 tariff structures for community renewable energy generating systems that allow
29 electric companies to recover reasonable distribution costs and administrative
30 expenses while encouraging in-State distributed generation by taking into account
31 electric company benefits, ratepayer benefits, public health benefits, and economic

1 benefits which may include the factors listed in § 7-306.1(e) of the Public Utilities
2 Article, as enacted by Section 1 of this Act.

3 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
4 effect June 1, 2014.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.