

HB1532/663523/1

BY: Delegate Hartman

AMENDMENTS TO HOUSE BILL 1532, AS AMENDED

AMENDMENT NO. 1

In the Environment and Transportation Committee Amendments (HB1532/823929/1), on page 1 of Amendment No. 1, in line 18, after “requirements.” insert “removing offshore wind as a Tier 1 renewable source for the purposes of the renewable energy portfolio standard; repealing certain provisions relating to the development of offshore wind; altering certain provisions related to a certain analysis of transmission upgrade and expansion options;”.

On page 3 of the Environment and Transportation Committee Amendments, after line 16 of Amendment No. 1, insert:

“BY repealing

Article - Public Utilities

Section 7-701(f) through (g-1), (k), (p), and (p-1), 7-704.1, 7-704.2, 7-704.4, 7-705(b)(3), and 7-705.5

Annotated Code of Maryland

(2025 Replacement Volume and 2025 Supplement)”.

On page 5 of the Environment and Transportation Committee Amendments, in line 3 of Amendment No. 1, after “7-510.3(o).” insert “7-701(s), 7-703(a), (b)(21) through (25), (c), (d), and (e), 7-704(e), and 7-704.3.”.

AMENDMENT NO. 2

On page 7 of the Environment and Transportation Committee Amendments, in Amendment No. 2, strike in their entirety lines 6 and 7 and substitute:

“SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 7–704.1, 7–704.2, 7–704.4, and 7–705.5 of Article – Public Utilities of the Annotated Code of Maryland be repealed.

SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:”.

On page 54 of the Environment and Transportation Committee Amendments, in Amendment No. 2, strike in their entirety lines 3 through 9, inclusive; in line 12, after “volts;” insert “OR”; and strike beginning with the semicolon in line 14 down through “line” in line 15.

On page 82 of the Environment and Transportation Committee Amendments, after line 24 of Amendment No. 2, insert:

“7–701.

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

[(f) “Offshore wind energy” means energy generated by a qualified offshore wind project.]

[(g) “Offshore wind renewable energy credit” or “OREC” means a renewable energy credit equal to the generation attributes of 1 megawatt–hour of electricity that is derived from offshore wind energy.]

[(g–1) “Offshore wind transmission project” means an electric transmission project selected by the Commission under § 7–704.3 of this subtitle to interconnect directly or indirectly with one or more qualified offshore wind projects.]

[(k) “Qualified offshore wind project” means a wind turbine electricity generation facility, including the associated transmission–related interconnection facilities and equipment, that:

(1) is located:

(i) on the outer continental shelf of the Atlantic Ocean in an area that the United States Department of the Interior designates for leasing; and

(ii) more than 10 miles off the coast of the State for a project selected under § 7–704.4 of this subtitle or approved under § 7–704.1 of this subtitle after June 1, 2023; and

(2) interconnects to the PJM Interconnection grid:

(i) at a point located on the Delmarva Peninsula; or

(ii) through an offshore wind transmission project selected under § 7–704.3 of this subtitle.]

[(p) “Round 1 offshore wind project” means a qualified offshore wind project that:

(1) is between 10 and 30 miles off the coast of the State; and

(2) the Commission approved under § 7–704.1 of this subtitle before July 1, 2017.]

[(p–1) “Round 2 offshore wind project” means a qualified offshore wind project that:

(1) is not less than 10 miles off the coast of the State; and

(Over)

(2) the Commission approves under § 7–704.1 of this subtitle on or after July 1, 2017.]

(s) “Tier 1 renewable source” means one or more of the following types of energy sources:

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

(2) wind ENERGY PRODUCED FROM LAND–BASED WIND FACILITIES;

(3) qualifying biomass;

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

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

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

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

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

(9) poultry litter–to–energy;

(10) thermal energy from a thermal biomass system; and

(11) raw or treated wastewater used as a heat source or sink for a heating or cooling system.

7-703.

(a) (1) (i) The Commission shall implement a renewable energy portfolio standard that, except as provided under paragraphs (2) and (3) of this subsection, applies to all retail electricity sales in the State by electricity suppliers.

(ii) If the standard becomes applicable to electricity sold to a customer after the start of a calendar year, the standard does not apply to electricity sold to the customer during that portion of the year before the standard became applicable.

(2) A renewable energy portfolio standard may not apply to electricity sales at retail by any electricity supplier:

(i) in excess of 300,000,000 kilowatt-hours of industrial process load to a single customer in a year;

(ii) to residential customers in a region of the State in which electricity prices for residential customers are subject to a freeze or cap contained in a settlement agreement entered into under § 7-505 of this title until the freeze or cap has expired; or

(iii) to a customer served by an electric cooperative under an electricity supplier purchase agreement that existed on October 1, 2004, until the expiration of the agreement, as the agreement may be renewed or amended.

(Over)

[(3) The portion of a renewable energy portfolio standard that represents offshore wind energy:

(i) applies only to the distribution sales of electric companies;
and

(ii) may not apply to distribution sales by any electric company in excess of:

1. 75,000,000 kilowatt-hours of industrial process load to a single customer in a year; and

2. 3,000 kilowatt-hours of electricity in a month to a customer who is an owner of agricultural land and files an Internal Revenue Service form 1040, schedule F.]

(b) Except as provided in subsections (e) and (f) of this section, the renewable energy portfolio standard shall be as follows:

(21) in 2026:

(i) 38% from Tier 1 renewable sources, including:

1. at least 8% derived from solar energy; AND

2. [an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy, including at least 400 megawatts of Round 2 offshore wind projects; and

3.] at least 0.5% derived from post-2022 geothermal systems; and

(ii) 2.5% from Tier 2 renewable sources;

(22) in 2027:

(i) 41.5% from Tier 1 renewable sources, including:

1. at least 9.5% derived from solar energy; AND

2. [an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy, including at least 400 megawatts of Round 2 offshore wind projects; and]

3. at least 0.75% derived from post-2022 geothermal systems; and

(ii) 2.5% from Tier 2 renewable sources;

(23) in 2028:

(i) 43% from Tier 1 renewable sources, including:

1. at least 11% derived from solar energy; AND

2. [an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy, including at least 800 megawatts of Round 2 offshore wind projects; and

3.] at least 1% derived from post-2022 geothermal systems; and

(ii) 2.5% from Tier 2 renewable sources;

(24) in 2029:

(i) 49.5% from Tier 1 renewable sources, including:

1. at least 12.5% derived from solar energy; AND

2. [an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy, including at least 800 megawatts of Round 2 offshore wind projects; and

3.] at least 1% derived from post-2022 geothermal systems; and

(ii) 2.5% from Tier 2 renewable sources; and

(25) in 2030 and later:

(i) 50% from Tier 1 renewable sources, including:

1. at least 14.5% derived from solar energy; AND

2. [an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy, including at least 1,200 megawatts of Round 2 offshore wind projects; and

3.] at least 1% derived from post-2022 geothermal systems; and

(ii) 2.5% from Tier 2 renewable sources.

(c) Before calculating the number of credits required to meet the percentages established under subsection (b) of this section, an electricity supplier shall exclude from its total retail electricity sales all retail electricity sales described in subsection (a)(2) [and (3)] of this section.

(d) [(1)] Subject to subsections (a) and (c) of this section, an electricity supplier shall meet the renewable energy portfolio standard for all Tier 1 and Tier 2 renewable sources [except offshore wind] by accumulating the equivalent amount of renewable energy credits that equal the percentages required under this section.

[(2) An electric company shall meet the renewable energy portfolio standard for offshore wind in accordance with § 7-704.2 of this subtitle.]

(e) (1) The required percentage of an electric cooperative's renewable energy portfolio standard derived from solar energy shall be 2.5% in 2020 and later.

(2) The required percentage of a municipal electric utility's renewable energy portfolio standard shall be:

(i) in 2021:

1. 20.4% from Tier 1 renewable sources, including[:
 - A.] at least 1.95% derived from solar energy; and
 - [B. an amount set by the Commission under § 7-704.2(a) of this subtitle, not to exceed 2.5%, derived from offshore wind energy; and]
2. 2.5% from Tier 2 renewable sources; and

(ii) in 2022 and later, 20.4% from Tier 1 renewable sources, including[:

- 1.] at least 1.95% derived from solar energy[; and
2. an amount set by the Commission under § 7-704.2(a) of this subtitle, not to exceed 2.5%, derived from offshore wind energy].

7-704.

(e) (1) In this subsection, “customer” means:

(i) an industrial electric customer that is not on standard offer service; or

(ii) a renewable on-site generator.

(2) [This subsection does not apply to offshore wind renewable energy credits.

(3)] (i) A customer may independently acquire renewable energy credits to satisfy the standards applicable to the customer’s load, including credits created by a renewable on-site generator.

(ii) Credits that a customer transfers to its electricity supplier to meet the standard and that the electricity supplier relies on in submitting its compliance report may not be resold or retransferred by the customer or by the electricity supplier.

~~[(4)]~~ (3) A renewable on-site generator may retain or transfer at its sole option any credits created by the renewable on-site generator, including credits for the portion of its on-site generation from a Tier 1 renewable source or a Tier 2 renewable

source that displaces the purchase of electricity by the renewable on-site generator from the grid.

[(5)] (4) A customer that satisfies the standard applicable to the customer's load under this subsection may not be required to contribute to a compliance fee recovered under § 7-706 of this subtitle.

[(6)] (5) The Commission shall adopt regulations governing the application and transfer of credits under this subsection consistent with federal law.

7-704.3.

(a) [The General Assembly finds and declares that it is 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.

(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;

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

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

[4.] 3. leverage existing infrastructure;

[5.] 4. offer benefits that address additional grid challenges;
and

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

(iii) 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.

(d) In developing criteria for selecting a proposal under this section, the Commission:

(1) shall consider the analysis required under subsection (b) of this section, including a consideration of potential interconnection points;

(2) shall evaluate the potential for cooperating with other states in the PJM region to maximize consumer benefits that will best achieve the State’s renewable energy [and offshore wind energy] goals; and

(3) may consult with the Administration, electric companies, transmission facility owners, and other states or entities designated by those states in developing or coordinating equivalent standards for the approval of transmission projects under this section [that will facilitate the integration of multiple offshore wind energy projects and potential multistate offshore wind transmission projects].

(e) (1) The Commission shall include, or work with PJM Interconnection to include, specifications in the solicitation that require proposals to:

(i) allow future transmission lines to connect in a meshed manner and share landing points;

(ii) consider other [onshore and offshore] clean energy generation and storage facilities;

(iii) incorporate community benefit agreements in accordance with § 7–704.1 of this subtitle;

(iv) address the siting, environmental, and socioeconomic information required to be considered by the Commission under § 7–207 of this title for an application for a certificate of public convenience and necessity, including opportunities for public engagement and comment with units of State and local government and the general public; AND

(v) [demonstrate net benefits to ratepayers in the State when compared with an alternative baseline scenario under which 8,500 megawatts of offshore wind energy capacity is connected to PJM Interconnection independent of an offshore wind transmission project to achieve the goal established under § 7–704.1(a)(1)(i) of this subtitle; and

(vi) ensure a competitive bidding process by redacting proprietary information provided to the Commission or to PJM Interconnection.

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

(i) upgrading the existing transmission grid;

(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.

(3) The Commission may select a proposal or proposals that include:

(i) federal funding in the form of a match, grant, loan, or ownership and operation by the United States government;

(ii) cost sharing among states or recovery of transmission costs through federal transmission rates, consistent with the policies and tariffs of the Federal Energy Regulatory Commission;

(iii) a combination of the funding methods outlined in items (i) and (ii) of this paragraph; or

(iv) any other available funding mechanisms.

(4) Each proposal should maximize access to and be consistent with the terms of the U.S. Department of Energy funding programs, including those established:

(i) under the federal Infrastructure Investment and Jobs Act;

(ii) under the federal Inflation Reduction Act of 2022;

(iii) through the U.S. Department of Energy Transmission Facilitation Program; and

(iv) through any loan programs, office programs, or resiliency funding.

(f) The solicitation process shall:

(1) include a prequalification process to ensure the financial and technical competence and capabilities of the entities responding to the solicitation for proposals;

(2) provide for rigorous separation between individuals or firms participating in the review, analysis, and selection of the proposals by or on behalf of the Commission and those participating in the development or management of proposals; and

(3) promote rigorous competition among prequalified entities in the preparation and submission of their proposals.

(g) The Commission may modify, or request that PJM Interconnection modify, a solicitation for proposals at any time in order to satisfy eligibility criteria for U.S. Department of Energy funding programs.

(h) In selecting a proposal under this section, the Commission shall take into consideration the total amount of new transmission infrastructure needed to:

(1) maintain electric system reliability;

(2) achieve the State's [offshore wind,] renewable energy[,] and decarbonization goals;

(3) obtain demonstrable benefits to the consumer and environment; and

(4) foster economic development and job creation in the State.

(i) The Commission shall:

(1) request that PJM Interconnection assist with the evaluation of each proposal submitted in accordance with this section; and

(2) after notice, one or more hearings to receive public comment, and an evidentiary hearing, and subject to subsection (j) of this section, on or before December 1, 2027, by order, select a proposal or proposals for development:

(i) using a funding mechanism or combination of funding mechanisms identified in subsection (e)(3) of this section; and

(ii) that demonstrate net benefits to ratepayers in the State when compared with an alternative baseline scenario under subsection (e)(1)(v) of this section.

(j) If the Commission finds that none of the proposals adequately support the goals established under this section or demonstrate net benefits to ratepayers in the State when compared with an alternative baseline scenario under subsection (e)(1)(v) of this section, then the Commission may end the solicitation process without selecting a proposal.

(k) (1) The Commission may, for a proposal selected under subsection (i) of this section:

(i) adopt conditions for the construction and operation of facilities included in the proposal; and

(ii) consider any conditions proposed by the Power Plant Research Program.

(2) The requirement to obtain a certificate of public convenience and necessity under § 7-207 or § 7-208 of this title does not apply to a proposal selected under subsection (i) of this section.

(3) An order selecting a proposal under subsection (i) of this section constitutes authorization by the Commission to construct and operate facilities that would otherwise require a certificate of public convenience and necessity under § 7-207 or § 7-208 of this title.

(l) Except as provided in subsection (k) of this section, a proposal selected under this section is subject to all other relevant requirements for the siting and construction of transmission lines.

(m) [Selection of coordinated transmission proposals may not impact the interconnection plans of earlier offshore wind projects, including OCS-A 0490 (US Wind) and OCS-A 0519 (Skipjack), unless the leaseholders for these projects opt to participate in the proposal by notifying the Commission by mail or e-mail before the completion of the analysis of transmission system expansion options under subsection (b) of this section.

(n) If no proposal has been selected under this section by December 1, 2027, the Commission shall submit a statement of determination to the Governor and General Assembly that:

(1) provides a comprehensive explanation of the Commission's determination; and

(2) recommends a path forward to achieve the State's goal under subsection (a) of this section.

[(o)] (N) After the Commission selects a proposal or proposals, the Commission shall work with the Maryland Energy Administration, transmission developer or developers, transmission facility owners, PJM Interconnection, the Federal Energy Regulatory Commission, and any other states that voluntarily participate, to facilitate the development of the proposal or proposals and the construction of the proposed [offshore wind] project or projects.

[(p)] (O) The Commission:

(1) shall carry out the provisions of this section by obtaining information through request, cooperation, subpoena, or any other legal method from transmission owners, PJM Interconnection, or any other entity; and

(2) may retain consultants.

7-705.

(b) [(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.]”.

On page 105 of the Environment and Transportation Committee Amendments, in line 11 of Amendment No. 2, strike “4.” and substitute “5.”.

On page 120 of the Environment and Transportation Committee Amendments, in line 1 of Amendment No. 2, strike “5.” and substitute “6.”; in line 2, strike “3” and substitute “4”; and in line 6, strike “6.” and substitute “7.”.

On page 122 of the Environment and Transportation Committee Amendments, in line 17 of Amendment No. 2, strike “7.” and substitute “8.”.

(Over)

On page 123 of the Environment and Transportation Committee Amendments, in line 9 of Amendment No. 2, strike "4" and substitute "5".

On page 125 of the Environment and Transportation Committee Amendments, in line 4 of Amendment No. 2, strike "8." and substitute "9.".

On page 126 of the Environment and Transportation Committee Amendments, in line 15 of Amendment No. 2, strike "9." and substitute "10.".

On page 127 of the Environment and Transportation Committee Amendments, in lines 12, 16, 24, and 26 of Amendment No. 2, strike "10.", "11.", "12.", and "13.", respectively, and substitute "11.", "12.", "13.", and "14.", respectively; and in lines 24 and 25, strike "5, 10, and 11" and substitute "4, 6, 11, and 12".

On page 128 of the Environment and Transportation Committee Amendments, in line 2 of Amendment No. 2, strike "12" and substitute "13".