

Summary Report of the 2019 Maryland General Assembly

Helen Stewart, PPRP

PPRAC Meeting

June 12, 2019

Agenda



- 2019 Session
 - Environmental Trust Fund
 - Energy Storage Pilot
 - Extension of Community Solar Pilot Program
 - Clean Energy Jobs Act

HB 106 (CH 393)
ENVIRONMENTAL
TRUST FUND – SURCHARGE
EXTENSION

Environmental Trust Fund – Surcharge Extension (HB 106)



The termination date of the Environmental Trust Fund Surcharge is extended from June 30, 2020, to **June 30, 2030.**

SB 573 (CH 427)
ENERGY STORAGE PILOT
PROJECT ACT

Energy Storage Pilot Act (SB 573 / HB 650)



- Each investor-owned utility will be required to solicit offers for at least two energy storage projects of at least 5-10 MW and a minimum of 15 MWh under the following business models:
 - Utility-only
 - Utility and third-party
 - Third-party ownership
 - Virtual power plant
- At least one project must utilize either the third-party ownership or virtual power plant model.

Energy Storage Pilot Act (SB 573 / HB 650) (cont'd)



- An investor-owned electric company must submit specific technical and financial information and data, including:
 - estimated and final project costs;
 - the size in watts and the duration of the energy storage project in watt-hours;
 - any project financing methods and other related information, such as the rate of return and the cost recovery mechanism for the project;
 - enhanced grid reliability as a result of the project, and any other identified benefits;
 - any project delays and the causes for the delays; and
 - any emissions reductions expected as a result of the project

Energy Storage Pilot Act (SB 573 / HB 650) (cont'd)



- All energy storage projects must be online by February 28, 2022, unless the PSC grants an extension for “good cause.”
- This bill requires the pilot program begin on or before **June 1, 2019** and terminates on **December 31, 2026** unless extended by the PSC.
- The PSC is required to file a report with the General Assembly with findings and recommendations, also by December 31, 2026.

SB 520 (CH 462)
COMMUNITY SOLAR ENERGY
GENERATING SYSTEMS PILOT
PROGRAM - EXTENSION

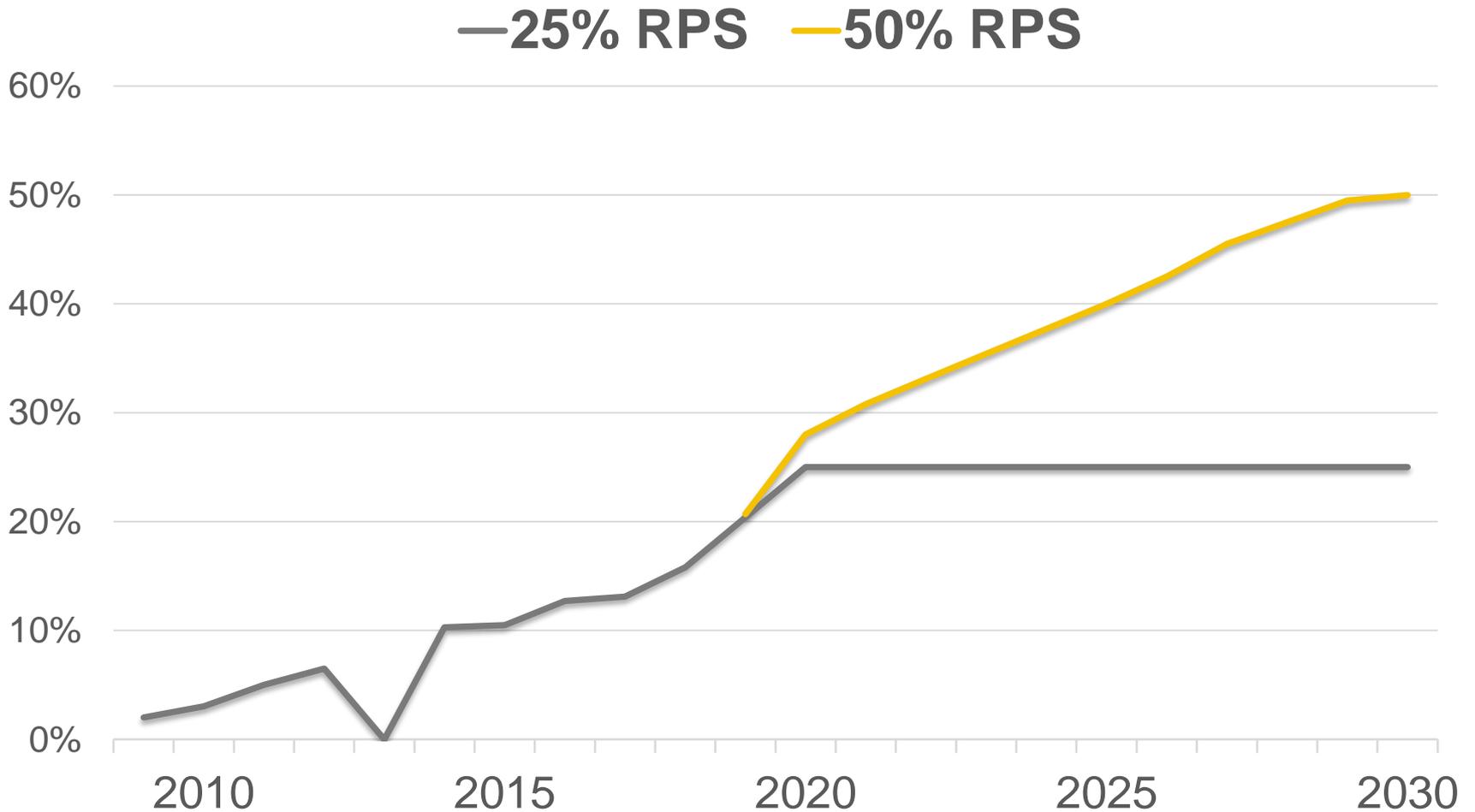
Extension of Community Solar Pilot Program (SB 520 / HB 683)



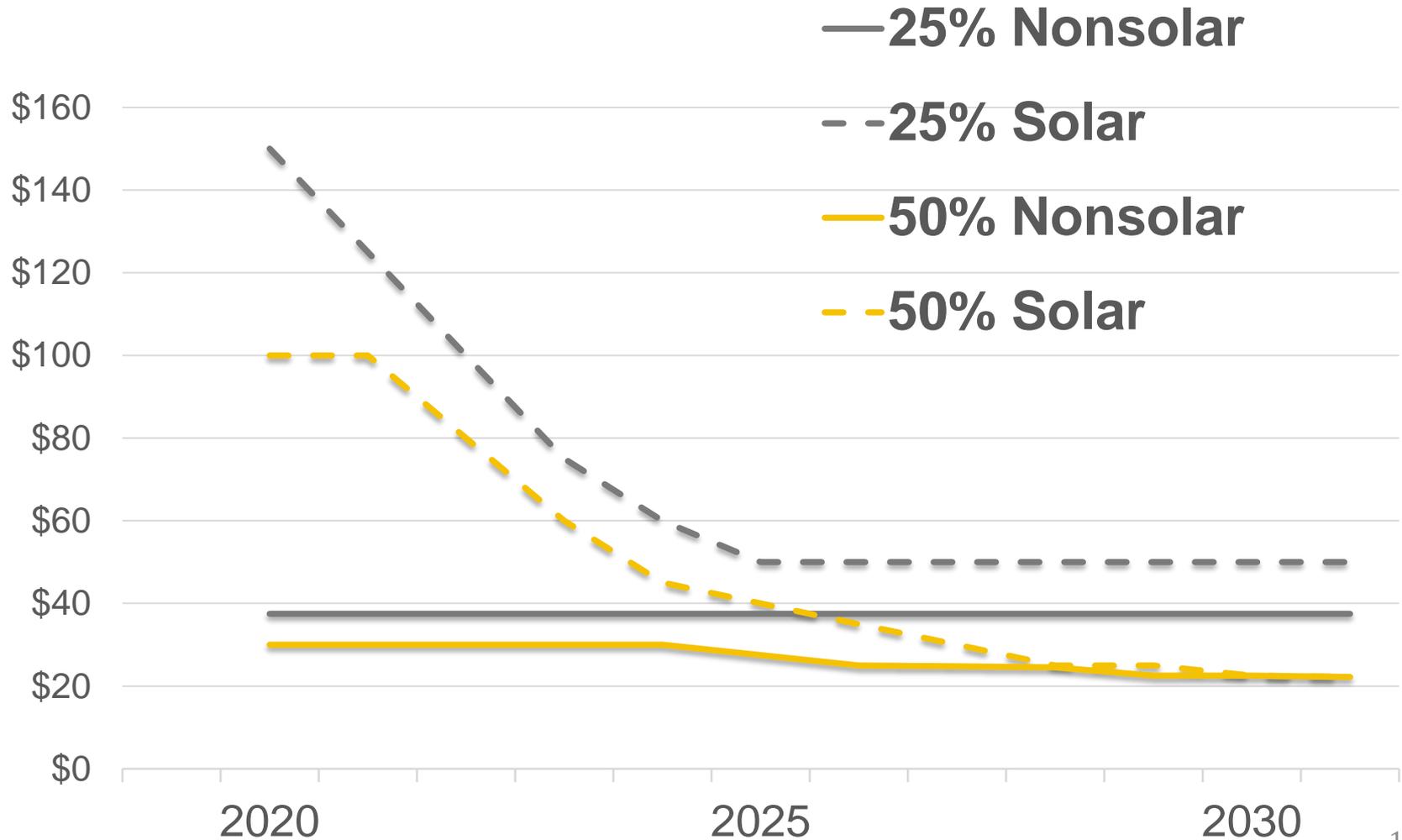
- Removes limits on the maximum amount of subscribers to a community solar system less than 2 MW and does not consist of subscriptions of greater than 200 kW comprising at least 60% of total subscriptions.
- Extends the submission deadline of the PSC report and recommendations regarding the pilot program to on or before **July 1, 2022:**
 - “Appropriate number” and capacity of community solar energy systems
 - Annual capacity limits for each program category, which should increase throughout the length of the pilot program
- Extends the pilot program termination date to no sooner than **December 31, 2024.**

SB 516 (CH 757)
MARYLAND CLEAN ENERGY
JOBS ACT

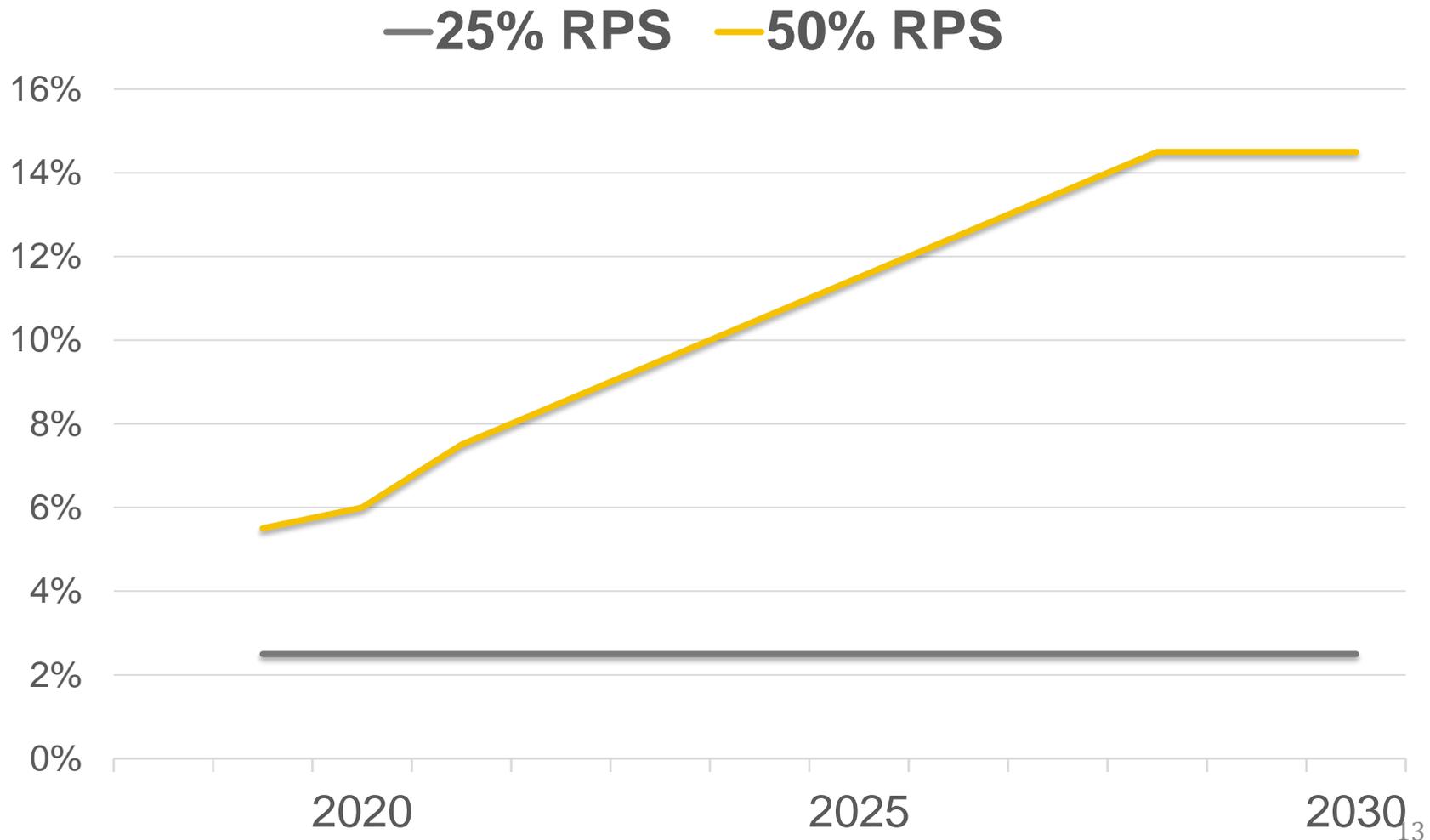
Increased Tier 1 RPS to 50% by 2030



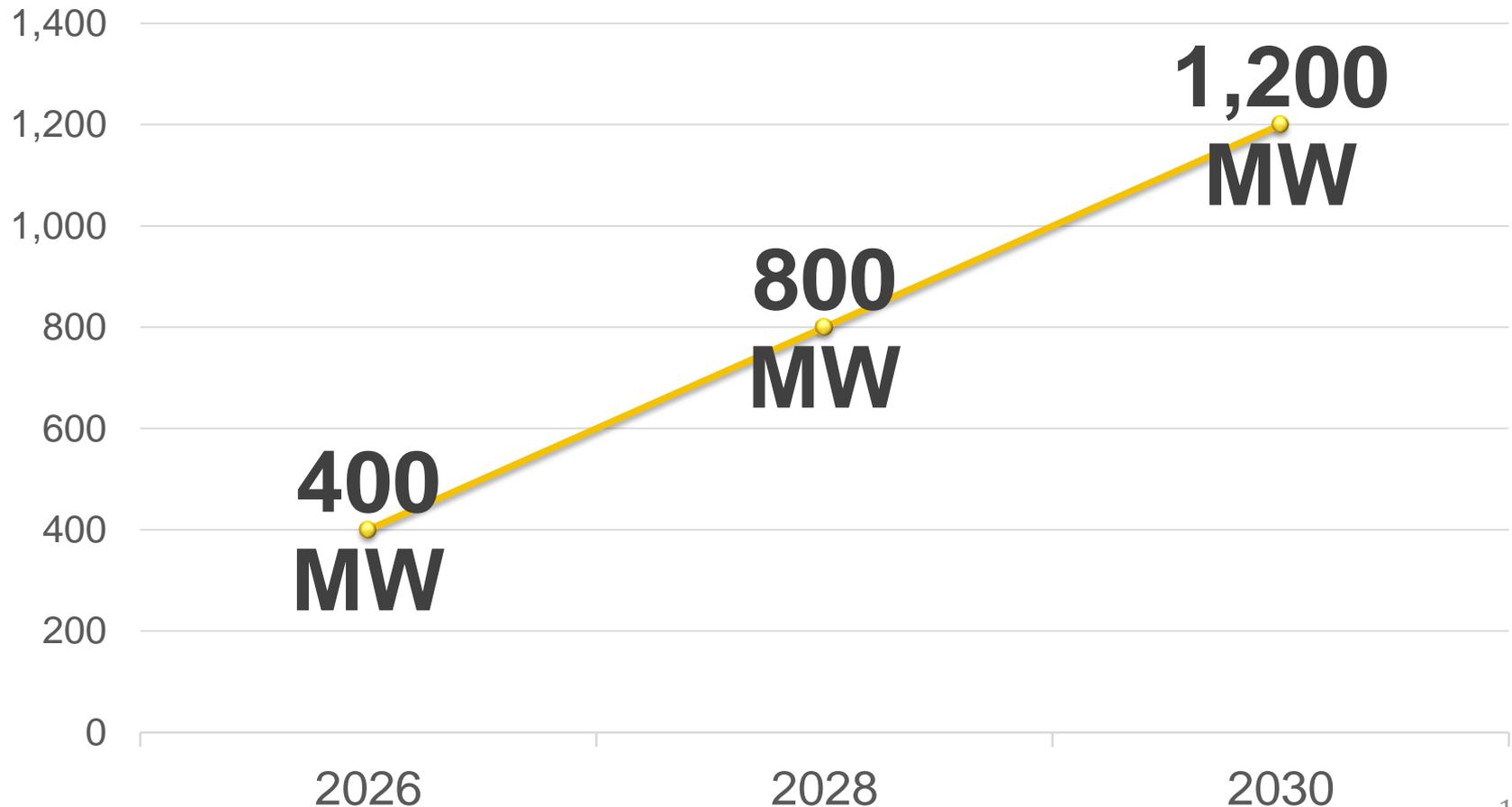
Reduced Tier 1 ACPs to \$22.35 by 2030



The Solar Carve-Out Increases to 14.5% by 2028



Offshore Wind Increases to 1,200 MW by 2030



Offshore Wind



	Round 1	Round 2
Miles off the coast of Maryland	10-30 miles	>10 miles
Approved by PSC Before	before July 1, 2017	after July 1, 2017

Offshore Wind (cont'd)



	Round 1	Round 2
Residential Rate Impacts	\$1.50/month (2012 dollars) incremental	\$0.88/month (2018 dollars) combined
Non-Residential Net Rate Impacts (% of Total Annual Electric Bill)	1.5%	0.9%

Study Requirements for PPRP



- The bill adds three tasks to the existing PPRP RPS study:
 - The impact of increasing levels **in-state clean energy generation** on ratepayers.
 - The impact on **all RPS-qualified energy sources** with respect to requiring higher levels of in-state generation under the increased MD RPS requirement.
 - Assessment of the costs and benefits as well as any legal/other implications of allowing the location of Tier 1 renewables **anywhere** in or off the contiguous U.S. (currently required to be located in PJM, or in a control area adjacent to PJM if the power is transmitted into PJM).

Nuclear Energy Study



- The bill requires PPRP to conduct a study of nuclear energy's role as a renewable or clean energy resource for addressing climate change in the state. Key aspects of the study include:
 - Current state of nuclear energy in Maryland
 - Assessment of the practicality of adding nuclear energy to the MD RPS
 - Identification of the benefits of nuclear energy in Maryland
 - Assessment of other countries and states where nuclear energy makes up more than 50% of total energy production

Nuclear Energy Study (cont'd)



- Assessment of emerging nuclear energy technologies that enhance viability
- The findings and recommendations from the Nuclear Energy Study
- Recommendations on the feasibility of implementing a 100% RPS by 2040.
- The supplemental study is due on or before **January, 1 2020.**

100% RPS Study



- PPRP must conduct a supplemental RPS study to assess the overall cost and benefits of **increasing the RPS to 100% by 2040**:
 - To include the same subjects as in the current study on the MD RPS.
 - Assess whether any in-state industries or communities that rely on those industries could be displaced or negatively economically impacted from the 100% RPS. If yes, then the study is to include recommendations on how to provide and fund a “comparable transition” for workers (including wage and benefit packages) and communities negatively impacted.

100% RPS Study (cont'd)



- The findings and recommendations from the Nuclear Energy Study.
- Recommendations on the feasibility of implementing a 100% RPS by 2040.
- The supplemental RPS study is due on or before **January, 1 2024**, to:
 - Governor
 - The General Assembly

Other RPS changes



- The expired Tier 2 of RPS is reestablished for two years, in 2019 and 2020.
- The threshold for a potential solar cost control administrative action by PSC is increased from 2.5% of an electricity supplier's retail sales to 6.0%.
- For electric cooperatives only, the solar portion of the Tier 1 requirement is 2.5% beginning in 2020 (i.e., other sources can be used to meet more of the Tier 1 requirement).

Other RPS changes, cont.



- As part of an existing annual reporting requirement, electricity suppliers must document the level of participation of minority business enterprises (MBEs) and minorities in the activities that support the creation of renewable energy credits (RECs).
- ACP revenue must still be used to support new renewable energy sources in the State, but under the bill, the renewable energy sources also must be owned by or directly benefit low-income residents.

SEIF Transfers for Various Clean Energy Initiatives



- The Maryland Energy Administration (MEA) must use SEIF to provide \$7.0 million in funding for access to capital for small, minority, women, and veteran-owned businesses in the clean energy
- MEA must also use SEIF to invest \$8.0 million in pre-apprenticeship, youth apprenticeship, and registered apprenticeship programs to establish career paths in the clean energy industry under the Maryland Employment Advancement Right Now (EARN) program.

Governor Hogan's CARES Plan



- Governor Larry Hogan in May 2019 outlined a strategy to set Maryland on a path to 100% clean electricity by 2040.
- The Governor announcement in a letter to Senate President Thomas V. “Mike” Miller, he would allow Senate Bill 516 — Clean Energy Jobs to become law without his signature.
- The letter announced the Clean and Renewable Energy Standard (CARES), which aims to get us to zero carbon emissions with a target of 100% clean electricity by 2040.



Governor Hogan's CARES Plan



The goals of the CARES plan include:

- “Increasing the strategic use of zero- and low-carbon clean and renewable energy sources;
- Recognizing the clean and safe aspects of nuclear energy;
- Supporting hydropower, coupled directly with maintaining environmental stewardship;
- Advancing emerging technology for carbon capture and storage; and
- Utilizing the role of energy-efficient combined heat and power.”

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APPENDIX

The Regional Transportation and Climate Protection Act of 2019 (SB 249 / HB 277)



- Authorizes the Governor to include the State in any regional government initiative, agreement, or compact that limits/reduces greenhouse gas emissions from the transportation sector.
- The State can only withdraw from any initiative, agreement, or compact with statutory approval from the Maryland General Assembly.
- The Department of the Environment and the Department of Transportation must periodically report to the General Assembly on the status of a regional initiative.
- The first status report must occur on or before **November 1, 2019** and then each year thereafter for the following three years.

Information on Electricity and Natural Gas Suppliers (SB 517 / HB 689)



- PSC must establish two customer-choice shopping websites directed at residential customers for natural gas and electricity.
- Websites must include the following:
 - A list of all suppliers with open offers in a customer’s service area, sortable by cost of service, cost per kWh or therm, rate structure, contract duration, and any other conditions of service the PSC considers necessary
 - A link to the website of each supplier with an open offer to supply electricity or natural gas to residential customers
 - A link to a consumer complaint process
 - Fact sheets for comparing offers from suppliers

Information on Electricity and Natural Gas Suppliers (SB 517 / HB 689) (cont'd)



- Requires each electricity (but not natural gas) supplier actively seeking residential customers in the State of Maryland to maintain at least one open offer to supply electricity to residential customers on the PSC website at all times.
- The PSC shall report progress on its compliance with this bill in its 2019 and 2020 annual reports and also in an interim report to the Senate Finance Committee and House Economic Matters Committee by June 30, 2020.

Prohibition of Acquisition of Substantial Influence of Investor-Owned Utilities (HB 1105)



- This bill designates that a person cannot acquire, directly or indirectly, the power to exercise substantial influence of the policies or actions of an IOU if the person would become an affiliate of **each** IOU in the state as a result of the acquisition.
- Substantial influence is defined as controlling at least 20% of the voting interests of the IOU, or 20% of the IOU's governing body. The PSC has discretion to determine substantial influence otherwise.
- Essentially precludes a merger between First Energy and Exelon, the complete or partial transfer of Potomac Edison to Exelon, and the complete or partial transfer of all three of Exelon's Maryland investor-owned utilities to First Energy.

Strategic Energy Investment Program Reporting (SB 52)



- Repeals a requirement that MEA develop a plan every three years for spending under the Strategic Energy Investment Program.
- Requirements to submit each SEIP plan to the Strategic Energy Investment Advisory Board and a report to the Board during years other than plan development years.
- MEA required to develop a fund expenditure plan for FY 2020 and the next three fiscal years:
 - Must hold at least four public meetings across the state
 - Solicit input from all regions of the state

Strategic Energy Investment Program Reporting (SB 52) (cont'd)



- This bill requires on or before December 31, 2019, that the MEA shall develop a plan for FY 2020 expenditures as well as a plan for expenditures over the next 3 fiscal years.
- On January 1 of each year, MEA shall provide a report on the expenditures from the prior year to the Governor, the Strategic Energy Investment Board, and to members of the Senate Finance Committee and House Economic Matters Committee. The report now must include the status of programs and expenditures in the current fiscal year as well as possible or expected program initiatives and changes in later years.
- Changes to planning and reporting requirements to every year instead of every three years are in response to funding volatility, especially with proceeds from RGGI auctions.

Electric Cooperatives – Conducting or Communications Facilities (SB 634 / HB 1357)



- Current law does not directly allow private electric companies right-of-way for broadband or other uses besides electric service.
- Bill would allow electric cooperatives to construct, maintain, or operate, conducting or communications facilities that furnish telecommunications or broadband internet access (or related services) along, on, under, or across publicly-owned lands, roadways, and public ways under any reasonable regulations imposed by governing body of municipal corporation or county.
- Costs must be separated between electric service and broadband service.