

**PUBLIC SERVICE COMMISSION  
OF MARYLAND**

**RENEWABLE ENERGY PORTFOLIO STANDARD  
REPORT OF 2005**

In compliance with Section 7-712 of  
the Public Utility Companies Article,  
*Annotated Code of Maryland*

February 2005

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## **I. INTRODUCTION**

This document constitutes the Report of the Maryland Public Service Commission (“Commission” or “PSC”) on the Renewable Energy Portfolio Standard (“RPS”) for 2005. The Report is submitted in compliance with Section 7-712 of the Public Utility Companies (“PUC”) Article of the Annotated Code of Maryland.

The RPS legislation is codified at PUC Article 7-701 *et seq.* and requires that electricity suppliers acquire Renewable Energy Credits (“RECs”), which each represent one megawatt-hour (“MWh”) of defined Tier I and Tier II renewable energy sources, based upon a specified percentage of eligible retail electricity sales. Electricity suppliers will submit these RECs to the Commission annually, commencing with electricity sales for 2006. Tier I renewable sources include solar, wind, qualifying biomass, small hydroelectric power plants, and other specified renewable resources. Tier II renewable sources include larger hydroelectric plants, incineration of poultry litter under specified conditions, and waste-to-energy. The General Assembly found that:

- (1) the benefits of electricity from renewable energy resources, including long-term decreased emissions, a healthier environment, increased energy security, and decreased reliance on and vulnerability from imported energy sources, accrue to the public at large; and
- (2) electricity suppliers and consumers share an obligation to develop a minimum level of these resources in the electricity supply portfolio of the State.

As a method of encouraging use of renewable resources, PUC Article §7-705 specifies that electricity suppliers must file an annual report demonstrating compliance with the RPS legislation or pay specified compliance fees, based on the extent of the supplier’s non-compliance, to the Maryland Renewable Energy Fund (“Fund”), which has a purpose “...to encourage the development of resources to generate renewable energy in the State.” See PUC Article §7-707. The Maryland Energy Administration (“MEA”) will administer the Fund, subject to oversight by the Commission, after the first compliance reports are filed for 2006.

## **II. STATUS OF THE IMPLEMENTATION OF THE RPS LEGISLATION**

Coincident with the passage of the RPS legislation by the General Assembly in April 2004, the Commission’s Technical Staff (“Staff”) began preparing for the legislation’s implementation. Over the summer, Staff met with interested parties to gather information and opinions on how the program should be implemented. On August 13, 2004, Staff filed with the Commission a White Paper entitled “Maryland’s Renewable Portfolio Legislation: Issues, Options and Recommendations Report” along with a separate Executive Summary of the report. These papers were posted on the Commission’s website for all interested stakeholders to review.

On August 26, 2004, the Commission docketed Case No. 9019 *In the Matter of the Commission's Inquiry into the Implementation of the Renewable Energy Portfolio Standard* to consider the threshold issues raised by Staff's White Paper. Initial comments on these threshold issues were requested by September 17, 2004 (later extended by one week for all stakeholders and to October 8, 2004, for PJM Interconnection, LLC ("PJM")) and reply comments were requested by October 15, 2004. The Commission held a hearing on December 1, 2004, and subsequently issued direction to Staff and the stakeholders in a letter dated December 21, 2004. This guidance included the establishment of a Working Group of stakeholders to draft the RPS regulations for the Commission's consideration. In addition, the Commission provided guidance regarding the threshold issues posed in Staff's White Paper.

Staff has scheduled the initial meeting of the RPS Working Group for February 2005 for the purpose of discussing and modifying Staff's Draft Regulations. Thereafter, Staff will present the Draft Regulations to the Commission, where the Commission will consider them in open meeting as part of the Commission's Rulemaking process. The goal is for the Commission to meet the legislation's requirement that "...on or before July 1, 2005, the Public Service Commission shall adopt regulations to implement this Act." Concurrently, Staff will closely monitor the progress of PJM in the development of its Generating Attributes Tracking System ("GATS"). Staff and other stakeholders aim to utilize GATS wherever possible to help implement Maryland's RPS legislation.

### **III. AVAILABILITY OF TIER 1 RESOURCES AND PROJECTS SUPPORTED BY THE MARYLAND RENEWABLE ENERGY FUND**

Given that the Commission is in the initial phases of implementing the RPS legislation, there is little to report at this time on the items that will be the primary focus of this Report in future years. Once regulations are finalized and some of the systems that will track compliance with the RPS are in place, the Commission should be in a better position to report on the availability of Tier I renewable sources. It is anticipated that more information on Tier 1 resources can be provided in next year's Report. Similarly, since the Maryland Renewable Energy Fund has not yet been established, there are no projects currently supported by the Fund. Once the Fund is established, this Report will contain information on any renewable energy projects that MEA supports as part of the implementation of this legislation. Finally, when electricity suppliers are required to submit annual RPS compliance reports in future years, the Commission intends to include pertinent information relevant to this activity in this Report.