

HOUSE BILL 821

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6lr0741

By: **Delegates Korman, Fraser–Hidalgo, Barkley, Carr, Cassilly, Frick, Frush, Hixson, Krimm, Lam, Lierman, Luedtke, Miele, A. Miller, Morhaim, Reznik, and Waldstreicher**

Introduced and read first time: February 8, 2016

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Energy Storage Portfolio Standard**
3 **(Storage Technology and Electric Power (STEP) Act)**

4 FOR the purpose of establishing a certain energy storage portfolio standard in the State;
5 requiring certain electricity suppliers to comply with the energy storage portfolio
6 standard by certain dates; requiring certain storage capacity to be sufficient to
7 provide electricity at a certain capacity for a certain period; providing that certain
8 energy storage devices may be used to comply with the energy storage portfolio
9 standard, with certain exceptions; providing for the creation and use of certain
10 energy storage credits; requiring certain electricity suppliers to demonstrate
11 compliance with the energy storage portfolio standard to the Public Service
12 Commission by certain dates; requiring certain electricity suppliers to submit annual
13 reports to the Commission concerning compliance with the energy storage portfolio
14 standard; establishing a certain compliance fee that must be paid into the Maryland
15 Strategic Energy Investment Fund under certain circumstances in certain years,
16 subject to a certain adjustment; authorizing certain aggregators and brokers to
17 require certain other electricity suppliers to demonstrate compliance with this Act;
18 authorizing the Commission to provide certain waivers under certain circumstances;
19 authorizing an electricity supplier to use certain accumulated energy storage credits
20 for certain purposes, including demonstrating compliance with the energy storage
21 portfolio standard; providing for reliance on certain credits under certain
22 circumstances; requiring the Commission to adopt by regulation certain
23 requirements for documentation and verification of certain credits; requiring the
24 Commission to adopt certain regulations for certain purposes; providing for the use
25 of certain compliance fees paid into the Maryland Strategic Energy Investment
26 Fund; defining certain terms; providing for the application of this Act; and generally
27 relating to the energy storage portfolio standard.

28 BY adding to

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Public Utilities

2 Section 7–801 through 7–808 to be under the new subtitle “Subtitle 8. Energy
3 Storage Portfolio Standard”

4 Annotated Code of Maryland

5 (2010 Replacement Volume and 2015 Supplement)

6 BY repealing and reenacting, with amendments,

7 Article – State Government

8 Section 9–20B–05(i)

9 Annotated Code of Maryland

10 (2014 Replacement Volume and 2015 Supplement)

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

13 **Article – Public Utilities**

14 **SUBTITLE 8. ENERGY STORAGE PORTFOLIO STANDARD.**

15 **7–801.**

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

18 (B) “CUSTOMER” HAS THE MEANING STATED IN § 7–501 OF THIS TITLE.

19 (C) “ELECTRICITY SUPPLIER” HAS THE MEANING STATED IN § 1–101 OF
20 THIS ARTICLE.

21 (D) “ENERGY STORAGE CREDIT” OR “CREDIT” MEANS A CREDIT EQUAL TO
22 THE ENERGY CAPACITY RATING OF 1 KILOWATT–HOUR OF ELECTRICITY OR ITS
23 EQUIVALENT STORED ON AN ENERGY STORAGE DEVICE THAT IS:

24 (1) AVAILABLE TO PROVIDE ELECTRICITY FOR A CONTINUOUS
25 PERIOD OF AT LEAST 1 HOUR; AND

26 (2) IS LOCATED:

27 (I) IN THE PJM REGION; OR

28 (II) OUTSIDE THE AREA DESCRIBED IN ITEM (I) OF THIS ITEM
29 BUT IN A CONTROL AREA THAT IS ADJACENT TO THE PJM REGION IF THE
30 ELECTRICITY IS DELIVERED INTO THE PJM REGION.

31 (E) (1) “ENERGY STORAGE DEVICE” MEANS A DEVICE USED TO STORE

1 ENERGY FOR USE AS ELECTRICITY AT A LATER TIME, OR FOR USE IN A PROCESS THAT
2 OFFSETS ELECTRICITY USE AT A PEAK TIME.

3 (2) "ENERGY STORAGE DEVICE" INCLUDES:

4 (I) COMPRESSED AIR;

5 (II) A BATTERY OR OTHER ELECTROCHEMICAL FORM OF
6 STORAGE;

7 (III) HYDROGEN FOR A FUEL CELL;

8 (IV) A THERMAL FORM OF STORAGE, SUCH AS HOT WATER OR
9 ICE;

10 (V) A FLYWHEEL;

11 (VI) A CAPACITOR; AND

12 (VII) A SUPERCONDUCTING MAGNET.

13 (3) "ENERGY STORAGE DEVICE" DOES NOT INCLUDE PUMPED
14 HYDROPOWER.

15 (F) "PJM REGION" HAS THE MEANING STATED IN § 7-701 OF THIS TITLE.

16 7-802.

17 THIS SUBTITLE APPLIES TO EACH ELECTRICITY SUPPLIER THAT SELLS
18 ELECTRICITY TO RETAIL ELECTRIC CUSTOMERS IN THE STATE.

19 7-803.

20 (A) (1) EXCEPT AS PROVIDED IN § 7-806(E) OF THIS SUBTITLE, EACH
21 ELECTRICITY SUPPLIER THAT SELLS ELECTRICITY IN THE STATE SHALL COMPLY
22 WITH THE ENERGY STORAGE PORTFOLIO STANDARD UNDER THIS SECTION.

23 (2) THE ENERGY STORAGE PORTFOLIO STANDARD MAY NOT APPLY
24 TO ELECTRICITY SALES AT RETAIL BY ANY ELECTRICITY SUPPLIER IN EXCESS OF
25 300,000 KILOWATT-HOURS OF INDUSTRIAL PROCESS LOAD TO A SINGLE CUSTOMER
26 IN A YEAR.

27 (B) (1) NO LATER THAN JANUARY 1, 2021, EACH ELECTRICITY SUPPLIER

1 SHALL HAVE AVAILABLE ON THE SYSTEM OF THE ELECTRICITY SUPPLIER ENERGY
2 STORAGE DEVICES WITH AN ENERGY CAPACITY RATING EQUAL TO NOT LESS THAN
3 1% OF THE ANNUAL AVERAGE PEAK POWER DEMAND THAT THE ELECTRICITY
4 SUPPLIER SERVES, AS:

5 (I) MEASURED OVER A 1-HOUR PERIOD; AND

6 (II) AVERAGED OVER CALENDAR YEARS 2017 THROUGH 2019.

7 (2) NO LATER THAN JANUARY 1, 2025, EACH ELECTRICITY SUPPLIER
8 SHALL HAVE AVAILABLE ON THE SYSTEM OF THE ELECTRICITY SUPPLIER ENERGY
9 STORAGE DEVICES WITH A POWER CAPACITY RATING EQUAL TO NOT LESS THAN 2%
10 OF THE ANNUAL AVERAGE PEAK POWER DEMAND ON THE SYSTEM, AS:

11 (I) MEASURED OVER A 1-HOUR PERIOD; AND

12 (II) AVERAGED OVER CALENDAR YEARS 2021 THROUGH 2023.

13 (C) AN ELECTRICITY SUPPLIER SHALL MEET THE APPLICABLE ENERGY
14 STORAGE PORTFOLIO STANDARD BY ACCUMULATING THE EQUIVALENT AMOUNT OF
15 ENERGY STORAGE CREDITS THAT EQUAL THE PERCENTAGES REQUIRED UNDER
16 THIS SECTION.

17 (D) TO CREATE AN ENERGY STORAGE CREDIT, AN ENERGY STORAGE DEVICE
18 MUST SUBSTANTIALLY COMPLY WITH ALL APPLICABLE ENVIRONMENTAL AND
19 ADMINISTRATIVE REQUIREMENTS, INCLUDING AIR QUALITY, WATER QUALITY,
20 SOLID WASTE, AND RIGHT-TO-KNOW PROVISIONS, PERMIT CONDITIONS, AND
21 ADMINISTRATIVE ORDERS.

22 7-804.

23 (A) AN ENERGY STORAGE DEVICE THAT IS CONNECTED TO A CUSTOMER
24 LOCATION OR TO AN ELECTRIC TRANSMISSION SYSTEM OR DISTRIBUTION SYSTEM
25 MAY BE USED TO COMPLY WITH THE ENERGY STORAGE PORTFOLIO STANDARD
26 UNDER § 7-803 OF THIS SUBTITLE.

27 (B) AN ENERGY STORAGE DEVICE MAY BE OWNED BY:

28 (1) AN ELECTRICITY SUPPLIER;

29 (2) A THIRD PARTY; OR

30 (3) A CUSTOMER.

1 7-805.

2 AN ENERGY STORAGE DEVICE PLACED IN OPERATION BEFORE JANUARY 1,
3 2017, MAY NOT BE USED TO ACHIEVE COMPLIANCE WITH THE ENERGY STORAGE
4 PORTFOLIO STANDARD UNDER § 7-803 OF THIS SUBTITLE.

5 7-806.

6 (A) SUBJECT TO SUBSECTION (E) OF THIS SECTION, EACH ELECTRICITY
7 SUPPLIER SHALL SUBMIT A REPORT TO THE COMMISSION EACH YEAR IN A FORM
8 AND BY A DATE SPECIFIED BY THE COMMISSION THAT:

9 (1) DEMONSTRATES THAT THE ELECTRICITY SUPPLIER HAS
10 COMPLIED WITH THE ENERGY STORAGE PORTFOLIO STANDARD UNDER § 7-803 OF
11 THIS SUBTITLE BY THE APPLICABLE DATES SPECIFIED IN THAT SECTION; OR

12 (2) DEMONSTRATES THE AMOUNT OF POWER CAPACITY BY WHICH
13 THE ELECTRICITY SUPPLIER FAILED TO MEET THE APPLICABLE ENERGY STORAGE
14 PORTFOLIO STANDARD UNDER § 7-803 OF THIS SUBTITLE.

15 (B) (1) IF AN ELECTRICITY SUPPLIER FAILS TO COMPLY WITH THE
16 ENERGY STORAGE PORTFOLIO STANDARD FOR THE APPLICABLE YEAR, THE
17 ELECTRICITY SUPPLIER SHALL PAY INTO THE MARYLAND STRATEGIC ENERGY
18 INVESTMENT FUND ESTABLISHED UNDER § 9-20B-05 OF THE STATE GOVERNMENT
19 ARTICLE A COMPLIANCE FEE OF \$300 FOR EACH KILOWATT-HOUR OF SHORTFALL
20 FROM THE AVAILABLE ENERGY CAPACITY OF ENERGY STORAGE DEVICES STARTING
21 IN 2021.

22 (2) THE COMPLIANCE FEE SHALL BE ADJUSTED EACH YEAR FOR
23 INFLATION BASED ON THE CONSUMER PRICE INDEX (ELECTRICITY).

24 (C) THE COMMISSION MAY ALLOW AN ELECTRICITY SUPPLIER TO INCLUDE
25 THE DEMONSTRATION REQUIRED UNDER SUBSECTION (A) OF THIS SECTION IN THE
26 REPORT REQUIRED UNDER § 7-705 OF THIS TITLE.

27 (D) AN AGGREGATOR OR BROKER THAT ASSISTS AN ELECTRICITY
28 CUSTOMER IN PURCHASING ELECTRICITY BUT THAT DOES NOT SUPPLY THE
29 ELECTRICITY OR TAKE TITLE TO OR OWNERSHIP OF THE ELECTRICITY MAY REQUIRE
30 THE ELECTRICITY SUPPLIER THAT SUPPLIES THE ELECTRICITY TO DEMONSTRATE
31 COMPLIANCE WITH THIS SUBTITLE.

32 (E) (1) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBTITLE,

1 THE COMMISSION MAY GRANT TO AN ELECTRICITY SUPPLIER A WAIVER OF AN
2 APPLICABLE DEADLINE UNDER § 7-803 OF THIS SUBTITLE FOR A PERIOD OF 1
3 CALENDAR YEAR IF THE COMMISSION DETERMINES THAT ACHIEVING COMPLIANCE
4 BY THE APPLICABLE DEADLINE WOULD PRESENT UNDUE HARDSHIP TO:

5 (I) THE ELECTRICITY SUPPLIER; OR

6 (II) CUSTOMERS OF THE ELECTRICITY SUPPLIER.

7 (2) THE COMMISSION MAY PROVIDE TO AN ELECTRICITY SUPPLIER
8 ONE OR MORE ADDITIONAL 1-YEAR WAIVERS UNDER PARAGRAPH (1) OF THIS
9 SUBSECTION.

10 7-807.

11 (A) AN ELECTRICITY SUPPLIER MAY USE ACCUMULATED ENERGY STORAGE
12 CREDITS TO MEET THE ENERGY STORAGE PORTFOLIO STANDARD.

13 (B) AN ENERGY STORAGE CREDIT MAY BE SOLD OR OTHERWISE
14 TRANSFERRED.

15 (C) ONLY IF THE DEMONSTRATED NONCOMPLIANCE DOES NOT RESULT IN
16 ENVIRONMENTAL DEGRADATION, AN ELECTRICITY SUPPLIER THAT REASONABLY
17 INCLUDES IN ITS ANNUAL REPORT UNDER § 7-806 OF THIS SUBTITLE AN ENERGY
18 STORAGE CREDIT THAT IS EXTINGUISHED FOR NONCOMPLIANCE WITH § 7-803 OF
19 THIS SUBTITLE:

20 (1) MAY CONTINUE TO RELY ON THAT CREDIT FOR THAT YEAR; BUT

21 (2) FOR LATER YEARS SHALL:

22 (I) DEMONSTRATE A RETURN TO COMPLIANCE OF THE ENERGY
23 STORAGE DEVICE UNDER § 7-803 OF THIS SUBTITLE; OR

24 (II) REPLACE THE CREDIT WITH AN ENERGY STORAGE CREDIT
25 FROM ANOTHER SOURCE.

26 7-808.

27 (A) THE COMMISSION SHALL ADOPT REGULATIONS TO CARRY OUT THIS
28 SUBTITLE.

29 (B) THE REGULATIONS SHALL INCLUDE:

