

SENATE BILL 887

M5, M3, C8

0lr2235
CF 0lr1377

By: **Senators West, Elfreth, Kelley, and Pinsky**

Introduced and read first time: February 3, 2020

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

A BILL ENTITLED

1 AN ACT concerning

2 **Electric Generation – Transition From Fossil Fuels – Carbon Dioxide Emissions**
3 **Rate and Transition Account**

4 FOR the purpose of prohibiting the carbon dioxide emissions rate for certain affected
5 electric generating units from exceeding a certain amount; establishing the Fossil
6 Fuel Community Transition Account; specifying the purpose and authorized uses of
7 the Account; requiring the Department of Commerce to establish certain policies and
8 procedures for the administration of the Account; providing for the funding of the
9 Account; establishing the Fossil Fuel Community Transition Account Advisory
10 Board; providing for the composition, chair, and staffing of the Board; providing for
11 the term of a Board member; requiring the Board to meet a certain minimum number
12 of times each year; prohibiting a member of the Board from receiving certain
13 compensation, but authorizing the reimbursement of certain expenses; requiring the
14 Board to review the Department's proposals for grant awards from the Account and
15 make certain recommendations; requiring the Department to consider certain
16 recommendations of the Board when making certain decisions about awarding
17 grants from the Account; requiring the Department to report, on or before a certain
18 date each year, to the Governor, the Board, and the General Assembly; requiring the
19 Maryland Energy Administration to use the Maryland Strategic Energy Investment
20 Fund to provide funding for certain grants awarded under the Account; altering the
21 allocations of certain proceeds received by the Maryland Strategic Energy
22 Investment Fund from the sale of certain allowances under the Regional Greenhouse
23 Gas Initiative; providing for the application of certain provisions of this Act; defining
24 certain terms; and generally relating to the transition from fossil fuels for electric
25 generation.

26 BY adding to
27 Article – Environment
28 Section 2–10A–01 through 2–10A–03 to be under the new subtitle “Subtitle 10A.
29 Carbon Dioxide Emissions”
30 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2013 Replacement Volume and 2019 Supplement)

BY adding to

Article – Economic Development

Section 5–1701 through 5–1704 to be under the new subtitle “Subtitle 17. Fossil Fuel
Community Transition Account”

Annotated Code of Maryland

(2018 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, without amendments,

Article – State Government

Section 9–20B–01(a), (b), (e), and (f)

Annotated Code of Maryland

(2014 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, with amendments,

Article – State Government

Section 9–20B–05(f) and (g)

Annotated Code of Maryland

(2014 Replacement Volume and 2019 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

That the Laws of Maryland read as follows:

Article – Environment

SUBTITLE 10A. CARBON DIOXIDE EMISSIONS.

2–10A–01.

IN THIS SUBTITLE, “AFFECTED ELECTRIC GENERATING UNIT”:

(1) MEANS AN ELECTRIC GENERATING UNIT IN THE STATE THAT
PRIMARILY BURNS COAL AS FUEL; AND

(2) INCLUDES:

(I) BRANDON SHORES UNITS 1 AND 2;

(II) CHALK POINT UNITS 1 AND 2;

(III) DICKERSON UNITS 1, 2, AND 3;

(IV) H.A. WAGNER UNITS 2 AND 3;

(V) MORGANTOWN UNITS 1 AND 2; AND

(VI) WARRIOR RUN UNIT 1.

2-10A-02.

THIS SUBTITLE APPLIES TO:

(1) ON AND AFTER OCTOBER 1, 2023, CHALK POINT UNITS 1 AND 2,
DICKERSON UNITS 1, 2, AND 3, AND H.A. WAGNER UNITS 2 AND 3;

(2) ON AND AFTER OCTOBER 1, 2024, MORGANTOWN UNITS 1 AND 2;

(3) ON AND AFTER OCTOBER 1, 2025, BRANDON SHORES UNITS 1
AND 2; AND

(4) ON AND AFTER MARCH 1, 2030, WARRIOR RUN UNIT 1.

2-10A-03.

THE CARBON DIOXIDE EMISSIONS RATE FOR AN AFFECTED ELECTRIC
GENERATING UNIT MAY NOT EXCEED 180 POUNDS PER MILLION BRITISH THERMAL
UNITS.

Article – Economic Development

SUBTITLE 17. FOSSIL FUEL COMMUNITY TRANSITION ACCOUNT.

5-1701.

(A) “ACCOUNT” MEANS THE FOSSIL FUEL COMMUNITY TRANSITION
ACCOUNT.

(B) (1) “AFFECTED COUNTY” MEANS A COUNTY THAT IS IMPACTED BY
THE PERMANENT RETIREMENT OF AN ELECTRIC GENERATING UNIT.

(2) “AFFECTED COUNTY” INCLUDES:

(I) ALLEGANY COUNTY;

(II) ANNE ARUNDEL COUNTY;

(III) CHARLES COUNTY;

(IV) MONTGOMERY COUNTY; AND

(V) PRINCE GEORGE'S COUNTY.

(C) "BOARD" MEANS THE FOSSIL FUEL COMMUNITY TRANSITION ACCOUNT ADVISORY BOARD.

(D) "ELECTRIC GENERATING UNIT" MEANS AN ELECTRIC GENERATING UNIT IN THE STATE THAT PRIMARILY BURNS FOSSIL FUEL.

5-1702.

(A) THERE IS A FOSSIL FUEL COMMUNITY TRANSITION ACCOUNT.

(B) THE PURPOSE OF THE ACCOUNT IS TO PROVIDE GRANTS TO SUPPORT:

(1) INDIVIDUALS TRANSITIONING FROM EMPLOYMENT WITH AN ELECTRIC GENERATING UNIT; AND

(2) COMMUNITIES THAT ARE IMPACTED BY THE PERMANENT RETIREMENT OF AN ELECTRIC GENERATING UNIT.

(C) THE DEPARTMENT SHALL ESTABLISH POLICIES AND PROCEDURES FOR THE ADMINISTRATION OF THE ACCOUNT, INCLUDING:

(1) THE GRANT APPLICATION PROCESS; AND

(2) CRITERIA FOR AWARDING GRANTS UNDER THIS SECTION.

(D) THE ACCOUNT SHALL BE FUNDED IN ACCORDANCE WITH § 9-20B-05(F) OF THE STATE GOVERNMENT ARTICLE.

(E) THE ACCOUNT MAY BE USED ONLY FOR AWARDING GRANTS CONSISTENT WITH THE PURPOSES OF THE ACCOUNT, INCLUDING GRANTS FOR:

(1) WORKER RETRAINING OR OTHER ASSISTANCE PROGRAMS, INCLUDING INDUSTRY- AND UNION-SPONSORED APPRENTICESHIP PROGRAMS, PROGRAMS WITHIN THE DEPARTMENT, AND PROGRAMS AT HISTORICALLY BLACK COLLEGES AND UNIVERSITIES;

(2) CLEAN ENERGY OR ENERGY EFFICIENCY PROJECTS IF THE PROJECT:

1 **(I) IS LOCATED IN AN AFFECTED COUNTY; AND**

2 **(II) EMPLOYS INDIVIDUALS WHO HAVE COMPLETED AN**
3 **APPROVED RETRAINING OR OTHER ASSISTANCE PROGRAM;**

4 **(3) PROJECTS INVOLVING THE DECOMMISSIONING OF AN ELECTRIC**
5 **GENERATING UNIT IF THE PROJECT EMPLOYS INDIVIDUALS WHO HAVE COMPLETED**
6 **AN APPROVED RETRAINING OR OTHER ASSISTANCE PROGRAM;**

7 **(4) FOR UP TO 3 YEARS FOLLOWING THE PERMANENT RETIREMENT**
8 **OF AN ELECTRIC GENERATING UNIT, PAYMENTS TO AN AFFECTED COUNTY TO**
9 **OFFSET LOSSES IN TAX REVENUE DUE TO THE PERMANENT RETIREMENT OF THE**
10 **UNIT;**

11 **(5) PAYMENTS TO INDIVIDUALS WHO ARE WITHIN 3 YEARS OF**
12 **RETIREMENT AGE TO PROVIDE SUPPLEMENTAL RETIREMENT SECURITY; AND**

13 **(6) PAYMENTS TO INDIVIDUALS TO FILL WAGE GAPS DURING THE**
14 **TRANSITION TO NEW EMPLOYMENT.**

15 **5-1703.**

16 **(A) THERE IS A FOSSIL FUEL TRANSITION ACCOUNT ADVISORY BOARD.**

17 **(B) THE BOARD CONSISTS OF THE FOLLOWING MEMBERS:**

18 **(1) THE SECRETARY, OR THE SECRETARY'S DESIGNEE;**

19 **(2) THE SECRETARY OF THE ENVIRONMENT, OR THE SECRETARY'S**
20 **DESIGNEE;**

21 **(3) THE CHAIR OF THE COMMISSION ON ENVIRONMENTAL JUSTICE**
22 **AND SUSTAINABLE COMMUNITIES, OR THE CHAIR'S DESIGNEE;**

23 **(4) ONE MEMBER OF THE SENATE, APPOINTED BY THE PRESIDENT OF**
24 **THE SENATE;**

25 **(5) ONE MEMBER OF THE HOUSE OF DELEGATES, APPOINTED BY THE**
26 **SPEAKER OF THE HOUSE OF DELEGATES;**

27 **(6) TWO MEMBERS OF A LOCAL GOVERNING BODY OF AN AFFECTED**
28 **COUNTY, DESIGNATED BY THE MARYLAND ASSOCIATION OF COUNTIES; AND**

(7) THE FOLLOWING MEMBERS APPOINTED BY THE GOVERNOR:

(I) ONE REPRESENTATIVE OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS;

(II) ONE REPRESENTATIVE OF THE AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS;

(III) ONE REPRESENTATIVE OF THE INTERNATIONAL ASSOCIATION OF SHEET METAL, AIR, RAIL, AND TRANSPORTATION WORKERS;

(IV) ONE REPRESENTATIVE OF THE CLEAN ENERGY INDUSTRY;
AND

(V) ONE REPRESENTATIVE OF THE ENERGY EFFICIENCY INDUSTRY.

(C) THE GOVERNOR SHALL APPOINT THE CHAIR OF THE BOARD.

(D) (1) THE TERM OF MEMBER IS 3 YEARS.

(2) THE TERMS OF THE MEMBERS ARE STAGGERED AS REQUIRED BY THE TERMS PROVIDED FOR MEMBERS OF THE BOARD ON OCTOBER 1, 2020.

(E) THE BOARD SHALL MEET AT LEAST TWICE EACH YEAR.

(F) (1) THE BOARD SHALL REVIEW THE DEPARTMENT'S PROPOSALS FOR GRANT AWARDS FROM THE ACCOUNT AND MAKE RECOMMENDATIONS TO THE DEPARTMENT CONCERNING ANY PROPOSED GRANT AWARD.

(2) THE DEPARTMENT SHALL CONSIDER THE BOARD'S RECOMMENDATIONS WHEN MAKING DECISIONS ABOUT AWARDING GRANTS FROM THE ACCOUNT.

(G) A MEMBER OF THE BOARD:

(1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE BOARD;
BUT

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

(H) THE DEPARTMENT SHALL PROVIDE STAFF FOR THE BOARD.

5-1704.

ON OR BEFORE JANUARY 1 EACH YEAR, THE DEPARTMENT SHALL REPORT TO THE GOVERNOR, THE BOARD, AND, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON THE GRANTS AWARDED FROM THE ACCOUNT DURING THE PRIOR FISCAL YEAR, INCLUDING:

(1) THE NUMBER OF GRANTS AWARDED;

(2) THE AMOUNT OF EACH GRANT AWARDED;

(3) THE NAMES OF THE RECIPIENTS OF THE GRANTS; AND

(4) THE SPECIFIC PURPOSE OF EACH GRANT AWARDED.

Article – State Government

9-20B-01.

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

(b) “Administration” means the Maryland Energy Administration.

(e) “Fund” means the Maryland Strategic Energy Investment Fund.

(f) “Program” means the Maryland Strategic Energy Investment Program.

9-20B-05.

(f) The Administration shall use the Fund:

(1) to invest in the promotion, development, and implementation of:

(i) cost-effective energy efficiency and conservation programs, projects, or activities, including measurement and verification of energy savings;

(ii) renewable and clean energy resources;

(iii) climate change programs directly related to reducing or mitigating the effects of climate change; and

(iv) demand response programs that are designed to promote changes in electric usage by customers in response to:

1. changes in the price of electricity over time; or

2. incentives designed to induce lower electricity use at times of high wholesale market prices or when system reliability is jeopardized;

(2) to provide targeted programs, projects, activities, and investments to reduce electricity consumption by customers in the low-income and moderate-income residential sectors;

(3) to provide supplemental funds for low-income energy assistance through the Electric Universal Service Program established under § 7-512.1 of the Public Utilities Article and other electric assistance programs in the Department of Human Services;

(4) to provide rate relief by offsetting electricity rates of residential customers, including an offset of surcharges imposed on ratepayers under § 7-211 of the Public Utilities Article;

(5) to provide grants, loans, and other assistance and investment as necessary and appropriate to implement the purposes of the Program as set forth in § 9-20B-03 of this subtitle;

(6) to implement energy-related public education and outreach initiatives regarding reducing energy consumption and greenhouse gas emissions;

(7) to provide rebates under the Electric Vehicle Recharging Equipment Rebate Program established under § 9-2009 of this title;

(8) to provide grants to encourage combined heat and power projects at industrial facilities;

(9) subject to subsections (f-1) and (f-3) of this section, to provide \$7,000,000 in funding for access to capital for small, minority, women-owned, and veteran-owned businesses in the clean energy industry under § 5-1501 of the Economic Development Article, allocated in annual increments as follows:

(i) \$200,000 in fiscal year 2021;

(ii) \$500,000 in fiscal year 2022;

(iii) \$500,000 in fiscal year 2023;

(iv) \$1,000,000 in fiscal year 2024; and

(v) \$1,200,000 in each fiscal year from 2025 through 2028;

(10) subject to subsections (f-2) and (f-3) of this section, to invest in

pre-apprenticeship, youth apprenticeship, and registered apprenticeship programs to establish career paths in the clean energy industry under § 11-708.1 of the Labor and Employment Article, as follows:

(i) \$1,500,000 for grants to pre-apprenticeship jobs training programs under § 11-708.1(c)(2) of the Labor and Employment Article starting in fiscal year 2021 until all amounts are spent; and

(ii) \$6,500,000 for grants to youth apprenticeship jobs training programs and registered apprenticeship jobs training programs under § 11-708.1(c)(4) of the Labor and Employment Article starting in fiscal year 2021 until all amounts are spent; [and]

(11) TO PROVIDE FUNDING FOR GRANTS AWARDED UNDER THE FOSSIL FUEL COMMUNITY TRANSITION ACCOUNT ESTABLISHED UNDER § 5-1702 OF THE ECONOMIC DEVELOPMENT ARTICLE; AND

[(11)] (12) to pay the expenses of the Program.

(g) Proceeds received by the Fund from the sale of allowances under § 2-1002(g) of the Environment Article shall be allocated as follows:

(1) at least 50% shall be credited to an energy assistance account to be used for the Electric Universal Service Program and other electricity assistance programs in the Department of Human Services;

(2) at least [20%] **10%** shall be credited to a low and moderate income efficiency and conservation programs account and to a general efficiency and conservation programs account for energy efficiency and conservation programs, projects, or activities and demand response programs, of which at least one-half shall be targeted to the low and moderate income efficiency and conservation programs account for:

(i) the low-income residential sector at no cost to the participants of the programs, projects, or activities; and

(ii) the moderate-income residential sector;

(3) at least [20%] **10%** shall be credited to a renewable and clean energy programs account for:

(i) renewable and clean energy programs and initiatives;

(ii) energy-related public education and outreach; and

(iii) climate change and resiliency programs; [and]

1 **(4) AT LEAST 20% TO AWARD GRANTS FROM THE FOSSIL FUEL**
2 **COMMUNITY TRANSITION ACCOUNT ESTABLISHED UNDER § 5-1702 OF THE**
3 **ECONOMIC DEVELOPMENT ARTICLE; AND**

4 **[(4)] (5)** up to 10%, but not more than \$5,000,000, shall be credited to an
5 administrative expense account for costs related to the administration of the Fund,
6 including the review of electric company plans for achieving electricity savings and demand
7 reductions that the electric companies are required under law to submit to the
8 Administration.

9 SECTION 2. AND BE IT FURTHER ENACTED, That the terms of the initial
10 appointed members of the Fossil Fuel Transition Account Advisory Board shall expire as
11 follows:

12 (1) four members in 2022; and

13 (2) four members in 2023.

14 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 October 1, 2020.