

Resolution No.: 16-736
Introduced: October 14, 2008
Adopted: October 14, 2008

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY MARYLAND**

By: County Council

SUBJECT: Executive Regulation 26-08, Clean Energy Rewards Program

Background


1. On September 17, 2008 the Council received Executive Regulation 26-08, "Clean Energy Rewards Program" from the County Executive. This regulation supersedes Executive Regulation 02-06AM approved by the Council in July 2006.
2. Regulation 26-08 allows any electricity generated from within the United States to be eligible for clean energy rewards. Currently only electricity certified as being from within the Mid-Atlantic region is eligible. Regulation 26-08 also adds methane from landfills and wastewater treatment plants as eligible clean renewable energy resources.

Action

The County Council for Montgomery County, Maryland approves the following regulation:

Executive Regulation 26-08, Clean Energy Rewards Program is approved.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Clean Energy Rewards	Number 26-08
Originating Department Department of Environmental Protection/Department of Finance	Effective Date November 13, 2008

Montgomery County Regulation on:

CLEAN ENERGY REWARDS PROGRAM

DEPARTMENT OF ENVIRONMENTAL PROTECTION AND
DEPARTMENT OF FINANCE

Issued by: County Executive
Regulation No. 26-08
COMCOR 18A.11.01

Authority: Chapter 18A
Supersedes: Executive Regulation 2-06AM
Council Review: Method (1) under Code Section 2A-15
Register Vol. 25, No. 7

Comment Deadline: 7/31/08
Effective Date: 11/13/08
Sunset Date: None

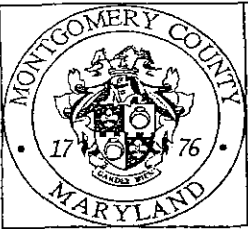
Summary: This regulation establishes the procedure for implementing a Clean Energy Reward Program for residents and businesses in Montgomery County.

Address: Written comments on these regulations should be sent to:

Stan Edwards, Chief
Division of Environmental Policy and Compliance
Department of Environmental Protection
255 Rockville Pike, Suite 120
Rockville, Maryland 20850

Robert Hagedoorn, Chief
Treasury Division
Department of Finance
101 Monroe Street
Rockville, Maryland 20850

Staff Contact: For further information or to obtain a copy of this regulation, contact Susan Kirby at (240) 777-7753.



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Clean Energy Rewards	Number 26-08
Originating Department Department of Environmental Protection/Department of Finance	Effective Date

Sec. 1. Regulation

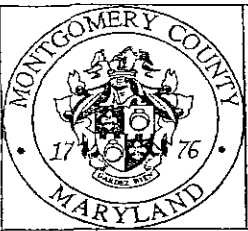
Section I: General Provisions

- A. Authority. In accordance with the authority conferred under Chapter 18A, Section 18A-11, of the Montgomery County Code, 2004, as amended (hereinafter referred to as the "Code"), the County Executive hereby promulgates this regulation to implement County law pertaining to financial rewards provided by Montgomery County to consumers who choose electricity produced by renewable sources.
- B. Applicability. This regulation applies to eligible clean energy sold by clean energy suppliers, eligible electricity produced by on-site generators, and eligible Renewable Energy Certificates.

Section II: Definitions

For purposes of this regulation, the following words and phrases have the following meanings unless the context clearly indicates otherwise:

- A. Director – The Director of the Department of Environmental Protection or the Director's designee.
- B. Director of Finance – The Director of the Department of Finance or the Director's designee.
- C. Clean Energy Supplier – An entity that sells clean energy, or Renewable Energy Certificates.
- D. Clean Energy – Electricity that is generated within the United States from eligible renewable energy sources, or represented by Renewable Energy Certificates.
- E. Consumer – Any individual or entity in the County, except a governmental entity, that purchases or uses clean energy.
- F. Department – The Department of Environmental Protection.
- G. Eligible clean energy cap – The maximum amount of clean energy that is eligible for incentive payments under the Program, as set by Council resolution.
- H. Eligible renewable energy sources – Technologies that use wind, solar, methane from the anaerobic decomposition of organic materials in a landfill or wastewater treatment plant, and biomass as defined as a Tier 1 renewable source in the Maryland Code, Public Utility Company Article, §7-703 (see: Maryland Renewable Energy Portfolio Standard) to generate electricity and are located within the United States.
- I. Eligible tracking systems – Databases within each RTO/ISO or developed nationally to monitor the



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Clean Energy Rewards	Number 26-08
Originating Department Department of Environmental Protection/Department of Finance	Effective Date

generation and retirement of RECs within the United States. The systems are: WREGIS, ERCOT, NEPOOL-GIS, M-RETS, PJM-GATS, and the North American Renewable Registry, or a comparable system authorized by the Director.

- J. Environmental Information Label – A document detailing product information including fuel mix and emissions, produced twice a year by every electricity supplier doing business in Maryland, as required by the Electric Consumer Choice and Competition Act of 1999 (Maryland Code, Public Utility Companies Article, §§ 7-501 et seq.).
- K. Incentive rate – The clean energy incentive rate set by Council resolution.
- L. Minimum clean energy requirement – The minimum percentage of clean energy that a consumer must purchase or generate to be eligible to participate in the Program, as set by Council resolution.
- M. On-site generator – A consumer that utilizes an eligible renewable energy source to generate electricity at a location within the county.
- N. Program – The Montgomery County Clean Energy Rewards Program.
- O. Renewable Energy Certificate or Credit, or “REC” – A clean energy product sold by a clean energy generator that represents the market value of the environmental attributes of eligible clean energy generation within the United States.
- P. Maryland Renewable Energy Portfolio Standard or “RPS” – The renewable energy portfolio standard that electricity suppliers doing business in Maryland are required to satisfy under Maryland Code, Public Utility Company Article, §7-703.
- Q. Regional Transmission Operator/Independent System Operator, or “RTO/ISO” – Third-party oversight organizations developed to monitor and track the generation and transmission of electricity within a specific region.

Section III: Program Established

There is hereby established a Clean Energy Rewards Program under which the County will provide financial incentives to encourage consumers throughout Montgomery County to choose electricity produced by eligible renewable energy sources. The financial incentives will be in the form of incentive payments made available to consumers through their clean energy suppliers, or delivered directly to on-site generators.



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

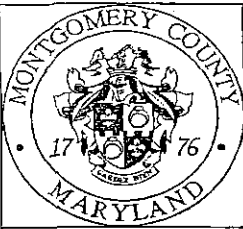
Subject Clean Energy Rewards	Number 26-08
Originating Department Department of Environmental Protection/Department of Finance	Effective Date

Section IV: Eligible Clean Energy Products

- A. In order for a consumer to qualify for incentive payments under the Program, the electricity used by the consumer must be certified by the Director as being:
- (1) Generated using eligible renewable energy sources;
 - (2) Generated within the United States; and
 - (3) Registered and tracked in an eligible tracking system; or
 - (4) Generated by an on-site generator using an eligible renewable energy source.
- B. The Director must develop clean energy certification procedures for electricity and on-site generators.
- C. Consistent with Maryland Code, Public Utility Company Article, §7-703, a clean energy product marketed and sold to a consumer under the Program may not be counted toward a supplier's RPS requirement for any year, or supplant clean energy purchased to comply with other states' or federal laws.
- D. To obtain certification for electricity produced by an on-site generator, the end user must provide system documentation for use in estimating the amount of kWh generated during a given time period. The Director reserves the right to estimate the amount of kWh generated during a given period using a methodology that the Department finds reliable.

Section V: Eligible Clean Energy Consumers

- A. In order to be eligible to participate in this program, a consumer must be an end-user of electricity delivered to a metered location within Montgomery County, or operate an on-site generation system utilizing eligible renewable energy sources within Montgomery County.
- B. A consumer may not participate in the Program unless the consumer meets the minimum clean energy requirement. For the purpose of determining whether a consumer meets the minimum clean energy requirement, the Director must consider electricity or RECs generated from a clean energy supplier purchased by the consumer, or electricity produced by an on-site generator.
- C. The eligible clean energy cap applies to all consumers.
- D. Only individuals and non-governmental entities are eligible to participate in the Program.



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Clean Energy Rewards	Number 26-08
Originating Department Department of Environmental Protection/Department of Finance	Effective Date

Section VI: Process for Application, Certification and Receipt of Clean Energy Rewards

- A. An electricity supplier may apply to have a clean energy product certified by submitting an application to the Department in a form prescribed by the Director. After receiving the application, the Director, in consultation with the Director of Finance and the supplier, must develop a schedule for incentive payments from the County to the supplier for distribution to the supplier's eligible customers. The Director must complete a review of any application submitted under this subsection and approve or disapprove certification within 30 days after receiving the application.
- B. Products that the Director has certified as eligible may be marketed to consumers as qualifying for an incentive payment under the Program.
- C. Any clean energy supplier that participates in the Program must maintain a record of all clean energy products sales to Montgomery County consumers and submit quarterly reports to the Department documenting the types of clean energy product sales that are eligible for incentive payments and the dollar amount of those sales.

Section VII: Payment of Clean Energy Rewards

- A. A clean energy supplier must request payment from the Department for an amount equal to the aggregate eligible incentive payment for clean energy sales in a form prescribed by the Director and in accordance with a predetermined schedule.
- B. If the Director determines that the supplier is entitled to receive payment under the Program, the Director must forward the request with an authorization for payment to the Department of Finance. After receiving the Director's authorization the Director of Finance must disburse the requested funds to the supplier. The following formulas will be used to calculate incentives for eligible consumers.

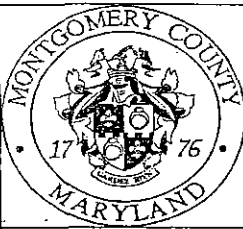
Formula 1: Consumer meets the minimum clean energy requirement solely with electricity purchased from a clean energy supplier

Incentive Rate x Total Clean Energy Consumption in kWh_{pre-determined time-frame} ≤ Eligible clean energy cap x (% Clean Energy/100) = Clean Energy Incentive Payment

Example calculation:

$\$0.005/\text{kWh} \times 3,000 \text{ kWh/quarter} \times (100/100) = \15 /quarter

Formula 2: Consumer meets the minimum clean energy requirement solely by purchasing Renewable Energy Credits (RECs)



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Clean Energy Rewards	Number 26-08
Originating Department Department of Environmental Protection/Department of Finance	Effective Date

Incentive Rate x RECs purchased (kWh equivalent)_{predetermined time-frame} ≤ Eligible clean energy cap
= Clean Energy Incentive Payment

Example calculation:

\$0.005/kWh X 3,000 kWh/quarter = \$15 /quarter

Formula 3. Consumer meets the minimum clean energy requirement with electricity purchased from a clean energy supplier and the purchase of RECs

Formula 1_{purchased from clean energy supplier} + Formula 2_{renewable energy credits} = Clean Energy Incentive Payment

Formula 4: Consumer meets the minimum clean energy requirement solely with electricity produced by an on-site generator

Incentive Rate x Energy Generated On-site (kWh)_{pre-determined time-frame} ≤ Eligible clean energy cap =
Clean Energy Incentive Payment

Formula 5: Consumer meets the minimum clean energy requirement with electricity produced by an on-site generator and purchased from a clean energy supplier

Formula 4_{on-site generation} + Formula 1_{purchased from clean energy supplier} = Clean Energy Incentive Payment

Formula 6. Consumer meets the minimum clean energy requirement with electricity produced by an on-site generator and the purchase of RECs

Formula 4_{on-site generation} + Formula 2_{renewable energy credits} = Clean Energy Incentive Payment

- C. A supplier must dedicate all funds received from the County under the Program to providing incentive payments to its eligible clean energy customers. A supplier must not retain any portion of the incentive payments disbursed by the County for administrative or operational expenses.

Section VIII: Outreach and Public Education

- A. Electricity suppliers that market their products as eligible to qualify for incentive payments to consumers under the Program must include a statement in their marketing materials that the Program is provided by



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Clean Energy Rewards	Number 26-08
Originating Department Department of Environmental Protection/Department of Finance	Effective Date

Montgomery County to Montgomery County consumers. The suppliers must provide copies of all marketing materials and announcements to the Department for review and approval. The Department will provide any comments or revisions to the electricity supplier within two business days.

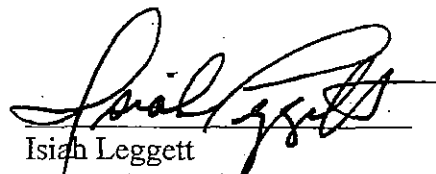
- B. All participating clean energy suppliers must provide to the Department an Environmental Information Label for each clean energy product marketed under the Program. The Environmental Information Labels must satisfy the requirements for disclosure of environmental emissions and generation mix established by the Maryland Public Service Commission.
- C. The Department must undertake public education and outreach efforts that inform County residents and businesses about the Program, provide education on the types of clean energy products that are available, explain the environmental benefits of clean energy, and provide special recognition to businesses that purchase or generate clean energy under the Program. The Director may publicly disseminate the information contained in the suppliers' Environmental Information Labels for eligible clean energy products.

Sec. 2. Severability

If a court holds that a portion of this regulation is invalid, the other portions remain in effect.


Sec. 3. Effective Date

This regulation takes effect 30 days after approval by the County Council.


 Isiah Leggett
 County Executive

Distribution:

- Clerk, County Council
- County Executive
- Chief Administrative Officer
- County Attorney
- Director, Department of Environmental Protection
- Director, Department of Finance

Approved as to Form and Legality
 Office of County Attorney
 By 
 Date 9/8/08
 Walter E. Wilson