

**ESMEC-ET Electric Supply Portfolio
Procurement Plan for MD Tier I and II Renewable Requirements
September 2012**

Overview

In accordance with the Maryland Renewable Portfolio Standard (RPS), all electric supply sold to end users behind the investor owned utilities (IOU's) are to include certain percentages of energy derived from Tier I and Tier II renewable resources as defined in the regulations. Qualifying resources for Tier I include wind, solar, landfill gas, geothermal, biomass, small hydropower and waste to energy facilities directly connected to the Maryland distribution grid. Qualifying resources for Tier II include primarily waste to energy facilities not connected to the Maryland distribution grid. Failure to procure the minimum renewable percentages will result in compliance payment requirements. The Tier I percentages requirements increase gradually from the base year 2006 (1%) and then are capped at 20% for year 2022 and beyond. The Tier II percentages remain flat at 2.5% from 2006 through 2018. The Tier 2 requirement sunsets, dropping to 0% in 2019 and beyond.

Procurement Plan – Calendar Years 2012 - 2014

- Procure qualifying renewable energy certificates (RECs) to meet the estimated RPS requirements for the calendar years 2012-2014 (three years) for both Tier I (exclusive of the individual solar requirement) and Tier II through one solicitation.
- Include other Maryland electric supply portfolios requirements (BRCPC) in the same solicitation to leverage volume purchases. Separate purchase contracts will be used for each portfolio and their respective quantities.
- Obtain a minimum of three separate price quotes from REC wholesalers/brokers with one of the wholesalers to include the current supplier Washington Gas Energy Services (WGES).
- Contract on a pay as you go basis on semi-annual or annual basis for payment settlement.
- REC purchase and sale agreement will be between generator of RECs or broker (seller) and WGES on behalf of ESMEC-ET (Buyer). WGES will pay for the REC's and charge the ESMEC-ET subaccount accordingly.



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- WGES will be responsible to ensure REC purchases are properly recorded in the PJM GATs (Generation Attribute Tracking System – PJM’s system for accounting for RECS generated, sold and retired).
- WGES will be responsible for ensuring compliance with all RPS reporting requirements.
- Obtain ESMEC-ET approval on the plan prior to issuing REC price solicitation.