

CAPACITY NOT EXCEEDING 10 KILOWATTS SHALL PURCHASE THE CREDITS WITH A SINGLE INITIAL PAYMENT REPRESENTING THE FULL ESTIMATED PRODUCTION OF THE SYSTEM FOR THE LIFE OF THE CONTRACT.

(II) THE COMMISSION SHALL:

1. DEVELOP A METHOD FOR ESTIMATING ANNUAL PRODUCTION FROM THE TYPE OF SYSTEM DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH AND ALLOCATING THE CREDITS TO THE ELECTRICITY SUPPLIER IN A MANNER THAT IS CONSISTENT WITH THE DURATION OF THE CONTRACT; AND

2. DETERMINE THE RATE FOR A PAYMENT MADE TO A RENEWABLE ON-SITE GENERATOR UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.

[(c)] (D) (1) Except as authorized under paragraph (2) of this subsection, a renewable energy credit shall exist for 3 years from the date created.

(2) A renewable energy credit may be diminished or extinguished before the expiration of 3 years by:

(i) the electricity supplier that received the credit;

(ii) a nonaffiliated entity of the electricity supplier:

1. that purchased the credit from the electricity supplier receiving the credit; or

2. to whom the electricity supplier otherwise transferred the credit; or

(iii) demonstrated noncompliance by the generating facility with the requirements of [§ 7-704(g)] § 7-704(F) of this subtitle.

[(d)] (E) Notwithstanding subsection [(c)(2)(iii)] (D)(2)(III) of this section, and only if the demonstrated noncompliance does not result in environmental degradation, an electricity supplier that reasonably includes in its annual report under § 7-705 of this subtitle a renewable energy credit that is extinguished for noncompliance with [§ 7-704(g)(1)] § 7-704(F)(1) or (2) of this subtitle:

(1) may continue to rely on that credit for that year; but

(2) for later years must: