

SENATE BILL 562

C5

71r0889

By: **Senator Frosh**

Introduced and read first time: February 2, 2007

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Electric Companies – Energy Efficiency and Conservation Measures and**
3 **Services**

4 FOR the purpose of requiring each electric company to develop and implement certain
5 programs and services to encourage and promote the efficient use and
6 conservation of energy by certain persons as part of a certain procurement
7 process; requiring that, by a certain date and after a certain evidentiary
8 hearing, the Public Service Commission shall adopt regulations or issue orders
9 requiring each electric company to procure or provide to certain customers
10 certain energy efficiency and conservation measures and services that are
11 designed to achieve certain savings by a certain year; requiring the
12 Commission, by regulation or order, to adopt certain standards, remove certain
13 disincentives for an electric company to invest in certain measures, and create
14 certain shareholder incentives; and generally relating to energy conservation
15 efficiency measures and services.

16 BY repealing and reenacting, with amendments,
17 Article – Public Utility Companies
18 Section 7–211 and 7–510(c)(4)(ii)2.C.
19 Annotated Code of Maryland
20 (1998 Volume and 2006 Supplement)

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

23 **Article – Public Utility Companies**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 7-211.

2 (a) (1) Subject to review and approval by the Commission, each gas
3 company and electric company shall develop and implement programs and services to
4 encourage and promote the efficient use and conservation of energy by consumers, gas
5 companies, and electric companies.

6 (2) EACH ELECTRIC COMPANY SHALL INCLUDE THESE PROGRAMS
7 AND SERVICES IN THE PROCUREMENT OF ELECTRICITY FOR STANDARD OFFER
8 SERVICE IN ACCORDANCE WITH § 7-510(C) OF THIS TITLE.

9 (b) The Commission shall:

10 (1) require each gas company and electric company to establish any
11 program or service that the Commission deems appropriate and cost effective to
12 encourage and promote the efficient use and conservation of energy;

13 (2) adopt rate-making policies that provide cost recovery and, in
14 appropriate circumstances, reasonable financial incentives for gas companies and
15 electric companies to establish programs and services that encourage and promote the
16 efficient use and conservation of energy; and

17 (3) ensure that adoption of electric customer choice under Subtitle 5 of
18 this title does not adversely impact the continuation of cost effective energy
19 conservation and efficiency programs.

20 (c) (1) ON OR BEFORE JUNE 1, 2008, AFTER AN EVIDENTIARY
21 HEARING, BY REGULATION OR ORDER THE COMMISSION SHALL REQUIRE EACH
22 ELECTRIC COMPANY TO PROCURE OR PROVIDE FOR ITS RESIDENTIAL
23 ELECTRICITY CUSTOMERS COST-EFFECTIVE ENERGY EFFICIENCY AND
24 CONSERVATION MEASURES AND SERVICES WITH PROJECTED AND VERIFIABLE
25 ENERGY SAVINGS THAT ARE DESIGNED TO ACHIEVE SAVINGS OF AT LEAST 12%
26 OF THE TOTAL RESIDENTIAL RETAIL ENERGY CONSUMED IN THE ELECTRIC
27 COMPANY'S SERVICE TERRITORY DURING 2006 BY THE END OF 2016.

28 (2) THE COMMISSION, BY REGULATION OR ORDER, SHALL:

29 1. ADOPT STANDARDS FOR APPROPRIATE COST RECOVERY
30 FOR ENERGY EFFICIENCY AND CONSERVATION MEASURES AND SERVICES
31 PROVIDED BY AN ELECTRIC COMPANY;

1 **2. REMOVE DISINCENTIVES FOR AN ELECTRIC COMPANY**
2 **TO INVEST IN MEASURES TO PROMOTE ENERGY EFFICIENCY; AND**

3 **3. CREATE SHAREHOLDER INCENTIVES THAT MAKE AN**
4 **ELECTRIC COMPANY'S INVESTMENTS IN MEASURES TO PROMOTE ENERGY**
5 **EFFICIENCY AS FINANCIALLY ATTRACTIVE AS OTHER TYPES OF INVESTMENTS**
6 **MADE BY THE ELECTRIC COMPANY.**

7 [(c)] (D) (1) On or before February 1, 2001, the Commission, in
8 consultation with the Maryland Energy Administration, shall report, subject to
9 § 2-1246 of the State Government Article, to the General Assembly on:

10 (i) the status of programs and services to encourage and
11 promote the efficient use and conservation of energy; and

12 (ii) a recommendation for the appropriate funding level to
13 adequately fund these programs and services.

14 (2) In determining whether a program or service encourages and
15 promotes the efficient use and conservation of energy, the Commission shall consider,
16 among other factors:

17 (i) the impact on jobs;

18 (ii) the impact on the environment;

19 (iii) the impact on rates; and

20 (iv) the cost-effectiveness.

21 7-510.

22 (c) (4) (ii) 2.C. By regulation or order, as a part of the competitive
23 process, the Commission shall require [or allow] the procurement of
24 cost-effective energy efficiency and conservation measures and services [with
25 projected and verifiable energy savings to offset anticipated demand to be served by
26 standard offer service,] **IN ACCORDANCE WITH § 7-211(A)(2) AND (C) OF THIS**
27 **TITLE and SHALL REQUIRE OR ALLOW** the imposition of other cost-effective
28 demand-side management programs.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2007.