

HOUSE BILL 933

M3, C5

5lr1894

By: **Delegates Parrott, Buckel, Kittleman, Metzgar, and Otto**

Introduced and read first time: February 13, 2015

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Energy Efficiency and Demand Management Programs and Services – Repeal**

3 FOR the purpose of repealing provisions requiring the Public Service Commission to make
4 certain yearly calculations, require gas companies and electric companies to
5 establish certain programs and services, adopt certain rate-making policies, and
6 ensure that the adoption of electric customer choice does not adversely impact the
7 continuation of certain programs; repealing provisions that require each gas
8 company and electric company to develop and implement programs and services to
9 encourage and promote the efficient use and conservation of energy by certain
10 persons; repealing provisions that require certain municipal electric utilities and
11 electric cooperatives to include certain energy efficiency and conservation programs
12 or services as part of their services to customers; repealing provisions that require
13 the Commission to adopt certain regulations or issue certain orders related to
14 cost-effective energy efficiency and conservation programs by a certain date;
15 repealing certain provisions relating to an electric company's plan to achieve certain
16 electricity savings and demand reduction targets; repealing provisions relating to
17 the Commission's review and monitoring of certain programs and services offered by
18 electric companies; repealing a provision regarding the obligation of an electric
19 company to notify the Commission within a certain time period of a certain contract
20 or obligation with an affiliate of the electric company to provide certain services in
21 connection with certain programs or services; repealing a provision requiring each
22 electric company and gas company to give certain notice to customers each year;
23 repealing certain reporting requirements of the Commission; repealing a provision
24 prohibiting the Commission from requiring or allowing an electric company to
25 require an electric customer to authorize the electric company to control the amount
26 of the customer's electricity usage; repealing a provision requiring the Commission
27 to establish a pilot program for electric customers to recharge electric vehicles during
28 certain hours; correcting a certain statutory cross-reference; providing that existing
29 obligations or contract rights may not be impaired by this Act; and generally relating
30 to energy efficiency and demand management programs and services.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing
2 Article – Public Utilities
3 Section 7–211
4 Annotated Code of Maryland
5 (2010 Replacement Volume and 2014 Supplement)

6 BY repealing and reenacting, with amendments,
7 Article – State Government
8 Section 9–20B–05(f)(4)
9 Annotated Code of Maryland
10 (2014 Replacement Volume)

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

13 **Article – Public Utilities**

14 [7–211.

15 (a) (1) In this section the following words have the meanings indicated.

16 (2) “Affiliate” has the meaning stated in § 7–501 of this title.

17 (3) “Demand response program” means a program established by an
18 electric company that promotes changes in electric usage by customers from their normal
19 consumption patterns in response to:

20 (i) changes in the price of electricity over time; or

21 (ii) incentives designed to induce lower electricity use at times of
22 high wholesale market prices or when system reliability is jeopardized.

23 (4) “Electricity consumption” and “electricity consumed” mean the sum of
24 retail electricity sales to all customers and reported electricity losses within the electric
25 distribution system.

26 (5) “Peak demand” means the highest level of electricity demand in the
27 State measured in megawatts during the period from May 1 to September 30 on a
28 weather-normalized basis.

29 (6) “Per capita electricity consumption” means the result calculated by
30 dividing the total gigawatt-hours of electricity consumed by electricity customers in the
31 State as of December 31 of a year, as determined by the Commission, by the population of
32 the State as of December 31 of that year, as determined by the Department of Planning.

33 (7) “Plan” means an electricity savings and demand reduction plan and cost
34 recovery proposal.

1 (8) "Provide heating, ventilation, air conditioning, or refrigeration services"
2 has the meaning stated in § 9A-101 of the Business Regulation Article.

3 (b) The General Assembly finds and declares that:

4 (1) energy efficiency is among the least expensive ways to meet the growing
5 electricity demands of the State; and

6 (2) to provide affordable, reliable, and clean energy for consumers of
7 Maryland, it is the goal of the State to achieve the following energy efficiency, conservation,
8 and demand response targets, based on 2007 electricity consumption:

9 (i) a 15% reduction in per capita electricity consumption by the end
10 of 2015; and

11 (ii) a 15% reduction in per capita peak demand by the end of 2015.

12 (c) Beginning with the 2008 calendar year and each year thereafter, the
13 Commission shall calculate:

14 (1) the per capita electricity consumption for that year; and

15 (2) the peak demand for that year.

16 (d) Subject to review and approval by the Commission, each gas company and
17 electric company shall develop and implement programs and services to encourage and
18 promote the efficient use and conservation of energy by consumers, gas companies, and
19 electric companies.

20 (e) As directed by the Commission, each municipal electric utility and each
21 electric cooperative that serves a population of less than 250,000 in its distribution territory
22 shall include energy efficiency and conservation programs or services as part of their
23 service to their customers.

24 (f) The Commission shall:

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

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

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

4 (g) Except as provided in subsection (e) of this section, on or before December 31,
5 2008, by regulation or order, the Commission shall:

6 (1) to the extent that the Commission determines that cost-effective
7 energy efficiency and conservation programs and services are available, for each affected
8 class, require each electric company to procure or provide for its electricity customers
9 cost-effective energy efficiency and conservation programs and services with projected and
10 verifiable electricity savings that are designed to achieve a targeted reduction of at least
11 5% by the end of 2011 and 10% by the end of 2015 of per capita electricity consumed in the
12 electric company's service territory during 2007; and

13 (2) require each electric company to implement a cost-effective demand
14 response program in the electric company's service territory that is designed to achieve a
15 targeted reduction of at least 5% by the end of 2011, 10% by the end of 2013, and 15% by
16 the end of 2015, in per capita peak demand of electricity consumed in the electric company's
17 service territory during 2007.

18 (h) (1) (i) On or before July 1, 2008, and every 3 years thereafter, each
19 electric company shall consult with the Maryland Energy Administration regarding the
20 design and adequacy of the electric company's plan to achieve the electricity savings and
21 demand reduction targets specified in subsection (g) of this section.

22 (ii) An electric company shall provide the Maryland Energy
23 Administration with any additional information regarding the plan, as requested.

24 (2) On or before September 1, 2008, and every 3 years thereafter, an
25 electric company shall submit its plan to the Commission that details the electric company's
26 proposals for achieving the electricity savings and demand reduction targets specified in
27 subsection (g) of this section for the 3 subsequent calendar years.

28 (3) The Commission shall consider any written findings provided by the
29 Maryland Energy Administration regarding the design and adequacy of the plan.

30 (4) Each electric company shall provide annual updates to the Commission
31 and the Maryland Energy Administration on plan implementation and progress towards
32 achieving the electricity savings and demand reduction targets specified in subsection (g)
33 of this section.

34 (5) (i) The plan shall include a description of the proposed energy
35 efficiency and conservation programs and services and the proposed demand response
36 program, anticipated costs, projected electricity savings, and any other information
37 requested by the Commission.

1 (ii) The plan shall address residential, commercial, and industrial
2 sectors as appropriate, including low-income communities and low- to moderate-income
3 communities.

4 (iii) 1. If, in connection with a program or service, the electric
5 company proposes to provide heating, ventilation, air conditioning, or refrigeration services
6 for its customers, the plan shall include procedures for the competitive selection of heating,
7 ventilation, air conditioning, or refrigeration service providers.

8 2. On request by the electric company and for good cause
9 shown, the Commission may waive the requirement that the electric company
10 competitively select heating, ventilation, air conditioning, or refrigeration providers under
11 subsubparagraph 1 of this subparagraph.

12 (6) The plan and any updates shall include a certification or recertification
13 by the electric company that, if an affiliate of the electric company provides heating,
14 ventilation, air conditioning, or refrigeration services through any existing contract or
15 obligation in connection with a program or service, the customers of the electric company's
16 regulated services will not subsidize the operations of the affiliate.

17 (7) The Commission shall review each electric company's plan to determine
18 if the plan is adequate and cost-effective in achieving the electricity savings and demand
19 reduction targets specified in subsection (g) of this section.

20 (i) (1) In determining whether a program or service encourages and promotes
21 the efficient use and conservation of energy, the Commission shall consider the:

22 (i) cost-effectiveness;

23 (ii) impact on rates of each ratepayer class;

24 (iii) impact on jobs; and

25 (iv) impact on the environment.

26 (2) The Commission shall monitor and analyze the impact of each program
27 and service to ensure that the outcome of each program and service provides the best
28 possible results.

29 (3) In monitoring and analyzing the impact of a program or service under
30 paragraph (2) of this subsection, if the Commission finds that the outcome of the program
31 or services may not be providing the best possible results, the Commission shall direct the
32 electric company to include in its annual update under subsection (h)(4) of this section
33 specific measures to address the findings.

34 (4) An electric company that enters into a contract or obligation with an
35 affiliate of the electric company to provide heating, ventilation, air conditioning, or

1 refrigeration services in connection with a program or service shall notify the Commission
2 within 30 days after entering into the contract or obligation that the electric company:

3 (i) has entered into a contract or obligation with an affiliate of the
4 electric company; and

5 (ii) certifies that the customers of the electric company's regulated
6 services will not subsidize the operations of the affiliate.

7 (j) (1) At least once each year, each electric company and gas company shall
8 notify affected customers of the energy efficiency and conservation charges imposed and
9 benefits conferred.

10 (2) The notice shall be provided by publication on the company's website
11 and inclusion with billing information such as a bill insert or bill message.

12 (k) On or before March 1 of each year, the Commission, in consultation with the
13 Maryland Energy Administration, shall report, subject to § 2-1246 of the State Government
14 Article, to the General Assembly on:

15 (1) the status of programs and services to encourage and promote the
16 efficient use and conservation of energy, including an evaluation of the impact of the
17 programs and services that are directed to low-income communities, low- to
18 moderate-income communities to the extent possible, and other particular classes of
19 ratepayers;

20 (2) a recommendation for the appropriate funding level to adequately fund
21 these programs and services; and

22 (3) in accordance with subsection (c) of this section, the per capita
23 electricity consumption and the peak demand for the previous calendar year.

24 (l) Notwithstanding any other law, the Commission may not require or allow an
25 electric company to require an electric customer to authorize the electric company to control
26 the amount of the electric customer's electricity usage, including through control of the
27 electric customer's thermostat.

28 (m) (1) On or before June 30, 2013, by regulation or order, the Commission
29 shall establish a pilot program for electric customers to recharge electric vehicles during
30 off-peak hours.

31 (2) (i) An electric company may request to participate in the pilot
32 program.

33 (ii) The Commission shall make every effort to include at least two
34 electric companies in the pilot program.

1 (3) The pilot program shall include incentives for residential, commercial,
2 and governmental customers to recharge electric vehicles in a manner that will:

3 (i) increase the efficiency and reliability of the electric distribution
4 system; and

5 (ii) lower electricity use at times of high demand.

6 (4) Incentives may include:

7 (i) time-of-day pricing of electricity;

8 (ii) credits on distribution charges;

9 (iii) rebates on the cost of charging systems;

10 (iv) demand response programs; or

11 (v) other incentives approved by the Commission.

12 (5) On or before February 1, 2015, the Commission shall report to the
13 Governor and, in accordance with § 2-1246 of the State Government Article, to the General
14 Assembly on the experience of the pilot program and the Commission's findings.]

15 Article – State Government

16 9-20B-05.

17 (f) The Administration shall use the Fund:

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

21 SECTION 2. AND BE IT FURTHER ENACTED, That a presently existing obligation
22 or contract right may not be impaired in any way by this Act.

23 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 2015.