SB 79

Department of Legislative Services

Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Enrolled

Senate Bill 79 (Senator Kramer)
Finance Economic Matters

Electricity – Change of Address – Maintenance of Subscriptions and Contracts

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This bill authorizes community solar energy subscribers and residential electric choice customers to maintain their subscriptions or contracts at a new service address, if the new address is within the same service territory as the old address. The bill applies to electric companies, electric cooperatives, and municipal utilities that participate in the affected programs. An electric company or a subscriber organization may not terminate a customer's contract or subscription due to a change of address that meets the requirements of the bill. Electric companies must make any necessary changes to accommodate the change of address. **The bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: Special fund expenditures for the Public Service Commission (PSC) increase by $150,000 in FY 2023; however, expenditures are reallocated to FY 2022 to the extent that PSC begins implementation prior to the bill's effective date, as discussed below. In either case, special fund revenues increase correspondingly from assessments imposed on public service companies. The effect on electricity prices is discussed separately below.

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
SF Revenue	$150,000	$0	$0	$0	$0
SF Expenditure	$150,000	$0	$0	$0	$0
Net Effect	$0	$0	$0	$0	$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Minimal. Municipal utilities do not participate in the affected programs.

Small Business Effect: Potential meaningful.

Analysis

Current Law: The Electric Customer Choice and Competition Act of 1999 facilitated the restructuring of the electric utility industry in Maryland. The resulting system of customer choice allows the customer to purchase electricity from a competitive supplier or to continue receiving electricity under standard offer service (SOS). Default SOS electric service is provided by a customer's *electric company* (*e.g.*, Baltimore Gas and Electric Company or Pepco). Competitive electric supply is provided by competitive *electricity suppliers*. In either case, the electric company delivers the electricity and recovers the costs for delivery through distribution rates. Gas supply and delivery are similarly restructured, with gas suppliers and gas companies.

Chapters 346 and 347 of 2015 required PSC to establish a three-year Community Solar Energy Generating System Pilot Program, subject to specified conditions. The program was subsequently extended to seven years. Such a system, in addition to other requirements, credits its generated electricity, or the value of its generated electricity, to the bills of the subscribers to that system through virtual net energy metering. Subscribers must be in the same electric service territory as the system.

For both of the above programs, investor-owned electric companies must participate. Large electric cooperatives must participate in customer choice but may choose to participate in the community solar pilot program. Municipal utilities may choose to participate in either program.

State Expenditures: PSC advises that it likely must promulgate regulations and establish practices allowing customers to retain their subscriptions or supply contracts consistent with the requirements of the bill. This process likely will require convening workgroup meetings, submitting a petition for a rulemaking, participating in the rulemaking process, and monitoring utility implementation. The COVID-19 pandemic and hiring freeze has negatively impacted the agency's resources, making it necessary to utilize consulting assistance for these tasks.

Based on the bill's delayed July 1, 2022 effective date, this estimate assumes that costs related to implementation begin in fiscal 2023. Therefore, special fund expenditures for PSC increase by $150,000 in fiscal 2023 for consultant services. However, such expenditures are reallocated to fiscal 2022 to the extent that PSC begins implementation prior to the bill's effective date – as PSC advises it intends to do. In either case, special fund revenues increase correspondingly from assessments imposed on public service companies.

Small Business Effect: To the extent that a community solar energy generating system or any of its subscribers or a competitive electricity supplier or any of its customers are small businesses, the bill may have a positive effect on these entities through maintenance of existing business relationships, even as subscribers and customers relocate.

Additional Comments: Baltimore Gas and Electric Company estimates implementation costs of $1.4 million to $2.0 million, Pepco estimates costs of $0.8 million to $1.3 million, the Southern Maryland Electric Cooperative estimates costs of $0.7 million to $1.1 million, and Potomac Edison estimates costs of $0.5 million. The Department of Legislative Services cannot estimate the effects of these and other electric companies' costs on overall electric rates at this time; nevertheless, any approved electric company implementation costs will ultimately be recovered through electric rates. Based on these costs, the overall effect on rates is likely modest.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 473 (Delegate Dumais) - Economic Matters.

Information Source(s): Public Service Commission; Office of People's Counsel; Maryland Municipal League; Department of Legislative Services

Fiscal Note History: First Reader - January 21, 2021
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