

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1420

(Delegate Kaiser)

Economic Matters and Health and
Government Operations

Education, Energy, and the Environment

Cybersecurity - Office of People's Counsel, Public Service Companies, Public
Service Commission, and Maryland Cybersecurity Council

This bill (1) requires the Public Service Commission (PSC) to incorporate “cyber resilience” into existing regulations pertaining to service quality and reliability standards of electric companies; (2) adds specificity to an existing requirement for third-party assessments of public service company operational technology and information technology devices; and (3) establishes various definitions related to cybersecurity and cybersecurity vulnerabilities in existing State law. The bill also explicitly authorizes the Office of People’s Counsel (OPC) to hire experts in the field of cybersecurity.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations, as discussed below.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Bill Summary: “Critical software” means any software that has, or has direct software dependencies on, one or more components with at least one of the following attributes:

- the ability to run with elevated privilege or to manage privileges;
- direct or privileged access to networking or computing resources;

- the ability to control access to data or operational technology;
- the ability to perform a function critical to trust; or
- the ability to operate outside normal trust boundaries with privileged access.

“Supply chain risk” means a risk that an adversary may sabotage, maliciously introduce unwanted function to, extract data from, or otherwise subvert the design, integrity, manufacturing, production, distribution, installation, operation, maintenance, disposition, or retirement of a system or item of supply so as to surveil, deny, disrupt, or otherwise manipulate the function, use, or operation of the system or item of supply or information stored or transmitted by or through the system or item of supply.

“Cyber resilience” means the ability to anticipate, withstand, recover from, and adapt to adverse conditions, stresses, attacks, or compromises on systems that use or are enabled by cyber resources.

“Critical infrastructure” for purposes of existing requirements of the Maryland Cybersecurity Council means systems and assets, whether physical or virtual, so vital to the State that the incapacity or destruction of such systems and assets would have a debilitating impact on security, economic security, public health or safety, or any combination of those matters.

Current Law:

Cybersecurity Assessments

Chapter 499 of 2023, among other things, required each public service company, except common carriers and telephone companies, to take specified actions related to cybersecurity. More specifically, each public service company, except common carriers and telephone companies, must adopt and implement cybersecurity standards that are equal to or exceed the standards adopted by PSC, adopt a zero-trust cybersecurity approach for on-premises services and cloud-based services, and establish minimum security standards for each operational technology and information technology device. Additionally, by July 1, 2024, and every two years thereafter, each affected public service company must engage a third party to conduct an assessment of the operational technology and information technology devices, as specified. Each company must submit certification of the company’s compliance with the standards used in the assessment to PSC.

The Act also required PSC to include one or more employees on its staff that are experts in cybersecurity.

“Public service company” means a common carrier company, electric company, gas company, sewage disposal company, telegraph company, telephone company, water company, or any combination of public service companies.

Electric Reliability Standards

PSC was required to adopt regulations by July 1, 2012, that implement service quality and reliability standards relating to the delivery of electricity to retail customers by electric companies through their distribution systems using specified performance measurements. The service quality and reliability standards must include standards relating to a variety of metrics, including service disruption, vegetation management, and annual reliability reporting. The regulations apply only to electric companies.

Office of People’s Counsel

Broadly, OPC represents the interests of residential and noncommercial users of natural gas, electricity, telephone, and private water service before PSC, various federal regulatory commissions, and the courts. Specific authorities and requirements include:

- OPC must evaluate each matter pending before PSC to determine if the interests of residential and noncommercial users are affected, and if OPC determines that to be so, OPC must appear before PSC and courts on behalf of the State and its residents in each matter or proceeding over which PSC has original jurisdiction;
- OPC may retain as necessary for a particular matter or hire experts in the fields of utility regulation and climate change; and
- as OPC considers necessary, OPC must conduct investigations and request PSC to initiate proceedings to protect the interests of residential and noncommercial users.

State Fiscal Effect: PSC advises that it can adopt updated regulations with existing budgeted resources and that existing regulations related to third-party assessments of operational technology and information technology systems already include all software. Those assessments also already include an evaluation of the ability to identify, protect, respond, and recover from cyber attacks. OPC advises that the bill’s authorization to hire experts in the field of cybersecurity has no effect, as OPC has previously engaged experts in cybersecurity under its existing authority to hire experts in the field of utility regulation.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

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

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Analysis by: Stephen M. Ross

Direct Inquiries to:
(410) 946-5510
(301) 970-5510