

Department of Legislative Services  
Maryland General Assembly  
2024 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 505

(Delegate Charkoudian)

Economic Matters

Education, Energy, and the Environment

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Electric Companies - Regional Transmission Organizations - Membership and  
Report (Utility Transparency and Accountability Act)

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This bill requires each electric company, other than a municipal electric utility, to be a member of a regional transmission organization (RTO) and to submit a report to the Public Service Commission (PSC) by February 1 each year containing information related to votes at a meeting of an RTO.

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Fiscal Summary

**State Effect:** PSC can handle the bill’s requirements with existing budgeted resources. The potential effect on electricity prices is discussed in the Additional Comments section below. Revenues are not affected.

**Local Effect:** The bill does not materially affect local government finances or operations. The potential effect on electricity prices is discussed in the Additional Comments section below.

**Small Business Effect:** Minimal. The potential effect on electricity prices is discussed in the Additional Comments section below.

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Analysis

**Bill Summary:** By February 1 each year, each electric company, other than a municipal electric utility, must submit to PSC a report of any recorded vote cast by the electric company or its affiliate (if applicable) at a meeting of an RTO during the immediately preceding calendar year. The report must include:

- all recorded votes cast by the electric company, regardless of whether the vote is otherwise disclosed;
- all votes cast by an affiliate of the electric company if the electric company itself does not vote on the matter; and
- a brief description explaining how each vote cast by the electric company or its affiliate is in the interest of the public.

**Current Law:** PSC must supervise and regulate public service companies, which includes electric companies, subject to its jurisdiction to (1) ensure their operation in the interest of the public and (2) promote adequate, economical, and efficient delivery of utility services in the State without unjust discrimination. In doing so, PSC must consider the public safety, the economy of the State, the maintenance of fair and stable labor standards for affected workers, the conservation of natural resources, the preservation of environmental quality, the achievement of the State’s climate commitments for reducing greenhouse gas emissions, and the protection of a public service company’s infrastructure against cybersecurity threats. PSC must also enforce compliance with legal requirements by public service companies.

State law does not require electric companies to be a member of an RTO, nor does it require that votes be disclosed. In practice, most, if not all, electric companies in the State are members of PJM Interconnection, LLC – the applicable RTO.

In 2006, the Federal Energy Regulatory Commission (FERC) adopted a series of incentives to encourage investment in the interstate transmission grid, including a financial incentive for electric companies joining an RTO, known as the “RTO adder.” Under FERC precedent, however, public service companies whose membership in an RTO is required by state law – and, therefore, not voluntary – are ineligible to receive RTO adder payments.

**Additional Comments:** According to the Office of People’s Counsel, requiring the State’s electric companies to be members of an RTO could save Maryland’s electric customers – which includes the State, local governments, and small businesses – approximately \$20 million annually, based on FERC decisions in similar circumstances in other states. For context, the State’s non-municipal electric customers use approximately 63 million megawatt-hours per year, which would equate to a savings of about \$0.32 per megawatt-hour.

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### **Additional Information**

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

**Designated Cross File:** SB 682 (Senator Hester) - Education, Energy, and the Environment.

**Information Source(s):** Public Service Commission; Office of People's Counsel; PJM Interconnection, LLC; Department of Legislative Services

**Fiscal Note History:** First Reader - February 20, 2024  
js/lgc Third Reader - March 25, 2024  
Revised - Amendment(s) - March 25, 2024  
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