HB 1315

Department of Legislative Services

Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1315 (Delegate Chisholm, *et al.*)
Economic Matters

Public Service Commission - Electricity Generation Facilities - Premature Retirement (Keep the Lights On Act)

This bill requires the Public Service Commission (PSC) to consider specified effects and outcomes before authorizing or approving any agreement related to the premature retirement of an electricity generation facility that has been proposed in a utility rate case, an integrated resource plan, or any other submission to PSC. The bill establishes a rebuttable presumption that an electricity generation facility should not be retired prematurely. Finally, the bill prohibits PSC from authorizing or approving an agreement related to the premature retirement of an electricity generation facility unless specified outcomes have been established.

Fiscal Summary

State Effect: PSC advises that the bill cannot be implemented in its current form, as discussed below. As such, the bill does not materially affect State finances or operations.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary:

Considerations in a Public Service Commission Proceeding

Before authorizing or approving any agreement related to the premature retirement of an electricity generation facility that has been proposed in a utility rate case, an integrated resource plan, or any other submission to PSC, the commission must consider:

- the effect of the premature retirement on available reliable or dispatchable electricity to customers; and
- the impact that any shortage of available reliable or dispatchable electricity nationwide would have on customers if the electricity generation facility is retired prematurely.

"Electricity generation facility" means a facility that uses water, coal, natural gas, or nuclear energy to generate "reliable" or "dispatchable" electricity to be provided to customers, as those terms are further defined.

"Premature retirement" and "retired prematurely" mean the closure of, or complete and permanent cessation of operations at, an electricity generation facility before the planned operation life of the facility has lapsed. The terms do not include the closure of or cessation of operations at an electricity generation facility that is mandated by federal law.

Authorizations or Approvals Related to Premature Retirement

There is a rebuttable presumption that an electricity generation facility should not be retired prematurely. PSC may not authorize or approve an agreement related to the premature retirement of an electricity generation facility unless it has been established that:

- customers will experience cost savings as a result of the premature retirement;
- the premature retirement will not result in an insufficient amount of reliable or dispatchable energy to serve customers;
- the premature retirement will not adversely impact the availability or reliability of electric service to customers served by the electricity generation facility; and
- the proposed replacement generation facility will not be more detrimental to the environment than the existing electricity generation facility.

In considering the detriment to the environment, PSC must consider potential disruption of large areas of critical habitat, negative impacts on threatened or endangered wildlife, stresses to local watersheds, disbursement of toxic materials into wilderness areas, and other ecological harms of a similar nature.

Current Law: PSC must supervise and regulate public service 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.

In order to meet long-term, anticipated demand in the State for standard offer service and other electricity supply, PSC may require or allow an investor-owned electric company to construct, acquire, or lease, and operate, its own generating facilities, and transmission facilities necessary to interconnect the generating facilities with the electric grid, subject to appropriate cost recovery.

PSC does not have authority over generation facilities, except in approving siting of a new facilities in the State under the Certificate of Public Convenience and Necessity process.

State Fiscal Effect: The Electric Customer Choice and Competition Act of 1999 facilitated the restructuring of the electric utility industry in Maryland. With restructuring, generation resources are considered competitive, and the competitive market is relied upon to provide new generation resources and to meet load requirements. Deactivation decisions are made by facility owners as business decisions. PSC does not have regulatory authority over plant closures – premature or otherwise. As such, PSC advises that the bill cannot be implemented in its current form.

The Office of People's Counsel likewise advises that the bill falls out of PSC's jurisdiction.

Additional Information

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

Designated Cross File: None.

Information Source(s): Public Service Commission; Maryland Department of the Environment; Department of Natural Resources; Office of People's Counsel; Department of Legislative Services

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km/lgc

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