

HOUSE BILL 703

Unofficial Copy
C5

1999 Regular Session
9r1908
CF 9r1907

By: **Delegates Taylor, Guns, Hixson, Hurson, Howard, Menes, Montague,
Owings, Rawlings, Rosenberg, Vallario, and Wood**

Introduced and read first time: February 12, 1999

Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: March 25, 1999

CHAPTER _____

1 AN ACT concerning

2 **Electric Utility Industry Restructuring**

3 FOR the purpose of enabling the restructuring of the electric utility industry of the
4 State in a certain manner, subject to oversight of the Public Service
5 Commission; stating the findings and declaration of intent of the General
6 Assembly; allowing the Commission to require certain consumer education
7 programs, customer information, nondiscrimination policies, and operational
8 requirements; requiring the Commission to order certain universal programs;
9 providing for the implementation of standard offer service in a certain manner;
10 ~~prohibiting the Commission from requiring divestiture of certain assets;~~
11 requiring the Commission to ensure the creation of certain competitive
12 electricity services in a certain manner; allowing the Commission to adopt
13 alternative forms of regulation for certain regulated services; requiring the
14 Commission to limit certain rates for a certain period; requiring the Commission
15 to reduce certain rates for a certain time under certain circumstances; requiring
16 an electric company to provide certain services in certain territory; requiring
17 certain persons to be licensed by the Commission before providing electricity
18 supply services in the State, subject to certain requirements and enforcement
19 mechanisms; requiring the Commission to adopt certain regulations or issue
20 certain orders by a certain time; requiring certain electricity suppliers to provide
21 certain information in a certain manner; providing that certain provisions of
22 this Act may not be construed as preventing the application of certain
23 protections of laws; requiring the Department of the Environment, in
24 consultation with the Commission, to adopt certain measures regarding certain
25 environmental programs; requiring the Commission to consider certain evidence
26 in determining certain costs and benefits; requiring a certain electric company
27 to continue purchasing electricity under a certain contract under certain

1 circumstances; requiring the Commission, in consultation with the Maryland
 2 Energy Administration, to report by a certain date on the feasibility of requiring
 3 certain renewable portfolio standards; altering the imposition of the
 4 environmental surcharge to certain customers; allowing an electric company to
 5 transfer or sell certain generation facilities or assets in a certain manner,
 6 subject to certain review by the Commission for certain purposes; providing for
 7 the opportunity to recover certain costs by certain means and secured or
 8 obtained in certain manners; requiring the phased implementation of customer
 9 choice for electric customers in the State in a certain manner by certain dates,
 10 subject to Commission determination and certain contingencies; establishing
 11 the obligation of an electric company to serve customers after a certain date;
 12 requiring the implementation of competitive metering and billing on certain
 13 dates; providing for investigation of market power in certain manners, subject to
 14 certain remedial action by the Commission; providing for reciprocity of customer
 15 choice with respect to certain other jurisdictions; providing for certain
 16 long-range planning for certain regulated utility services only; requiring certain
 17 tariff and rate filings for certain regulated utility services only; eliminating a
 18 certain required plan on the State's generating needs; altering certain criteria
 19 for obtaining a certificate of public convenience and necessity for a generating
 20 station; requiring the Secretary of Natural Resources to use certain funds for
 21 certain purposes; providing that certain provisions of the Uniform Commercial
 22 Code do not apply to certain property; providing for the adoption of certain
 23 regulations; defining certain terms; extending to a certain date the termination
 24 date of the Environmental Trust Fund; extending the termination date of a
 25 certain surcharge; requiring the Attorney General, Division of Consumer
 26 Protection, to develop and maintain certain information in a certain manner;
 27 providing that provisions of this Act are severable; providing for the effective
 28 date of a portion of this Act; and generally relating to restructuring of the
 29 electric utility industry.

30 BY repealing and reenacting, with amendments,
 31 Article - Public Utility Companies
 32 Section 1-101, 2-110, 2-118, 4-201, 4-202, 7-201, 7-203, ~~and~~ 7-207, and 7-211
 33 Annotated Code of Maryland
 34 (1998 Volume)

35 BY adding to
 36 Article - Public Utility Companies
 37 Section 7-501 through ~~7-518~~ 7-520, inclusive, to be under the new subtitle
 38 "Subtitle 5. Electric Industry Restructuring"
 39 Annotated Code of Maryland
 40 (1998 Volume)

41 BY adding to
 42 Article - Natural Resources
 43 Section 3-308

1 Annotated Code of Maryland
2 (1997 Replacement Volume and 1998 Supplement)

3 BY repealing and reenacting, with amendments,
4 Article - Commercial Law
5 Section 9-104(m)
6 Annotated Code of Maryland
7 (1997 Replacement Volume and 1998 Supplement)

8 BY adding to
9 Article - Commercial Law
10 Section 9-104(n)
11 Annotated Code of Maryland
12 (1997 Replacement Volume and 1998 Supplement)

13 BY repealing
14 Article - Public Utility Companies
15 Section 4-403
16 Annotated Code of Maryland
17 (1998 Volume)

18 BY repealing and reenacting, with amendments,
19 Article - Natural Resources
20 Section 3-302
21 Annotated Code of Maryland
22 (1997 Replacement Volume and 1998 Supplement)

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

25 **Article - Public Utility Companies**

26 1-101.

27 (a) In this article the following words have the meanings indicated.

28 (B) (1) "AGGREGATOR" MEANS AN ENTITY OR INDIVIDUAL ~~INCLUDING A~~
29 ~~COUNTY OR MUNICIPAL CORPORATION, OTHER THAN A MUNICIPAL UTILITY,~~ THAT
30 ACTS ON BEHALF OF A CUSTOMER TO PURCHASE ELECTRICITY.

31 (2) "AGGREGATOR" DOES NOT INCLUDE AN ENTITY OR INDIVIDUAL
32 THAT PURCHASES ELECTRICITY FOR ITS OWN USE OR FOR THE USE OF ITS
33 SUBSIDIARIES OR AFFILIATES.

1 ~~(C)~~ (D) "BILLING AGENT" MEANS AN ENTITY THAT PROVIDES BILLING AND
 2 COLLECTION SERVICES AND DISTRIBUTION OF RECEIPTS TO UNITS COVERED IN THE
 3 BILLING.

4 ~~(C)~~ (D) "BROKER" MEANS AN ENTITY OR INDIVIDUAL THAT ACTS AS AN
 5 AGENT OR INTERMEDIARY IN THE SALE AND PURCHASE OF ELECTRICITY BUT DOES
 6 NOT TAKE TITLE TO ELECTRICITY.

7 [(b)] ~~(D)~~ (E) "Commission" means the Public Service Commission.

8 [(c)] ~~(E)~~ (F) (1) "Common carrier" means a person, public authority, or
 9 federal, State, district, or municipal transportation unit that is engaged in the public
 10 transportation of persons for hire, by land, water, air, or any combination of them.

11 (2) "Common carrier" includes:

12 (i) an airline company;

13 (ii) a car company, motor vehicle company, automobile company, or
 14 motor bus company;

15 (iii) a power boat company, vessel-boat company, steamboat
 16 company, or ferry company;

17 (iv) a railroad company, street railroad company, or sleeping car
 18 company;

19 (v) a taxicab company;

20 (vi) a toll bridge company; and

21 (vii) a transit company.

22 (3) "Common carrier" does not include:

23 (i) a county revenue authority;

24 (ii) a toll bridge or other facility owned and operated by a county
 25 revenue authority; or

26 (iii) a vanpool or launch service.

27 [(d)] ~~(F)~~ (G) "Company", as a designation for a type of enterprise, includes a
 28 person that owns a company individually or as an agent, trustee, or receiver of a
 29 company.

30 [(e)] ~~(G)~~ (H) "County" means a county of the State or Baltimore City.

31 [(f)] ~~(H)~~ (I) (1) "Electric company" means a [public service company that:

1 (i) owns an electric plant and transmits, sells, or distributes
2 electricity;

3 (ii) generates electricity for distribution or sale; or

4 (iii) is authorized to install or maintain facilities in, over, or under
5 streets for furnishing or distributing electricity.

6 (2) "Electric company" includes a municipal corporation that is in the
7 business of supplying electricity for other than municipal purposes] PERSON WHO
8 PHYSICALLY TRANSMITS OR DISTRIBUTES ELECTRICITY IN THE STATE TO A RETAIL
9 ELECTRIC CUSTOMER.

10 [(3)] (2) "Electric company" does not include [a company that generates
11 or transmits electricity exclusively for its own use];

12 (I) THE FOLLOWING PERSONS WHO SUPPLY ELECTRICITY AND
13 ELECTRICITY SUPPLY SERVICES SOLELY TO OCCUPANTS OF A BUILDING FOR USE BY
14 THE OCCUPANTS:

15 1. AN OWNER/OPERATOR WHO HOLDS OWNERSHIP IN AND
16 MANAGES THE INTERNAL DISTRIBUTION SYSTEM SERVING THE BUILDING; OR

17 2. A LESSEE/OPERATOR WHO HOLDS A LEASEHOLD
18 INTEREST IN AND MANAGES THE INTERNAL DISTRIBUTION SYSTEM SERVING THE
19 BUILDING;

20 (II) ANY PERSON WHO GENERATES ON-SITE GENERATED
21 ELECTRICITY; OR

22 (III) A PERSON WHO TRANSMITS OR DISTRIBUTES ELECTRICITY
23 WITHIN A SITE OWNED BY THE PERSON OR THE PERSON'S AFFILIATE THAT IS
24 INCIDENTAL TO A PRIMARILY LANDLORD-TENANT RELATIONSHIP.

25 [(g)] ~~(H)~~ (J) "Electric plant" means the material, equipment, and property
26 owned by an electric company and used or to be used for or in connection with electric
27 service.

28 ~~(H)~~ (K) (1) "ELECTRICITY SUPPLIER" MEANS A PERSON WHO SELLS
29 ELECTRICITY OR ELECTRICITY SUPPLY SERVICES OR WHO PURCHASES, BROKERS,
30 ARRANGES, OR MARKETS ELECTRICITY OR ELECTRICITY SUPPLY SERVICES OR
31 COMPETITIVE BILLING OR COMPETITIVE METERING SERVICES FOR SALE TO A
32 RETAIL ELECTRIC CUSTOMER.

33 (2) "ELECTRICITY SUPPLIER" INCLUDES AN ELECTRIC COMPANY,
34 ~~AGGREGATOR, AN~~ AGGREGATOR, A BROKER, ~~AND MARKETER~~ OR A MARKETER OF
35 ELECTRICITY, AND A BILLING AGENT.

36 (3) "ELECTRICITY SUPPLIER" DOES NOT INCLUDE:

1 (I) THE FOLLOWING PERSONS WHO SUPPLY ELECTRICITY AND
 2 ELECTRICITY SUPPLY SERVICES SOLELY TO OCCUPANTS OF A BUILDING FOR USE BY
 3 THE OCCUPANTS:

4 1. AN OWNER/OPERATOR WHO HOLDS OWNERSHIP IN AND
 5 MANAGES THE INTERNAL DISTRIBUTION SYSTEM SERVING THE BUILDING; OR

6 2. A LESSEE/OPERATOR WHO HOLDS A LEASEHOLD
 7 INTEREST IN AND MANAGES THE INTERNAL DISTRIBUTION SYSTEM SERVING THE
 8 BUILDING; OR

9 (II) A PERSON WHO GENERATES ON-SITE GENERATED
 10 ELECTRICITY.

11 [(h)] ~~(K)~~ (L) (1) "Gas company" means a public service company that:

12 (i) is authorized to install or maintain facilities in, over, or under
 13 streets for furnishing or distributing gas; or

14 (ii) owns a gas plant and:

15 1. transmits, sells, supplies, or distributes artificial or
 16 natural gas; or

17 2. manufactures gas for distribution or sale.

18 (2) "Gas company" includes a municipal corporation that is in the
 19 business of supplying gas for other than municipal purposes.

20 [(i)] ~~(L)~~ (M) "Gas master meter operator" means a person that owns or
 21 operates a pipeline system, other than piping within a building:

22 (1) that distributes gas within, but not limited to, a definable area, such
 23 as a mobile home park, housing project, or apartment complex;

24 (2) for which the person purchases metered, artificial, or natural gas
 25 from an outside source for resale through the pipeline system; and

26 (3) that supplies the ultimate consumer, who purchases the gas directly
 27 through a meter or by other means, such as by rent.

28 [(j)] ~~(M)~~ (N) "Gas plant" means the material, equipment, and property
 29 owned by a gas company and used or to be used for or in connection with gas service.

30 [(k)] ~~(N)~~ (O) "Launch service" means a power boat company that transports
 31 passengers or freight between the shore and vessels on a body of water in the State.

32 ~~(O)~~ (P) "MARKETER" MEANS A PERSON WHO PURCHASES AND TAKES TITLE
 33 TO ELECTRICITY AS AN INTERMEDIARY FOR SALE TO A CUSTOMER.

34 ~~(P)~~ (Q) "ON-SITE GENERATED ELECTRICITY" MEANS ELECTRICITY THAT:

1 (1) IS NOT TRANSMITTED OR DISTRIBUTED OVER AN ELECTRIC
2 COMPANY'S TRANSMISSION OR DISTRIBUTION SYSTEM; AND

3 (2) IS GENERATED AT A FACILITY OWNED OR OPERATED BY AN
4 ELECTRIC CUSTOMER OR OPERATED BY A DESIGNEE OF THE OWNER WHO, WITH THE
5 OTHER TENANTS OF THE FACILITY, CONSUMES AT LEAST 80% OF THE POWER
6 GENERATED BY THE FACILITY EACH YEAR.

7 [(l)] ~~(Q)~~ (R) "Own" includes own, operate, lease to or from, manage, or
8 control.

9 [(m)] ~~(R)~~ (S) "Person" means an individual, receiver, trustee, guardian,
10 personal representative, fiduciary, or representative of any kind and any partnership,
11 firm, association, corporation, or other entity.

12 [(n)] ~~(S)~~ (T) "Plant" includes all material, equipment, and property owned
13 by a public service company and used or to be used for or in connection with a public
14 utility service.

15 [(o)] ~~(T)~~ (U) "Proceeding" includes an action, complaint, hearing,
16 investigation, trial, appeal, order, or similar matter pending before, made, or
17 conducted by an official body.

18 [(p)] ~~(U)~~ (V) "Public service company" means a common carrier company,
19 electric company, gas company, sewage disposal company, steam heating company,
20 telegraph company, telephone company, water company, or any combination of public
21 service companies.

22 [(q)] ~~(V)~~ (W) (1) "Railroad" means a common carrier by rail powered in any
23 manner.

24 (2) "Railroad" includes material, equipment, and property used on or in
25 connection with a railroad.

26 [(r)] ~~(W)~~ (X) (1) "Rate" means a toll, fare, tariff, fee, price, or other charge,
27 or a combination of these items, by a public service company for public utility service.

28 (2) "Rate" includes a schedule, regulation, classification, or practice of a
29 public service company that affects:

30 (i) the amount of a charge; or

31 (ii) the nature and value of the service rendered for the charge.

32 [(s)] ~~(X)~~ (Y) (1) "Record" means the original or a copy of any documentary
33 material.

34 (2) "Record" includes an account, book, chart, contract, document, file,
35 map, paper, profile, report, or schedule.

1 ~~(Y)~~ (Z) "RENEWABLE ENERGY RESOURCE" MEANS ONE OR MORE OF THE
2 FOLLOWING SOURCES OF ENERGY, ENERGY TECHNOLOGY, OR RELATED CREDIT:

3 (1) SOLAR;

4 (2) WIND;

5 (3) TIDAL;

6 (4) GEOTHERMAL;

7 (5) BIOMASS, INCLUDING WASTE-TO-ENERGY AND LANDFILL GAS
8 RECOVERY;

9 (6) HYDROELECTRIC FACILITIES;

10 (7) DIGESTER GAS; AND

11 (8) A MANUFACTURING OR COMMERCIAL WASTE-TO-ENERGY SYSTEM
12 OR FACILITY.

13 ~~(Z)~~ (AA) (1) "RETAIL ELECTRIC CUSTOMER" MEANS A PURCHASER OF
14 ELECTRICITY FOR END USE IN THE STATE.

15 (2) "RETAIL ELECTRIC CUSTOMER" EXCLUDES:

16 (I) AN OCCUPANT OF A BUILDING IN WHICH THE
17 OWNER/OPERATOR OR LESSEE/OPERATOR MANAGES THE INTERNAL DISTRIBUTION
18 SYSTEM SERVING THE BUILDING AND SUPPLIES ELECTRICITY AND ELECTRICITY
19 SUPPLY SERVICES SOLELY TO OCCUPANTS OF THE BUILDING FOR USE BY THE
20 OCCUPANTS; AND

21 (II) A PERSON WHO GENERATES ON-SITE GENERATED
22 ELECTRICITY, TO THE EXTENT THE ON-SITE GENERATED ELECTRICITY IS
23 CONSUMED BY THAT PERSON OR ITS TENANTS.

24 [(t)] ~~(AA)~~ (BB) "Sewage disposal company" means a privately-owned public
25 service company that owns or maintains facilities for the disposal of sewage.

26 [(u)] ~~(BB)~~ (CC) "Small rural electric cooperative" means an electric company
27 that:

28 (1) serves only the consumers that exclusively own and control the
29 company;

30 (2) conducts its business on a not-for-profit basis; and

31 (3) supplies electricity to less than 1,000 electric meters in the State.

32 [(v)] ~~(CC)~~ (DD) "State" means:

1 (1) a state, possession, territory, or commonwealth of the United States;

2 or

3 (2) the District of Columbia.

4 [(w)] ~~(DD)~~ (EE) "Steam heating company" means a public service company that
5 manufactures, sells, or distributes steam for use, sale, or distribution.

6 [(x)] ~~(EE)~~ (FF) "Street railroad" means a railroad:

7 (1) that is not part of a trunk line railway system; and

8 (2) whose routes are mainly within Baltimore City or a municipal
9 corporation with a population of at least 2,000.

10 [(y)] ~~(FF)~~ (GG) (1) "Taxicab" means a motor vehicle for hire that:

11 (i) is designed to carry seven or fewer individuals, including the
12 driver; and

13 (ii) is used to accept or solicit passengers for transportation
14 between points along public streets as the passengers request.

15 (2) "Taxicab" does not include a motor vehicle operated on a regular
16 schedule and between fixed points with the approval of the Commission as defined in
17 Title 11 of the Transportation Article.

18 [(z)] ~~(GG)~~ (HH) "Telegraph company" means a public service company that:

19 (1) owns telegraph lines to receive, transmit, or communicate telegraphic
20 communications; or

21 (2) leases, licenses, or sells telegraphic communications.

22 [(aa)] ~~(HH)~~ (II) "Telegraph lines" means the material, equipment, and
23 property owned by a telegraph company and used or to be used for or in connection
24 with telegraph service.

25 [(bb)] ~~(II)~~ (JJ) (1) "Telephone company" means a public service company that:

26 (i) owns telephone lines to receive, transmit, or communicate
27 telephone or teletype communications; or

28 (ii) leases, licenses, or sells telephone or teletype communications.

29 (2) "Telephone company" does not include a cellular telephone company.

30 [(cc)] ~~(JJ)~~ (KK) "Telephone lines" means the material, equipment, and property
31 owned by a telephone company and used or to be used for or in connection with
32 telephone service.

1 [(dd)] ~~(KK)~~ (LL) "Toll bridge" means a bridge operated by a person authorized
2 by the Commission to charge and collect toll from traffic using the bridge.

3 [(ee)] ~~(LL)~~ (MM) (1) "Transportation of persons for hire" means the
4 transportation of persons by:

5 (i) regularly scheduled operations;

6 (ii) charter or contract operations; or

7 (iii) tour or sightseeing operations.

8 (2) "Transportation of persons for hire" includes the transportation of
9 persons, whether on the cooperative plan, carried by a corporation, group, or
10 association engaged in the transportation of its stockholders, shareholders, or
11 members.

12 [(ff)] ~~(MM)~~ (NN) "Water company" means a public service company that owns a
13 water plant and sells or distributes water for gain.

14 [(gg)] ~~(NN)~~ (OO) "Water plant" means the material, equipment, and property
15 owned by a water company and used or to be used for or in connection with water
16 service.

17 2-110.

18 (A) IN THIS SECTION, "PUBLIC SERVICE COMPANY" INCLUDES AN
19 ELECTRICITY SUPPLIER AS DEFINED IN § 1-101 OF THIS ARTICLE.

20 [(a)] (B) (1) (i) Subject to paragraphs (2) and (3) of this subsection, the
21 costs and expenses of the Commission shall be borne by the public service companies
22 that are subject to the Commission's jurisdiction.

23 (ii) The costs and expenses shall be assessed as provided in this
24 section.

25 (2) An appropriation for the costs and expenses of the Commission shall
26 be included in the State budget and paid from the State treasury.

27 (3) The State treasury shall be reimbursed from the money collected
28 under this section.

29 [(b)] (C) (1) (i) Before each State fiscal year, the Chairman of the
30 Commission shall estimate the Commission's total costs and expenses, including:

31 1. the compensation and expenses of the Commission, its
32 officers, agents, and personnel;

33 2. the cost of retirement contributions, Social Security,
34 health insurance, and other benefits required to be paid by the State for the personnel
35 of the Commission;

1 (ii) After deducting the amounts recovered under § 2-111(a) of this
2 subtitle, on or before October 15th, the Chairman shall send to any public service
3 company that is affected a statement that shows the amount due or the amount to the
4 credit of the public service company.

5 (11) (i) A public service company shall pay an amount due within 30
6 days after the statement is received.

7 (ii) At the option of the public service company, an amount to the
8 credit of a public service company shall be refunded or applied against any succeeding
9 payment due.

10 (12) The total amount that may be charged to a public service company
11 under this section for a State fiscal year may not exceed:

12 (i) 0.17% of the public service company's gross operating revenues
13 derived from intrastate utility AND ELECTRICITY SUPPLIERS operations in the
14 preceding calendar year, or other 12-month period that the Chairman determines, for
15 the costs and expenses of the Commission other than that of the Office of People's
16 Counsel; plus

17 (ii) 0.05% of those revenues for the costs and expenses of the Office
18 of People's Counsel.

19 [(c)] (D) (1) Within 30 days after the Commission issues a bill under
20 subsection [(b)] (C) of this section, the party billed may request a hearing as to the
21 amount of the bill.

22 (2) Any amount of a bill that is not paid within 30 days after the date of
23 determination on a hearing or, if a hearing is not requested, on the date when
24 payment is due, shall bear annual interest at a rate, not less than 6%, that the
25 Commission sets by regulation.

26 2-118.

27 (a) This section does not apply to taxicabs, power boat companies, toll bridges,
28 or towing and lightering companies.

29 (b) The Commission shall require each public service company subject to its
30 jurisdiction to formulate and, after approval by the Commission, to implement
31 long-range plans to provide REGULATED service.

32 (c) The Commission shall require each electric company in the State to
33 include in the long-range plan {adequate} ~~COST-EFFECTIVE~~ provisions to promote
34 energy conservation to decrease or moderate electric and, as appropriate, natural gas
35 demand FOR REGULATED SERVICE from customers.

36 (d) (1) The Commission shall review each plan for adequacy under the
37 criteria of § 2-113 of this subtitle, giving attention to the interrelationship of services

1 of other public service companies and to provisions for research and development to
2 ensure adequate service.

3 (2) As part of the review, and subject to any applicable Freedom of
4 Information Act, the Commission shall consult with other State units and provide an
5 opportunity for public comment.

6 (3) The Commission shall require the revisions to a plan that the
7 Commission considers appropriate unless the authority to review and approve a plan
8 has been granted to another State unit by other law.

9 4-201.

10 In accordance with the provisions of this article, a public service company shall
11 charge just and reasonable rates for the [utility] REGULATED services that it
12 renders.

13 4-202.

14 (a) A public service company shall file with the Commission a tariff schedule
15 of its rates and charges FOR ITS REGULATED SERVICES.

16 (b) As ordered by the Commission, a public service company shall:

17 (1) plainly print the tariff schedule of its rates and charges FOR ITS
18 REGULATED SERVICES;

19 (2) make available the tariff schedules for public inspection; and

20 (3) post the tariff schedules to make the tariff schedules readily
21 accessible to and convenient for inspection by the public.

22 7-201.

23 (a) [In cooperation with the Secretary of Natural Resources as provided under
24 § 3-304 of the Natural Resources Article, the Commission shall assemble and
25 evaluate annually the long-range plans of the State's electric companies regarding
26 generating needs and the means to meet those needs.

27 (b)] (1) Annually, the chairman of the Commission shall forward to the
28 Secretary of Natural Resources a 10-year plan listing possible and proposed sites,
29 including the associated transmission routes, for the construction of electric plants
30 within the State.

31 (2) (i) The chairman shall delete from the 10-year plan any site that
32 the Secretary of Natural Resources identifies as unsuitable in accordance with the
33 requirements of § 3-304 of the Natural Resources Article.

34 (ii) The chairman may include a site deleted from a 10-year plan
35 under subparagraph (i) of this paragraph in a subsequent 10-year plan.

1 (3) The chairman shall include information in the annual 10-year plan
 2 on current and projected efforts by electric companies and the Commission to
 3 moderate overall electrical generation demand and peak demand through the electric
 4 companies' promotion of energy conservation by customers and through the electric
 5 companies' use of alternative energy sources, including cogeneration.

6 [(c)] (B) (1) The Commission shall evaluate the cost-effectiveness of the
 7 investments by electric companies in energy conservation to reduce electrical demand
 8 and in renewable energy sources to help meet electrical demand.

9 (2) The evaluation of investments shall include:

10 (i) the electric companies' promotion and conduct of a building
 11 audit and weatherization program, including low-interest or no-interest electric
 12 company financing for the installation of energy conservation materials and
 13 renewable energy devices;

14 (ii) utilization of renewable energy sources;

15 (iii) promotion and utilization of electricity from cogeneration and
 16 wastes; and

17 (iv) widespread public promotion of energy conservation programs.

18 7-207.

19 (a) (1) In this section and § 7-208 of this subtitle, "construction" means the
 20 clearing of land, excavation, or other action that affects the natural environment of a
 21 site or route of a bulk power supply facility.

22 (2) "Construction" does not include a change that is needed for the
 23 temporary use of a site or route for nonutility purposes or for use in securing
 24 geological data, including any boring that is necessary to ascertain foundation
 25 conditions.

26 (b) [An electric company may not begin construction in the State of a
 27 generating station or of an overhead transmission line that is designed to carry a
 28 voltage in excess of 69,000 volts, or exercise the right of condemnation in connection
 29 with the construction, unless] UNLESS a certificate of public convenience and
 30 necessity for the construction is first obtained from the Commission:

31 (1) A PERSON MAY NOT:

32 (I) BEGIN CONSTRUCTION IN THE STATE OF A GENERATING
 33 STATION ~~OR~~; OR

34 (II) EXERCISE A RIGHT OF CONDEMNATION IN CONNECTION WITH
 35 THE CONSTRUCTION ~~IF UNLESS THE COMMISSION HAS FOUND THAT THE CAPACITY~~
 36 IS NECESSARY TO ENSURE A SUFFICIENT SUPPLY OF ELECTRICITY TO CUSTOMERS
 37 IN THE STATE; AND

1 (2) AN ELECTRIC COMPANY MAY NOT BEGIN CONSTRUCTION OF AN
2 OVERHEAD TRANSMISSION LINE THAT IS DESIGNED TO CARRY A VOLTAGE IN
3 EXCESS OF 69,000 VOLTS OR EXERCISE A RIGHT OF CONDEMNATION IN CONNECTION
4 WITH THE CONSTRUCTION.

5 (c) (1) On receipt of an application for a certificate of public convenience and
6 necessity under this section, the Commission shall provide notice to the Office of
7 Planning and to all other interested persons.

8 (2) The Office of Planning shall forward the application to each
9 appropriate State unit and unit of local government for review, evaluation, and
10 comment regarding the significance of the proposal to State, area-wide, and local
11 plans or programs.

12 (d) (1) The Commission shall hold a public hearing on the application for a
13 certificate of public convenience and necessity in each county and municipal
14 corporation in which any portion of the construction of a generating station or of an
15 overhead transmission line designed to carry a voltage in excess of 69,000 volts is
16 proposed to be located.

17 (2) The Commission shall hold the public hearing jointly with the
18 governing body of the county or municipal corporation in which any portion of the
19 construction of the generating station or overhead transmission line is proposed to be
20 located, unless the governing body declines to participate in the hearing.

21 (3) Once in each of the 2 successive weeks immediately before the
22 hearing date, the Commission shall provide weekly notice of the public hearing by
23 advertisement in a newspaper of general circulation in the county or municipal
24 corporation affected by the application.

25 (4) (i) The Commission shall ensure presentation and
26 recommendations from each interested State unit, and shall allow representatives of
27 each State unit to sit during hearing of all parties.

28 (ii) The Commission shall allow each State unit 15 days after the
29 conclusion of the hearing to modify the State unit's initial recommendations.

30 (e) The Commission shall take final action on an application for a certificate
31 of public convenience and necessity only after due consideration of:

32 (1) the recommendation of the governing body of each county or
33 municipal corporation in which any portion of the construction of the generating
34 station or overhead transmission line is proposed to be located; AND

35 (2) [the need to meet existing and future demand for electric service; and

36 (3)] the effect of the generating station or overhead transmission line on:

37 (i) [the stability and reliability of the electric system;

- 1 (ii)} economics;
- 2 {(iii)} ~~(H)~~ esthetics;
- 3 {(iv)} ~~(HH)~~ historic sites;
- 4 {(v)} ~~(IV)~~ aviation safety as determined by the Maryland Aviation
5 Administration and the administrator of the Federal Aviation Administration;
- 6 {(vi)} ~~(V)~~ when applicable, air and water pollution; and
- 7 {(vii)} ~~(VI)~~ the availability of means for the required timely disposal
8 of wastes produced by any generating station.

9 (f) FOR THE CONSTRUCTION OF AN OVERHEAD TRANSMISSION LINE, IN
10 ADDITION TO THE CONSIDERATIONS LISTED IN SUBSECTION (E) OF THIS SECTION,
11 THE COMMISSION SHALL TAKE FINAL ACTION ON AN APPLICATION FOR A
12 CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY ONLY AFTER DUE
13 CONSIDERATION OF THE FOLLOWING ADDITIONAL FACTORS:

14 (1) THE NEED TO MEET EXISTING AND FUTURE DEMAND FOR ELECTRIC
15 SERVICE; AND

16 (2) THE EFFECT OF THE OVERHEAD TRANSMISSION LINE ON THE
17 STABILITY AND RELIABILITY OF THE ELECTRIC SYSTEM.

18 (G) (1) The Commission may not authorize, and an electric company may not
19 undertake, the construction of an overhead transmission line that is aligned with and
20 within 1 mile of either end of a public airport runway, unless:

21 (i) the Federal Aviation Administration determines that the
22 construction of an overhead transmission line will not constitute a hazard to air
23 navigation; and

24 (ii) the Maryland Aviation Administration concurs in that
25 determination.

26 (2) A privately owned airport runway shall qualify as a public airport
27 runway under this subsection only if the runway has been on file with the Federal
28 Aviation Administration for at least 2 years as being open to the public without
29 restriction.

30 7-211.

31 (a) Subject to review and approval by the Commission, each gas company and
32 electric company shall develop and implement programs and services to encourage
33 and promote the efficient use and conservation of energy by consumers, gas
34 companies, and electric companies.

35 (b) The Commission shall:

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

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

8 (3) ASSURE THAT ADOPTION OF ELECTRIC CUSTOMER CHOICE UNDER
9 SUBTITLE 5 OF THIS TITLE DOES NOT ADVERSELY IMPACT THE CONTINUATION OF
10 COST EFFECTIVE ENERGY CONSERVATION AND EFFICIENCY PROGRAMS.

11 SUBTITLE 5. ELECTRIC INDUSTRY RESTRUCTURING.

12 PART I. GENERAL PROVISIONS.

13 7-501.

14 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
15 INDICATED.

16 (B) "AFFILIATE" MEANS A PERSON THAT DIRECTLY OR INDIRECTLY, OR
17 THROUGH ONE OR MORE INTERMEDIARIES, CONTROLS, IS CONTROLLED BY, OR IS
18 UNDER COMMON CONTROL WITH, OR HAS, DIRECTLY OR INDIRECTLY, ANY
19 ECONOMIC INTEREST IN ANOTHER PERSON.

20 (C) (1) "ASSIGNEE" MEANS A PERSON TO WHOM AN ELECTRIC COMPANY
21 ASSIGNS OR TRANSFERS ALL OR A PORTION OF ITS INTEREST IN INTANGIBLE
22 TRANSITION PROPERTY, OTHER THAN AS SECURITY.

23 (2) "ASSIGNEE" INCLUDES A PERSON TO WHOM ALL OR A PORTION OF
24 THE INTEREST IS SUBSEQUENTLY ASSIGNED OR TRANSFERRED.

25 (D) "COMPETITIVE TRANSITION CHARGE" MEANS A RATE, CHARGE, CREDIT,
26 OR OTHER APPROPRIATE MECHANISM AUTHORIZED TO BE IMPOSED FOR THE
27 RECOVERY OF TRANSITION COSTS OR THE RETURN OF A NET TRANSITION BENEFIT
28 AS DETERMINED BY THE COMMISSION UNDER § 7-513 OF THIS SUBTITLE.

29 (E) "CONSUMER" AND "CUSTOMER" EACH MEANS A RETAIL ELECTRIC
30 CUSTOMER.

31 (F) "CUSTOMER CHOICE" MEANS THE RIGHT OF ELECTRICITY SUPPLIERS AND
32 CUSTOMERS TO UTILIZE AND INTERCONNECT WITH THE ELECTRIC DISTRIBUTION
33 SYSTEM ON A NONDISCRIMINATORY BASIS AT RATES, TERMS, AND CONDITIONS OF
34 SERVICE COMPARABLE TO THE ELECTRIC COMPANY'S OWN USE OF THE SYSTEM TO
35 DISTRIBUTE ELECTRICITY FROM A ELECTRICITY SUPPLIER TO A CUSTOMER, UNDER
36 WHICH A CUSTOMER HAS THE OPPORTUNITY TO PURCHASE ELECTRICITY FROM THE
37 CUSTOMER'S CHOICE OF LICENSED ELECTRICITY SUPPLIERS.

1 (G) "DISTRIBUTION TERRITORY" MEANS THE GEOGRAPHIC AREA IN WHICH AN
2 ELECTRIC COMPANY WAS PROVIDING ELECTRIC TRANSMISSION OR DISTRIBUTION
3 SERVICES TO CUSTOMERS ON JULY 1, 1999.

4 (H) "INDEPENDENT SYSTEM OPERATOR" MEANS AN ENTITY AUTHORIZED BY
5 THE FEDERAL ENERGY REGULATORY COMMISSION TO CONTROL A REGIONAL
6 TRANSMISSION GRID.

7 ~~(H)~~ (I) "INITIAL IMPLEMENTATION DATE" MEANS:

8 (1) JULY 1, 2000, FOR INVESTOR-OWNED ELECTRIC COMPANIES;

9 (2) THE DATE OR DATES DETERMINED BY THE COMMISSION FOR
10 ELECTRIC COOPERATIVES AND MUNICIPAL UTILITIES; OR

11 (3) ANOTHER DATE OR DATES DETERMINED BY THE COMMISSION
12 UNDER § 7-510(B) OF THIS SUBTITLE.

13 ~~(H)~~ (J) "INTANGIBLE TRANSITION CHARGE" MEANS A NONBYPASSABLE
14 RATE, CHARGE, OR SIMILAR APPROPRIATE MECHANISM FOR THE PROVISION,
15 AVAILABILITY, OR TERMINATION OF ELECTRIC SERVICE, AUTHORIZED TO BE
16 IMPOSED FOR THE RECOVERY OF QUALIFIED TRANSITION COSTS UNDER A
17 QUALIFIED RATE ORDER OF THE COMMISSION.

18 ~~(H)~~ (K) "INTANGIBLE TRANSITION PROPERTY" MEANS THE RIGHT, TITLE,
19 AND INTEREST OF AN ELECTRIC COMPANY OR ASSIGNEE IN A QUALIFIED RATE
20 ORDER, INCLUDING:

21 (1) ALL RIGHTS IN, TO, AND UNDER THE ORDER, INCLUDING RIGHTS TO
22 REVENUES, COLLECTIONS, CLAIMS, PAYMENTS, MONEY, OR OTHER PROPERTY AND
23 AMOUNTS ARISING FROM THE IMPOSITION OF INTANGIBLE TRANSITION CHARGES
24 UNDER THE ORDER; AND

25 (2) IN THE HANDS OF AN ASSIGNEE:

26 (I) THE RIGHT TO REQUIRE THE ELECTRIC COMPANY TO PROVIDE
27 ELECTRIC SERVICES, AND TO COLLECT AND REMIT THE INTANGIBLE TRANSITION
28 CHARGES AUTHORIZED IN THE QUALIFIED RATE ORDER; BUT

29 (II) NOT THE RIGHT OR DUTY TO PROVIDE ELECTRIC SERVICES.

30 ~~(K)~~ (L) "PUBLIC PURPOSE PROGRAM" MEANS:

31 (1) A UNIVERSAL SERVICE PROGRAM;

32 (2) A PROGRAM ENCOURAGING RENEWABLE ENERGY RESOURCES; OR

33 (3) ANOTHER PROGRAM IMPLEMENTED WITH THE INTENTION OF
34 FURTHERING A PUBLIC PURPOSE.

1 ~~(L)~~ (M) "QUALIFIED RATE ORDER" MEANS AN ORDER OF THE COMMISSION
2 APPROVING ONE OR MORE INTANGIBLE TRANSITION CHARGES.

3 ~~(M)~~ (N) "STANDARD OFFER SERVICE" MEANS ELECTRIC SERVICE THAT AN
4 ELECTRIC COMPANY MUST OFFER TO ITS CUSTOMERS UNDER § 7-510(C) OF THIS
5 SUBTITLE.

6 ~~(N)~~ (O) "TRANSITION BOND" MEANS A BOND, DEBENTURE, NOTE,
7 CERTIFICATE OF PARTICIPATION OR BENEFICIAL INTEREST, OR OTHER EVIDENCE
8 OF INDEBTEDNESS OR OWNERSHIP, APPROVED IN A QUALIFIED RATE ORDER AND
9 ISSUED UNDER AN EXECUTED TRUST INDENTURE OR OTHER AGREEMENT OF AN
10 ELECTRIC COMPANY OR ASSIGNEE, AND WHICH IS SECURED BY, EVIDENCES
11 OWNERSHIP INTEREST IN, OR IS PAYABLE FROM INTANGIBLE TRANSITION
12 PROPERTY.

13 ~~(O)~~ (P) "TRANSITION ~~COSTS~~ COST" MEANS A COST, LIABILITY, OR
14 INVESTMENT THAT:

15 ~~(1)~~ (1) ~~TRADITIONALLY WOULD HAVE BEEN OR WOULD BE RECOVERABLE~~
16 ~~UNDER RATE OF RETURN REGULATION, INCLUDING RETAIL RATES FOR THE~~
17 ~~PROVISION OF ELECTRIC SERVICE, BUT WHICH MAY NOT BE RECOVERABLE IN A~~
18 ~~RESTRUCTURED ELECTRICITY SUPPLY MARKET, OR WHICH ARISE AS A RESULT OF~~
19 ~~ELECTRIC INDUSTRY RESTRUCTURING; AND~~

20 ~~(2)~~ (2) ~~IS RELATED TO THE CREATION OF CUSTOMER CHOICE.~~

21 (1) TRADITIONALLY WOULD HAVE BEEN OR WOULD BE RECOVERABLE
22 UNDER RATE-OF-RETURN REGULATION BUT WHICH MAY NOT BE RECOVERABLE IN
23 A RESTRUCTURED ELECTRICITY SUPPLY MARKET; OR

24 (2) ARISES AS A RESULT OF ELECTRIC INDUSTRY RESTRUCTURING AND
25 IS RELATED TO THE CREATION OF CUSTOMER CHOICE.

26 ~~(P)~~ (Q) (1) "UNIVERSAL SERVICE PROGRAM" MEANS A POLICY,
27 PROTECTION, OR SERVICE THAT HELPS LOW-INCOME CUSTOMERS MAINTAIN
28 ELECTRIC SERVICE.

29 (2) "UNIVERSAL SERVICE PROGRAM" INCLUDES CUSTOMER ~~ASSISTANCE~~
30 BILL REDUCTION AND AFFORDABILITY; PROGRAMS, TERMINATION OF SERVICE
31 PROTECTION, AND POLICIES AND SERVICES THAT HELP LOW-INCOME CUSTOMERS
32 TO REDUCE OR MANAGE ENERGY CONSUMPTION IN A COST-EFFECTIVE MANNER.

1 7-502. RESERVED.

2 7-503. RESERVED.

3 PART II. ELECTRIC INDUSTRY RESTRUCTURING ENABLED.

4 7-504.

5 THE GENERAL ASSEMBLY FINDS AND DECLARES THAT THE PURPOSE OF THIS
6 SUBTITLE IS TO:

7 (1) ~~MODIFY AND CLARIFY EXISTING LAW TO~~ ESTABLISH CUSTOMER
8 CHOICE OF ELECTRICITY SUPPLY AND ELECTRICITY SUPPLY SERVICES;

9 (2) CREATE COMPETITIVE RETAIL ELECTRICITY SUPPLY AND
10 ELECTRICITY SUPPLY SERVICES MARKETS; AND

11 (3) DEREGULATE THE GENERATION, SUPPLY, AND PRICING OF
12 ELECTRICITY.

13 7-505.

14 (A) IN ASSESSING AND APPROVING EACH ELECTRIC COMPANY'S
15 RESTRUCTURING PLAN, AND OVERSEEING THE TRANSITION PROCESS AND
16 REGULATION OF THE RESTRUCTURED ELECTRIC INDUSTRY, THE COMMISSION
17 SHALL PROVIDE THAT THE TRANSITION TO A COMPETITIVE ELECTRICITY SUPPLY
18 AND ELECTRICITY SUPPLY SERVICES MARKET SHALL BE ORDERLY, MAINTAIN
19 ELECTRIC SYSTEM RELIABILITY, ENSURE COMPLIANCE WITH FEDERAL AND STATE
20 ENVIRONMENTAL REGULATIONS, AND BE FAIR TO CUSTOMERS, ELECTRIC COMPANY
21 INVESTORS, ELECTRIC COMPANIES, AND ELECTRICITY SUPPLIERS, AND PROVIDE
22 ECONOMIC BENEFITS TO ALL CUSTOMER CLASSES.

23 (B) (1) THE COMMISSION SHALL ISSUE THE ORDERS OR ADOPT
24 REGULATIONS REQUIRED UNDER THIS SUBSECTION BEFORE THE IMPLEMENTATION
25 OF CUSTOMER CHOICE.

26 ~~(B)~~ ~~(1)~~ (2) (I) THE COMMISSION ~~MAY~~ SHALL ORDER EACH ELECTRIC
27 COMPANY, IN CONJUNCTION WITH THE COMMISSION, THE OFFICE OF PEOPLE'S
28 COUNSEL, AND OTHER PARTIES, TO IMPLEMENT A CONSUMER EDUCATION
29 PROGRAM INFORMING CUSTOMERS OF CHANGES IN THE ELECTRIC INDUSTRY.

30 (II) 1. AS PART OF THE CONSUMER EDUCATION PROGRAM
31 UNDER THIS PARAGRAPH, THE OFFICE OF THE ATTORNEY GENERAL, DIVISION OF
32 CONSUMER PROTECTION, SHALL DEVELOP AND MAINTAIN INFORMATION AS TO
33 RATES AND SERVICES OF THE ELECTRICITY SUPPLIERS LICENSED IN MARYLAND TO
34 SERVE SMALL COMMERCIAL AND RESIDENTIAL ELECTRIC CUSTOMERS.

35 2. THE INFORMATION REQUIRED IN THIS SUBPARAGRAPH
36 SHALL BE:

1 A. READILY UNDERSTANDABLE AND FORMATTED AS TO
 2 PROVIDE A COMPARISON OF RATES AND SERVICES AMONG SUPPLIERS OF SIMILAR
 3 SERVICES; AND

4 B. MADE AVAILABLE TO THE PUBLIC THROUGH THE
 5 DIVISION'S ORDINARY MEANS OF PUBLICATION, WHICH SHALL INCLUDE
 6 PUBLICATION ON THE INTERNET.

7 ~~(2)~~ (3) THE COMMISSION SHALL ORDER UNIVERSAL SERVICE
 8 PROGRAMS TO BE MADE AVAILABLE ~~IN EACH ELECTRIC COMPANY'S DISTRIBUTION~~
 9 ~~TERRITORY ON A STATEWIDE BASIS TO LOW-INCOME CUSTOMERS.~~

10 ~~(3)~~ (4) (I) THE COMMISSION ~~MAY~~ SHALL ORDER AN ELECTRIC
 11 COMPANY TO ADOPT POLICIES AND PRACTICES REASONABLY DESIGNED TO
 12 PREVENT:

13 ~~(4)~~ (I) ~~PREVENT UNDUE DISCRIMINATION IN FAVOR OF THE~~
 14 ~~ELECTRIC COMPANY'S OWN ELECTRICITY SUPPLY, OTHER SERVICES, DIVISIONS, OR~~
 15 ~~AFFILIATES, IF ANY; AND~~

16 1. DISCRIMINATION AGAINST A PERSON, LOCALITY, OR
 17 PARTICULAR CLASS OF SERVICE OR GIVE UNDUE OR UNREASONABLE PREFERENCE
 18 IN FAVOR OF THE ELECTRIC COMPANY'S OWN ELECTRICITY SUPPLY, OTHER
 19 SERVICES, DIVISIONS, OR AFFILIATES, IF ANY; AND

20 ~~(H)~~ 2. PREVENT ANY OTHER FORMS OF SELF-DEALING OR
 21 PRACTICES THAT COULD RESULT IN NONCOMPETITIVE ELECTRICITY PRICES TO
 22 CUSTOMERS.

23 (II) THE COMMISSION SHALL ORDER AN AGGREGATOR TO ADOPT
 24 POLICIES AND PRACTICES DESIGNED TO PREVENT SELF-DEALING OR PRACTICES
 25 THAT COULD RESULT IN NONCOMPETITIVE ELECTRICITY PRICES TO CUSTOMERS.

26 ~~(4)~~ (5) THE COMMISSION ~~MAY~~ SHALL, BY REGULATION OR ORDER,
 27 REQUIRE EACH ELECTRIC COMPANY AND ELECTRICITY SUPPLIER TO PROVIDE
 28 ADEQUATE AND ACCURATE CUSTOMER INFORMATION ON THE AVAILABLE ELECTRIC
 29 SERVICES OF THE ELECTRIC COMPANY OR ELECTRICITY SUPPLIER, INCLUDING
 30 DISCLOSURE ON A QUARTERLY BASIS ~~OF A UNIFORM COMMON SET OF INFORMATION~~
 31 ~~ABOUT THE FUEL MIX OF THE ELECTRICITY PURCHASED BY CUSTOMERS INCLUDING~~
 32 ~~CATEGORIES OF ELECTRICITY FROM RENEWABLE ENERGY RESOURCES, COAL,~~
 33 ~~NATURAL GAS, NUCLEAR, OIL, AND OTHER RESOURCES, OR DISCLOSURE OF A~~
 34 ~~REGIONAL AVERAGE. OF:~~

35 (I) A UNIFORM COMMON SET OF INFORMATION ABOUT THE FUEL
 36 MIX OF THE ELECTRICITY PURCHASED BY CUSTOMERS INCLUDING CATEGORIES OF
 37 ELECTRICITY FROM COAL, NATURAL GAS, NUCLEAR, OIL, HYDROELECTRIC, SOLAR,
 38 BIOMASS, WIND, AND OTHER RESOURCES, OR DISCLOSURE OF A REGIONAL
 39 AVERAGE; AND

1 (II) THE EMISSIONS, ON A POUND PER MEGAWATT-HOUR BASIS, OF
 2 POLLUTANTS IDENTIFIED BY THE COMMISSION, OR DISCLOSURE OF A REGIONAL
 3 AVERAGE.

4 (6) THE COMMISSION SHALL ISSUE ORDERS OR REGULATIONS TO
 5 PREVENT AN ELECTRIC COMPANY AND AN ELECTRICITY SUPPLIER FROM
 6 DISCLOSING A RETAIL CUSTOMER'S BILLING, PAYMENT, AND CREDIT INFORMATION
 7 WITHOUT THE RETAIL CUSTOMER'S CONSENT, EXCEPT AS ALLOWED BY THE
 8 COMMISSION FOR BILL COLLECTION OR CREDIT RATING REPORTING PURPOSES.

9 (7) AN ELECTRICITY SUPPLIER MAY NOT ENGAGE IN UNFAIR, FALSE,
 10 MISLEADING, OR DECEPTIVE MARKETING, ADVERTISING, OR TRADE PRACTICES.

11 (5) (8) THE COMMISSION SHALL, BY REGULATION OR ORDER, REQUIRE
 12 THE UNBUNDLING OF ELECTRIC COMPANY RATES, CHARGES, AND SERVICES INTO
 13 CATEGORIES THAT THE COMMISSION DETERMINES. ~~THE COMMISSION MAY~~
 14 ~~REBUNDLE RATES OR CHARGES FOR BILLING PURPOSES.~~ THE COMMISSION SHALL
 15 ORDER THE BILLING AGENT TO SEPARATE BILLING TO INDICATE CHARGES FOR:

16 (I) DISTRIBUTION AND TRANSMISSION;

17 (II) TRANSITION CHARGE OR CREDIT;

18 (III) UNIVERSAL SERVICE PROGRAM CHARGES;

19 (IV) CUSTOMER CHARGES;

20 (V) TAXES; AND

21 (VI) OTHER CHARGES IDENTIFIED BY THE COMMISSION.

22 (6) (9) THE COMMISSION SHALL DETERMINE THE TERMS,
 23 CONDITIONS, AND RATES OF STANDARD OFFER SERVICE UNDER TITLE 4 OF THIS
 24 ARTICLE.

25 (7) (10) IN CONNECTION WITH § 7-513 OF THIS SUBTITLE, THE
 26 COMMISSION MAY NOT ~~REQUIRE AN ELECTRIC COMPANY TO DIVEST ITSELF OF A~~
 27 ~~GENERATION ASSET OR PROHIBIT AN ELECTRIC COMPANY FROM DIVESTING ITSELF~~
 28 VOLUNTARILY OF A GENERATION ASSET.

29 (8) (11) ON OR BEFORE JULY 1, 2000, THE COMMISSION SHALL, BY
 30 REGULATION OR ORDER, ENSURE THE CREATION OF COMPETITIVE ELECTRICITY
 31 SUPPLY AND ELECTRICITY SUPPLY SERVICES MARKETS, WITH APPROPRIATE
 32 CUSTOMER SAFEGUARDS. ~~IN DOING SO, THE COMMISSION SHALL CONSIDER, AMONG~~
 33 ~~OTHER FACTORS~~ BY REQUIRING, THE FOLLOWING SAFEGUARDS:

34 (I) AN APPROPRIATE CODE OF CONDUCT BETWEEN THE ELECTRIC
 35 COMPANY AND ~~ANY AN~~ AFFILIATE PROVIDING ELECTRICITY SUPPLY AND
 36 ELECTRICITY SUPPLY SERVICES IN THE STATE;

1 (II) ACCESS BY ELECTRICITY SUPPLIERS AND CUSTOMERS TO THE
2 ELECTRIC COMPANY'S TRANSMISSION AND DISTRIBUTION SYSTEM ON A
3 NONDISCRIMINATORY BASIS;

4 (III) ~~FUNCTIONAL, OPERATIONAL, STRUCTURAL, OR LEGAL~~
5 SEPARATION BETWEEN THE ELECTRIC COMPANY'S REGULATED BUSINESSES AND
6 ITS NONREGULATED BUSINESSES OR NONREGULATED AFFILIATES; AND

7 (IV) APPROPRIATE COMPLAINT AND ENFORCEMENT PROCEDURES.

8 ~~(9) (12) AN ELECTRIC COMPANY SHALL COMPLY WITH ALL~~
9 ~~REQUIREMENTS OF THE COMMISSION IN CONDUCTING REGULATED OPERATIONS IN~~
10 ~~COMPLIANCE WITH THIS ARTICLE. IN ADDITION, THE COMMISSION SHALL REQUIRE~~
11 ~~EACH ELECTRIC COMPANY TO ADOPT A CODE OF CONDUCT BEFORE JULY 1, 2000~~
12 ~~THAT HAS BEEN APPROVED BY THE COMMISSION TO PREVENT REGULATED SERVICE~~
13 ~~CUSTOMERS FROM SUBSIDIZING THE SERVICES OF UNREGULATED BUSINESSES OR~~
14 ~~AFFILIATES OF THE ELECTRIC COMPANY. HOWEVER, NOTHING IN THIS SUBTITLE~~
15 ~~MAY BE CONSTRUED TO GIVE THE COMMISSION THE AUTHORITY TO REGULATE AN~~
16 ~~AFFILIATE OF AN ELECTRIC COMPANY WITH RESPECT TO ANY NONREGULATED~~
17 ~~BUSINESS OR ACTIVITIES OF THE AFFILIATE.~~

18 (13) THE DEPARTMENT OF THE ENVIRONMENT, IN CONSULTATION WITH
19 THE COMMISSION, SHALL EVALUATE EXISTING PROGRAMS TO MAINTAIN
20 ENVIRONMENTAL REGULATIONS AND EVALUATE ANY NEW PROGRAMS AS
21 APPROPRIATE TO ENSURE COMPLIANCE WITH FEDERAL AND STATE
22 ENVIRONMENTAL REGULATIONS.

23 (14) NOTHING IN THIS SUBTITLE MAY OPERATE TO PREVENT THE
24 APPLICATION OF STATE CONSUMER PROTECTION AND ANTITRUST STATUTES
25 APPLICABLE TO ELECTRIC COMPANIES AND THEIR AFFILIATES AND TO ELECTRICITY
26 SUPPLIERS.

27 (C) (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, INCLUDING
28 SUBSECTION (D) OF THIS SECTION, THE COMMISSION MAY REGULATE THE
29 REGULATED SERVICES OF AN ELECTRIC COMPANY THROUGH ALTERNATIVE FORMS
30 OF REGULATION.

31 (2) THE COMMISSION MAY ADOPT AN ALTERNATIVE FORM OF
32 REGULATION UNDER THIS SECTION IF THE COMMISSION FINDS, AFTER NOTICE AND
33 HEARING, THAT THE ALTERNATIVE FORM OF REGULATION:

34 (I) PROTECTS CONSUMERS;

35 (II) ENSURES THE QUALITY, AVAILABILITY, AND RELIABILITY OF
36 REGULATED ELECTRIC SERVICES; AND

37 (III) IS IN THE INTEREST OF THE PUBLIC, INCLUDING
38 SHAREHOLDERS OF THE ELECTRIC COMPANY.

39 (3) ALTERNATIVE FORMS OF REGULATION MAY INCLUDE:

- 1 (I) PRICE REGULATION, INCLUDING PRICE FREEZES OR CAPS;
 2 (II) REVENUE REGULATION;
 3 (III) RANGES OF AUTHORIZED RETURN;
 4 (IV) RATE OF RETURN;
 5 (V) CATEGORIES OF SERVICES; OR
 6 (VI) PRICE-INDEXING.

7 (D) (1) THE COMMISSION SHALL ~~FREEZE OR~~ CAP, FOR 4 YEARS AFTER
 8 INITIAL IMPLEMENTATION OF CUSTOMER CHOICE IN THE ELECTRIC COMPANY'S
 9 DISTRIBUTION TERRITORY, THE TOTAL OF THE RATES OF AN ELECTRIC COMPANY
 10 CHARGED TO A RETAIL ELECTRIC CUSTOMER AT THE ACTUAL LEVEL OF THE RATES
 11 IN EFFECT OR AUTHORIZED BY THE COMMISSION ON THE DATE IMMEDIATELY
 12 PRECEDING THE INITIAL IMPLEMENTATION OF CUSTOMER CHOICE IN THE
 13 ELECTRIC COMPANY'S DISTRIBUTION TERRITORY.

14 (2) THE ~~FREEZE OR~~ CAP SHALL NOT APPLY TO THE RECOVERY OF COSTS
 15 UNDER § 7-512(A) THROUGH (C) OF THIS SUBTITLE THAT ARE NOT INCLUDED IN
 16 RATES ON JANUARY 1, 2000 EXCEPT FOR COSTS FOR THE UNIVERSAL SERVICE
 17 PROGRAM UNDER § 7-516 OF THIS SUBTITLE. THE ~~FREEZE OR~~ CAP SHALL APPLY TO
 18 THE RECOVERY OF ANY TRANSITION COSTS UNDER § 7-513 AND THE RECOVERY OF
 19 COSTS FOR THE UNIVERSAL SERVICE PROGRAM UNDER § 7-516 OF THIS SUBTITLE.

20 (3) AS PART OF A SETTLEMENT, THE COMMISSION MAY APPROVE A
 21 ~~FREEZE OR~~ CAP FOR A DIFFERENT TIME PERIOD OR AN ALTERNATIVE PRICE
 22 PROTECTION PLAN THAT IS EQUALLY PROTECTIVE OF RATE PAYERS.

23 (4) (I) BY JULY 1, 2000, THE COMMISSION SHALL REDUCE
 24 RESIDENTIAL RATES FOR EACH INVESTOR-OWNED ELECTRIC COMPANY BY AN
 25 AMOUNT BETWEEN 3% AND 7% OF BASE RATES AS OF JUNE 30, 1999. THAT
 26 REDUCTION SHALL REMAIN IN EFFECT UNTIL THE LATER OF JULY 1, 2003 AND THE
 27 DATE WHEN ALL RESIDENTIAL CUSTOMERS HAVE THE RIGHT TO ELECT CUSTOMER
 28 CHOICE IN ELECTRIC SUPPLY.

29 (II) IN ACHIEVING THE RATE REDUCTION UNDER THIS
 30 PARAGRAPH, THE COMMISSION MAY CONSIDER:

- 31 1. THE EXPIRATION OF SURCHARGES;
 32 2. CHANGES IN AN ELECTRIC COMPANY'S TAX LIABILITY;
 33 3. COST OF SERVICE DETERMINATIONS ORDERED BY THE
 34 COMMISSION;
 35 4. NET TRANSITION COSTS; AND

1 5. THE EFFECT OF THE RATE REDUCTION ON THE
2 COMPETITIVE ELECTRICITY SUPPLY MARKET.

3 (III) THE COMMISSION MAY INCREASE OR DECREASE THE ACTUAL
4 RATE REDUCTION REQUIRED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH OR ALLOW
5 THE RECOVERY OF ANY EXTRAORDINARY COSTS BASED ON INDIVIDUAL ELECTRIC
6 COMPANY CIRCUMSTANCES IF IT DETERMINES THAT THE ACTION IS NECESSARY
7 AND IN THE PUBLIC INTEREST.

8 (IV) IN DETERMINING THE RATE REDUCTIONS UNDER
9 SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE COMMISSION MAY NOT INCREASE
10 RATES FOR NONRESIDENTIAL CUSTOMERS.

11 (5) THE REQUIREMENT OF PARAGRAPH (4) OF THIS SUBSECTION MAY
12 NOT APPLY TO AN ELECTRIC COMPANY IF THE COMMISSION APPROVES A
13 SETTLEMENT THAT IS EQUALLY PROTECTIVE OF RATEPAYERS.

14 7-506.

15 (A) THE ELECTRIC COMPANY IN A DISTRIBUTION TERRITORY SHALL PROVIDE
16 AND BE RESPONSIBLE FOR DISTRIBUTION SERVICES IN THE TERRITORY.

17 (B) THE ELECTRIC COMPANY SHALL PROVIDE DISTRIBUTION SERVICES IN ITS
18 DISTRIBUTION TERRITORY TO ALL CUSTOMERS AND ELECTRICITY SUPPLIERS ON
19 RATES, TERMS OF ACCESS, AND CONDITIONS THAT ARE COMPARABLE TO THE
20 ELECTRIC COMPANY'S OWN USE OF ITS DISTRIBUTION SYSTEM.

21 (C) EACH ELECTRIC COMPANY SHALL MAINTAIN THE RELIABILITY OF ITS
22 DISTRIBUTION SYSTEM IN ACCORDANCE WITH APPLICABLE ORDERS, TARIFFS, AND
23 REGULATIONS OF THE COMMISSION.

24 (D) THE ELECTRIC COMPANY MUST CONNECT CUSTOMERS AND DELIVER
25 ELECTRICITY ON BEHALF OF ELECTRICITY SUPPLIERS CONSISTENT WITH THE
26 PROVISIONS OF THIS ARTICLE.

27 (E) (1) AN ELECTRICITY SUPPLIER MAY NOT DISCRIMINATE AGAINST ANY
28 CUSTOMER BASED WHOLLY OR PARTLY ON RACE, COLOR, CREED, NATIONAL ORIGIN,
29 OR SEX OF AN APPLICANT FOR SERVICE OR FOR ANY ARBITRARY, CAPRICIOUS, OR
30 UNFAIRLY DISCRIMINATORY REASON.

31 (2) AN ELECTRICITY SUPPLIER MAY NOT REFUSE TO PROVIDE SERVICE
32 TO A CUSTOMER EXCEPT BY THE APPLICATION OF STANDARDS THAT ARE
33 REASONABLY RELATED TO THE ELECTRICITY SUPPLIER'S ECONOMIC AND BUSINESS
34 PURPOSES.

35 (F) AN ELECTRIC COMPANY SHALL PROVIDE STANDARD OFFER SERVICE
36 UNDER § 7-510 OF THIS SUBTITLE.

1 7-507.

2 (A) A PERSON, OTHER THAN AN ELECTRIC COMPANY PROVIDING STANDARD
3 OFFER SERVICE UNDER § 7-510(C) OF THIS SUBTITLE OR A MUNICIPAL UTILITY
4 SERVING CUSTOMERS SOLELY IN ITS DISTRIBUTION TERRITORY, MAY NOT ENGAGE
5 IN THE BUSINESS OF AN ELECTRICITY SUPPLIER IN THE STATE UNLESS THE PERSON
6 HOLDS A LICENSE ISSUED BY THE COMMISSION.

7 (B) AN APPLICATION FOR AN ELECTRICITY SUPPLIER LICENSE SHALL:

8 (1) BE MADE TO THE COMMISSION IN WRITING ON A FORM ADOPTED BY
9 THE COMMISSION;

10 (2) BE VERIFIED BY OATH OR AFFIRMATION; AND

11 (3) CONTAIN INFORMATION THAT THE COMMISSION REQUIRES.

12 (C) THE COMMISSION ~~MAY~~ SHALL, BY REGULATION OR ORDER:

13 (1) REQUIRE PROOF OF FINANCIAL INTEGRITY;

14 (2) REQUIRE A LICENSEE TO POST A BOND OR OTHER SIMILAR
15 INSTRUMENT, IF, IN THE COMMISSION'S JUDGMENT, THE BOND OR SIMILAR
16 INSTRUMENT IS NECESSARY TO INSURE AN ELECTRICITY SUPPLIER'S FINANCIAL
17 INTEGRITY;

18 (3) REQUIRE A LICENSEE TO:

19 (I) PROVIDE PROOF THAT IT HAS ~~REGISTERED~~ QUALIFIED TO DO
20 BUSINESS IN THE STATE WITH THE DEPARTMENT OF ASSESSMENTS AND TAXATION;
21 ~~AND~~

22 (II) AGREE TO BE SUBJECT TO ALL APPLICABLE TAXES; ~~AND~~ AND

23 (III) MAINTAIN ON FILE WITH THE COMMISSION THE LICENSEE'S
24 CERTIFICATION THAT ALL APPLICABLE FEDERAL AND REGIONAL RELIABILITY
25 REQUIREMENTS AND REQUIREMENTS OF ANY APPLICABLE INDEPENDENT SYSTEM
26 OPERATOR ARE SATISFIED; AND

27 (4) ADOPT ANY OTHER REQUIREMENTS IT FINDS TO BE IN THE PUBLIC
28 INTEREST, WHICH MAY INCLUDE DIFFERENT REQUIREMENTS FOR:

29 (I) ELECTRICITY SUPPLIERS THAT SERVE ONLY LARGE
30 CUSTOMERS; AND

31 (II) THE DIFFERENT CATEGORIES OF ELECTRICITY SUPPLIERS.

32 (D) A LICENSE ISSUED UNDER THIS SECTION MAY NOT BE TRANSFERRED
33 WITHOUT PRIOR COMMISSION APPROVAL.

1 (E) THE COMMISSION ~~MAY~~ SHALL ADOPT REGULATIONS OR ISSUE ORDERS
2 BEFORE THE IMPLEMENTATION OF CUSTOMER CHOICE TO:

3 (1) PROTECT CONSUMERS, ELECTRIC COMPANIES, AND ELECTRICITY
4 SUPPLIERS FROM ANTICOMPETITIVE AND ABUSIVE PRACTICES; AND

5 (2) REQUIRE EACH ELECTRICITY SUPPLIER TO PROVIDE ADEQUATE AND
6 ACCURATE CUSTOMER INFORMATION TO ENABLE CUSTOMERS TO MAKE INFORMED
7 CHOICES REGARDING THE PURCHASE OF ANY ELECTRICITY SERVICES OFFERED BY
8 THE ELECTRICITY SUPPLIER.

9 (F) ELECTRICITY BILLS PROVIDED TO CONSUMERS MUST BE PREPARED AND
10 ISSUED IN ACCORDANCE WITH REGULATIONS OR ORDERS OF THE COMMISSION.

11 (G) (1) AN ELECTRICITY SUPPLIER OR ANY PERSON OR GOVERNMENTAL
12 UNIT MAY NOT MAKE ANY CHANGE IN THE ELECTRICITY SUPPLIER FOR A CUSTOMER
13 OR ADD NEW SERVICES TO A CUSTOMER'S EXISTING ELECTRICITY SERVICE OPTIONS
14 WITHOUT FIRST OBTAINING THE CUSTOMER'S PERMISSION.

15 (2) THE COMMISSION SHALL ADOPT REGULATIONS OR ISSUE ORDERS
16 ESTABLISHING PROCEDURES TO PREVENT ~~UNAUTHORIZED SWITCHING THE~~
17 PRACTICES DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION.

18 (H) (1) THE COMMISSION MAY REVOKE OR SUSPEND THE LICENSE OF AN
19 ELECTRICITY SUPPLIER, IMPOSE A CIVIL PENALTY, ORDER A REFUND OR CREDIT TO
20 A CUSTOMER, ORDER CANCELLATION OF CONTRACT, OR IMPOSE A MORATORIUM ON
21 ADDING OR SOLICITING ADDITIONAL CUSTOMERS BY THE ELECTRICITY SUPPLIER,
22 FOR JUST CAUSE ON THE COMMISSION'S OWN INVESTIGATION OR ON COMPLAINT OF
23 THE OFFICE OF PEOPLE'S COUNSEL, THE ATTORNEY GENERAL, OR AN AFFECTED
24 PARTY.

25 (2) A CIVIL PENALTY MAY BE IMPOSED IN ADDITION TO THE
26 COMMISSION'S DECISION TO REVOKE, SUSPEND, OR IMPOSE A MORATORIUM.

27 (3) JUST CAUSE INCLUDES:

28 (I) INTENTIONALLY PROVIDING FALSE INFORMATION TO THE
29 COMMISSION;

30 (II) SWITCHING, OR CAUSING TO BE SWITCHED, THE ELECTRICITY
31 SUPPLY FOR A CUSTOMER WITHOUT FIRST OBTAINING THE CUSTOMER'S
32 PERMISSION;

33 (III) FAILING TO PROVIDE ELECTRICITY FOR ITS CUSTOMERS;

34 (IV) COMMITTING FRAUD OR ENGAGING IN DECEPTIVE PRACTICES;

35 (V) FAILING TO MAINTAIN FINANCIAL INTEGRITY;

36 (VI) VIOLATING A COMMISSION REGULATION OR ORDER; AND

1 (VII) FAILING TO PAY APPLICABLE STATE OR LOCAL TAXES.

2 (I) (1) THE COMMISSION SHALL ASSESS THE AMOUNT OF ELECTRICITY
3 GENERATED IN MARYLAND AS WELL AS THE AMOUNT OF ELECTRICITY IMPORTED
4 FROM OTHER STATES IN ORDER TO DETERMINE WHETHER A SUFFICIENT SUPPLY OF
5 ELECTRICITY IS AVAILABLE TO CUSTOMERS IN THE STATE.

6 (2) ON OR BEFORE JANUARY 1 IN 2001, 2003, 2005, AND 2007, THE
7 COMMISSION SHALL REPORT TO THE GENERAL ASSEMBLY IN ACCORDANCE WITH §
8 2-1246 OF THE STATE GOVERNMENT ARTICLE ON ITS ASSESSMENT UNDER THIS
9 SUBSECTION, AND ANY RECOMMENDATIONS FOR LEGISLATION WHICH MAY BE
10 NEEDED TO ENSURE AN ADEQUATE SUPPLY OF ELECTRICITY FOR CUSTOMERS IN
11 THE STATE.

12 (H) (J) (1) AN ELECTRICITY SUPPLIER OR PERSON SELLING OR OFFERING
13 TO SELL ELECTRICITY IN THE STATE IN VIOLATION OF THIS SECTION IS SUBJECT TO:

14 (I) A CIVIL PENALTY OF NOT MORE THAN \$2,500 FOR THE
15 VIOLATION; OR

16 (II) LICENSE REVOCATION OR SUSPENSION.

17 (2) EACH DAY A VIOLATION CONTINUES IS A SEPARATE VIOLATION.

18 (3) THE COMMISSION SHALL DETERMINE THE AMOUNT OF ANY CIVIL
19 PENALTY. IN MAKING THIS DETERMINATION, THE COMMISSION SHALL CONSIDER:

20 (I) THE NUMBER OF PREVIOUS VIOLATIONS OF ANY PROVISION OF
21 THIS ARTICLE;

22 (II) THE GRAVITY OF THE CURRENT VIOLATION; AND

23 (III) THE GOOD FAITH OF THE ELECTRICITY SUPPLIER OR PERSON
24 CHARGED IN ATTEMPTING TO ACHIEVE COMPLIANCE AFTER NOTIFICATION OF THE
25 VIOLATION.

26 (H) (K) IN CONNECTION WITH A CONSUMER COMPLAINT OR COMMISSION
27 INVESTIGATION UNDER THIS SECTION, AN ELECTRICITY SUPPLIER SHALL PROVIDE
28 TO THE COMMISSION ACCESS TO ANY ACCOUNTS, BOOKS, PAPERS, AND DOCUMENTS
29 WHICH THE COMMISSION CONSIDERS NECESSARY TO RESOLVE THE MATTER AT
30 ISSUE.

31 (H) (L) THE COMMISSION MAY ORDER THE ELECTRICITY SUPPLIER TO
32 CEASE ADDING OR SOLICITING ADDITIONAL CUSTOMERS OR TO CEASE SERVING
33 CUSTOMERS IN THE STATE.

34 (M) AN ELECTRICITY SUPPLIER SHALL BE SUBJECT TO ALL APPLICABLE
35 FEDERAL AND STATE ENVIRONMENTAL LAWS AND REGULATIONS.

1 (N) AN ELECTRICITY SUPPLIER SHALL PUBLISH ON THE INTERNET
2 INFORMATION THAT IS READILY UNDERSTANDABLE ABOUT ITS SERVICES AND
3 RATES FOR SMALL COMMERCIAL AND RESIDENTIAL ELECTRIC CUSTOMERS.

4 7-508.

5 (A) AN ELECTRIC COMPANY MAY TRANSFER ANY OF ITS GENERATION
6 FACILITIES OR GENERATION ASSETS TO AN AFFILIATE.

7 (B) THE TRANSFER OF A GENERATION FACILITY OR GENERATION ASSET MAY
8 NOT AFFECT OR RESTRICT THE COMMISSION'S DETERMINATION OF THE VALUE OF A
9 GENERATION ASSET FOR PURPOSES OF TRANSITION COSTS OR BENEFITS UNDER §
10 7-513(B) OF THIS SUBTITLE.

11 (C) (1) THIS SUBSECTION IS IN EFFECT UNTIL THE LATER OF THE DATE
12 WHEN:

13 (I) ALL CUSTOMERS OF THE ELECTRIC COMPANY ARE ELIGIBLE
14 FOR CUSTOMER CHOICE UNDER § 7-510 OF THIS SUBTITLE; AND

15 (II) THE AMOUNT OF TRANSITION COSTS OR BENEFITS ARISING
16 FROM THE GENERATION TO BE TRANSFERRED HAS BEEN FINALLY DETERMINED BY
17 THE COMMISSION UNDER § 7-513(A) THROUGH (C) OF THIS SUBTITLE.

18 (2) THE COMMISSION MAY REVIEW AND APPROVE THE TRANSFER FOR
19 THE SOLE PURPOSE OF DETERMINING THAT:

20 (I) THE APPROPRIATE ACCOUNTING HAS BEEN FOLLOWED;

21 (II) THE TRANSFER DOES NOT OR WOULD NOT RESULT IN AN
22 UNDUE ADVERSE EFFECT ON THE PROPER FUNCTIONING OF A COMPETITIVE
23 ELECTRICITY SUPPLY MARKET; AND

24 (III) THE APPROPRIATE TRANSFER PRICE AND RATE MAKING
25 TREATMENT.

26 (3) THE COMMISSION SHALL ACT ON THE TRANSFER OF A GENERATION
27 FACILITY OR GENERATION ASSET UNDER THIS SUBSECTION WITHIN 180 DAYS AFTER
28 THE ELECTRIC COMPANY FILES ITS PROPOSED TRANSFER APPLICATION AND ANY
29 REQUIRED SUPPORTING INFORMATION.

30 7-509.

31 (A) (1) ON AND AFTER THE INITIAL IMPLEMENTATION DATE, THE
32 GENERATION, SUPPLY, AND SALE OF ELECTRICITY, INCLUDING ALL RELATED
33 FACILITIES AND ASSETS, MAY NOT BE REGULATED AS AN ELECTRIC COMPANY
34 SERVICE OR FUNCTION EXCEPT TO:

35 (I) ESTABLISH THE PRICE FOR STANDARD OFFER SERVICE UNDER
36 § 7-510(C) OF THIS SUBTITLE; AND

1 (II) REVIEW AND APPROVE TRANSFERS OF GENERATION ASSETS
2 UNDER § 7-508 OF THIS SUBTITLE.

3 (2) THIS SUBSECTION DOES NOT APPLY TO:

4 (I) REGULATION OF AN ELECTRICITY SUPPLIER UNDER § 7-507 OF
5 THIS SUBTITLE; OR

6 (II) AS PART OF A SETTLEMENT APPROVED OR ORDER ISSUED BY
7 THE COMMISSION THE COSTS OF NUCLEAR GENERATION FACILITIES OR PURCHASED
8 POWER CONTRACTS WHICH REMAIN REGULATED OR ARE RECOVERED THROUGH
9 THE DISTRIBUTION FUNCTION.

10 (B) (1) EXCEPT FOR AN ELECTRIC COMPANY WHOSE RETAIL PEAK LOAD IN
11 THE STATE ON JANUARY 1, 1999, WAS LESS THAN 1,000 MEGAWATTS, THIS SECTION
12 DOES NOT APPLY TO AN ELECTRIC COMPANY UNTIL THE ELECTRIC COMPANY:

13 ~~(1)~~ (I) TRANSFERS GENERATION FACILITIES AND GENERATION
14 ASSETS TO AN AFFILIATE OF THE ELECTRIC COMPANY, AND THE AFFILIATE
15 OPERATES THE FACILITIES AND ASSETS; OR

16 ~~(2)~~ (II) SELLS THE GENERATION FACILITIES AND GENERATION ASSETS
17 TO A NONAFFILIATE.

18 (2) FOR AN ELECTRIC COMPANY WHOSE RETAIL PEAK LOAD IN THE
19 STATE ON JANUARY 1, 1999 WAS LESS THAN 1,000 MEGAWATTS, THE COMMISSION
20 MAY REVIEW THE CORPORATE STRUCTURE OF THE ELECTRIC COMPANY IN ORDER
21 TO ENSURE THE STRUCTURE DOES NOT RESULT IN AN UNDUE ADVERSE EFFECT ON
22 THE PROPER FUNCTION OF A COMPETITIVE ELECTRICITY SUPPLY MARKET.

23 (3) THE EXCEPTION PROVIDED IN THIS SUBSECTION, AS IT APPLIES TO
24 INVESTOR-OWNED UTILITIES, SHALL EXPIRE AND BE OF NO FURTHER FORCE AND
25 EFFECT ON JANUARY 1, 2001.

26 (C) THE EXCEPTIONS IN SUBSECTION (A)(1) OF THIS SECTION AS TO ANY
27 ELECTRIC COMPANY SHALL REMAIN IN EFFECT UNTIL THE LATER OF THE DATE
28 WHEN:

29 (1) ALL CUSTOMERS OF THAT ELECTRIC COMPANY ARE ELIGIBLE FOR
30 CUSTOMER CHOICE UNDER § 7-510 OF THIS SUBTITLE; AND

31 (2) THE AMOUNT OF TRANSITION COSTS OR BENEFITS ARISING FROM
32 THE GENERATION THAT IS DEREGULATED HAS BEEN FINALLY DETERMINED BY THE
33 COMMISSION UNDER § 7-513(A) THROUGH (C) OF THIS SUBTITLE.

34 7-510.

35 (A) (1) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE PHASED
36 IMPLEMENTATION OF CUSTOMER CHOICE SHALL BE IMPLEMENTED AS FOLLOWS:

1 (I) ON JULY 1, 2000, ~~ONE THIRD OF THE RETAIL PEAK LOAD OF~~
 2 ~~EACH CUSTOMER CLASS~~ ONE-THIRD OF THE RESIDENTIAL CLASS IN THE STATE OF
 3 EACH ELECTRIC COMPANY SHALL HAVE THE OPPORTUNITY FOR CUSTOMER CHOICE;

4 (II) ON JANUARY 1, 2001, THE ENTIRE INDUSTRIAL CLASS AND THE
 5 ENTIRE COMMERCIAL CLASS IN THE STATE OF EACH ELECTRIC COMPANY SHALL
 6 HAVE THE OPPORTUNITY FOR CUSTOMER CHOICE;

7 ~~(H)~~ (III) ON JULY 1, 2001, ~~TWO-THIRDS OF THE RETAIL PEAK LOAD~~
 8 ~~OF EACH CUSTOMER CLASS~~ TWO-THIRDS OF THE RESIDENTIAL CLASS IN THE STATE
 9 OF EACH ELECTRIC COMPANY SHALL HAVE THE OPPORTUNITY FOR CUSTOMER
 10 CHOICE;

11 ~~(HH)~~ (IV) ON JULY 1, 2002, ALL CUSTOMERS OF EACH ELECTRIC
 12 COMPANY SHALL HAVE THE OPPORTUNITY FOR CUSTOMER CHOICE; AND

13 ~~(HV)~~ (V) BY JULY 1, 2003, UNDER A SEPARATE SCHEDULE ADOPTED
 14 BY THE COMMISSION, ALL CUSTOMERS OF EACH ELECTRIC COOPERATIVE SHALL
 15 HAVE THE OPPORTUNITY FOR CUSTOMER CHOICE.

16 (2) THE COMMISSION MAY DEVELOP A SEPARATE SCHEDULE FOR
 17 MUNICIPAL UTILITIES IN ACCORDANCE WITH SUBSECTION (D) OF THIS SECTION.

18 (B) FOR GOOD CAUSE SHOWN AND IF THE COMMISSION FINDS THE ACTION
 19 TO BE IN THE PUBLIC INTEREST, THE COMMISSION MAY:

20 (1) ACCELERATE OR DELAY THE INITIAL IMPLEMENTATION DATE OF
 21 JULY 1, 2000 BY UP TO 3 MONTHS; OR

22 (2) ACCELERATE ANY OF THE OTHER IMPLEMENTATION DATES AND
 23 PHASE-IN PERCENTAGES IN SUBSECTION (A) OF THIS SECTION.

24 (C) (1) BEGINNING ON THE INITIAL IMPLEMENTATION DATE, AN ELECTRIC
 25 COMPANY'S OBLIGATION TO PROVIDE ELECTRICITY SUPPLY AND ELECTRICITY
 26 SUPPLY SERVICE IS STATED BY THIS SUBSECTION.

27 (2) ELECTRIC SUPPLY PURCHASED FROM A CUSTOMER'S ELECTRIC
 28 COMPANY IS KNOWN AS STANDARD OFFER SERVICE. A CUSTOMER IS CONSIDERED TO
 29 HAVE CHOSEN THE STANDARD OFFER SERVICE IF THE CUSTOMER:

30 (I) IS NOT ALLOWED TO CHOOSE AN ELECTRICITY SUPPLIER
 31 UNDER THE PHASE IN OF CUSTOMER CHOICE IN § 7-510(A) OF THIS SUBTITLE;

32 (II) CONTRACTS FOR ELECTRICITY WITH AN ELECTRICITY
 33 SUPPLIER AND IT IS NOT DELIVERED;

34 (III) CANNOT ARRANGE FOR ELECTRICITY FROM AN ELECTRICITY
 35 SUPPLIER; ~~OR~~

36 (IV) DOES NOT CHOOSE AN ELECTRICITY SUPPLIER- OR;

1 (V) HAS BEEN DENIED SERVICE OR REFERRED AS A DELINQUENT
2 ACCOUNT TO THE STANDARD OFFER SERVICE PROVIDER BY AN ELECTRIC SUPPLIER
3 OR AGGREGATOR.

4 (3) ~~ANY OBLIGATION OF AN ELECTRIC COMPANY TO PROVIDE~~
5 ~~STANDARD OFFER SERVICE SHALL CEASE ON JULY 1, 2003, EXCEPT THAT:~~

6 (4) ~~ELECTRIC COOPERATIVES AND MUNICIPAL UTILITIES MAY~~
7 ~~CHOOSE TO CONTINUE PROVIDING STANDARD OFFER SERVICE IN THEIR~~
8 ~~RESPECTIVE DISTRIBUTION TERRITORIES, AND MAY CEASE OFFERING THAT~~
9 ~~SERVICE AFTER NOTIFYING THE COMMISSION AT LEAST 12 MONTHS IN ADVANCE;~~
10 ~~AND~~

11 (H) ~~IF THE COMMISSION FINDS THAT THE ELECTRICITY SUPPLY~~
12 ~~MARKET IS NOT COMPETITIVE, THE COMMISSION MAY EXTEND THE OBLIGATION TO~~
13 ~~PROVIDE STANDARD OFFER SERVICE TO RESIDENTIAL AND SMALL COMMERCIAL~~
14 ~~CUSTOMERS UNTIL JULY 1, 2004, AT THE LATEST, AT A RATE DETERMINED UNDER §~~
15 ~~7-505(C) OF THIS SUBTITLE.~~

16 (3) (I) THE OBLIGATION OF AN ELECTRIC COMPANY TO PROVIDE
17 STANDARD OFFER SERVICE SHALL CONTINUE UNTIL JULY 1, 2003, OR A LATER DATE
18 WHEN THE COMMISSION DETERMINES THAT A COMPETITIVE MARKET EXISTS FOR
19 RESIDENTIAL AND SMALL COMMERCIAL CUSTOMERS.

20 (II) IF THE COMMISSION DOES NOT FIND THAT THE ELECTRICITY
21 SUPPLY MARKET IS COMPETITIVE, OR FINDS THAT NO ACCEPTABLE COMPETITIVE
22 PROPOSALS HAVE BEEN RECEIVED, THE OBLIGATION TO PROVIDE STANDARD OFFER
23 SERVICE TO RESIDENTIAL AND SMALL COMMERCIAL CUSTOMERS SHALL BE
24 EXTENDED AT A PRICE THAT ALLOWS RECOVERY OF VERIFIABLE PRUDENTLY
25 INCURRED MARKET COSTS TO PROCURE OR PRODUCE THE ELECTRICITY PLUS A
26 REASONABLE RETURN. THE COMMISSION SHALL REEXAMINE THIS FINDING
27 ANNUALLY.

28 (III) ELECTRIC COOPERATIVES AND MUNICIPAL UTILITIES MAY
29 CHOOSE TO CONTINUE PROVIDING STANDARD OFFER SERVICE IN THEIR
30 RESPECTIVE TERRITORIES, AND MAY CEASE OFFERING THAT SERVICE AFTER
31 NOTIFYING THE COMMISSION AT LEAST 12 MONTHS IN ADVANCE.

32 (4) ON OR BEFORE JULY 1, 2001, THE COMMISSION SHALL ADOPT
33 REGULATIONS OR ISSUE ORDERS TO ESTABLISH PROCEDURES FOR THE
34 COMPETITIVE SELECTION OF ELECTRICITY SUPPLIERS, INCLUDING AN AFFILIATE
35 OF AN ELECTRIC COMPANY, TO PROVIDE STANDARD OFFER SERVICE TO CUSTOMERS
36 OF ELECTRIC COMPANIES, EXCEPT FOR CUSTOMERS OF ELECTRIC COOPERATIVES
37 AND MUNICIPAL UTILITIES. ~~UNLESS DELAYED BY THE COMMISSION, THE~~
38 ~~COMPETITIVE SELECTION SHALL TAKE EFFECT NO LATER THAN JULY 1, 2003.~~

39 (5) AN ELECTRIC COMPANY MAY PROCURE THE ELECTRICITY NEEDED
40 TO MEET ITS STANDARD OFFER SERVICE ELECTRICITY SUPPLY OBLIGATION FROM
41 ANY ELECTRICITY SUPPLIER, INCLUDING AN AFFILIATE OF THE ELECTRIC COMPANY.

1 (6) AN ELECTRIC COMPANY SHALL CONTINUE TO PURCHASE
 2 ELECTRICITY UNDER ANY CONTRACT IN EFFECT ON JANUARY 1, 1999 WITH A
 3 RENEWABLE ENERGY RESOURCE FACILITY LOCATED IN THE STATE UNTIL THE
 4 LATER OF THE EXPIRATION OF THE CONTRACT OR THE EXPIRATION OR
 5 SATISFACTION OF BONDS EXISTING ON JANUARY 1, 1999 SUPPORTING THE FACILITY.

6 (D) (1) EACH MUNICIPAL ELECTRIC UTILITY MAY FILE WITH THE
 7 COMMISSION A SEPARATE PLAN AND SCHEDULE FOR PROVIDING CUSTOMER CHOICE
 8 OF ELECTRICITY SUPPLY TO ITS CUSTOMERS. THE COMMISSION MAY APPROVE EACH
 9 MUNICIPAL ELECTRIC UTILITY PLAN AND SCHEDULE AFTER CONSIDERING THE
 10 FEATURES THAT DISTINGUISH THE MUNICIPAL ELECTRIC UTILITY FROM OTHER
 11 ELECTRIC COMPANIES.

12 (2) SUBJECT TO SUBSECTION (F) OF THIS SECTION, MUNICIPAL
 13 ELECTRIC UTILITIES MAY ELECT TO INDEFINITELY CONTINUE TO PROVIDE
 14 STANDARD OFFER SERVICE FOR ELECTRICITY SUPPLY ONLY IN THEIR RESPECTIVE
 15 DISTRIBUTION TERRITORIES, INSTEAD OF IMPLEMENTING CUSTOMER CHOICE.

16 (3) NOTHING IN THIS SUBTITLE MAY BE CONSTRUED TO REQUIRE THE
 17 FUNCTIONAL, OPERATIONAL, STRUCTURAL, OR LEGAL SEPARATION OF A MUNICIPAL
 18 UTILITY'S REGULATED AND NONREGULATED OPERATIONS.

19 ~~(D)~~ (E) NOTWITHSTANDING THE DATES SET FORTH IN THIS SECTION OR
 20 ANY OTHER LAW, CUSTOMER CHOICE MAY NOT COMMENCE UNTIL LEGISLATION IS
 21 ENACTED TO RESTRUCTURE MARYLAND TAXES TO ADDRESS THE STATE AND LOCAL
 22 TAX IMPLICATIONS OF RESTRUCTURING THE ELECTRIC UTILITY INDUSTRY.

23 ~~(E)~~ (F) THE COMMISSION SHALL, BY REGULATION OR ORDER, ADOPT
 24 PROCEDURES TO IMPLEMENT THIS SECTION, INCLUDING THE ALLOCATION OF ANY
 25 UNUSED OPPORTUNITY FOR CUSTOMER CHOICE AMONG CUSTOMER CLASSES.

26 (G) IF A MUNICIPAL UTILITY SERVES CUSTOMERS OUTSIDE ITS DISTRIBUTION
 27 TERRITORY, ANY ELECTRICITY SUPPLIER LICENSED UNDER § 7-507 OF THIS
 28 SUBTITLE MAY SERVE THE CUSTOMERS WITHIN THE DISTRIBUTION TERRITORY OF
 29 THE MUNICIPAL UTILITY.

30 ~~(G)~~ (H) A COUNTY OR MUNICIPAL CORPORATION MAY NOT ACT AS AN
 31 AGGREGATOR UNLESS THE COMMISSION DETERMINES THERE IS NOT SUFFICIENT
 32 COMPETITION WITHIN THE BOUNDARIES OF THE COUNTY OR MUNICIPAL
 33 CORPORATION.

34 7-511.

35 (A) EXCEPT FOR ELECTRIC COOPERATIVES AND MUNICIPAL UTILITIES:

36 (1) COMPETITIVE BILLING SHALL BEGIN ON JULY 1, 2000;

37 (2) COMPETITIVE METERING FOR LARGE CUSTOMERS SHALL BEGIN ON
 38 JANUARY 1, 2002; AND

1 (3) COMPETITIVE METERING FOR ALL OTHER CUSTOMERS SHALL BEGIN
2 ON APRIL 1, 2002, OR EARLIER IF REQUESTED BY THE ELECTRIC COMPANY.

3 ~~(B)~~ (1) AS A CONDITION OF LICENSING TO ACT AS A BILLING AGENT IN THE
4 STATE, THE COMMISSION SHALL REQUIRE A LICENSEE TO:

5 (I) MAINTAIN ASSETS IN THE STATE SUFFICIENT TO COVER AT
6 LEAST 3 MONTHS' BILLING REVENUES, INCLUDING ALL STATE AND LOCAL TAXES
7 AND FEES, UNIVERSAL SERVICE CHARGES, COMPETITIVE TRANSITION CHARGES,
8 AND OTHER CHARGES REQUIRED BY STATE OR LOCAL LAW OR REGULATION; OR

9 (II) POST A BOND WITH THE COMMISSION IN AN AMOUNT
10 SUFFICIENT TO COVER AT LEAST 3 MONTHS' BILLING REVENUES, INCLUDING ALL
11 STATE AND LOCAL TAXES AND FEES, UNIVERSAL SERVICE CHARGES, COMPETITIVE
12 TRANSITION CHARGES, AND OTHER CHARGES REQUIRED BY STATE OR LOCAL LAW
13 OR REGULATION.

14 (2) THE STATE, ON ITS OWN MOTION OR WITHIN 2 WEEKS AFTER A
15 REQUEST BY A LOCAL GOVERNMENT, MAY FORECLOSE ON THE BOND OR INITIATE
16 ATTACHMENT PROCEEDINGS AT ANY TIME THAT A LICENSEE FAILS TO MEET THE
17 DUE DATE FOR REMISSION OF TAXES OR OTHER STATE OR LOCAL GOVERNMENT
18 CHARGES UNDER THIS SUBSECTION.

19 (3) IN ADDITION TO THE COMMISSION'S AUTHORITY TO SUSPEND OR
20 REVOKE A LICENSE UNDER THIS SUBTITLE, THE COMMISSION SHALL SUSPEND OR
21 REVOKE THE LICENSE OF A BILLING AGENT ON APPLICATION OF A LOCAL
22 GOVERNMENT FOR NONPAYMENT OF LOCAL TAXES OR FEES.

23 ~~(B)~~ (C) THE COMMISSION SHALL ADOPT REGULATIONS OR ISSUE ORDERS
24 TO IMPLEMENT THIS SECTION.

25 7-512.

26 (A) THIS SECTION AND § 7-513 OF THIS SUBTITLE APPLY TO AN ENTITY THAT
27 WAS REGULATED AS AN ELECTRIC COMPANY ON JUNE 30, 1999, WHETHER OR NOT
28 THE ENTITY OR ANY OF ITS BUSINESSES, SERVICES, OR ASSETS CONTINUES TO BE
29 REGULATED UNDER THIS ARTICLE AFTER THAT DATE.

30 (B) AN ELECTRIC COMPANY MAY RECOVER COSTS UNDER THIS SECTION TO
31 THE EXTENT THAT THE COMMISSION FINDS COSTS TO BE JUST AND REASONABLE.

32 (C) (1) AN ELECTRIC COMPANY SHALL BE PROVIDED A FAIR OPPORTUNITY
33 TO RECOVER FULLY ALL COSTS OF THE FOLLOWING THAT HAVE BEEN OR WILL BE
34 INCURRED UNDER PROGRAMS OR OTHER PLANS ESTABLISHED BY LAW OR ORDERED
35 BY THE COMMISSION:

36 (I) DEMAND SIDE MANAGEMENT AND OTHER ENERGY
37 CONSERVATION PROGRAMS AND PLANS;

1 (II) UNIVERSAL SERVICE PROGRAMS AND OTHER PUBLIC PURPOSE
2 PROGRAMS; AND

3 (III) CONSUMER EDUCATION PROGRAMS UNDER § 7-505(B)(1) OF
4 THIS SUBTITLE.

5 (2) THE COSTS SUBJECT TO THIS SUBSECTION SHALL BE FUNDED IN
6 THE ELECTRIC COMPANY'S DISTRIBUTION TERRITORY, EXCEPT THAT THE
7 UNIVERSAL SERVICE PROGRAM IN § 7-516 OF THIS SUBTITLE SHALL BE FUNDED ON A
8 STATEWIDE BASIS, BY A SURCHARGE OR OTHER COST RECOVERY MECHANISM THAT:

9 (I) FULLY RECOVERS FROM CUSTOMERS IN THE TERRITORY THE
10 COSTS OF THE PLANS AND PROGRAMS IN THE TERRITORY OR STATE, AS
11 APPROPRIATE; AND

12 (II) EXCEPT FOR PARAGRAPH (3) OF THIS SUBSECTION, WITH
13 RESPECT TO ANY OF THESE COSTS NOT INCLUDED IN RATES ON JANUARY 1, 2000, IS
14 NOT SUBJECT TO ANY OTHERWISE APPLICABLE RATE FREEZE OR CAP.

15 (3) THE RECOVERY OF COSTS BY AN ELECTRIC COMPANY FOR THE
16 UNIVERSAL SERVICE PROGRAM UNDER § 7-516 OF THIS SUBTITLE IS SUBJECT TO
17 ANY APPLICABLE CAP REGARDLESS OF WHEN THE COSTS ARE INCLUDED IN RATES.

18 7-513.

19 (A) (1) IN ACCORDANCE WITH THIS SUBSECTION, AN ELECTRIC COMPANY
20 SHALL BE PROVIDED A FAIR OPPORTUNITY TO RECOVER ALL OF ITS PRUDENTLY
21 INCURRED AND VERIFIABLE NET TRANSITION COSTS, SUBJECT TO FULL
22 MITIGATION, FOLLOWING THE COMMISSION'S DETERMINATION UNDER SUBSECTION
23 (B) OF THIS SECTION.

24 (2) A COMPETITIVE TRANSITION CHARGE, OR OTHER APPROPRIATE
25 MECHANISM THAT THE COMMISSION DETERMINES, MAY BE INCLUDED AS PART OF
26 THE CHARGE PAID BY EACH CUSTOMER WHO ACCESSES THE TRANSMISSION OR
27 DISTRIBUTION SYSTEM OF THE ELECTRIC COMPANY IN WHOSE DISTRIBUTION
28 TERRITORY THE CUSTOMER IS LOCATED. THE COSTS AUTHORIZED BY THE
29 COMMISSION TO BE RECOVERED SHALL BE ALLOCATED TO CUSTOMER CLASSES IN A
30 MANNER THAT, AS NEARLY AS REASONABLY POSSIBLE, DOES NOT EXCEED THE COST
31 OF PROVIDING THE SERVICE TO THOSE CLASSES OF CUSTOMERS, AVOIDING WHERE
32 REASONABLY POSSIBLE ANY INTERCLASS OR INTRAClass CROSS SUBSIDY.

33 (3) THE COMPETITIVE TRANSITION CHARGE MAY BE INCLUDED ON
34 BILLS TO CUSTOMERS FOR A PERIOD DETERMINED BY THE COMMISSION. THE
35 COMMISSION MAY ESTABLISH RECOVERY PERIODS OF DIFFERENT LENGTHS FOR
36 EACH ELECTRIC COMPANY AND FOR DIFFERENT CATEGORIES OF TRANSITION
37 COSTS.

38 (4) ~~(4)~~ A COMPETITIVE TRANSITION CHARGE, OR OTHER APPROPRIATE
39 MECHANISM DETERMINED BY THE COMMISSION, MAY NOT BE PAID FOR ANY
40 ON-SITE GENERATED ELECTRICITY TO THE EXTENT OF:

1 ~~1.~~ (I) THE EXISTING FACILITIES' INSTALLED GENERATING
2 CAPACITY AS OF JANUARY 1, 1999; ~~OR~~

3 ~~2.~~ (II) THE GENERATING CAPACITY OF AN EXISTING
4 FACILITY TO BE INSTALLED UNDER A LEGALLY BINDING CONTRACT:

5 ~~A.~~ 1. EXECUTED ON OR BEFORE JANUARY 1, 1999; OR

6 ~~B.~~ 2. EXECUTED ON OR BEFORE SEPTEMBER 29, 1999, IF
7 THE COMMISSION, ON A CASE BY CASE REVIEW OF THE EVIDENCE, DETERMINES
8 THAT NEGOTIATIONS IN GOOD FAITH CONCERNING THE CONTRACT WERE ONGOING
9 AS OF JANUARY 1, ~~1999.~~ 1999; OR

10 ~~(H)~~ ~~ONLY THE FIRST 40 MEGAWATTS, ON A STATEWIDE BASIS, OF~~
11 ~~THE AGGREGATE GENERATING CAPACITY OF ON-SITE GENERATING FACILITIES MAY~~
12 ~~QUALIFY UNDER SUBPARAGRAPH (I)2 B OF THIS PARAGRAPH.~~

13 ~~3.~~ (III) THE FIRST 500 KILOWATT-HOURS PER MONTH OF
14 ANY ON-SITE GENERATED ELECTRICITY FACILITY:

15 ~~A.~~ 1. TO THE EXTENT OF THE FIRST 80 MEGAWATTS, ON A
16 STATEWIDE BASIS, OF THE AGGREGATE GENERATING CAPACITY OF ON-SITE
17 GENERATING FACILITIES; OR

18 ~~B.~~ 2. INSTALLED AFTER JANUARY 1, 2000 FROM FUEL
19 CELLS, PHOTOVOLTAICS, WIND MACHINES, OR MICROTURBINES WHICH HAVE
20 ENERGY CONVERSION EFFICIENCIES GREATER THAN 50%.

21 (B) THE COMMISSION SHALL DETERMINE THE TRANSITION COSTS AND THE
22 AMOUNTS OF THE TRANSITION COSTS THAT AN ELECTRIC COMPANY SHALL BE
23 PROVIDED AN OPPORTUNITY TO RECOVER UNDER ITS RESTRUCTURING PLAN
24 THROUGH THE COMPETITIVE TRANSITION CHARGE OR OTHER APPROPRIATE
25 MECHANISM.

26 (C) (1) AFTER JULY 1, 1999, AN ELECTRIC COMPANY MAY APPLY TO THE
27 COMMISSION FOR A QUALIFIED RATE ORDER FOR SOME OR ALL OF ITS TRANSITION
28 COSTS.

29 (2) IF THE COMMISSION ISSUES A QUALIFIED RATE ORDER AND THE
30 TRANSITION BONDS APPROVED BY THAT ORDER ARE SUCCESSFULLY ISSUED:

31 (I) THE ELECTRIC COMPANY SHALL IMPOSE AND COLLECT,
32 THROUGH ITS CUSTOMER BILLS, THE INTANGIBLE TRANSITION CHARGES APPROVED
33 BY THE QUALIFIED RATE ORDER; AND

34 (II) AT THE SAME TIME, THE ELECTRIC COMPANY'S COMPETITIVE
35 TRANSITION CHARGE SHALL BE REDUCED BY AN AMOUNT EQUAL TO THAT PORTION
36 OF THE COMPETITIVE TRANSITION CHARGE RELATED TO THE TRANSITION COSTS
37 FOR WHICH TRANSITION BONDS HAVE BEEN SUCCESSFULLY ISSUED, TOGETHER
38 WITH ANY COSTS OF CAPITAL RELATED TO THE TRANSITION COSTS FOR WHICH

1 RECOVERY WAS PROVIDED IN THE COMPETITIVE TRANSITION CHARGE, AS
2 PROVIDED IN THE QUALIFIED RATE ORDER.

3 (D) (1) THE COMMISSION SHALL ESTABLISH PROCEDURES FOR THE
4 ANNUAL REVIEW OF THE COMPETITIVE TRANSITION CHARGE FOR EACH ELECTRIC
5 COMPANY TO RECONCILE THE ANNUAL REVENUES RECEIVED FROM THE CHARGE
6 WITH THE ANNUAL AMORTIZATION OF TRANSITION COSTS APPROVED BY THE
7 COMMISSION UNDER THIS SECTION TO TAKE ACCOUNT OF ACTUAL KILOWATT-HOUR
8 SALES IN THE PRIOR YEAR COMPARED WITH PREVIOUSLY ESTIMATED
9 KILOWATT-HOUR SALES. THE COMMISSION SHALL ADJUST THE COMPETITIVE
10 TRANSITION CHARGE BASED ON ANY UNDER RECOVERY OR OVER RECOVERY WITH
11 RESPECT TO THE AUTHORIZED AMORTIZATION AMOUNT.

12 (2) NOTHING IN THIS SUBTITLE SHALL BE CONSTRUED AS PREVENTING
13 THE COMMISSION FROM APPROVING FOR AN INVESTOR OWNED ELECTRIC
14 COMPANY:

15 (I) AN ADJUSTMENT MECHANISM PROPOSED BY SUCH INVESTOR
16 OWNED ELECTRIC COMPANY IN ITS INITIAL RESTRUCTURING PROPOSAL FILED
17 PRIOR TO JANUARY 1, 1999 THAT TAKES INTO ACCOUNT DIFFERENCES OTHER THAN
18 DIFFERENCES IN KILOWATT-HOUR SALES, TAKING INTO CONSIDERATION ANY
19 REQUIREMENTS RELATED TO ANY TRANSITION BONDS;

20 (II) AN ADJUSTMENT THAT TAKES INTO ACCOUNT GENERATION
21 ASSET SALES BY AN ELECTRIC COMPANY OR AN AFFILIATE TO A NONAFFILIATE
22 THAT ARE CONSUMMATED ON OR BEFORE JUNE 30, 2005; OR

23 (III) ANY OTHER MECHANISM AS PART OF A SETTLEMENT.

24 (E) (1) IN DETERMINING THE APPROPRIATE TRANSITION COSTS OR
25 BENEFITS FOR EACH ELECTRIC COMPANY'S GENERATION-RELATED ASSETS, THE
26 COMMISSION SHALL CONDUCT AN EVIDENTIARY HEARING TO ESTABLISH THE
27 VALUE OF THOSE GENERATION ASSETS.

28 (2) THE COMMISSION MAY CONSIDER IN THE DETERMINATION OF THE
29 VALUATION OF EACH ASSET EVIDENCE OF BOOK VALUE, FAIR MARKET VALUE,
30 SALES OF COMPARABLE ASSETS, APPRAISALS, THE REVENUE THE COMPANY WOULD
31 RECEIVE UNDER RATE-OF-RETURN REGULATION, THE REVENUE THE COMPANY
32 WOULD RECEIVE IN A RESTRUCTURED ELECTRICITY SUPPLY MARKET, OTHER
33 APPROPRIATE EVIDENCE OF VALUE, AND OTHER ISSUES CONSIDERED BY THE
34 COMMISSION.

35 (3) THE COMMISSION SHALL DETERMINE AN EQUITABLE ALLOCATION
36 OF COSTS OR BENEFITS BETWEEN SHAREHOLDERS AND RATEPAYERS. IN
37 DETERMINING THE ALLOCATION OF TRANSITION COSTS OR BENEFITS, THE
38 COMMISSION SHALL CONSIDER THE FOLLOWING FACTORS:

39 (I) THE PRUDENCE AND VERIFIABILITY OF THE ORIGINAL
40 INVESTMENT;

1 (II) WHETHER THE INVESTMENT CONTINUES TO BE USED AND
2 USEFUL;

3 (III) WHETHER THE LOSS IS ONE OF WHICH INVESTORS CAN BE
4 SAID TO HAVE REASONABLY BORNE THE RISK; AND

5 (IV) WHETHER INVESTORS HAVE ALREADY BEEN COMPENSATED
6 FOR THE RISK.

7 7-514.

8 (A) ON COMPLAINT OR ON ITS OWN MOTION, FOR GOOD CAUSE SHOWN, THE
9 COMMISSION MAY CONDUCT AN INVESTIGATION OF THE RETAIL ELECTRICITY
10 SUPPLY AND ELECTRICITY SUPPLY SERVICES MARKETS AND DETERMINE WHETHER
11 THE FUNCTION OF ONE OF THESE MARKETS IS BEING ADVERSELY AFFECTED BY
12 MARKET POWER. THE COMMISSION SHALL MONITOR THE RETAIL ELECTRICITY
13 SUPPLY AND ELECTRICITY SUPPLY SERVICES MARKETS TO ENSURE THAT THE
14 MARKETS ARE NOT BEING ADVERSELY AFFECTED BY MARKET POWER.

15 (B) IF, AS A RESULT OF AN INVESTIGATION CONDUCTED UNDER THIS
16 SECTION, THE COMMISSION DETERMINES THAT MARKET POWER IN THE RELEVANT
17 MARKET UNDER THE COMMISSION'S JURISDICTION IS PREVENTING THE ELECTRIC
18 CUSTOMERS IN THE STATE FROM OBTAINING THE BENEFITS OF PROPERLY
19 FUNCTIONING RETAIL ELECTRICITY SUPPLY AND ELECTRICITY SUPPLY SERVICES
20 MARKETS, THE COMMISSION MAY TAKE REMEDIAL ACTIONS WITHIN ITS AUTHORITY
21 TO ADDRESS THE IMPACT OF THE MARKET POWER ACTIVITIES.

22 7-515.

23 AN ELECTRICITY SUPPLIER THAT ALSO PROVIDES DISTRIBUTION SERVICE, OR
24 THAT HAS AN AFFILIATE THAT PROVIDES DISTRIBUTION SERVICE, IN
25 PENNSYLVANIA, DELAWARE, WEST VIRGINIA, AND VIRGINIA OR IN THE DISTRICT OF
26 COLUMBIA MAY NOT PROVIDE RETAIL ELECTRICITY SUPPLY SERVICE, DIRECTLY,
27 INDIRECTLY, OR THROUGH AN AGGREGATOR, MARKETER, OR BROKER, IN THE
28 DISTRIBUTION TERRITORY OF AN UNAFFILIATED ELECTRIC COMPANY UNLESS
29 THERE IS ELECTRICITY SUPPLY COMPETITION IN AT LEAST A PORTION OF THE
30 DISTRIBUTION SERVICE AREA OF THE ELECTRICITY SUPPLIER OR AFFILIATE.

31 7-516.

32 (A) THE COMMISSION SHALL ESTABLISH A UNIVERSAL SERVICE PROGRAM TO
33 ASSIST ELECTRIC CUSTOMERS WITH AN ANNUAL INCOME LEVEL AT OR BELOW 150%
34 OF THE FEDERAL POVERTY LEVEL, WITH INPUT FROM A PANEL OR ROUNDTABLE OF
35 INTERESTED PARTIES. THE DEPARTMENT OF HUMAN RESOURCES SHALL BE
36 RESPONSIBLE FOR ADMINISTERING THE UNIVERSAL SERVICE PROGRAM THROUGH
37 THE MARYLAND ENERGY ASSISTANCE PROGRAM. THE COMMISSION SHALL HAVE
38 OVERSIGHT RESPONSIBILITY FOR THE UNIVERSAL SERVICE PROGRAM.

39 (B) ALL CUSTOMERS WILL CONTRIBUTE TO THE FUNDING OF THIS PROGRAM
40 THROUGH A SYSTEMS BENEFIT SURCHARGE COLLECTED BY EACH ELECTRIC

1 COMPANY FROM WITHIN ITS DISTRIBUTION TERRITORY. ON A STATEWIDE BASIS, THE
2 SURCHARGE MAY NOT EXCEED \$24 MILLION IN ANY YEAR. THE COMMISSION SHALL
3 ALLOCATE FUNDING FOR THIS PROGRAM IN THE FOLLOWING MANNER:

4 (1) 80% OF THE FUNDING SHALL BE PAID BY THE INDUSTRIAL AND
5 COMMERCIAL CLASSES; AND

6 (2) 20% OF THE FUNDING SHALL BE PAID BY THE RESIDENTIAL CLASS.

7 (C) THE UNIVERSAL SERVICE PROGRAM SHALL PROVIDE FINANCIAL SUPPORT
8 TO ELIGIBLE CUSTOMERS FOR:

9 (1) BILL PAYMENT; ~~AND~~

10 (2) LOW-INCOME WEATHERIZATION AND LOW INCOME ENERGY
11 EFFICIENCY PROGRAMS; AND

12 (3) ARREARAGES IN EXISTENCE ON JULY 1, 1999.

13 (D) ON JANUARY 1, 2000, THE COMMISSION SHALL ISSUE A
14 RECOMMENDATION TO THE GENERAL ASSEMBLY ON THE UNIVERSAL SERVICE
15 PROGRAM INCLUDING THE APPROPRIATE AMOUNT TO BE COLLECTED FROM
16 CUSTOMERS.

17 (E) THE ELECTRIC COMPANY SHALL RECOVER UNIVERSAL SERVICE
18 PROGRAM COSTS IN ACCORDANCE WITH § 7-512 OF THIS SUBTITLE.

19 ~~7-517.~~

20 (A) NOTHING IN THIS SUBTITLE MAY BE CONSTRUED TO AFFECT THE
21 AUTHORITY OF THE DIVISION OF CONSUMER PROTECTION IN THE OFFICE OF THE
22 ATTORNEY GENERAL TO ENFORCE CIVIL AND CRIMINAL VIOLATIONS OF TITLES 13
23 AND 14 OF THE COMMERCIAL LAW ARTICLE OR ANY OTHER APPLICABLE STATE LAW
24 OR REGULATION IN CONNECTION WITH THE ACTIVITIES OF ELECTRICITY
25 SUPPLIERS.

26 (B) NOTHING IN THIS SUBTITLE MAY BE CONSTRUED TO AFFECT THE
27 OBLIGATIONS OF AN ELECTRIC COMPANY OR AN ELECTRICITY SUPPLIER TO COMPLY
28 WITH ADMINISTRATIVE RULES AND REGULATIONS REGARDING ANY GRANTS,
29 PAYMENTS OR CREDITS FOR ELIGIBLE CUSTOMERS, AND OTHER ADMINISTRATIVE
30 AND REPORTING DETAILS REQUIRED TO IMPLEMENT THE UNIVERSAL SERVICE
31 PROGRAMS UNDER § 7-517 OF THIS SUBTITLE.

32 ~~7-516.~~ ~~7-518.~~

33 THIS SUBTITLE MAY BE REFERRED TO AS "THE ELECTRIC CUSTOMER CHOICE
34 AND COMPETITION ACT OF 1999".

1 ~~7-517; 7-519.~~ RESERVED.

2 ~~7-518; 7-520.~~ RESERVED.

3

Article - Natural Resources

4 3-308.

5 THE SECRETARY ~~SHALL~~ MAY USE THE ENVIRONMENTAL TRUST FUND,
6 INCLUDING ANY ADDITIONAL AMOUNTS APPROPRIATED BY THE GENERAL
7 ASSEMBLY, ~~TO THE MAXIMUM EXTENT POSSIBLE~~ TO FUND COST-EFFECTIVE
8 ENERGY EFFICIENCY AND CONSERVATION ACTIVITIES AND THE IN-STATE
9 OPERATION AND DEVELOPMENT OF RENEWABLE ENERGY RESOURCES, AS DEFINED
10 IN § 1-101 OF THE PUBLIC UTILITY COMPANIES ARTICLE.

11

Article - Commercial Law

12 9-104.

13 This title does not apply

14 (m) To a transfer of an interest in a letter of credit other than the rights
15 to proceeds of a written letter of credit; OR

16 (N) TO INTANGIBLE TRANSITION PROPERTY AS DEFINED IN § 7-501 OF
17 THE PUBLIC UTILITY COMPANIES ARTICLE.

18 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
19 read as follows:

20

Article - Public Utility Companies

21 7-203.

22 (a) (1) The Commission shall:

23 (i) impose an environmental surcharge per kilowatt hour of
24 electricity [generated] DISTRIBUTED TO RETAIL CUSTOMERS within the State; and

25 (ii) authorize each electric company to add the full amount of the
26 surcharge to its customers' bills.

27 (2) To the extent that an electric company fails to collect the surcharge
28 from its customers, the amount uncollected shall be deemed a cost of power
29 [generation] DISTRIBUTION and allowed and computed as such together with other
30 allowable expenses for purposes of rate-making.

31 (b) (1) The Comptroller shall collect the revenue from the surcharge
32 imposed under subsection (a) of this section and place the revenue into a special fund,
33 the Environmental Trust Fund.

1 (2) The Comptroller shall maintain the method of collection of the
2 surcharge from each electric company, and the money collected shall accrue to the
3 Fund.

4 (c) (1) Each fiscal year, the Secretary of Natural Resources shall coordinate
5 the preparation of the annual budget required to carry out the provisions of the Power
6 Plant Research Program under Title 3, Subtitle 3 of the Natural Resources Article.

7 (2) Each fiscal year, on approval of the annual budget by the General
8 Assembly for the Power Plant Research Program, the Commission shall establish the
9 amount of the environmental surcharge per kilowatt hour of electric energy
10 [generated] DISTRIBUTED in the State that is to be imposed on each electric company
11 in accordance with subsection (a) of this section.

12 (d) (1) Notwithstanding any other provision of this subtitle, the amount of
13 the surcharge for each account OF EACH RETAIL CUSTOMER may not exceed the lesser
14 of 0.15 mill per kilowatt hour or \$1,000 per month.

15 (2) The Department of Natural Resources shall credit against the
16 amount the Commission requires each electric company to pay into the
17 Environmental Trust Fund 1.5% of the total surcharge amount attributed to the
18 electric company on the basis of the amount of the electricity [generated]
19 DISTRIBUTED in the State.

20 (e) The surcharge imposed under this subtitle shall terminate on June 30,
21 [2000] 2005.

22 **Article - Natural Resources**

23 3-302.

24 (a) There is an Environmental Trust Fund. For the purpose of this subtitle,
25 there is established as an added cost of [generation] ELECTRICITY DISTRIBUTED TO
26 RETAIL ELECTRIC CUSTOMERS WITHIN THE STATE, an environmental surcharge per
27 kilowatt hour of electric energy [generated] DISTRIBUTED in the State to be paid by
28 any electric company as defined in § 1-101 of the Public Utility Companies Article.
29 [This surcharge initially shall be assessed at 0.1 mill per kilowatt hour as of January
30 1, 1972.] The Public Service Commission shall impose the surcharge per kilowatt
31 hour of electric energy [generated] DISTRIBUTED TO RETAIL ELECTRIC CUSTOMERS
32 within the State and shall authorize the electric companies to add the full amount of
33 the surcharge to RETAIL ELECTRIC customers' bills. To the extent that the surcharge
34 is not collected from RETAIL ELECTRIC customers, the surcharge shall be deemed a
35 cost of [generation] DISTRIBUTION and shall be allowed and computed as such,
36 together with other allowable expenses, for rate-making purposes. Revenues from
37 the surcharge shall be collected by the Comptroller and placed in the Fund.

38 (b) (1) The Secretary, in consultation with the Director of the Maryland
39 Energy Administration, annually shall coordinate the preparation of a budget
40 required to carry out the provisions of this subtitle. Upon approval of the budget by

1 the General Assembly, the Public Service Commission shall establish the amount of
2 the surcharge per kilowatt hour for the fiscal year beginning July 1, 1972, and for
3 each subsequent fiscal year.

4 (2) Notwithstanding any other provisions of this subtitle, the amount of
5 the surcharge for each account FOR EACH RETAIL CUSTOMER may not exceed the
6 lesser of 0.15 mil per kilowatt hour or \$1,000 per month and the surcharge may not
7 continue beyond Fiscal Year [2000] 2005.

8 (3) The Comptroller shall maintain the method of collection of the
9 surcharge from the companies and the collections shall accrue to the Fund. The
10 Department shall credit against the amount required to be paid into the
11 Environmental Trust Fund by each electric company an amount equal to 1 1/2% of the
12 total surcharge attributed to each company on the basis of the electricity [generated]
13 DISTRIBUTED within Maryland.

14 (c) The Secretary shall administer the Fund. The Fund is subject to the
15 provisions for financial management and budgeting established by the Department of
16 Budget and Management. The moneys in the Fund shall be used to carry out the
17 provisions of this subtitle as provided for in the budget, except that 10 percent of all
18 moneys accruing to the Fund from July 1, 1978 through June 30, 1983 shall be used
19 to supplement funds necessary to carry out the duties of the People's Counsel of the
20 Public Service Commission. The People's Counsel shall submit an annual budget of
21 necessary supplemental funds to the Department to be incorporated in the
22 Department's budget. For the purposes of this subtitle, the Secretary, in consultation
23 with the Director of the Maryland Energy Administration, may execute appropriate
24 contracts with any State or federal agency, research organization, industry, or
25 academic institution to conduct the necessary research, construct or acquire, or both,
26 real property including physical predictive models, laboratories, buildings, land, and
27 appurtenances, or support the technological development of extraordinary systems
28 related to power plants designed to minimize environmental impact. [He] THE
29 SECRETARY may utilize available expertise in any other State unit in the
30 development, execution, and management of contracts and agreements on projects
31 relating to their areas of prime responsibility.

32 (d) (1) The Maryland Energy Administration shall receive administrative
33 and fiscal support from the Fund for studies relating to the conservation or
34 production of electric energy.

35 (2) Fiscal support to the Maryland Energy Administration from the
36 Fund may not exceed \$250,000 in any fiscal year.

37 (e) The Legislative Auditor shall conduct post audits of a fiscal and
38 compliance nature of the Fund and of the appropriations and expenditures made for
39 the purposes of this subtitle. The cost of the fiscal portion of the post audit
40 examinations shall be an operating cost of the Fund.

41 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
42 take effect on July 1, 2000, provided that, if the Public Service Commission delays

1 implementation of customer choice in accordance with the provisions of § 7-510(b) of
2 the Public Utilities Article, as enacted by this Act, the surcharge funding the
3 Environmental Trust Fund under § 7-203 of the Public Utility Companies Article
4 shall continue to be collected as a per-kilowatt-hour surcharge on electricity
5 generated within the State until customer choice is implemented.

6 SECTION ~~2~~ 4. AND BE IT FURTHER ENACTED, That Section(s) 4-403 of the
7 Public Utility Companies Article of the Annotated Code of Maryland be repealed. Any
8 net accumulated over recovery or under recovery of actual fuel costs by each electric
9 company as of the initial implementation date under Title 7, Subtitle 5 of the Public
10 Utility Companies Article, as enacted by this Act, shall be credited or debited, as
11 appropriate, to the electric company's rates and shall be refunded or collected, as
12 appropriate, over a period not to exceed 12 months.

13 SECTION ~~3~~ 5. AND BE IT FURTHER ENACTED, That if any provision of this
14 Act or the application thereof to any person or circumstance is held invalid for any
15 reason in a court of competent jurisdiction, the invalidity does not affect other
16 provisions or any other application of this Act which can be given effect without the
17 invalid provision or application, and for this purpose the provisions of this Act are
18 declared severable.

19 SECTION ~~4~~ 6. AND BE IT FURTHER ENACTED, That Section ~~2~~ 4 of this Act
20 shall take effect on the later of July 1, 2000, and the initial implementation date that
21 the Public Service Commission determines for investor-owned utilities under §
22 7-510(b)(1) of the Public Utility Companies Article, as enacted by this Act.

23 SECTION 7. AND BE IT FURTHER ENACTED, That on or before February 1,
24 2000, the Commission, in consultation with the Maryland Energy Administration,
25 shall report to the Governor and, subject to § 2-1246 of the State Government Article,
26 to the General Assembly on the feasibility of requiring a renewables portfolio
27 standard and the estimated costs and benefits of establishing this requirement.

28 SECTION 8. AND BE IT FURTHER ENACTED, That the Commission shall
29 report to the General Assembly by January 1, 2000, regarding: (1) the status of
30 implementation of the regulations or orders required under this Act; (2) the projected
31 population and needs served by the Universal Service Program under this Act; (3) the
32 final report of the Commission's roundtables; and (4) any recommendations as to
33 legislation which may be necessary to ensure a smooth transition for customers into a
34 competitive retail electricity market.

35 SECTION ~~5~~ 9. AND BE IT FURTHER ENACTED, That Sections 1, ~~3~~, and ~~4~~ 5,
36 and 6 of this Act shall take effect July 1, 1999.

