

Department of Legislative Services  
Maryland General Assembly  
2002 Session

**FISCAL NOTE**

House Bill 345 (Delegate Billings, *et al.*)  
Environmental Matters

---

**Electric Industry - Aggregation - Counties and Municipal Corporations**

---

This bill allows a county or municipal corporation to act as an aggregator that purchases electricity on behalf of customers under specified conditions.

Uncodified language that directs the Public Service Commission (PSC) to adopt regulations to establish standards and procedures to implement the bill is effective June 1, 2002.

The remainder of the bill is effective October 1, 2002.

---

**Fiscal Summary**

**State Effect:** The bill's requirements could be handled with existing budgeted resources.

**Local Effect:** Because the bill is enabling in nature, it is expected that unless counties could act as aggregators with a generally neutral net fiscal effect, they would not choose to become aggregators.

**Small Business Effect:** Potential meaningful.

---

**Analysis**

**Bill Summary:** This bill allows a county or municipal corporation to act as an aggregator that purchases electricity on behalf of customers unless PSC determines that more than 20% of the retail residential and small commercial electric customers within

the boundaries of the county or municipal corporation have selected an aggregator other than the standard offer service supplier.

A county or municipal corporation that chooses to act as an aggregator pursuant to the bill must send a specified notice to residential and small commercial electric customers. A customer is deemed to have given permission to the county or municipal corporation to act as its aggregator if the customer explicitly grants permission by returned notice, or if the customer fails to return notice within 30 days of receipt. An eligible customer may opt into a county's or municipal corporation's aggregation activities at any time it chooses to discontinue services with another aggregator.

PSC must adopt regulations to establish standards and procedures to implement the bill by October 1, 2002. In adopting regulations, PSC must consider: (1) how to ensure that aggregation activities are separated from other governmental activities so that benefits of aggregation are passed on to ratepayers; and (2) whether to define a priority system to determine which governmental entity has the first opportunity to act as aggregator for a shared customer base.

**Current Law:** A county or municipal corporation may not act as an aggregator unless PSC determines there is not sufficient competition within the boundaries of the county or municipal corporation.

**Background:** Aggregation allows customers to benefit from electric competition by pooling together to negotiate discounted prices.

**State Fiscal Effect:** PSC advises that it could handle the bill's requirements using existing budgeted resources.

**Local Fiscal Effect:** The bill is enabling in nature and is not expected to have a net effect on expenditures or revenues for counties or municipalities that choose to become aggregators. It is assumed that aggregation would generally be performed on a cost-recovery basis.

**Small Business Effect:** To the extent that small businesses could benefit from lower energy costs through aggregation, the bill could have a positive effect.

---

### **Additional Information**

**Prior Introductions:** In 2001, HB 198 was referred to interim study by Environmental Matters Committee.

**Cross File:** None, but SB 2 (Senator Green) is a substantially similar bill.

**Information Source(s):** Montgomery County, Prince George's County, Calvert County, Howard County, Public Service Commission, Office of People's Counsel, Department of Legislative Services

**Fiscal Note History:** First Reader - February 25, 2002  
ncs/cer

---

Analysis by: Mitchell J. McCalmon

Direct Inquiries to:  
John Rixey, Coordinating Analyst  
(410) 946-5510  
(301) 970-5510