

**Department of Legislative Services**  
Maryland General Assembly  
2002 Session

**FISCAL NOTE**  
**Revised**

Senate Bill 285

(Chairman, Finance Committee)

(Departmental – Public Service Commission)

Finance

Environmental Matters

**Public Service Commission - Generation and Emissions Studies**

This departmental bill requires electric companies in the State to update a generation and emission study that is required under current law. Electric companies must submit an updated study to the Maryland Department of the Environment (MDE) and the Public Service Commission (PSC) by December 31, 2003 and by December 31, 2005.

The bill takes effect July 1, 2002.

**Fiscal Summary**

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

**Local Effect:** Minimal.

**Small Business Effect:** PSC has determined that this bill will have minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

**Analysis**

**Current Law:** Electric companies in Maryland are required to conduct a study that tracks shifts in generation and emissions as a result of restructuring the electric industry. The study was required to be submitted to MDE and PSC one year after the initial date of implementation of customer choice. If, after review of the study, MDE determines that the emissions levels impose a higher emission burden in Maryland, MDE, in consultation with PSC, shall study the appropriateness, constitutionality, and feasibility of establishing

an air quality surcharge or other mechanism to protect Maryland's environment in connection with the implementation of customer choice of electricity suppliers.

**Background:** After several years of debate in the legislature and in regulatory circles, the Customer Choice Act of 1999 (Chapter 4) restructured the electric industry, allowing for consumer choice of electricity suppliers. In addition to the required disclosure of an electricity supplier's fuel mix and emissions profile, Chapter 4 of 1999 established a number of environmental protection measures. The law requires PSC, in consultation with MDE, to adopt appropriate measures to maintain environmental standards, adapt existing programs, and develop new programs as appropriate to ensure compliance with federal and State environmental protection standards.

Among other things, Chapter 4 of 1999 required electric companies in the State to conduct a study that tracks shifts in generation and emissions as a result of restructuring the electric industry. PSC advises that this study, which is a compilation of air emissions and generation by fuel type and month from January 1999 through December 2000, was submitted to MDE and PSC on June 29, 2001. However, PSC advises that because the amount of competition that occurred in the first six months of consumer choice was less than anticipated when the 1999 legislation was enacted, the existing study is of limited value in determining the effect, if any, restructuring has had on emissions and generation. PSC advises that additional studies would be useful in order for any impact to be determined.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 6, 2002  
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