
By: **Chairman, Economic Matters Committee (By Request - Departmental -
Natural Resources)**

Introduced and read first time: February 2, 2004

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Environmental Trust Fund - Extension of Environmental Surcharge**

3 FOR the purpose of continuing the environmental surcharge on certain electrical
4 energy generated in the State until a certain date; and generally relating to the
5 Environmental Trust Fund and the environmental surcharge.

6 BY repealing and reenacting, with amendments,
7 Article - Natural Resources
8 Section 3-302
9 Annotated Code of Maryland
10 (2000 Replacement Volume and 2003 Supplement)

11 BY repealing and reenacting, with amendments,
12 Article - Public Utility Companies
13 Section 7-203
14 Annotated Code of Maryland
15 (1998 Replacement Volume and 2003 Supplement)

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

18 **Article - Natural Resources**

19 3-302.

20 (a) There is an Environmental Trust Fund. For the purpose of this subtitle,
21 there is established as an added cost of electricity distributed to retail electric
22 customers within the State, an environmental surcharge per kilowatt hour of electric
23 energy distributed in the State to be paid by any electric company as defined in §
24 1-101 of the Public Utility Companies Article. The Public Service Commission shall
25 impose the surcharge per kilowatt hour of electric energy distributed to retail electric
26 customers within the State and shall authorize the electric companies to add the full
27 amount of the surcharge to retail electric customers' bills. To the extent that the

1 surcharge is not collected from retail electric customers, the surcharge shall be
2 deemed a cost of distribution and shall be allowed and computed as such, together
3 with other allowable expenses, for rate-making purposes. Revenues from the
4 surcharge shall be collected by the Comptroller and placed in the Fund.

5 (b) (1) The Secretary, in consultation with the Director of the Maryland
6 Energy Administration, annually shall coordinate the preparation of a budget
7 required to carry out the provisions of this subtitle. Upon approval of the budget by
8 the General Assembly, the Public Service Commission shall establish the amount of
9 the surcharge per kilowatt hour for the fiscal year beginning July 1, 1972, and for
10 each subsequent fiscal year.

11 (2) Notwithstanding any other provisions of this subtitle, the amount of
12 the surcharge for each account for each retail electric customer may not exceed the
13 lesser of 0.15 mill per kilowatt hour or \$1,000 per month and the surcharge may not
14 continue beyond fiscal year [2005] 2010.

15 (3) The Comptroller shall maintain the method of collection of the
16 surcharge from the companies and the collections shall accrue to the Fund. The
17 Department shall credit against the amount required to be paid into the
18 Environmental Trust Fund by each electric company an amount equal to 0.75% of the
19 total surcharge attributed to each company on the basis of the electricity distributed
20 within Maryland.

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

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

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

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

5 **Article - Public Utility Companies**

6 7-203.

7 (a) (1) The Commission shall:

8 (i) impose an environmental surcharge per kilowatt hour of
9 electricity distributed to retail electric customers within the State; and

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

12 (2) To the extent that an electric company fails to collect the surcharge
13 from its customers, the amount uncollected shall be deemed a cost of power
14 distribution and allowed and computed as such together with other allowable
15 expenses for purposes of rate-making.

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

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

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

25 (2) Each fiscal year, on approval of the annual budget by the General
26 Assembly for the Power Plant Research Program, the Commission shall establish the
27 amount of the environmental surcharge per kilowatt hour of electric energy
28 distributed in the State that is to be imposed on each electric company in accordance
29 with subsection (a) of this section.

30 (d) (1) Notwithstanding any other provision of this subtitle, the amount of
31 the surcharge for each account of each retail electric customer may not exceed the
32 lesser of 0.15 mill per kilowatt hour or \$1,000 per month.

33 (2) The Department of Natural Resources shall credit against the
34 amount the Commission requires each electric company to pay into the
35 Environmental Trust Fund 0.75% of the total surcharge amount attributed to the
36 electric company on the basis of the amount of the electricity distributed in the State.

1 (e) To the extent that the Commission requires an electric company to report
2 the total estimated kilowatt hours of electricity distributed in the State in order to
3 calculate the surcharge under subsection (a)(1) of this section, a small rural electric
4 cooperative described in § 7-502(a) of this title may satisfy the requirement by
5 submitting to the Commission an estimate made in accordance with a formula
6 approved by the Commission from information that the small rural electric
7 cooperative submits to the rural utilities service that includes the required
8 information.

9 (f) The surcharge imposed under this subtitle shall terminate on June 30,
10 [2005] 2010.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
12 effect October 1, 2004.