

Department of Legislative Services  
Maryland General Assembly  
2005 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 505  
Finance

(Senator Klausmeier)

Economic Matters

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Construction of Electricity Generating Stations - Required Certificates -  
Exemption

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This bill exempts construction of an electric generating station from obtaining a certificate of public convenience and necessity (CPCN) prior to construction if (1) the capacity does not exceed 25 megawatts; (2) the electricity exported for sale is sold only on the wholesale market pursuant to an interconnection, operation, and maintenance agreement with the local electric company; and (3) at least 10% of the electricity generated is consumed on-site.

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Fiscal Summary

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

**Local Effect:** None.

**Small Business Effect:** Potential minimal.

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Analysis

**Current Law:** A person may not begin construction in the State of a generating facility or overhead transmission line carrying more than 69,000 volts unless a CPCN for the construction is first obtained from the Public Service Commission (PSC). Construction is defined as the clearing of land, excavation, or other action that affects the natural environment of a site or route of a bulk power supply facility.

The construction of a generating station designed to provide on-site generated electricity is exempt from obtaining a CPCN if its capacity does not exceed 70 megawatts and any

electricity exported for sale is sold only on the wholesale market pursuant to an interconnection, operation, and maintenance agreement with the local electric company.

When exempt from the CPCN process, PSC must approve the construction, ensuring the safety and reliability of the electric system. The utility must notify PSC two weeks prior to the first export of electricity from the generating station. PSC may waive an element of the approval process if that waiver is in the public interest.

**Background:** Chapter 655 of 2001 established the exemption from the CPCN process for on-site generated electricity plants not exceeding 70 megawatts. Since the law became effective in October 2001, PSC has approved 89 CPCN exemptions. The average size of the approved exemption is 1.13 megawatts with the largest exemption being for 10 units with a capacity of 20 megawatts. The largest single unit exemption approved was for 8 megawatts. PSC typically receives between two and five CPCN exemption requests per month.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Natural Resources, Public Service Commission, Office of People's Counsel, Department of Legislative Services

**Fiscal Note History:** First Reader - March 10, 2005  
mp/jr Revised - Senate Third Reader - March 28, 2005

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