
By: **Delegate D. Davis**

Introduced and read first time: February 16, 2006

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Electric Industry Restructuring - Standard Offer Service**

3 FOR the purpose of requiring the Public Service Commission to extend the obligation
4 to provide standard offer service to certain electric customers unless the
5 Commission makes certain findings; altering certain findings and terms for
6 certain extended service; requiring certain electric companies to obtain
7 electricity supply for certain extended service to certain customers in certain
8 manners; providing that certain contracts remain in force under certain
9 circumstances; providing that existing obligations or contract rights may not be
10 impaired by this Act; and generally relating to electric industry restructuring
11 and standard offer service.

12 BY repealing and reenacting, with amendments,
13 Article - Public Utility Companies
14 Section 7-510(c)
15 Annotated Code of Maryland
16 (1998 Volume and 2005 Supplement)

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

19 **Article - Public Utility Companies**

20 7-510.

21 (c) (1) Beginning on the initial implementation date, an electric company's
22 obligation to provide electricity supply and electricity supply service is stated by this
23 subsection.

24 (2) Electricity supply purchased from a customer's electric company is
25 known as standard offer service. A customer is considered to have chosen the
26 standard offer service if the customer:

27 (i) is not allowed to choose an electricity supplier under the phase
28 in of customer choice in subsection (a) of this section;

- 1 (ii) contracts for electricity with an electricity supplier and it is not
2 delivered;
- 3 (iii) cannot arrange for electricity from an electricity supplier;
- 4 (iv) does not choose an electricity supplier;
- 5 (v) chooses the standard offer service; or
- 6 (vi) has been denied service or referred to the standard offer service
7 by an electricity supplier in accordance with § 7-507(e)(6) of this subtitle.

8 (3) Any obligation of an electric company to provide standard offer
9 service shall cease on July 1, 2003, except that:

10 (i) electric cooperatives and municipal electric utilities may choose
11 to continue providing standard offer service in their respective distribution
12 territories, and may cease offering that service after notifying the Commission at
13 least 12 months in advance; and

14 (ii) [1. if] UNLESS the Commission finds that the electricity
15 supply market is [not] competitive or that [no] AN acceptable competitive proposal
16 has been received to supply electricity to those customers described [under] IN
17 paragraph (2) of this subsection, the Commission shall extend the obligation to
18 provide standard offer service to residential and small commercial customers at a
19 market price that permits recovery of the verifiable, prudently incurred costs to
20 procure [or produce] the electricity [plus a reasonable return].

21 [2.] (4) The Commission shall reexamine the finding made
22 under [this subparagraph] PARAGRAPH (3)(II) OF THIS SUBSECTION at least
23 [annually] ONCE EVERY 2 YEARS.

24 [(4)] (5) (I) On or before July 1, 2001, the Commission shall adopt
25 regulations or issue orders to establish procedures for the competitive selection of
26 electricity suppliers, including an affiliate of an electric company, to provide standard
27 offer service to customers of electric companies under paragraph (2) of this subsection,
28 except for customers of electric cooperatives and municipal electric utilities. Unless
29 delayed by the Commission, the competitive selection shall take effect no later than
30 July 1, 2003.

31 (II) 1. UNDER AN EXTENSION OF THE OBLIGATION TO PROVIDE
32 STANDARD OFFER SERVICE IN ACCORDANCE WITH PARAGRAPH (3)(II) OF THIS
33 SUBSECTION, THE COMMISSION, BY REGULATION OR ORDER, SHALL REQUIRE EACH
34 INVESTOR-OWNED ELECTRIC COMPANY TO OBTAIN ITS ELECTRICITY SUPPLY FOR
35 RESIDENTIAL AND SMALL COMMERCIAL CUSTOMERS PARTICIPATING IN STANDARD
36 OFFER SERVICE THROUGH A COMPETITIVE PROCESS THAT IS DESIGNED TO OBTAIN
37 THE BEST PRICE FOR THESE CUSTOMERS IN LIGHT OF MARKET CONDITIONS AT THE
38 TIME OF PROCUREMENT AND THE NEED TO PROTECT THESE CUSTOMERS FROM
39 EXCESSIVE PRICE INCREASES.

1 2. FOR RESIDENTIAL CUSTOMERS, THE COMPETITIVE
2 PROCESS MUST INCLUDE A SERIES OF COMPETITIVE WHOLESAL E BIDS IN WHICH
3 THE ELECTRIC COMPANY SOLICITS BIDS TO SUPPLY ANTICIPATED STANDARD OFFER
4 SERVICE LOAD FOR THOSE CUSTOMERS AS PART OF A PORTFOLIO OF BLENDED
5 SUPPLY CONTRACTS AS THE COMMISSION DIRECTS.

6 (III) UNDER AN EXTENSION OF THE OBLIGATION TO PROVIDE
7 STANDARD OFFER SERVICE IN ACCORDANCE WITH PARAGRAPH (3)(II) OF THIS
8 SUBSECTION, A CONTRACT TO PROVIDE ELECTRICITY SUPPLY FOR STANDARD OFFER
9 SERVICE REMAINS EFFECTIVE EVEN IF THE COMMISSION SUBSEQUENTLY FINDS
10 THAT THE ELECTRIC SUPPLY MARKET HAS BECOME COMPETITIVE OR THAT AN
11 ACCEPTABLE COMPETITIVE PROPOSAL HAS BEEN ACCEPTED TO SUPPLY
12 CUSTOMERS UNDER PARAGRAPH (2) OF THIS SUBSECTION, BUT MAY NOT BE
13 FURTHER EXTENDED AFTER THE COMMISSION SO FINDS.

14 [(5)] (6) An electric company may procure the electricity needed to meet
15 its standard offer service electricity supply obligation from any electricity supplier,
16 including an affiliate of the electric company.

17 SECTION 2. AND BE IT FURTHER ENACTED, That a presently existing
18 obligation or contract right may not be impaired in any way by this Act.

19 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 June 1, 2006.