

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

Senate Joint Resolution 10 (Senator Green, *et al.*)

Finance

Rules and Executive Nominations

Residential Electricity Aggregation

This joint resolution urges the Public Service Commission (PSC), in consultation with the Maryland Municipal League (MML) and other interested local governments, to proceed with the design and framework of a competitive pilot program for opt-out residential aggregation by December 1, 2006. The design and framework should only include local governments that express an interest in being included in the pilot program.

Fiscal Summary

State Effect: Compliance with this joint resolution would not directly affect governmental finances as it urges PSC to complete a task it has already undertaken.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Counties and municipal corporations may not act as aggregators for electricity services unless PSC determines there is insufficient competition within the boundaries of the county or municipal corporation.

Background: Over the last several sessions, legislation has been introduced in both houses allowing a county or municipality to act as an electric aggregator on behalf of its residents. Each session those bills received unfavorable committee reports. After the 2005 session, MML and PSC began discussions relative to a possible opt out pilot

aggregation program. MML and PSC met on several occasions during the summer and fall of 2005 and once in early 2006 to discuss the proposed pilot program. MML and PSC have agreed on the majority of the components of the proposed pilot program to date, with a few areas still yet to be finalized between the two organizations. Interested pilot program participants still need to be identified. According to MML, it is hopeful that a meaningful pilot program can be developed and implemented in 2006.

Of the 18 states that have actively deregulated the retail electric industry, most allow for local governments to act as aggregators on behalf of their citizens. Two program options are available: opt-in or opt-out. The opt-in program requires a resident to specifically choose to participate in the program and the opt-out program requires a resident to specifically choose *not to* participate; otherwise, the resident is automatically included in the aggregation. Only four states authorize opt-out programs: California, Ohio, Massachusetts, and Rhode Island. Ohio and Massachusetts are the only states with any current local government aggregation activity.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Municipal League, Town of Leonardtown, Public Service Commission, Department of Legislative Services

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