

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1615
Economic Matters

(Delegate G. Clagett)

Finance

**Construction of Electric Generating Stations - Certificate of Public Convenience
and Necessity**

This bill requires the Public Service Commission (PSC) to consider and take final action on an application for a certificate of public convenience and necessity (CPCN) in an expeditious manner on proposed construction of a specified electric generating station. Specifically, the bill applies to a proposed generating station that is designed to provide electricity for a single electric customer that uses at least 1.5 billion kilowatt hours each year with a generating capacity that does not exceed 750 megawatts.

The bill takes effect on June 1, 2006 and terminates June 30, 2011.

Fiscal Summary

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A person may not begin construction of a generating facility or overhead transmission line carrying more than 69,000 volts unless a CPCN for the construction is first obtained from 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.

PSC must hold a public hearing on any application for a CPCN. Notice of the hearing must be given for two successive weeks prior to the public hearing by advertising in a newspaper of general circulation in the affected area.

Background: The licensing of new electric power plants in the State is a comprehensive two-part process involving PSC and several other State agencies, *e.g.*, the Department of Natural Resources and the Maryland Department of the Environment. PSC is the lead agency for licensing the siting, construction, and operation of power plants in the State. Companies wishing to obtain a license for a new power plant apply to PSC for a CPCN.

During the CPCN application process, the agencies hold extensive discussions with interested parties such as local governments, environmental organizations, the company proposing to build the power plant, and individual citizens. Concerns are identified and the State agencies incorporate those concerns into their evaluation.

Prior to CPCN being issued for a proposed power plant, the State agencies provide PSC the results of their evaluation and a consolidated set of recommendations as to whether the proposed site is suitable and whether the proposed power plant can be constructed and operated in an acceptable manner. The agencies also provide detailed recommendations on conditions that should be attached to CPCN. These conditions can relate, for example, to minimizing impacts to air, surface and groundwater, aquatic and terrestrial resources, cultural and historic resources, noise, and land use.

State Fiscal Effect: PSC has received 30 CPCN applications for various project types since January 2001. Thirteen have been resolved or completed, 6 are pending, and 11 were withdrawn. The actual time frames were not provided by PSC. While the expeditious manner requirement presumably provides a compressed time frame for final decisions, PSC advises that it could be handled with existing budgeted resources.

The Office of People's Counsel advises that the legislation effectively applies to one CPCN and in the ordinary course of business could be handled with existing resources.

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 9, 2006
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