

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 1388
Economic Matters

(Delegate G. Clagett)

Electricity Generation - Certificate of Public Convenience and Necessity

This bill requires the Public Service Commission (PSC) to take final action on an application for a certificate of public convenience and necessity (CPCN) within 200 days after the application is filed on proposed construction of an electric generating station and power lines. The bill also reduces from two years to one year, the time frame in which an application for a combined project involving a new generating station and associated transmission lines must be filed with PSC before planned construction.

Fiscal Summary

State Effect: Potential minimal increase in expenditures for the Office of People's Counsel.

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.

Based on the information from PSC regarding CPCN applications and resolutions, it appears that a 200-day time frame is not currently being achieved. The actual time frames were not provided by PSC. While the 200-day requirement would reflect 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 expenditures could increase to hire outside consultants so as to more rapidly respond to the time frames in the bill. Depending on the complexity of the issue, costs could range anywhere from \$15,000 to \$30,000 per consultant. However, any actual expenditures would depend on the number of CPCN applications received by PSC and their complexity, all of which cannot be reliably estimated at this time.

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

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