

HOUSE BILL 631

C5

71r1857
CF SB 562

By: **Delegates Feldman, Ali, Bronrott, Dumais, Gilchrist, Gutierrez, Hucker, Kramer, Krysiak, Kullen, Lawton, Lee, Manno, Mizeur, Montgomery, Pena-Melnyk, Rice, Taylor, and Waldstreicher**

Introduced and read first time: February 8, 2007

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 7, 2007

CHAPTER _____

1 AN ACT concerning

2 **Electric Companies – Energy Efficiency and Conservation Measures and**
3 **Services**

4 FOR the purpose of ~~requiring~~ authorizing each electric company to develop and
5 implement certain programs and services to encourage and promote the
6 efficient use and conservation of energy by certain persons as part of a certain
7 procurement process or separately from a certain procurement process;
8 requiring that, by a certain date and after a certain evidentiary hearing, the
9 Public Service Commission shall adopt regulations or issue orders requiring
10 each electric company to procure or provide to certain customers certain energy
11 efficiency and conservation measures and services that are designed to achieve
12 certain savings by a certain year; requiring the Commission, ~~by regulation or~~
13 ~~order, to adopt certain standards, remove certain disincentives for an electric~~
14 ~~company to invest in certain measures, and create certain shareholder~~
15 ~~incentives~~ when adopting certain regulations, to review and consider certain
16 standards; and generally relating to energy conservation efficiency measures
17 and services.

18 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Article – Public Utility Companies
 2 Section 7–211 and 7–510(c)(4)(ii)2.C.
 3 Annotated Code of Maryland
 4 (1998 Volume and 2006 Supplement)

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

7 **Article – Public Utility Companies**

8 7–211.

9 (a) (1) Subject to review and approval by the Commission, each gas
 10 company and electric company shall develop and implement programs and services to
 11 encourage and promote the efficient use and conservation of energy by consumers, gas
 12 companies, and electric companies.

13 (2) ~~EACH AS DIRECTED BY THE COMMISSION, EACH ELECTRIC~~
 14 ~~COMPANY SHALL~~ MAY:

15 (I) INCLUDE THESE PROGRAMS AND SERVICES ~~IN~~ AS PART
 16 OF THE PROCUREMENT OF ELECTRICITY FOR STANDARD OFFER SERVICE IN
 17 ACCORDANCE WITH § 7–510(C) OF THIS TITLE; OR

18 (II) PROCURE AND IMPLEMENT THESE PROGRAMS AND
 19 SERVICES SEPARATELY FROM THE PROCUREMENT OF ELECTRICITY FOR
 20 STANDARD OFFER SERVICE IN ACCORDANCE WITH § 7–510(C) OF THIS TITLE.

21 (b) The Commission shall:

22 (1) require each gas company and electric company to establish any
 23 program or service that the Commission deems appropriate and cost effective to
 24 encourage and promote the efficient use and conservation of energy;

25 (2) adopt rate–making policies that provide cost recovery and, in
 26 appropriate circumstances, reasonable financial incentives for gas companies and
 27 electric companies to establish programs and services that encourage and promote the
 28 efficient use and conservation of energy; and

29 (3) ensure that adoption of electric customer choice under Subtitle 5 of
 30 this title does not adversely impact the continuation of cost effective energy
 31 conservation and efficiency programs.

1 (C) (1) ON OR BEFORE JUNE 1, 2008, AFTER AN EVIDENTIARY
 2 HEARING, BY REGULATION OR ORDER THE COMMISSION SHALL REQUIRE EACH
 3 ELECTRIC COMPANY TO PROCURE OR PROVIDE FOR ITS RESIDENTIAL
 4 ELECTRICITY CUSTOMERS COST-EFFECTIVE ENERGY EFFICIENCY AND
 5 CONSERVATION MEASURES AND SERVICES WITH PROJECTED AND VERIFIABLE
 6 ENERGY SAVINGS THAT ARE DESIGNED TO ACHIEVE SAVINGS OF AT LEAST 12%
 7 OF THE TOTAL RESIDENTIAL RETAIL ENERGY CONSUMED IN THE ELECTRIC
 8 COMPANY'S SERVICE TERRITORY DURING 2006 BY THE END OF 2016.

9 (2) ~~THE COMMISSION, BY REGULATION OR ORDER, SHALL:~~

10 ~~(I) ADOPT~~ WHEN ADOPTING REGULATIONS OR ORDERS
 11 REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION
 12 SHALL REVIEW AND CONSIDER STANDARDS FOR APPROPRIATE COST RECOVERY
 13 FOR ENERGY EFFICIENCY AND CONSERVATION MEASURES AND SERVICES
 14 PROVIDED BY AN ELECTRIC COMPANY;

15 ~~(II) REMOVE, INCLUDING:~~

16 (I) MECHANISMS TO REDUCE DISINCENTIVES FOR AN
 17 ELECTRIC COMPANY TO INVEST IN MEASURES TO PROMOTE ENERGY
 18 EFFICIENCY; AND

19 ~~(II) (II) CREATE SHAREHOLDER INCENTIVES~~ INCENTIVE
 20 MECHANISMS THAT MAKE AN ELECTRIC COMPANY'S INVESTMENTS IN
 21 MEASURES TO PROMOTE ENERGY EFFICIENCY AS FINANCIALLY ATTRACTIVE AS
 22 OTHER TYPES OF INVESTMENTS MADE BY THE ELECTRIC COMPANY.

23 [(c)] (D) (1) On or before February 1, 2001, the Commission, in
 24 consultation with the Maryland Energy Administration, shall report, subject to § 1246
 25 of the State Government Article, to the General Assembly on:

26 (i) the status of programs and services to encourage and
 27 promote the efficient use and conservation of energy; and

28 (ii) a recommendation for the appropriate funding level to
 29 adequately fund these programs and services.

1 (2) In determining whether a program or service encourages and
 2 promotes the efficient use and conservation of energy, the Commission shall consider,
 3 among other factors:

- 4 (i) the impact on jobs;
 5 (ii) the impact on the environment;
 6 (iii) the impact on rates; and
 7 (iv) the cost-effectiveness.

8 7-510.

9 (c) (4) (ii) 2. C. By regulation or order, as a part of the competitive
 10 process, the Commission shall require ~~for allow~~ the procurement of cost-effective
 11 energy efficiency and conservation measures and services [with projected and
 12 verifiable energy savings to offset anticipated demand to be served by standard offer
 13 service,] **IN ACCORDANCE WITH § 7-211(A)(2) AND (C) OF THIS TITLE** and **SHALL**
 14 **REQUIRE OR ALLOW** the imposition of other cost-effective demand-side management
 15 programs.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
 17 July 1, 2007.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.