

HOUSE BILL 982

C5

71r0762

By: **Delegates Kach and Boteler**

Introduced and read first time: February 9, 2007

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Energy – Peak Sharing – Electricity Supply from Standby Generators**

3 FOR the purpose of authorizing certain standby generators to produce electricity for
4 distribution on the grid during a period of peak demand; requiring electric
5 companies to pay a certain rate to a standby generator that distributes
6 electricity during a period of peak demand; authorizing an electric company to
7 request that a standby generator distribute electricity to the grid for a certain
8 period under certain circumstances; prohibiting a standby generator that agrees
9 to participate in the peak sharing program from being levied certain charges;
10 requiring the Public Service Commission to adopt regulations to implement this
11 Act; stating the findings of the General Assembly; defining certain terms; and
12 generally relating to electricity supply during a period of peak demand.

13 BY adding to

14 Article – Public Utility Companies
15 Section 7–212
16 Annotated Code of Maryland
17 (1998 Volume and 2006 Supplement)

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

20 **Article – Public Utility Companies**

21 **7–212.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
2 MEANINGS INDICATED.

3 (2) “PEAK DEMAND RATE” MEANS THE SPOT MARKET RATE OF
4 ELECTRICITY SOLD DURING A PERIOD OF PEAK DEMAND.

5 (3) “PEAK SHARING” MEANS A DEMAND RESPONSE PROGRAM IN
6 WHICH ELECTRICITY IS PROVIDED BY STANDBY GENERATORS TO ELECTRIC
7 COMPANIES DURING A PERIOD OF PEAK DEMAND.

8 (4) “STANDBY GENERATOR” MEANS A GENERATOR THAT IS
9 OWNED, OPERATED, OR LEASED FOR EMERGENCY POWER GENERATION.

10 (B) (1) THE GENERAL ASSEMBLY FINDS THAT A PROGRAM TO
11 INCREASE POWER AVAILABLE TO THE GRID FROM STANDBY GENERATORS
12 DURING A PERIOD OF PEAK DEMAND:

13 (I) HELPS IMPROVE ENERGY SUPPLY AND RELIABILITY IN
14 THE STATE;

15 (II) REDUCES COSTS TO THE ELECTRIC INDUSTRY THAT IN
16 TURN RESULTS IN SAVINGS RETURNED TO CONSUMERS; AND

17 (III) PROVIDES ECONOMIC OPPORTUNITIES TO DEMAND
18 RESPONSE PARTICIPANTS.

19 (2) THE GENERAL ASSEMBLY STRONGLY ENCOURAGES OWNERS
20 OF STANDBY GENERATORS, SUCH AS HOSPITALS, UNIVERSITIES, AND MILITARY
21 BASES, TO PARTICIPATE IN THE PEAK SHARING PROGRAM ESTABLISHED UNDER
22 THIS SECTION.

23 (C) A PERSON THAT OWNS OR OPERATES A STANDBY GENERATOR AND
24 HAS AN INTERCONNECTION AGREEMENT FOR THAT GENERATOR WITH AN
25 ELECTRIC COMPANY MAY PRODUCE ELECTRICITY FOR THE ELECTRIC COMPANY
26 TO DISTRIBUTE ON THE GRID ON A LIMITED BASIS AS THE ELECTRIC COMPANY
27 REQUESTS DURING A PERIOD OF PEAK DEMAND.

28 (D) (1) THE ELECTRIC COMPANY MAY ONLY REQUEST THAT THE
29 STANDBY GENERATOR DISTRIBUTE POWER TO THE GRID UNDER SUBSECTION

1 (C) OF THIS SECTION IF THE PJM INTERCONNECTION, LLC INITIATES ONE OF
2 THE FOLLOWING:

3 (I) LOCAL LOAD REDUCTION ACTION;

4 (II) A PRIMARY RESERVE WARNING;

5 (III) A MANUAL LOAD DUMP; OR

6 (IV) A VOLTAGE REDUCTION.

7 (2) THE PERIOD OF GENERATION REQUIRED ON THE GRID UNDER
8 SUBSECTION (C) OF THIS SECTION MAY NOT EXCEED THE PERIOD OF THE
9 ACTION INITIATED BY PJM INTERCONNECTION UNDER PARAGRAPH (1) OF THIS
10 SUBSECTION.

11 (E) THE ELECTRIC COMPANY SHALL PAY THE OWNER OR OPERATOR
12 FOR ELECTRICITY DISTRIBUTION FROM THE STANDBY GENERATOR AT THE
13 PEAK DEMAND RATE.

14 (F) AN OWNER OR OPERATOR OF A STANDBY GENERATOR THAT AGREES
15 TO PROVIDE PEAK SHARING IN ACCORDANCE WITH THIS SECTION MAY NOT BE
16 CHARGED STANDBY CHARGES.

17 (G) THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT
18 THIS SECTION AND DEVELOP A PEAK SHARING PROGRAM.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 2007.