

SENATE BILL 853

C5

71r1447

By: **Senators Pipkin, Della, and Rosapepe**
Introduced and read first time: February 19, 2007
Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Energy Independence Act of 2007**

3 FOR the purpose of requiring an electric company to operate its own peak-load or
4 other generating facilities for a certain standard offer service load; requiring
5 certain percentages of an electric company's standard offer service to be
6 generated within the State over a certain period of time; requiring the Public
7 Service Commission to determine a certain statewide level of electricity usage
8 from a certain year by a certain date; requiring the Commission to establish a
9 baseline electricity level from that statewide level; altering the criteria that the
10 Commission must consider when acting on an application for a certificate of
11 public convenience and necessity; requiring all electricity supplied for
12 distribution in the State in excess of certain amounts to be generated in the
13 State; authorizing certain excess electricity to be offered for trade on a certain
14 energy market; requiring the Commission to adopt certain regulations
15 applicable to certain persons; requiring the Commission to review certain
16 supply and demand levels and report to the Governor and General Assembly by
17 a certain date each year; stating the findings of the General Assembly;
18 requiring the Commission to review certain provisions and make certain
19 recommendations to certain committees of the General Assembly on the
20 occurrence of certain events; making the provisions of this Act severable; and
21 generally relating to electricity generation in the State.

22 BY repealing and reenacting, with amendments,
23 Article – Public Utility Companies
24 Section 7-207(e), (g), and (h) and 7-510(c)(5)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (1998 Volume and 2006 Supplement)

3 BY repealing
4 Article – Public Utility Companies
5 Section 7–207(f) and 7–510(c)(6)
6 Annotated Code of Maryland
7 (1998 Volume and 2006 Supplement)

8 BY adding to
9 Article – Public Utility Companies
10 Section 7–510.1 and 7–510.2
11 Annotated Code of Maryland
12 (1998 Volume and 2006 Supplement)

13 BY renumbering
14 Article – Public Utility Companies
15 Section 7–510(c)(7) and (8), respectively
16 to be Section 7–510(c)(6) and (7), respectively
17 Annotated Code of Maryland
18 (1998 Volume and 2006 Supplement)

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

21 **Article – Public Utility Companies**

22 7–207.

23 (e) The Commission shall take final action on an application for a certificate
24 of public convenience and necessity only after due consideration of:

25 (1) the recommendation of the governing body of each county or
26 municipal corporation in which any portion of the construction of the generating
27 station or overhead transmission line is proposed to be located; [and]

28 **(2) THE NEED TO MEET EXISTING AND FUTURE DEMAND FOR**
29 **ELECTRIC SERVICE; AND**

30 [(2)] **(3)** the effect of the generating station or overhead transmission
31 line on:

- 1 (i) the stability and reliability of the electric system;
- 2 (ii) economics;
- 3 (iii) esthetics;
- 4 (iv) historic sites;
- 5 (v) aviation safety as determined by the Maryland Aviation
6 Administration and the administrator of the Federal Aviation Administration;
- 7 (vi) when applicable, air and water pollution; and
- 8 (vii) the availability of means for the required timely disposal of
9 wastes produced by any generating station.

10 [(f) For the construction of an overhead transmission line, in addition to the
11 considerations listed in subsection (e) of this section, the Commission shall take final
12 action on an application for a certificate of public convenience and necessity only after
13 due consideration of the need to meet existing and future demand for electric service.]

14 [(g)] (F) (1) The Commission may not authorize, and an electric
15 company may not undertake, the construction of an overhead transmission line that is
16 aligned with and within 1 mile of either end of a public airport runway, unless:

17 (i) the Federal Aviation Administration determines that the
18 construction of an overhead transmission line will not constitute a hazard to air
19 navigation; and

20 (ii) the Maryland Aviation Administration concurs in that
21 determination.

22 (2) A privately owned airport runway shall qualify as a public airport
23 runway under this subsection only if the runway has been on file with the Federal
24 Aviation Administration for at least 2 years as being open to the public without
25 restriction.

26 [(h)] (G) The Commission shall consider and take final action on an
27 application for a certificate of public convenience and necessity in an expeditious
28 manner if the application is for the construction of a generating station:

1 (1) that is designed to provide electricity for a single electric customer
2 that uses at least 1,500,000,000 kilowatt hours of electricity each year; and

3 (2) with a generating capacity that does not exceed 750 megawatts.

4 7-510.

5 (c) (5) [An] **SUBJECT TO § 7-510.1 OF THIS SUBTITLE, AN** electric
6 company may procure the electricity needed to meet its standard offer service
7 electricity supply obligation from any electricity supplier, including an affiliate of the
8 electric company.

9 [(6) In order to meet long-term, anticipated demand in the State for
10 standard offer service and other electricity supply, the Commission may require or
11 allow an investor-owned electric company to construct, acquire, or lease, and operate,
12 its own generating facilities, and transmission facilities necessary to interconnect the
13 generating facilities with the electric grid, subject to appropriate cost recovery.]

14 **7-510.1.**

15 (A) (1) **THE COMMISSION SHALL REQUIRE AN INVESTOR-OWNED**
16 **ELECTRIC COMPANY TO CONSTRUCT, ACQUIRE, OR LEASE, AND OPERATE, ITS**
17 **OWN PEAK-LOAD OR OTHER GENERATING FACILITIES TO SUPPLY THE ELECTRIC**
18 **COMPANY'S STANDARD OFFER SERVICE, IN ACCORDANCE WITH SUBSECTION (B)**
19 **OF THIS SECTION, AND TRANSMISSION FACILITIES NECESSARY TO**
20 **INTERCONNECT THE GENERATING FACILITIES WITH THE GRID.**

21 (2) **THE COMMISSION SHALL ALLOW APPROPRIATE COST**
22 **RECOVERY FOR CONSTRUCTION OF THE FACILITIES REQUIRED UNDER**
23 **PARAGRAPH (1) OF THIS SUBSECTION.**

24 (B) **THE ELECTRICITY USED TO SUPPLY AN ELECTRIC COMPANY'S**
25 **STANDARD OFFER SERVICE SHALL BE GENERATED WITHIN THE STATE FROM**
26 **THE ELECTRIC COMPANY'S OWN GENERATING FACILITIES AS FOLLOWS:**

27 (1) **IN 2008, 10% FROM GENERATION IN THE STATE;**

28 (2) **IN 2009, 20% FROM GENERATION IN THE STATE;**

29 (3) **IN 2010, 30% FROM GENERATION IN THE STATE;**

- 1 **(4) IN 2011, 40% FROM GENERATION IN THE STATE;**
2 **(5) IN 2012, 50% FROM GENERATION IN THE STATE;**
3 **(6) IN 2013, 60% FROM GENERATION IN THE STATE;**
4 **(7) IN 2014, 70% FROM GENERATION IN THE STATE;**
5 **(8) IN 2015, 80% FROM GENERATION IN THE STATE;**
6 **(9) IN 2016, 90% FROM GENERATION IN THE STATE; AND**
7 **(10) IN 2017 AND LATER, 100% FROM GENERATION IN THE STATE.**

8 **7-510.2.**

9 **(A) THE GENERAL ASSEMBLY:**

10 **(1) FINDS THAT A SELF-SUFFICIENT MEANS OF ELECTRICITY**
11 **GENERATION WITHIN THE STATE WILL BENEFIT CONSUMERS AS WELL AS**
12 **ELECTRIC COMPANIES AND ELECTRICITY SUPPLIERS; AND**

13 **(2) INTENDS FOR THE STATE TO REACH A LEVEL IN WHICH 100%**
14 **OF ALL ELECTRICITY USED IN THE STATE IS GENERATED WITHIN THE STATE.**

15 **(B) (1) ON OR BEFORE JANUARY 31, 2008, THE COMMISSION SHALL**
16 **DETERMINE THE STATEWIDE ELECTRICITY USAGE LEVEL FOR CALENDAR YEAR**
17 **2007.**

18 **(2) USING THE 2007 STATEWIDE ELECTRICITY USAGE LEVEL**
19 **DETERMINED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION**
20 **SHALL ESTABLISH A BASELINE USAGE LEVEL FOR THE STATE.**

21 **(C) (1) STARTING JANUARY 1, 2009, ALL ELECTRICITY THAT IS**
22 **SUPPLIED FOR DISTRIBUTION IN THE STATE IN EXCESS OF THE BASELINE**
23 **LEVEL ESTABLISHED UNDER SUBSECTION (B)(2) OF THIS SECTION MUST BE**
24 **GENERATED IN THE STATE.**

1 **(2) ANY ELECTRICITY GENERATED IN THE STATE IN EXCESS OF**
2 **THE AMOUNTS NEEDED TO MEET THE DEMAND FOR ELECTRICITY SERVED**
3 **UNDER PARAGRAPH (1) OF THIS SUBSECTION AND § 7-510.1 OF THIS SUBTITLE**
4 **MAY BE OFFERED FOR TRADE THROUGH MARKETS OPERATED BY PJM**
5 **INTERCONNECTION, LLC.**

6 **(D) ON OR BEFORE MARCH 1, 2008, THE COMMISSION SHALL ADOPT**
7 **REGULATIONS APPLICABLE TO ALL ELECTRIC COMPANIES AND ELECTRICITY**
8 **SUPPLIERS IN THE STATE TO IMPLEMENT THE REQUIREMENTS OF THIS**
9 **SECTION.**

10 **(E) ON OR BEFORE JANUARY 31 OF EACH YEAR, THE COMMISSION**
11 **SHALL REVIEW AND REPORT ON THE AMOUNT OF ELECTRICITY GENERATED**
12 **AND USED WITHIN THE STATE DURING THE PREVIOUS YEAR TO THE GOVERNOR**
13 **AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE,**
14 **THE GENERAL ASSEMBLY.**

15 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 7-510(c)(7)
16 and (8), respectively, of Article – Public Utility Companies of the Annotated Code of
17 Maryland be renumbered to be Section(s) 7-510(c)(6) and (7), respectively.

18 SECTION 3. AND BE IT FURTHER ENACTED, That once electricity
19 generation reaches a level of 100% generated within the State under § 7-510.1 of the
20 Public Utility Companies Article, as enacted by this Act, the Public Service
21 Commission shall review the codified language in the Public Utility Companies Article
22 and make recommendations to remove obsolete provisions regarding an electricity
23 supply that may be imported from other states. Recommendations for language for
24 legislation under this section shall be submitted to the House Economic Matters
25 Committee and the Senate Finance Committee within 3 months after the 100% level of
26 electricity generated from within the State is reached.

27 SECTION 4. AND BE IT FURTHER ENACTED, That if any provision of this
28 Act or the application thereof to any person or circumstance is held invalid for any
29 reason in a court of competent jurisdiction, the invalidity does not affect other
30 provisions or any other application of this Act which can be given effect without the
31 invalid provision or application, and for this purpose the provisions of this Act are
32 declared severable.

33 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect
34 July 1, 2007.