

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 1072
Economic Matters

(Delegate McHale, *et al.*)

Public Utility Companies - Generating Stations - Wind

This bill allows a wind powered energy generating facility to be built without requiring a certificate of public convenience and necessity (CPCN) as long as any excess electricity generated is sold only on the wholesale market pursuant to an interconnection, operation, and maintenance agreement with the local electric company.

The bill takes effect July 1, 2007.

Fiscal Summary

State Effect: Potential minimal decrease in State general fund revenues. Expenditures would not be affected.

Local Effect: Local government finances are not directly affected by the bill's provisions.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Currently, there are two conditions in which an electric generating facility may apply to the Public Service Commission (PSC) for approval without obtaining a CPCN: • the facility is designed to provide generated electricity for on-site consumption, the capacity is less than 70 megawatts, and the excess electricity can be sold only on the wholesale market pursuant to an interconnection, operation, and maintenance agreement with the local electric company; or • the capacity of the

generating station is less than 25 megawatts, at least 10% of the electricity generated is consumed on-site, and the excess electricity is sold on the wholesale market pursuant to an interconnection, operation, and maintenance agreement with the local electric company.

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: Allowing wind generation facilities to bypass the process of obtaining a CPCN would reduce the requirements of multiple State agencies and local governments. To the extent this bill increases the number of wind generating stations, clean energy incentive tax credits awarded by the Maryland Energy Administration could increase with a proportionate decrease in State tax revenues.

Local Fiscal Effect: Local governments could potentially decide to build a wind-powered electric generating station to power public buildings. Since this legislation abbreviates the review process, the costs for an applicant would be reduced. Bypassing CPCN would require construction of a wind turbine to receive zoning approval of the local government.

Small Business Effect: This legislation would streamline the approval process for a business to build an electricity generating station powered by wind either for on-site use, for sale to the wholesale power market, or for both.

Additional Information

Prior Introductions: None.

Cross File: SB 566 (Senator Miller, *et al.*) – Finance.

Information Source(s): Allegany County, Garrett County, Department of Natural Resources, Public Service Commission, Office of People’s Counsel, Department of Legislative Services

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