

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 818
Economic Matters

(Delegates McDonough and Kipke)

Electricity Suppliers - Sale of Wholesale Electricity to Affiliated Companies and Disclosure of Rates

This bill requires an electricity supplier that is affiliated with an electric company operating in the State to offer electricity on certain terms to the affiliate and to disclose certain operating information.

Fiscal Summary

State Effect: The bill's requirements could be met with existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill requires an electricity supplier that is affiliated with an electric company operating in the State to offer to sell wholesale electricity to the affiliated electric company at the "lowest best price" that the electricity supplier sells electricity to any wholesale or industrial customers located in or outside the State.

These electricity suppliers can ask the Public Service Commission (PSC) to waive the requirement if (1) the requirement will result in the inability of the electricity supplier to meet preexisting contractual obligations; or (2) the supplier does not have the capacity to generate, or the ability to purchase, sufficient electricity to fill the needs of the affiliated electric company.

These electricity suppliers must disclose the rates of all electricity sold to PSC, the Office of the People's Counsel, and any affiliated electric company that operates in the State.

Current Law: Wholesale electricity rates for electricity suppliers are not regulated. Electricity suppliers may sell electricity through competitive wholesale markets, with bi-lateral contracts with electric companies and commercial customers, and at market-based rates to residential and commercial customers.

Background: Chapters 3 and 4 of 1999, the Electric Customer Choice and Competition Act of 1999, facilitated the restructuring of the electric utility industry in Maryland. As a result of restructuring, generating facilities became deregulated as to price. The Act required electric companies to divest themselves of generating facilities or to create a structural separation between the unregulated generation of electricity and the regulated distribution and transmission of electricity. Some electric companies created separate entities to operate unregulated and regulated businesses under a single holding company structure.

Electric companies in Maryland that have affiliated electricity suppliers owning generating facilities include Baltimore Gas & Electric (Constellation), Allegheny Power (Allegheny Energy), and Delmarva Power (Pepco Holdings Incorporated).

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission, Office of the People's Counsel, Department of Legislative Services

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Analysis by: Erik P. Timme

Direct Inquiries to:
(410) 946-5510
(301) 970-5510