

HOUSE BILL 1314

C5

8lr2260
CF SB 583

By: **Delegates McHale, Bobo, Conaway, Elliott, Hecht, Impallaria, Krebs, Krysiak, Lafferty, Lee, Love, Manno, Mathias, Morhaim, Robinson, Rosenberg, Rudolph, Vaughn, and Walkup**

Introduced and read first time: February 8, 2008

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Electric Restructuring – Purposes and Duties of the Public Service**
3 **Commission**

4 FOR the purpose of altering and adding to the purposes of the electric restructuring
5 law; requiring the Public Service Commission to exercise its authority to ensure
6 that electric companies satisfy certain reliability needs and electricity supply
7 needs and provide certain customers with safe and reliable electricity supply at
8 prices that reflect a certain balance; providing the Commission with oversight
9 over certain generating facilities and generation, supply, price, and sale of
10 electricity from these facilities; requiring the Commission to participate in
11 certain federal agency proceedings to protect certain interests; and generally
12 relating to the purposes of electric restructuring and enhanced duties of the
13 Public Service Commission.

14 BY repealing and reenacting, with amendments,
15 Article – Public Utility Companies
16 Section 7–504, 7–505(a), and 7–509(b)
17 Annotated Code of Maryland
18 (1998 Volume and 2007 Supplement)

19 BY repealing and reenacting, without amendments,
20 Article – Public Utility Companies
21 Section 7–509(a)
22 Annotated Code of Maryland
23 (1998 Volume and 2007 Supplement)

24 BY adding to
25 Article – Public Utility Companies
26 Section 7–510(c)(10)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (1998 Volume and 2007 Supplement)

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

5 **Article – Public Utility Companies**

6 7–504.

7 The General Assembly finds and declares that the purpose of this subtitle is to:

8 (1) establish customer choice of electricity supply and electricity
9 supply services;

10 (2) [create] **ALLOW** competitive retail electricity supply and electricity
11 supply services markets;

12 (3) deregulate the generation, supply, and pricing of electricity,
13 **EXCEPT FOR GENERATION AND SUPPLY DEEMED NECESSARY BY THE**
14 **COMMISSION TO MEET THE RELIABILITY NEEDS OF ALL CUSTOMER CLASSES**
15 **AND THE SUPPLY NEEDS OF RESIDENTIAL STANDARD OFFER SERVICE**
16 **CUSTOMERS AND SMALL COMMERCIAL STANDARD OFFER SERVICE CUSTOMERS,**
17 **AS DEFINED BY COMMISSION ORDER OR REGULATION;**

18 (4) provide economic benefits for all customer classes; [and]

19 (5) **ENSURE THAT ELECTRIC COMPANIES PROVIDE TO**
20 **RESIDENTIAL CUSTOMERS AND SMALL COMMERCIAL CUSTOMERS SAFE AND**
21 **RELIABLE ELECTRICITY SUPPLY AT PRICES THAT REFLECT A REASONABLE**
22 **BALANCE OF LEAST COST AND LEAST VOLATILITY;**

23 [(5)](6) ensure compliance with federal and State environmental
24 standards; **AND**

25 (7) **ENCOURAGE COMMISSION PARTICIPATION IN APPROPRIATE**
26 **FEDERAL PROCEEDINGS TO PROTECT THE INTERESTS OF THE PEOPLE OF THE**
27 **STATE IN RELIABLE ELECTRICITY AND FAIR AND REASONABLE RATES IN THE**
28 **WHOLESALE ELECTRICITY MARKETS.**

29 7–505.

30 (a) (1) In assessing and approving each electric company's restructuring
31 plan, and overseeing the transition process and regulation of the restructured electric
32 industry, the Commission shall provide that the transition to a competitive electricity
33 supply and electricity supply services market shall be orderly, maintain electric

1 system reliability, and ensure compliance with federal and State environmental
2 regulations, be fair to customers, electric company investors, customers of municipal
3 electric utilities, electric companies, and electricity suppliers, and provide economic
4 benefits to all customer classes.

5 **(2) NOTWITHSTANDING PARAGRAPH (1) OF THIS SUBSECTION,**
6 **THE COMMISSION SHALL EXERCISE ITS AUTHORITY TO ENSURE THAT ELECTRIC**
7 **COMPANIES:**

8 **(I) SATISFY THE RELIABILITY NEEDS OF ALL CUSTOMER**
9 **CLASSES AND THE ELECTRICITY SUPPLY NEEDS OF RESIDENTIAL STANDARD**
10 **OFFER SERVICE CUSTOMERS AND SMALL COMMERCIAL STANDARD OFFER**
11 **SERVICE CUSTOMERS, AS DEFINED BY COMMISSION ORDER OR REGULATION;**
12 **AND**

13 **(II) PROVIDE RESIDENTIAL CUSTOMERS AND SMALL**
14 **COMMERCIAL CUSTOMERS SAFE AND RELIABLE ELECTRICITY SUPPLY AT**
15 **PRICES THAT REFLECT A REASONABLE BALANCE OF LEAST COST AND LEAST**
16 **VOLATILITY.**

17 ~~[(2)]~~ **(3)** The Commission shall consider the restructuring plans of
18 municipal electric utilities, as specified under § 7–510 of this subtitle.

19 7–509.

20 (a) (1) On and after the initial implementation date, the generation,
21 supply, and sale of electricity, including all related facilities and assets, may not be
22 regulated as an electric company service or function except to:

23 (i) establish the price for standard offer service under §
24 7–510(c) of this subtitle; and

25 (ii) review and approve transfers of generation assets under §
26 7–508 of this subtitle.

27 (2) This subsection does not apply to:

28 (i) regulation of an electricity supplier under § 7–507 of this
29 subtitle; or

30 (ii) the costs of nuclear generation facilities or purchased power
31 contracts that, as part of a settlement approved by the Commission, remain regulated
32 or are recovered through the distribution function.

33 (b) (1) Subject to paragraph (2) of this subsection, this section does not
34 apply to an investor-owned electric company until the electric company:

1 (i) transfers generation facilities and generation assets to an
2 affiliate of the electric company, and the affiliate operates the facilities and assets; or

3 (ii) sells the generation facilities and generation assets to a
4 nonaffiliate.

5 (2) (i) Notwithstanding the provisions of paragraph (1) of this
6 subsection, this section applies to an investor-owned electric company that does not
7 transfer its generation facilities and generation assets to an affiliate or sell its
8 generation facilities and generation assets to a nonaffiliate if, on January 1, 1999, the
9 retail peak load of the investor-owned electric company in the State was less than
10 1,000 megawatts.

11 (ii) An investor-owned electric company to which this section
12 applies through subparagraph (i) of this paragraph shall, by January 1, 2001:

13 1. transfer its generation facilities and generation assets
14 to an affiliate of the investor-owned electric company that operates the facilities and
15 assets; or

16 2. sell the generation facilities and generation assets to
17 a nonaffiliate.

18 **(3) NOTWITHSTANDING SUBSECTION (A) OF THIS SECTION, THE**
19 **COMMISSION SHALL HAVE OVERSIGHT OVER:**

20 **(I) ANY GENERATING FACILITY, AND ALL RELATED**
21 **FACILITIES AND ASSETS, THAT THE COMMISSION REQUIRES OR ALLOWS AN**
22 **INVESTOR-OWNED ELECTRIC COMPANY TO CONSTRUCT, ACQUIRE, OR LEASE,**
23 **AND OPERATE; AND**

24 **(II) THE GENERATION, SUPPLY, PRICE, AND SALE OF**
25 **ELECTRICITY FROM THESE FACILITIES.**

26 7-510.

27 **(c) (10) THE COMMISSION SHALL PARTICIPATE IN APPROPRIATE**
28 **FEDERAL PROCEEDINGS, INCLUDING PROCEEDINGS OF THE FEDERAL ENERGY**
29 **REGULATORY COMMISSION, TO PROTECT THE INTERESTS OF THE PEOPLE OF**
30 **THE STATE IN RELIABLE ELECTRICITY AND FAIR AND REASONABLE RATES IN**
31 **THE WHOLESALE ELECTRICITY MARKETS.**

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
33 July 1, 2008.