

# HOUSE BILL 1546

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By: **Chair, Economic Matters Committee (By Request – Departmental – Public Service Commission)**

Introduced and read first time: February 25, 2008

Assigned to: Rules and Executive Nominations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Public Service Commission – Electricity Supply – Distribution of Costs**

3 FOR the purpose of authorizing the Public Service Commission to allocate certain  
4 costs relating to procurement, construction, acquisition, or leasing and operation  
5 that relate to electricity supply to certain electric companies, electric  
6 cooperatives, and municipal electric utilities under certain circumstances and in  
7 a certain amount; requiring the Commission to hold a hearing on a certain  
8 allocation; and generally relating to allocation of certain costs related to  
9 electricity supply.

10 BY repealing and reenacting, without amendments,  
11 Article – Public Utility Companies  
12 Section 7–510(c)(1), (4)(i) and (ii)1., and (6)  
13 Annotated Code of Maryland  
14 (1998 Volume and 2007 Supplement)

15 BY adding to  
16 Article – Public Utility Companies  
17 Section 7–510(c)(10)  
18 Annotated Code of Maryland  
19 (1998 Volume and 2007 Supplement)

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

22 **Article – Public Utility Companies**

23 7–510.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (c) (1) Beginning on the initial implementation date, an electric  
2 company's obligation to provide electricity supply and electricity supply service is  
3 stated by this subsection.

4 (4) (i) On or before July 1, 2001, the Commission shall adopt  
5 regulations or issue orders to establish procedures for the competitive selection of  
6 wholesale electricity suppliers, including an affiliate of an electric company, to provide  
7 electricity for standard offer service to customers of electric companies under  
8 paragraph (2) of this subsection, except for customers of electric cooperatives and  
9 municipal electric utilities. Unless delayed by the Commission, the competitive  
10 selection shall take effect no later than July 1, 2003.

11 (ii) 1. Under the obligation to provide standard offer service  
12 in accordance with paragraph (3)(ii) of this subsection, the Commission, by regulation  
13 or order, and in a manner that is designed to obtain the best price for residential and  
14 small commercial customers in light of market conditions at the time of procurement  
15 and the need to protect these customers from excessive price increases:

16 A. shall require each investor-owned electric company to  
17 obtain its electricity supply for residential and small commercial customers  
18 participating in standard offer service through a competitive process in accordance  
19 with this paragraph; and

20 B. may require or allow an investor-owned electric  
21 company to procure electricity for these customers directly from an electricity supplier  
22 through one or more bilateral contracts outside the competitive process.

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

28 **(10) (I) IF THE COMMISSION REQUIRES AN INVESTOR-OWNED**  
29 **ELECTRIC COMPANY TO PROCURE ELECTRICITY DIRECTLY FROM AN**  
30 **ELECTRICITY SUPPLIER UNDER PARAGRAPH (4)(II)1B OF THIS SUBSECTION OR**  
31 **TO CONSTRUCT, ACQUIRE, OR LEASE AND OPERATE ITS OWN GENERATING**  
32 **FACILITIES AND TRANSMISSION FACILITIES UNDER PARAGRAPH (6) OF THIS**  
33 **SUBSECTION, THE COMMISSION MAY ALLOCATE THE COSTS OF THE**  
34 **PROCUREMENT, CONSTRUCTION, ACQUISITION, OR LEASE AND OPERATION, TO**  
35 **THE CUSTOMERS OF ANY OTHER:**

36 **1. ELECTRIC COMPANY;**

37 **2. ELECTRIC COOPERATIVE; OR**

1                                   **3.     MUNICIPAL ELECTRIC UTILITY.**

2                                   **(II)   THE ALLOCATION OF COSTS SHALL BE IN REASONABLE**  
3 **RELATION TO THE BENEFITS, IN THE FORM OF REDUCED CAPACITY,**  
4 **CONGESTION, OR ENERGY COSTS, OR INCREASED RELIABILITY, THE CUSTOMERS**  
5 **OF THE ELECTRIC COMPANY, ELECTRIC COOPERATIVE, OR MUNICIPAL**  
6 **ELECTRIC UTILITY WILL RECEIVE AS A RESULT OF THE PROCURED OR**  
7 **ACQUIRED GENERATION.**

8                                   **(III)  PRIOR TO ALLOCATING COSTS UNDER THIS**  
9 **PARAGRAPH, THE COMMISSION SHALL HOLD A HEARING ON A PROPOSED**  
10 **ALLOCATION.**

11                                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
12 June 1, 2008.