

SENATE BILL 205

M3

8lr0248

By: **The President (By Request – Administration) and Senators Frosh, Garagiola, Forehand, King, Lenett, Madaleno, Pinsky, and Rosapepe**
Introduced and read first time: January 18, 2008
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **EmPOWER Maryland Energy Efficiency Act of 2008**

3 FOR the purpose of establishing the State goal of achieving certain percentage
4 reductions in per capita electricity consumption and peak demand by the end of
5 a certain year; requiring certain municipal electric utilities and small rural
6 electric cooperatives to include certain programs or services to encourage and
7 promote the efficient use and conservation of energy as part of their service to
8 their customers; requiring that, by certain dates, the Public Service Commission
9 shall adopt regulations or issue orders requiring each electric company to
10 procure or provide to certain customers certain energy efficiency and
11 conservation measures and services that are designed to achieve certain energy
12 reduction targets by certain dates; requiring electric companies to submit to the
13 Commission a certain plan by certain dates; requiring electric companies to
14 consult with the Maryland Energy Administration regarding certain plans;
15 requiring the Administration to provide certain findings to the Commission;
16 requiring the Commission to review certain plans by a certain time; authorizing
17 the Commission and the Administration to request certain information;
18 requiring the Commission, by regulation or order, to require certain electric
19 companies to implement certain rate adjustment mechanisms for certain
20 customers and certain demand response programs for certain customers;
21 requiring the Commission to submit certain reports to the Governor and the
22 General Assembly by certain dates; requiring the Commission to evaluate
23 certain technology and authorizing the Commission to require its
24 implementation; defining certain terms; and generally relating to energy
25 efficiency and demand management measures and services.

26 BY repealing and reenacting, with amendments,
27 Article – Public Utility Companies
28 Section 7–211 and 7–510(c)(4)(ii)2.C.
29 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (1998 Volume and 2007 Supplement)

2 BY adding to

3 Article – Public Utility Companies

4 Section 7–213 and 7–214

5 Annotated Code of Maryland

6 (1998 Volume and 2007 Supplement)

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

9 **Article – Public Utility Companies**

10 7–211.

11 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
12 MEANINGS INDICATED.

13 (2) “PEAK DEMAND” MEANS THE HIGHEST LEVEL OF
14 ELECTRICITY DEMAND IN THE STATE MEASURED IN MEGAWATTS DURING THE
15 PERIOD FROM MAY 1 TO SEPTEMBER 30 ON A WEATHER-NORMALIZED BASIS.

16 (3) “PLAN” MEANS AN ELECTRICITY SAVINGS AND DEMAND
17 REDUCTION PLAN AND COST RECOVERY PROPOSAL.

18 (B) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

19 (1) ENERGY EFFICIENCY IS AMONG THE LEAST EXPENSIVE WAYS
20 TO MEET THE GROWING ELECTRICITY DEMANDS OF THE STATE; AND

21 (2) TO PROVIDE AFFORDABLE, RELIABLE, AND CLEAN ENERGY
22 FOR CONSUMERS OF MARYLAND, IT IS THE GOAL OF THE STATE TO ACHIEVE
23 THE FOLLOWING ENERGY EFFICIENCY TARGETS, BASED ON 2007 ELECTRICITY
24 CONSUMPTION:

25 (I) A 15% REDUCTION IN PER CAPITA ELECTRICITY
26 CONSUMPTION BY THE END OF 2015; AND

27 (II) A 15% REDUCTION IN PEAK DEMAND BY THE END OF
28 2015.

29 [(a)] (C) Subject to review and approval by the Commission, each gas
30 company and electric company shall develop and implement programs and services to
31 encourage and promote the efficient use and conservation of energy by consumers, gas
32 companies, and electric companies.

1 **(D) AS DIRECTED BY THE COMMISSION, EACH MUNICIPAL ELECTRIC**
2 **UTILITY AND SMALL RURAL ELECTRIC COOPERATIVE SHALL INCLUDE THESE**
3 **PROGRAMS OR SERVICES AS PART OF THEIR SERVICE TO THEIR CUSTOMERS.**

4 **[(b)] (E)** The Commission shall:

5 (1) require each gas company and electric company to establish any
6 program or service that the Commission deems appropriate and cost effective to
7 encourage and promote the efficient use and conservation of energy;

8 (2) adopt rate-making policies that provide cost recovery and, in
9 appropriate circumstances, reasonable financial incentives for gas companies and
10 electric companies to establish programs and services that encourage and promote the
11 efficient use and conservation of energy; and

12 (3) ensure that adoption of electric customer choice under Subtitle 5 of
13 this title does not adversely impact the continuation of cost effective energy
14 conservation and efficiency programs.

15 **(F) ON OR BEFORE DECEMBER 31, 2008, BY REGULATION OR ORDER,**
16 **THE COMMISSION SHALL REQUIRE EACH ELECTRIC COMPANY TO PROCURE OR**
17 **PROVIDE FOR ITS ELECTRICITY CUSTOMERS COST-EFFECTIVE ENERGY**
18 **EFFICIENCY AND CONSERVATION MEASURES AND SERVICES WITH PROJECTED**
19 **AND VERIFIABLE ENERGY SAVINGS THAT ARE DESIGNED TO ACHIEVE THE**
20 **FOLLOWING:**

21 (1) **A REDUCTION OF AT LEAST 5% BY THE END OF 2011 AND 10%**
22 **BY THE END OF 2015 OF PER CAPITA ELECTRICITY CONSUMED IN THE ELECTRIC**
23 **COMPANY'S SERVICE TERRITORY DURING 2007; AND**

24 (2) **A REDUCTION OF AT LEAST 5% BY THE END OF 2011, 10% BY**
25 **THE END OF 2013, AND 15% BY THE END OF 2015, IN PEAK DEMAND OF**
26 **ELECTRICITY CONSUMED IN THE ELECTRIC COMPANY'S SERVICE TERRITORY**
27 **DURING 2007.**

28 **(G) (1) (I) ON OR BEFORE OCTOBER 1, 2008, AND EVERY 3 YEARS**
29 **THEREAFTER, EACH ELECTRIC COMPANY SHALL SUBMIT TO THE COMMISSION**
30 **AN ELECTRICITY SAVINGS AND DEMAND REDUCTION PLAN AND COST RECOVERY**
31 **PROPOSAL FOR THE 3 SUBSEQUENT CALENDAR YEARS.**

32 **(II) EACH ELECTRIC COMPANY SHALL PROVIDE ANNUAL**
33 **UPDATES TO THE COMMISSION ON PLAN IMPLEMENTATION AND PROGRESS**
34 **TOWARDS ACHIEVING THE ELECTRICITY SAVINGS AND DEMAND REDUCTION**
35 **TARGETS SPECIFIED IN SUBSECTION (F) OF THIS SECTION.**

1 **(2) BEFORE SUBMITTING THE PLAN TO THE COMMISSION, EACH**
2 **ELECTRIC COMPANY SHALL CONSULT WITH THE MARYLAND ENERGY**
3 **ADMINISTRATION REGARDING PROGRAM DESIGN AND ADEQUACY OF THE**
4 **PLANS TO ACHIEVE THE ELECTRICITY SAVINGS AND DEMAND REDUCTION**
5 **TARGETS SPECIFIED IN SUBSECTION (F) OF THIS SECTION.**

6 **(3) (I) THE PLAN SHALL INCLUDE A DESCRIPTION OF THE**
7 **PROGRAM, ANTICIPATED COSTS, PROJECTED ELECTRICITY SAVINGS, AND ANY**
8 **OTHER INFORMATION REQUESTED BY THE COMMISSION.**

9 **(II) THE PLAN SHALL ADDRESS RESIDENTIAL,**
10 **COMMERCIAL, AND INDUSTRIAL SECTORS AS APPROPRIATE.**

11 **(4) BEFORE THE COMMISSION TAKES ACTION ON THE PLAN, THE**
12 **MARYLAND ENERGY ADMINISTRATION SHALL PROVIDE WRITTEN FINDINGS TO**
13 **THE COMMISSION WITH RESPECT TO PROGRAM DESIGN AND THE ADEQUACY OF**
14 **THE PLAN TO ACHIEVE THE ELECTRICITY SAVINGS AND DEMAND REDUCTION**
15 **TARGETS SPECIFIED IN SUBSECTION (F) OF THIS SECTION.**

16 **(5) THE COMMISSION SHALL REVIEW EACH ELECTRIC**
17 **COMPANY'S PLAN TO DETERMINE IF THE PLAN IS ADEQUATE AND**
18 **COST-EFFECTIVE IN ACHIEVING THE ELECTRICITY SAVINGS AND DEMAND**
19 **REDUCTION TARGETS SPECIFIED IN SUBSECTION (F) OF THIS SECTION.**

20 **(6) THE COMMISSION AND THE MARYLAND ENERGY**
21 **ADMINISTRATION MAY REQUEST ADDITIONAL INFORMATION FROM AN**
22 **ELECTRIC COMPANY REGARDING ITS PLAN.**

23 **[(c)] (H) (1) On or before [February 1, 2001] FEBRUARY 15, 2009, AND**
24 **EVERY 3 YEARS THEREAFTER,** the Commission, in consultation with the Maryland
25 Energy Administration, shall report, subject to § 2-1246 of the State Government
26 Article, to the General Assembly on:

27 (i) the status of programs and services to encourage and
28 promote the efficient use and conservation of energy; and

29 (ii) a recommendation for the appropriate funding level to
30 adequately fund these programs and services.

31 **(2) In determining whether a program or service encourages and**
32 **promotes the efficient use and conservation of energy, the Commission shall consider,**
33 **among other factors:**

34 (i) the impact on jobs;

- 1 (ii) the impact on the environment;
- 2 (iii) the impact on rates; and
- 3 (iv) the cost-effectiveness.

4 **7-213.**

5 (A) IN THIS SECTION, "RATE DECOUPLING" MEANS A RATE
6 ADJUSTMENT MECHANISM THAT SEPARATES A UTILITY COMPANY'S AGREED ON
7 FIXED COSTS, INCLUDING ALLOWED EARNINGS, FROM THE ACTUAL VOLUME OF
8 UNIT SALES THAT OCCUR.

9 (B) ON OR BEFORE DECEMBER 31, 2008, BY REGULATION OR ORDER,
10 THE COMMISSION SHALL REQUIRE EACH ELECTRIC COMPANY TO IMPLEMENT
11 RATE DECOUPLING FOR CUSTOMERS IN THE ELECTRIC COMPANY'S SERVICE
12 TERRITORY.

13 **7-214.**

14 (A) IN THIS SECTION, "DEMAND RESPONSE PROGRAM" MEANS A
15 PROGRAM ESTABLISHED BY AN ELECTRIC COMPANY THAT PROMOTES CHANGES
16 IN ELECTRIC USAGE BY CUSTOMERS FROM THEIR NORMAL CONSUMPTION
17 PATTERNS IN RESPONSE TO:

18 (1) CHANGES IN THE PRICE OF ELECTRICITY OVER TIME; OR

19 (2) INCENTIVES DESIGNED TO INDUCE LOWER ELECTRICITY USE
20 AT TIMES OF HIGH WHOLESALE MARKET PRICES OR WHEN SYSTEM RELIABILITY
21 IS JEOPARDIZED.

22 (B) ON OR BEFORE DECEMBER 31, 2008, BY REGULATION OR ORDER,
23 THE COMMISSION SHALL REQUIRE EACH ELECTRIC COMPANY TO IMPLEMENT A
24 DEMAND RESPONSE PROGRAM FOR RESIDENTIAL CUSTOMERS IN THE ELECTRIC
25 COMPANY'S SERVICE TERRITORY.

26 **7-510.**

27 (c) (4) (ii) 2. C. By regulation or order, as a part of the
28 competitive process, the Commission shall require [or allow] the procurement of
29 cost-effective energy efficiency and conservation measures and services [with
30 projected and verifiable energy savings to offset anticipated demand to be served by
31 standard offer service,] IN ACCORDANCE WITH §§ 7-211(B) AND (E) AND 7-214 OF

1 **THIS SUBTITLE** and **SHALL REQUIRE OR ALLOW** the imposition of other
2 cost-effective demand-side management programs.

3 SECTION 2. AND BE IT FURTHER ENACTED, That the Public Service
4 Commission shall evaluate whether advance meter technology, commonly known as
5 “smart meters,” and digital automation of the components of the entire power supply
6 system, commonly known as “smart grid,” are cost-effective in reducing consumption
7 and peak demand of electricity in Maryland. If smart meter or smart grid technology
8 are found to be cost-effective, the Commission may require, by regulation or order,
9 each electric company to implement as appropriate smart meter or smart grid
10 technology in its service territory.

11 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 July 1, 2008.