

SENATE BILL 278

C5
SB 853/07 – FIN

8lr1324

By: **Senators Pipkin and Rosapepe**
Introduced and read first time: January 25, 2008
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Energy Independence Act of 2008**

3 FOR the purpose of requiring an electric company to operate its own peak-load or
4 other generating facilities for a certain standard offer service load; requiring
5 certain percentages of an electric company's standard offer service to be
6 generated within the State over a certain period of time; requiring the Public
7 Service Commission to determine a certain statewide level of electricity usage
8 from a certain year by a certain date; requiring the Commission to establish a
9 baseline electricity level from that statewide level; altering the criteria that the
10 Commission must consider when acting on an application for a certificate of
11 public convenience and necessity; requiring all electricity supplied for
12 distribution in the State in excess of certain amounts to be generated in the
13 State; authorizing certain excess electricity to be offered for trade on a certain
14 energy market; requiring the Commission to adopt certain regulations
15 applicable to certain persons; requiring the Commission to review certain
16 supply and demand levels and report to the Governor and General Assembly by
17 a certain date each year; stating the findings of the General Assembly;
18 requiring the Commission to review certain provisions and make certain
19 recommendations to certain committees of the General Assembly on the
20 occurrence of certain events; making the provisions of this Act severable; and
21 generally relating to electricity generation in the State.

22 BY repealing and reenacting, with amendments,
23 Article – Public Utility Companies
24 Section 7–207(f) and 7–510(c)(5)
25 Annotated Code of Maryland
26 (1998 Volume and 2007 Supplement)

27 BY repealing
28 Article – Public Utility Companies
29 Section 7–510(c)(6)

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 BY adding to
4 Article – Public Utility Companies
5 Section 7–510.1 and 7–510.2
6 Annotated Code of Maryland
7 (1998 Volume and 2007 Supplement)

8 BY renumbering
9 Article – Public Utility Companies
10 Section 7–510(c)(7), (8), and (9), respectively
11 to be Section 7–510(c)(6), (7), and (8), respectively
12 Annotated Code of Maryland
13 (1998 Volume and 2007 Supplement)

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

16 **Article – Public Utility Companies**

17 7–207.

18 (f) [For the construction of an overhead transmission line, in] **IN** addition to
19 the considerations listed in subsection (e) of this section, the Commission shall take
20 final action on an application for a certificate of public convenience and necessity only
21 after due consideration of the need to meet existing and future demand for electric
22 service.

23 7–510.

24 (c) (5) [An] **SUBJECT TO § 7–510.1 OF THIS SUBTITLE, AN** electric
25 company may procure the electricity needed to meet its standard offer service
26 electricity supply obligation from any electricity supplier, including an affiliate of the
27 electric company.

28 [(6) In order to meet long–term, anticipated demand in the State for
29 standard offer service and other electricity supply, the Commission may require or
30 allow an investor–owned electric company to construct, acquire, or lease, and operate,
31 its own generating facilities, and transmission facilities necessary to interconnect the
32 generating facilities with the electric grid, subject to appropriate cost recovery.]

33 **7–510.1.**

34 (A) (1) **THE COMMISSION SHALL REQUIRE AN INVESTOR–OWNED**
35 **ELECTRIC COMPANY TO CONSTRUCT, ACQUIRE, OR LEASE, AND OPERATE, ITS**
36 **OWN PEAK–LOAD OR OTHER GENERATING FACILITIES TO SUPPLY THE ELECTRIC**

1 COMPANY'S STANDARD OFFER SERVICE, IN ACCORDANCE WITH SUBSECTION (B)
2 OF THIS SECTION, AND TRANSMISSION FACILITIES NECESSARY TO
3 INTERCONNECT THE GENERATING FACILITIES WITH THE GRID.

4 (2) THE COMMISSION SHALL ALLOW APPROPRIATE COST
5 RECOVERY FOR CONSTRUCTION OF THE FACILITIES REQUIRED UNDER
6 PARAGRAPH (1) OF THIS SUBSECTION.

7 (B) THE ELECTRICITY USED TO SUPPLY AN ELECTRIC COMPANY'S
8 STANDARD OFFER SERVICE SHALL BE GENERATED WITHIN THE STATE FROM
9 THE ELECTRIC COMPANY'S OWN GENERATING FACILITIES AS FOLLOWS:

- 10 (1) IN 2009, 10% FROM GENERATION IN THE STATE;
11 (2) IN 2010, 20% FROM GENERATION IN THE STATE;
12 (3) IN 2011, 30% FROM GENERATION IN THE STATE;
13 (4) IN 2012, 40% FROM GENERATION IN THE STATE;
14 (5) IN 2013, 50% FROM GENERATION IN THE STATE;
15 (6) IN 2014, 60% FROM GENERATION IN THE STATE;
16 (7) IN 2015, 70% FROM GENERATION IN THE STATE;
17 (8) IN 2016, 80% FROM GENERATION IN THE STATE;
18 (9) IN 2017, 90% FROM GENERATION IN THE STATE; AND
19 (10) IN 2018 AND LATER, 100% FROM GENERATION IN THE STATE.

20 **7-510.2.**

21 (A) THE GENERAL ASSEMBLY:

22 (1) FINDS THAT A SELF-SUFFICIENT MEANS OF ELECTRICITY
23 GENERATION WITHIN THE STATE WILL BENEFIT CONSUMERS AS WELL AS
24 ELECTRIC COMPANIES AND ELECTRICITY SUPPLIERS; AND

25 (2) INTENDS FOR THE STATE TO REACH A LEVEL AT WHICH 100%
26 OF ALL ELECTRICITY USED IN THE STATE IS GENERATED WITHIN THE STATE.

1 **(B) (1) ON OR BEFORE JANUARY 31, 2009, THE COMMISSION SHALL**
2 **DETERMINE THE STATEWIDE ELECTRICITY USAGE LEVEL FOR CALENDAR YEAR**
3 **2008.**

4 **(2) USING THE 2008 STATEWIDE ELECTRICITY USAGE LEVEL**
5 **DETERMINED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION**
6 **SHALL ESTABLISH A BASELINE USAGE LEVEL FOR THE STATE.**

7 **(C) (1) ON OR AFTER JANUARY 1, 2010, ALL ELECTRICITY THAT IS**
8 **SUPPLIED FOR DISTRIBUTION IN THE STATE IN EXCESS OF THE BASELINE**
9 **LEVEL ESTABLISHED UNDER SUBSECTION (B)(2) OF THIS SECTION MUST BE**
10 **GENERATED IN THE STATE.**

11 **(2) ANY ELECTRICITY GENERATED IN THE STATE IN EXCESS OF**
12 **THE AMOUNTS NEEDED TO MEET THE DEMAND FOR ELECTRICITY SERVED**
13 **UNDER PARAGRAPH (1) OF THIS SUBSECTION AND § 7-510.1 OF THIS SUBTITLE**
14 **MAY BE OFFERED FOR TRADE THROUGH MARKETS OPERATED BY PJM**
15 **INTERCONNECTION, LLC.**

16 **(D) ON OR BEFORE MARCH 1, 2009, THE COMMISSION SHALL ADOPT**
17 **REGULATIONS APPLICABLE TO ALL ELECTRIC COMPANIES AND ELECTRICITY**
18 **SUPPLIERS IN THE STATE TO IMPLEMENT THE REQUIREMENTS OF THIS**
19 **SECTION.**

20 **(E) ON OR BEFORE JANUARY 31 OF EACH YEAR, THE COMMISSION**
21 **SHALL REVIEW AND REPORT ON THE AMOUNT OF ELECTRICITY GENERATED**
22 **AND USED WITHIN THE STATE DURING THE PREVIOUS YEAR TO THE GOVERNOR**
23 **AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE,**
24 **THE GENERAL ASSEMBLY.**

25 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 7-510(c)(7),
26 (8), and (9), respectively, of Article – Public Utility Companies of the Annotated Code
27 of Maryland be renumbered to be Section(s) 7-510(c)(6), (7), and (8), respectively.

28 SECTION 3. AND BE IT FURTHER ENACTED, That once electricity
29 generation reaches a level of 100% generated within the State under § 7-510.1 of the
30 Public Utility Companies Article, as enacted by this Act, the Public Service
31 Commission shall review the codified language in the Public Utility Companies Article
32 and make recommendations to remove obsolete provisions regarding an electricity
33 supply that may be imported from other states. Recommendations for language for
34 legislation under this section shall be submitted to the House Economic Matters
35 Committee and the Senate Finance Committee within 3 months after the 100% level of
36 electricity generated from within the State is reached.

1 SECTION 4. AND BE IT FURTHER ENACTED, That if any provision of this
2 Act or the application thereof to any person or circumstance is held invalid for any
3 reason in a court of competent jurisdiction, the invalidity does not affect other
4 provisions or any other application of this Act which can be given effect without the
5 invalid provision or application, and for this purpose the provisions of this Act are
6 declared severable.

7 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 July 1, 2008.