

# HOUSE BILL 1072

C5, C8

9lr2796

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By: **Delegate McHale**

Introduced and read first time: February 13, 2009

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Electricity – Smart Grid Initiative**

3 FOR the purpose of establishing a pilot program on smart grid deployment under the  
4 authority of the Public Service Commission; stating certain findings of the  
5 General Assembly; providing for the purposes of the pilot program; requiring  
6 the Commission to conduct certain proceedings concerning the pilot program;  
7 requiring the initial deployment of smart grid technology under the pilot  
8 program to begin on or before a certain date; authorizing a certain electric  
9 company to recover certain costs under certain circumstances; requiring the  
10 Maryland Energy Administration, along with a certain electric company and a  
11 certain smart grid company, to submit a certain joint application to the U.S.  
12 Department of Energy for certain Smart Grid Funding Programs; requiring  
13 certain funding received from a certain program to be used by the  
14 Administration, in coordination with the Commission, the electric company, and  
15 the smart grid company, in a certain manner; authorizing the Commission to  
16 use certain funds in a certain manner; requiring the Commission to make  
17 certain reports to certain committees on or before a certain date each year;  
18 defining a certain term; and generally relating to a pilot program on smart grid  
19 deployment.

20 BY adding to

21 Article – Public Utility Companies

22 Section 7–213

23 Annotated Code of Maryland

24 (2008 Replacement Volume and 2008 Supplement)

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

27 **Article – Public Utility Companies**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **7-213.**

2 (A) IN THIS SECTION, "SMART GRID" MEANS A TWO-WAY  
3 COMMUNICATIONS SYSTEM AND ASSOCIATED EQUIPMENT AND SOFTWARE,  
4 INCLUDING EQUIPMENT INSTALLED ON AN ELECTRIC CUSTOMER'S PREMISES,  
5 THAT USES THE ELECTRIC COMPANY'S TRANSMISSION AND DISTRIBUTION  
6 NETWORKS TO PROVIDE REAL-TIME MONITORING, DIAGNOSTIC, AND CONTROL  
7 INFORMATION AND SERVICES THAT IMPROVE THE EFFICIENCY AND  
8 RELIABILITY OF THE TRANSMISSION, DISTRIBUTION, AND USE OF ELECTRICITY,  
9 INCLUDING:

- 10 (1) TRANSMISSION AND DISTRIBUTION EQUIPMENT AUTOMATION;
- 11 (2) AUTOMATED LOAD CONTROL OR DEMAND RESPONSE;
- 12 (3) POWER LOSS DETECTION AND PREVENTION;
- 13 (4) REMOTE OUTAGE AND RESTORATION DETECTION;
- 14 (5) DYNAMIC PRICING OF SERVICE;
- 15 (6) MONITORING OF TRANSMISSION AND DISTRIBUTION  
16 NETWORK PERFORMANCE; AND
- 17 (7) PREDICTIVE MAINTENANCE AND DIAGNOSTICS.

## 18 (B) THE GENERAL ASSEMBLY FINDS THAT:

19 (1) SMART GRID IS A TECHNOLOGY PLATFORM THAT MAY BE  
20 USED TO ENHANCE EXISTING ELECTRICITY DELIVERY SYSTEMS AND MAY  
21 RESULT IN IMPROVED SERVICE AND RELIABILITY FOR ELECTRICITY  
22 CUSTOMERS;

23 (2) SMART GRID OFFERED THROUGH TECHNOLOGY THAT USES  
24 ELECTRIC LINES OFFERS A MEANS OF PROVIDING ALTERNATIVE BROADBAND  
25 SERVICES TO HOMES AND BUSINESSES;

26 (3) SMART GRID DEPLOYMENT CAN HELP THE STATE MEET ITS  
27 ENERGY POLICY GOALS, INCLUDING REDUCING GREENHOUSE GAS EMISSIONS  
28 AND REDUCING RELIANCE ON FOSSIL FUELS;

29 (4) CONSISTENT WITH THE GOALS OF REDUCING THE IMPACT OF  
30 CLIMATE CHANGE, INCREASING ENERGY INDEPENDENCE, AND STIMULATING  
31 THE GROWTH OF HIGH TECHNOLOGY, MANUFACTURING, AND OTHER JOBS IN

1 THE STATE, IT IS IN THE PUBLIC INTEREST TO ENCOURAGE THE DEPLOYMENT  
2 OF SMART GRID BY ALLOWING AFFILIATES OF AN ELECTRIC COMPANY, OR  
3 ALLOWING UNAFFILIATED ENTITIES, TO OWN OR OPERATE ALL OR A PORTION  
4 OF A SMART GRID SYSTEM; AND

5 (5) A PILOT PROGRAM OF DEPLOYMENT OF SMART GRID  
6 TECHNOLOGY WILL ASSIST THE GENERAL ASSEMBLY AND THE PUBLIC BY  
7 PROVIDING ACCURATE DATA AND APPLICABLE EXPERIENCE THAT WILL BE  
8 VALUABLE IN ASSESSING THE POTENTIAL ADVANTAGES AND COSTS OF A  
9 LARGE-SCALE DEPLOYMENT OF SMART GRID TECHNOLOGY IN THE STATE.

10 (C) THERE IS A PILOT PROGRAM ON SMART GRID DEPLOYMENT  
11 ADMINISTERED BY THE COMMISSION.

12 (D) THE PURPOSE OF THE PILOT PROGRAM IS TO OBTAIN AN ACCURATE  
13 ASSESSMENT OF THE BENEFITS OF SMART GRID TECHNOLOGY, INCLUDING:

14 (1) DEMONSTRATING IMPROVEMENT OF RELIABILITY AND  
15 EFFICIENCY OF THE TRANSMISSION AND DISTRIBUTION GRID, INCLUDING:

16 (I) REDUCTION IN TIME TO DETECT POWER OUTAGES;

17 (II) REDUCTION IN TIME TO REPAIR UNDERGROUND CABLE  
18 FAULTS;

19 (III) DETECTION AND REPAIR OF POTENTIAL DISTRIBUTION  
20 GRID EQUIPMENT FAILURES; AND

21 (IV) IMPROVED RELIABILITY INDICES; AND

22 (2) DEMONSTRATING BENEFITS TO ELECTRICITY CUSTOMERS,  
23 INCLUDING:

24 (I) REAL-TIME LOAD REDUCTION AND DEPLOYMENT OF  
25 PROGRAMMABLE COMMUNICATED THERMOSTATS THAT PROVIDE  
26 AIR-CONDITIONING LOAD CONTROL WITH MINIMAL CUSTOMER  
27 INCONVENIENCE;

28 (II) REAL-TIME LOAD REDUCTION AND DIRECT LOAD  
29 CONTROL SWITCHES THAT CONTROL DEVICES SUCH AS WATER HEATERS, POOL  
30 PUMPS, AND AIR-CONDITIONING COMPRESSORS; AND

31 (III) HOME AREA NETWORK ENABLED DEVICES SUCH AS  
32 IN-HOME ENERGY DISPLAY.

1           **(E) THE COMMISSION SHALL CONDUCT APPROPRIATE PROCEEDINGS**  
2 **TO DETERMINE THE SCOPE AND NATURE OF THE PILOT PROGRAM ESTABLISHED**  
3 **UNDER THIS SECTION, INCLUDING:**

4           **(1) THE NUMBER OF ELECTRIC CUSTOMERS IN AN ELECTRIC**  
5 **COMPANY'S SERVICE TERRITORY THAT WILL BE INCLUDED IN THE PILOT**  
6 **PROGRAM;**

7           **(2) THE EXTENT AND TYPE OF SMART GRID TECHNOLOGY TO BE**  
8 **INSTALLED AND OPERATED THROUGH THE PILOT PROGRAM;**

9           **(3) THE COORDINATION OF THE DEPLOYMENT OF THE SMART**  
10 **GRID TECHNOLOGY;**

11           **(4) THE DISSEMINATION OF INFORMATION ON THE DEPLOYMENT**  
12 **OF SMART GRID TECHNOLOGY TO ELECTRIC CUSTOMERS THAT WILL BE**  
13 **AFFECTED BY THE PILOT PROGRAM; AND**

14           **(5) THE GEOGRAPHIC AREA IN WHICH TO OPERATE THE PILOT**  
15 **PROGRAM.**

16           **(F) THE INITIAL DEPLOYMENT OF SMART GRID TECHNOLOGY UNDER**  
17 **THE PILOT PROGRAM SHALL BEGIN ON OR BEFORE JUNE 1, 2010.**

18           **(G) AN ELECTRIC COMPANY, IN WHOSE SERVICE TERRITORY SMART**  
19 **GRID TECHNOLOGY IS DEPLOYED UNDER THE PILOT PROGRAM, MAY RECOVER**  
20 **ANY COSTS THAT THE ELECTRIC COMPANY INCURS FROM THE DEPLOYMENT OF**  
21 **SMART GRID TECHNOLOGY BY A SURCHARGE ON THE SERVICES PROVIDED TO**  
22 **EACH CUSTOMER AND PLACED ON THE PERIODIC BILL THAT THE CUSTOMER**  
23 **RECEIVES FROM THE ELECTRIC COMPANY.**

24           **(H) ON OR BEFORE DECEMBER 31 OF EACH YEAR, BEGINNING IN 2010,**  
25 **THE PUBLIC SERVICE COMMISSION SHALL REPORT IN ACCORDANCE WITH §**  
26 **2-1246 OF THE STATE GOVERNMENT ARTICLE TO THE SENATE FINANCE**  
27 **COMMITTEE AND THE HOUSE ECONOMIC MATTERS COMMITTEE ON:**

28           **(1) THE STATUS OF THE PILOT PROGRAM; AND**

29           **(2) THE MEASURABLE COSTS AND BENEFITS OF THE PILOT**  
30 **PROGRAM FOR ELECTRIC COMPANIES AND ELECTRICITY CUSTOMERS.**

31           **SECTION 2. AND BE IT FURTHER ENACTED, That:**

1           (a)   (1)   As soon as federal funding is made available, the Maryland Energy  
2 Administration, together with at least one electric company and one smart grid  
3 company to be chosen by the Director of the Administration, shall submit a joint  
4 application to the U.S. Department of Energy for the Smart Grid Funding Programs  
5 set forth in 42 U.S.C. §§ 17384 and 17386 or other available federal funding programs  
6 for smart grid assessment and implementation.

7           (2)   Any funding received from the federal Smart Grid Funding  
8 Programs or other federal smart grid programs shall be used by the Maryland Energy  
9 Administration, in coordination with the Public Service Commission, and the electric  
10 company and smart grid company that submit the application in accordance with  
11 paragraph (1) of this subsection to offset costs associated with the pilot program  
12 established under Section 1 of this Act.

13           (b)   To offset costs associated with the pilot program established in Section 1  
14 of this Act, the Public Service Commission may use any funds from any other source  
15 accepted for the benefit of the pilot program established in Section 1 of this Act.

16           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
17 June 1, 2009.