

# SENATE BILL 955

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By: **Senator Klausmeier**

Introduced and read first time: February 19, 2009

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Public Utility Companies – Energy Efficiency, Conservation, and Demand**  
3 **Response Programs – Selection of HVAC Service Providers**

4 FOR the purpose of requiring an electric company under certain circumstances to  
5 include procedures for the competitive selection of heating, ventilation, air  
6 conditioning, or refrigeration service providers in a certain plan to achieve  
7 certain electricity savings and demand reduction targets; prohibiting an affiliate  
8 of an electric company from providing heating, ventilation, air conditioning, or  
9 refrigeration services in connection with a certain program or service unless the  
10 Public Service Commission verifies that the electric company's regulated service  
11 customers are not subsidizing the operations of the affiliate; requiring each  
12 electric company to submit to the Commission a certain updated plan or a  
13 certain statement on or before a certain date; defining certain terms; and  
14 generally relating to electric companies.

15 BY repealing and reenacting, with amendments,  
16 Article – Public Utility Companies  
17 Section 7–211(a), (h), and (i)  
18 Annotated Code of Maryland  
19 (2008 Replacement Volume and 2008 Supplement)

20 BY repealing and reenacting, without amendments,  
21 Article – Public Utility Companies  
22 Section 7–211(g)  
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 7-211.

2 (a) (1) In this section the following words have the meanings indicated.

3 (2) **“AFFILIATE” HAS THE MEANING STATED IN § 7-501 OF THIS**  
4 **TITLE.**

5 (3) “Demand response program” means a program established by an  
6 electric company that promotes changes in electric usage by customers from their  
7 normal consumption patterns in response to:

8 (i) changes in the price of electricity over time; or

9 (ii) incentives designed to induce lower electricity use at times  
10 of high wholesale market prices or when system reliability is jeopardized.

11 [(3)] (4) “Electricity consumption” and “electricity consumed” mean  
12 the sum of retail electricity sales to all customers and reported electricity losses within  
13 the electric distribution system.

14 [(4)] (5) “Peak demand” means the highest level of electricity  
15 demand in the State measured in megawatts during the period from May 1 to  
16 September 30 on a weather-normalized basis.

17 [(5)] (6) “Per capita electricity consumption” means the result  
18 calculated by dividing the total gigawatt-hours of electricity consumed by electricity  
19 customers in the State as of December 31 of a year, as determined by the Commission,  
20 by the population of the State as of December 31 of that year, as determined by the  
21 Department of Planning.

22 [(6)] (7) “Plan” means an electricity savings and demand reduction  
23 plan and cost recovery proposal.

24 (8) **“PROVIDE HEATING, VENTILATION, AIR CONDITIONING, OR**  
25 **REFRIGERATION SERVICES” HAS THE MEANING STATED IN § 9A-101 OF THE**  
26 **BUSINESS REGULATION ARTICLE.**

27 (g) Except as provided in subsection (e) of this section, on or before December  
28 31, 2008, by regulation or order, the Commission shall:

29 (1) to the extent that the Commission determines that cost-effective  
30 energy efficiency and conservation programs and services are available, for each  
31 affected class, require each electric company to procure or provide for its electricity  
32 customers cost-effective energy efficiency and conservation programs and services  
33 with projected and verifiable electricity savings that are designed to achieve a targeted

1 reduction of at least 5% by the end of 2011 and 10% by the end of 2015 of per capita  
2 electricity consumed in the electric company's service territory during 2007; and

3 (2) require each electric company to implement a cost-effective  
4 demand response program in the electric company's service territory that is designed  
5 to achieve a targeted reduction of at least 5% by the end of 2011, 10% by the end of  
6 2013, and 15% by the end of 2015, in per capita peak demand of electricity consumed  
7 in the electric company's service territory during 2007.

8 (h) (1) (i) On or before July 1, 2008, and every 3 years thereafter, each  
9 electric company shall consult with the Maryland Energy Administration regarding  
10 the design and adequacy of the electric company's plan to achieve the electricity  
11 savings and demand reduction targets specified in subsection (g) of this section.

12 (ii) An electric company shall provide the Maryland Energy  
13 Administration with any additional information regarding the plan, as requested.

14 (2) On or before September 1, 2008, and every 3 years thereafter, an  
15 electric company shall submit its plan to the Commission that details the electric  
16 company's proposals for achieving the electricity savings and demand reduction  
17 targets specified in subsection (g) of this section for the 3 subsequent calendar years.

18 (3) The Commission shall consider any written findings provided by  
19 the Maryland Energy Administration regarding the design and adequacy of the plan.

20 (4) Each electric company shall provide annual updates to the  
21 Commission and the Maryland Energy Administration on plan implementation and  
22 progress towards achieving the electricity savings and demand reduction targets  
23 specified in subsection (g) of this section.

24 (5) (i) The plan shall include a description of the proposed energy  
25 efficiency and conservation programs and services and the proposed demand response  
26 program, anticipated costs, projected electricity savings, and any other information  
27 requested by the Commission.

28 (ii) The plan shall address residential, commercial, and  
29 industrial sectors as appropriate, including low-income communities and low- to  
30 moderate-income communities.

31 **(III) IF, IN CONNECTION WITH A PROGRAM OR SERVICE, THE**  
32 **ELECTRIC COMPANY PROPOSES TO PROVIDE HEATING, VENTILATION, AIR**  
33 **CONDITIONING, OR REFRIGERATION SERVICES FOR ITS CUSTOMERS, THE PLAN**  
34 **SHALL INCLUDE PROCEDURES FOR THE COMPETITIVE SELECTION OF HEATING,**  
35 **VENTILATION, AIR CONDITIONING, OR REFRIGERATION SERVICE PROVIDERS.**

1           (6) The Commission shall review each electric company's plan to  
2 determine if the plan is adequate and cost-effective in achieving the electricity savings  
3 and demand reduction targets specified in subsection (g) of this section.

4           (i) (1) In determining whether a program or service encourages and  
5 promotes the efficient use and conservation of energy, the Commission shall consider  
6 the:

7                           (i) cost-effectiveness;

8                           (ii) impact on rates of each ratepayer class;

9                           (iii) impact on jobs; and

10                          (iv) impact on the environment.

11           (2) The Commission shall monitor and analyze the impact of each  
12 program and service to ensure that the outcome of each program and service provides  
13 the best possible results.

14           (3) In monitoring and analyzing the impact of a program or service  
15 under paragraph (2) of this subsection, if the Commission finds that the outcome of the  
16 program or services may not be providing the best possible results, the Commission  
17 shall direct the electric company to include in its annual update under subsection  
18 (h)(4) of this section specific measures to address the findings.

19           **(4) AN AFFILIATE OF THE ELECTRIC COMPANY MAY NOT PROVIDE**  
20 **HEATING, VENTILATION, AIR CONDITIONING, OR REFRIGERATION SERVICES IN**  
21 **CONNECTION WITH A PROGRAM OR SERVICE UNLESS THE COMMISSION**  
22 **VERIFIES THAT THE CUSTOMERS OF THE ELECTRIC COMPANY'S REGULATED**  
23 **SERVICES ARE NOT SUBSIDIZING THE OPERATIONS OF THE AFFILIATE.**

24           SECTION 2. AND BE IT FURTHER ENACTED, That, on or before July 1,  
25 2009, each electric company shall submit to the Public Service Commission:

26                           (1) an updated demand reduction plan and cost recovery proposal that  
27 includes the competitive selection procedures required by this Act; or

28                           (2) a statement that the electric company does not propose to provide  
29 heating, ventilation, air conditioning, or refrigeration services for its customers under  
30 its demand reduction plan and cost recovery proposal.

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