

SENATE BILL 558

C5, M1

01r0830
CF 01r0891

By: **Senators Pinsky, Frosh, Harrington, Raskin, and Rosapepe**

Introduced and read first time: February 4, 2010

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Public Service Commission – Long–Term Power Purchasing Agreements –**
3 **Renewable Energy**

4 FOR the purpose of requiring the Public Service Commission to direct certain
5 electricity suppliers to enter into certain long–term power purchasing
6 agreements according to a certain schedule; stating the findings of the General
7 Assembly; authorizing the Commission to waive the requirement for an
8 electricity supplier to enter into certain long–term power purchasing
9 agreements under certain circumstances; requiring the Commission to consider
10 certain factors when making a certain determination related to granting a
11 certain waiver; prohibiting the Commission from granting a waiver under
12 certain circumstances; defining a certain term; and generally relating to
13 long–term power purchasing agreements.

14 BY adding to
15 Article – Public Utility Companies
16 Section 7–707
17 Annotated Code of Maryland
18 (2008 Replacement Volume and 2009 Supplement)

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

21 **Article – Public Utility Companies**

22 **7–707.**

23 **(A) IN THIS SECTION, “LONG–TERM POWER PURCHASING AGREEMENT”**
24 **OR “AGREEMENT” MEANS AN AGREEMENT TO PURCHASE A DEFINITE AMOUNT**
25 **OF ELECTRICITY:**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (1) GENERATED BY A TIER 1 RENEWABLE SOURCE;
- 2 (2) CAPABLE OF BEING DELIVERED DIRECTLY INTO:
- 3 (I) THE DISTRIBUTION GRID IN THE STATE; OR
- 4 (II) THE GRID IN A STATE ADJACENT TO THE STATE;
- 5 (3) AT A DEFINITE PRICE PER KILOWATT-HOUR; AND
- 6 (4) FOR A PERIOD OF AT LEAST 20 YEARS.

7 **(B) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT LONG-TERM**
8 **POWER PURCHASING AGREEMENTS ARE A MEANS TO ENCOURAGE INVESTMENT**
9 **IN RENEWABLE ENERGY RESOURCES, ENHANCE CONTINUED DIVERSIFICATION**
10 **OF THE STATE'S ENERGY RESOURCE MIX, ENSURE A RELIABLE AND**
11 **PREDICTABLE SUPPLY OF ELECTRICITY TO MEET THE RENEWABLE ENERGY**
12 **PORTFOLIO STANDARD, AND PROVIDE A STABLE PRICE FOR ELECTRICITY FOR**
13 **RATEPAYERS OVER THE LONG TERM.**

14 **(C) THE REQUIREMENTS OF THIS SECTION APPLY ONLY TO**
15 **ELECTRICITY SUPPLIERS OF STANDARD OFFER SERVICE UNDER SUBTITLE 5 OF**
16 **THIS TITLE.**

17 **(D) EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, THE**
18 **COMMISSION SHALL DIRECT ELECTRICITY SUPPLIERS TO ENTER INTO**
19 **LONG-TERM POWER PURCHASING AGREEMENTS ACCORDING TO THE**
20 **FOLLOWING SCHEDULE:**

21 **(1) ON OR BEFORE OCTOBER 1, 2011, EACH ELECTRICITY**
22 **SUPPLIER SHALL ISSUE A REQUEST FOR PROPOSALS FOR LONG-TERM POWER**
23 **PURCHASING AGREEMENTS; AND**

24 **(2) ON OR BEFORE OCTOBER 1, 2012, EACH ELECTRICITY**
25 **SUPPLIER SHALL ENTER INTO AT LEAST ONE LONG-TERM POWER PURCHASING**
26 **AGREEMENT.**

27 **(E) (1) THE COMMISSION MAY WAIVE THE REQUIREMENT UNDER**
28 **SUBSECTION (D) OF THIS SECTION IF AN ELECTRICITY SUPPLIER**
29 **DEMONSTRATES TO THE SATISFACTION OF THE COMMISSION THAT LONG-TERM**
30 **POWER PURCHASING AGREEMENTS ARE NOT COST-EFFECTIVE OVER A PERIOD**
31 **OF 25 YEARS.**

1 **(2) IN DETERMINING WHETHER OR NOT A LONG-TERM POWER**
2 **PURCHASING AGREEMENT IS COST-EFFECTIVE FOR THE PURPOSE OF A WAIVER**
3 **UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION SHALL**
4 **CONSIDER:**

5 **(I) ANY COMPLIANCE FEE UNDER § 7-705 OF THIS**
6 **SUBTITLE OR OTHER PENALTY THAT THE ELECTRICITY SUPPLIER WOULD BE**
7 **REQUIRED TO PAY IN THE ABSENCE OF THE ELECTRICITY PROCURED THROUGH**
8 **THE AGREEMENT; AND**

9 **(II) THE COST OF OPERATING A FOSSIL FUEL GENERATING**
10 **FACILITY OVER THE ENTIRE LIFE CYCLE OF THE FOSSIL FUEL GENERATING**
11 **FACILITY, INCLUDING:**

12 **1. MAINTENANCE COSTS;**

13 **2. POLLUTION CONTROL AND COMPLIANCE COSTS;**

14 **AND**

15 **3. DECOMMISSIONING COSTS.**

16 **(3) THE COMMISSION MAY NOT GRANT A WAIVER UNDER**
17 **PARAGRAPH (1) OF THIS SUBSECTION TO AN ELECTRICITY SUPPLIER IF THE**
18 **ELECTRICITY SUPPLIER WILL ENJOY A COMPETITIVE ADVANTAGE SOLELY AS A**
19 **RESULT OF THE WAIVER.**

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2010.