

SENATE BILL 804

C5

0lr2151

By: **Senator Pipkin**

Introduced and read first time: February 10, 2010

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Ratepayer Relief Act of 2010**

3 FOR the purpose of prohibiting an electricity supplier from recovering certain costs
4 incurred in complying with the renewable energy portfolio standard, including
5 costs resulting from certain compliance fees and from connecting certain electric
6 generation facilities to the grid; repealing a certain provision authorizing the
7 recovery of certain compliance fees under certain conditions; repealing a certain
8 provision related to the waiver of the ability to recover certain compliance fees;
9 and generally relating to cost recovery by electricity suppliers.

10 BY repealing and reenacting, with amendments,
11 Article – Public Utility Companies
12 Section 7–706
13 Annotated Code of Maryland
14 (2008 Replacement Volume and 2009 Supplement)

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

17 **Article – Public Utility Companies**

18 7–706.

19 (a) (1) Except as provided in [paragraph] PARAGRAPHS (2) AND (3) of
20 this subsection, in accordance with the obligation to provide standard offer service
21 through the bid process created under § 7–510 of this title, the Commission shall allow
22 an electricity supplier to recover actual dollar-for-dollar costs incurred[, including a
23 compliance fee under § 7–705 of this subtitle,] in complying with a State-mandated
24 renewable energy portfolio standard.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) In accordance with the Phase II settlement agreement approved by
2 the Commission in Order No. 78710 in Case No. 8908 on September 30, 2003, for any
3 full-service agreement executed before the renewable energy standard under this
4 subtitle applies to an electric company, the electric company and its wholesale
5 electricity suppliers may pass through their commercially reasonable additional costs,
6 if any, associated with complying with the standard, through the end of the year of
7 standard offer service in which the requirement took effect.

8 **(3) AN ELECTRICITY SUPPLIER MAY NOT RECOVER COSTS**
9 **INCURRED AS A RESULT OF:**

10 **(I) A COMPLIANCE FEE UNDER § 7-705 OF THIS SUBTITLE;**
11 **OR**

12 **(II) CONNECTING A WIND-POWERED ELECTRIC**
13 **GENERATION FACILITY TO THE GRID.**

14 (b) [An electricity supplier may recover a compliance fee if:

15 (1) the payment of a compliance fee is the least-cost measure to
16 customers as compared to the purchase of Tier 1 renewable sources to comply with a
17 renewable energy portfolio standard;

18 (2) there are insufficient Tier 1 renewable sources available for the
19 electricity supplier to comply with a renewable energy portfolio standard; or

20 (3) a wholesale electricity supplier defaults or otherwise fails to
21 deliver renewable energy credits under a supply contract approved by the
22 Commission.

23 (c) Any cost recovery under this section:

24 (1) for all electricity suppliers, may be in the form of a generation
25 surcharge payable by all current electricity supply customers, except as otherwise
26 provided in § 7-704(e) of this subtitle;

27 (2) shall be disclosed to customers in a manner to be determined by
28 the Commission; and

29 (3) may not include the costs for a power purchase contract under the
30 federal Public Utility Regulatory Policy Act contemplated in rates or restructuring
31 proceedings.

32 [(d) (1) In accordance with regulations adopted by the Commission in
33 consultation with the Department of Business and Economic Development, the
34 Commission may waive the recovery of all or part of the compliance fee assessed on
35 the load of a particular industrial or nonretail commercial customer for a particular

1 year, based on a demonstration by the applicant of an extreme economic hardship that
2 significantly impairs the continued operation of the applicant.

3 (2) Any compliance fee recovery that is waived under this subsection
4 may not be assessed against other customers.

5 (3) An electricity supplier is not liable for any compliance fee that is
6 waived under this subsection.]

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