

SENATE BILL 1095

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By: **Senator Klausmeier**

Introduced and read first time: March 5, 2010

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Public Utility Companies – Energy Efficiency and Demand Response**
3 **Programs – Review of Competitive Selection Procedures**

4 FOR the purpose of requiring the Public Service Commission, as part of a certain
5 review, to make a certain determination of certain procedures for the
6 competitive selection of heating, ventilation, air conditioning, or refrigeration
7 service providers; requiring the Commission to review certain annual updates of
8 electricity savings and demand reduction plans and make a certain
9 determination; requiring the Commission to approve certain electricity savings
10 and demand reduction plans at a certain interval under certain circumstances;
11 and generally relating to energy efficiency, conservation, and demand response
12 programs and services.

13 BY repealing and reenacting, without amendments,
14 Article – Public Utility Companies
15 Section 7–211(a) and (g)
16 Annotated Code of Maryland
17 (2008 Replacement Volume and 2009 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article – Public Utility Companies
20 Section 7–211(h)
21 Annotated Code of Maryland
22 (2008 Replacement Volume and 2009 Supplement)

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

25 **Article – Public Utility Companies**

26 7–211.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

2 (2) “Affiliate” has the meaning stated in § 7–501 of this title.

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

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

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

9 (4) “Electricity consumption” and “electricity consumed” mean the sum
10 of retail electricity sales to all customers and reported electricity losses within the
11 electric distribution system.

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

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

20 (7) “Plan” means an electricity savings and demand reduction plan
21 and cost recovery proposal.

22 (8) “Provide heating, ventilation, air conditioning, or refrigeration
23 services” has the meaning stated in § 9A–101 of the Business Regulation Article.

24 (g) Except as provided in subsection (e) of this section, on or before December
25 31, 2008, by regulation or order, the Commission shall:

26 (1) to the extent that the Commission determines that cost-effective
27 energy efficiency and conservation programs and services are available, for each
28 affected class, require each electric company to procure or provide for its electricity
29 customers cost-effective energy efficiency and conservation programs and services
30 with projected and verifiable electricity savings that are designed to achieve a targeted
31 reduction of at least 5% by the end of 2011 and 10% by the end of 2015 of per capita
32 electricity consumed in the electric company’s service territory during 2007; and

33 (2) require each electric company to implement a cost-effective
34 demand response program in the electric company’s service territory that is designed
35 to achieve a targeted reduction of at least 5% by the end of 2011, 10% by the end of

1 2013, and 15% by the end of 2015, in per capita peak demand of electricity consumed
2 in the electric company's service territory during 2007.

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

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

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

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

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

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

23 (ii) The plan shall address residential, commercial, and
24 industrial sectors as appropriate, including low-income communities and low- to
25 moderate-income communities.

26 (iii) 1. If, in connection with a program or service, the
27 electric company proposes to provide heating, ventilation, air conditioning, or
28 refrigeration services for its customers, the plan shall include procedures for the
29 competitive selection of heating, ventilation, air conditioning, or refrigeration service
30 providers.

31 2. On request by the electric company and for good cause
32 shown, the Commission may waive the requirement that the electric company
33 competitively select heating, ventilation, air conditioning, or refrigeration providers
34 under item 1 of this subparagraph.

35 (6) The plan and [any updates] **EACH ANNUAL UPDATE UNDER**
36 **PARAGRAPH (4) OF THIS SUBSECTION** shall include a certification or recertification
37 by the electric company that, if an affiliate of the electric company provides heating,

1 ventilation, air conditioning, or refrigeration services through any existing contract or
2 obligation in connection with a program or service, the customers of the electric
3 company's regulated services will not subsidize the operations of the affiliate.

4 (7) **(I)** The Commission shall review each electric company's plan
5 **AND ANNUAL UPDATE** to determine if the plan is adequate and cost-effective in
6 achieving the electricity savings and demand reduction targets specified in subsection
7 (g) of this section.

8 **(II) AS PART OF THE COMMISSION'S REVIEW UNDER**
9 **SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE COMMISSION SHALL DETERMINE**
10 **IF THE PROCEDURES REQUIRED UNDER PARAGRAPH (5)(III) OF THIS**
11 **SUBSECTION ARE FAIR, REASONABLE, AND RESULT IN A MINIMAL ECONOMIC**
12 **IMPACT ON THE HEATING, VENTILATION, AIR CONDITIONING, AND**
13 **REFRIGERATION SERVICE INDUSTRIES IN THE STATE.**

14 **(III) SUBJECT TO ITS REVIEW UNDER SUBPARAGRAPHS (I)**
15 **AND (II) OF THIS PARAGRAPH, THE COMMISSION SHALL APPROVE OR AFFIRM**
16 **AN ELECTRIC COMPANY'S PLAN ONCE EACH YEAR OR AT ANY OTHER INTERVAL**
17 **THE COMMISSION CONSIDERS APPROPRIATE.**

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 July 1, 2010.