

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 691

(Senator Middleton)

Finance

Economic Matters

**Public Service Commission - Certificate of Public Convenience and Necessity -
Renewable Source Generator Lead Line**

This emergency bill requires an individual to obtain a certificate of public convenience and necessity (CPCN) from the Public Service Commission (PSC) to construct a qualified generator lead line. A “qualified generator lead line” is an overhead transmission line that is designed to carry a voltage in excess of 69,000 volts and would allow an out-of-state Tier 1 or Tier 2 renewable source to interconnect with a portion of the electric system in Maryland that is owned by an electric company. A person may not apply for a CPCN to construct a qualified generator lead line unless the person offered the electric company that owns the portion of the grid to which the qualified generator lead line would interconnect a full and fair opportunity to construct the line at least 90 days before application for the CPCN. Also, the electric company must have provided specified notice that the company did not accept the proposal or a negotiated version of the proposal or stated in writing that the company did not intend to construct the qualified generator lead line.

Fiscal Summary

State Effect: PSC can handle the bill’s requirements with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: State law specifies that an *electric company* must be granted a CPCN from PSC before beginning construction of an overhead transmission line that is designed to carry a voltage in excess of 69,000 volts or exercise a right of condemnation with the construction. Through case proceedings, PSC has determined that this means that it does not have the authority to issue a CPCN for a transmission line to a nonelectric company.

An application for CPCN is reviewed before a hearing examiner in a formal adjudicatory process that includes written and oral testimony, cross examination, and the opportunity for full-public participation. The CPCN process constitutes permission to construct the facility and incorporates several required permits, including air quality and water appropriation. The CPCN licensing process provides an opportunity for the State to examine all the significant aspects and impacts of a proposed power facility or transmission line, including the interrelations between various impacts and cumulative effects.

Background: In January 2010, PSC received an application for CPCN from an individual seeking to construct a transmission line connecting an out-of-state wind generating facility to a Maryland substation. Through docketed case number 9222, PSC determined that an out-of-state generating station could not obtain CPCN to construct the Maryland portion of an overhead transmission line. Additionally, PSC determined that State law does not permit a nonelectric company to obtain CPCN for a transmission line.

Certificate of Public Convenience and Necessity

The licensing of new electric power plants in the State is a comprehensive two-part process involving PSC and several other State agencies, *e.g.*, the Department of Natural Resources and the Maryland Department of the Environment. PSC is the lead agency for licensing the siting, construction, and operation of power plants in the State.

During the CPCN application process, the agencies hold extensive discussions with interested parties such as local governments, environmental organizations, the company proposing to build the power plant, and individual citizens. Concerns are identified and the State agencies incorporate those concerns into their evaluation.

Prior to CPCN being issued, the State agencies provide PSC the results of their evaluation and a consolidated set of recommendations as to whether the proposed site is suitable and whether the proposed power plant can be constructed and operated in an acceptable manner. The agencies also provide detailed recommendations on conditions that should be attached to CPCN. These conditions can relate, for example, to

minimizing impacts to air, surface and groundwater, aquatic and terrestrial resources, cultural and historic resources, noise, and land use.

Additional Information

Prior Introductions: None.

Cross File: HB 590 (Delegate Davis) - Economic Matters.

Information Source(s): Office of People's Counsel, Public Service Commission, Department of Legislative Services

Fiscal Note History: First Reader - February 18, 2011
ncs/lgc Revised - Senate Third Reader - March 26, 2011

Analysis by: Erik P. Timme

Direct Inquiries to:
(410) 946-5510
(301) 970-5510