

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 981 (Delegate Conaway)
Economic Matters

Electric Companies - Transmission Charges

This bill prohibits an electric company from imposing a charge for the transmission of electricity on its customers if the electricity supplied through the electric company was (1) generated at an electric generating facility located in the State that began operation on or after June 1, 2013, and (2) first sold to an electricity supplier that is not located in the State and then resold through the electric company for distribution in the State.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State finances.

Local Effect: Minimal.

Small Business Effect: Minimal.

Analysis

Current Law: The Federal Power Act gives the Federal Energy Regulatory Commission (FERC) jurisdiction over all wholesale power transactions. Sections 205 and 206 of the Act deal with the authority of FERC over an electric company's rates, terms, and conditions for transmitting or selling electricity in interstate commerce. The rates, terms, and conditions are required to be just and reasonable and not unduly discriminatory or preferential; otherwise, they are deemed unlawful.

FERC issued Order Number 888 in April 1996, requiring all FERC-jurisdictional utilities to provide universal and nondiscriminatory access to the transmission grid under an open access transmission tariff (OATT or tariff), filed on an annual basis with FERC.

Pennsylvania, New Jersey, Maryland Interconnection, Inc., as the wholesale operator of the transmission grid in Maryland, all or parts of 12 other states, and the District of Columbia, files its tariff with FERC.

The Public Service Commission (PSC) regulates gas, electric, telephone, water, sewage disposal, and certain passenger transportation companies doing business in Maryland. PSC must, by regulation or order, require the unbundling of electric company rates, charges, and services into standardized categories determined by the commission, including distribution and transmission, customer charges, and taxes.

A person, other than an electric company providing standard offer service or a municipal electric utility serving customers solely in its distribution territory, may not engage in the business of an electricity supplier in the State unless the person holds a license issued by PSC. Applications for licensure with PSC as an electricity supplier must include, among other things, proof of compliance with all applicable requirements of FERC and proof that the applicant is qualified to do business in the State with the State Department of Assessments and Taxation.

Background: The electric transmission system moves power from the generating stations where it is produced to load centers where it is used. The transmission system moves electricity at high voltages, which is reduced before the electricity can be used by business and residential consumers. The high-voltage transmission system makes it possible to transport large amounts of electricity efficiently over long distances. Without it, electricity would have to be used close to where it is generated. According to a PSC report, Maryland imported approximately 40% of its electricity in 2009.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission; Federal Energy Regulatory Commission; Pennsylvania, New Jersey, Maryland Interconnection, Inc.; Department of Legislative Services

Fiscal Note History: First Reader - March 11, 2013
ncs/lgc

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