

# SENATE BILL 826

C5, P1

5lr2750

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By: **Senator Astle**

Introduced and read first time: February 23, 2015

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Energy Efficiency Programs – Transferring Development to the Maryland**  
3 **Energy Administration**

4 FOR the purpose of transferring the development of energy efficiency and conservation  
5 programs and services from certain utilities to the Maryland Energy Administration;  
6 requiring the Administration to oversee energy efficiency and conservation programs  
7 and services; requiring certain utilities to implement certain programs developed by  
8 the Administration; requiring the Public Service Commission to establish a certain  
9 customer charge; requiring the Commission to adopt certain regulations or orders on  
10 or before a certain date; repealing provisions of law relating to heating, ventilation,  
11 air conditioning, or refrigeration services; requiring certain utilities to submit a  
12 certain customer charge to the Administration with a certain frequency; defining a  
13 certain term; making conforming changes; and generally relating to energy efficiency  
14 programs in the State.

15 BY repealing and reenacting, with amendments,  
16 Article – Public Utilities  
17 Section 7–211  
18 Annotated Code of Maryland  
19 (2010 Replacement Volume and 2014 Supplement)

20 BY adding to  
21 Article – State Government  
22 Section 9–2010  
23 Annotated Code of Maryland  
24 (2014 Replacement Volume)

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

27 **Article – Public Utilities**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 7-211.

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

3 (2) “ADMINISTRATION” MEANS THE MARYLAND ENERGY  
4 ADMINISTRATION.

5 [(2)] (3) “Affiliate” has the meaning stated in § 7-501 of this title.

6 [(3)] (4) “Demand response program” means a program established by  
7 [an electric company] THE ADMINISTRATION that promotes changes in electric usage by  
8 ELECTRIC customers from their normal consumption patterns in response to:

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

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

12 [(4)] (5) “Electricity consumption” and “electricity consumed” mean the  
13 sum of retail electricity sales to all customers and reported electricity losses within the  
14 electric distribution system.

15 [(5)] (6) “Peak demand” means the highest level of electricity demand in  
16 the State measured in megawatts during the period from May 1 to September 30 on a  
17 weather-normalized basis.

18 [(6)] (7) “Per capita electricity consumption” means the result calculated  
19 by dividing the total gigawatt-hours of electricity consumed by electricity customers in the  
20 State as of December 31 of a year, as determined by the Commission, by the population of  
21 the State as of December 31 of that year, as determined by the Department of Planning.

22 [(7)] (8) “Plan” means an electricity savings and demand reduction plan  
23 and cost recovery proposal.

24 [(8) “Provide heating, ventilation, air conditioning, or refrigeration services”  
25 has the meaning stated in § 9A-101 of the Business Regulation Article.]

26 (b) The General Assembly finds and declares that:

27 (1) energy efficiency is among the least expensive ways to meet the growing  
28 electricity demands of the State; and

29 (2) to provide affordable, reliable, and clean energy for consumers of  
30 Maryland, it is the goal of the State to achieve the following energy efficiency, conservation,  
31 and demand response targets, based on 2007 electricity consumption:

1 (i) a 15% reduction in per capita electricity consumption by the end  
2 of 2015; and

3 (ii) a 15% reduction in per capita peak demand by the end of 2015.

4 (c) Beginning with the 2008 calendar year and each year thereafter, the  
5 Commission shall calculate:

6 (1) the per capita electricity consumption for that year; and

7 (2) the peak demand for that year.

8 (d) [Subject to review and approval by the Commission, each] **EACH** gas company  
9 [and], electric company, **MUNICIPAL ELECTRIC UTILITY, AND ELECTRIC COOPERATIVE**  
10 **THAT SERVES A POPULATION OF LESS THAN 250,000 IN ITS DISTRIBUTION**  
11 **TERRITORY** shall [develop and] implement programs and services **DEVELOPED BY THE**  
12 **ADMINISTRATION** to encourage and promote the efficient use and conservation of energy  
13 by consumers, gas companies, [and], electric companies, **MUNICIPAL ELECTRIC**  
14 **UTILITIES, AND ELECTRIC COOPERATIVES.**

15 [(e) As directed by the Commission, each municipal electric utility and each  
16 electric cooperative that serves a population of less than 250,000 in its distribution territory  
17 shall include energy efficiency and conservation programs or services as part of their  
18 service to their customers.]

19 **(E) THE ADMINISTRATION SHALL DEVELOP AND OVERSEE PROGRAMS AND**  
20 **SERVICES TO ENCOURAGE AND PROMOTE THE EFFICIENT USE AND CONSERVATION**  
21 **OF ENERGY IN THE STATE.**

22 (f) The Commission shall:

23 (1) require [each gas company and electric company] **THE**  
24 **ADMINISTRATION** to establish any program or service that the Commission deems  
25 appropriate and cost effective to encourage and promote the efficient use and conservation  
26 of energy;

27 (2) [adopt rate-making policies that provide cost recovery and, in  
28 appropriate circumstances, reasonable financial incentives for gas companies and electric  
29 companies to] establish **AN ENERGY EFFICIENCY AND CONSERVATION CUSTOMER**  
30 **CHARGE THAT WILL FULLY FUND THE ESTABLISHMENT BY THE ADMINISTRATION OF**  
31 programs and services that encourage and promote the efficient use and conservation of  
32 energy; and

1 (3) ensure that adoption of electric customer choice under Subtitle 5 of this  
2 title does not adversely impact the continuation of cost-effective energy efficiency and  
3 conservation programs.

4 (g) [Except as provided in subsection (e) of this section, on] **ON** or before  
5 December 31, [2008] **2015**, by regulation or order, the Commission shall:

6 (1) to the extent that the Commission determines that cost-effective  
7 energy efficiency and conservation programs and services are available, for each affected  
8 class, require [each electric company] **THE ADMINISTRATION** to procure or provide for  
9 [its] electricity customers cost-effective energy efficiency and conservation programs and  
10 services with projected and verifiable electricity savings that are designed to achieve a  
11 targeted reduction of at least [5% by the end of 2011 and] 10% by the end of 2015 of per  
12 capita electricity consumed in [the] **EACH** electric company's service territory during 2007;  
13 and

14 (2) require [each electric company] **THE ADMINISTRATION** to implement  
15 a cost-effective demand response program in [the] **EACH** electric company's service  
16 territory that is designed to achieve a targeted reduction of at least [5% by the end of 2011,  
17 10% by the end of 2013, and] 15% by the end of 2015, in per capita peak demand of  
18 electricity consumed in [the] **EACH** electric company's service territory during 2007.

19 (h) (1) [(i)] On or before July 1, [2008] **2017**, and every 3 years thereafter,  
20 [each electric company] **THE ADMINISTRATION** shall consult with [the Maryland Energy  
21 Administration] **EACH ELECTRIC COMPANY** regarding the design and adequacy of the  
22 [electric company's] **ADMINISTRATION'S** plan to achieve the electricity savings and  
23 demand reduction targets specified in subsection (g) of this section.

24 [(ii)] An electric company shall provide the Maryland Energy  
25 Administration with any additional information regarding the plan, as requested.]

26 (2) On or before September 1, [2008] **2017**, and every 3 years thereafter,  
27 [an electric company] **THE ADMINISTRATION** shall submit its plan to the Commission  
28 that details the [electric company's] **ADMINISTRATION'S** proposals for achieving the  
29 electricity savings and demand reduction targets specified in subsection (g) of this section  
30 for the 3 subsequent calendar years.

31 (3) The Commission shall consider any written [findings] **COMMENTS**  
32 provided by [the Maryland Energy Administration] **AN ELECTRIC COMPANY** regarding  
33 the design and adequacy of the plan.

34 (4) [Each electric company] **THE ADMINISTRATION** shall provide annual  
35 updates to the Commission [and the Maryland Energy Administration] on plan  
36 implementation and progress towards achieving the electricity savings and demand  
37 reduction targets specified in subsection (g) of this section.

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

5           (ii) The plan shall address residential, commercial, and industrial  
6 sectors as appropriate, including low-income communities and low- to moderate-income  
7 communities.

8           [(iii) 1. If, in connection with a program or service, the electric  
9 company proposes to provide heating, ventilation, air conditioning, or refrigeration services  
10 for its customers, the plan shall include procedures for the competitive selection of heating,  
11 ventilation, air conditioning, or refrigeration service providers.

12           2. On request by the electric company and for good cause  
13 shown, the Commission may waive the requirement that the electric company  
14 competitively select heating, ventilation, air conditioning, or refrigeration providers under  
15 subsubparagraph 1 of this subparagraph.]

16           (6) [The plan and any updates shall include a certification or recertification  
17 by the electric company that, if an affiliate of the electric company provides heating,  
18 ventilation, air conditioning, or refrigeration services through any existing contract or  
19 obligation in connection with a program or service, the customers of the electric company's  
20 regulated services will not subsidize the operations of the affiliate.

21           (7) The Commission shall review [each electric company's] **THE**  
22 **ADMINISTRATION'S** plan to determine if the plan is adequate and cost-effective in  
23 achieving the electricity savings and demand reduction targets specified in subsection (g)  
24 of this section.

25           (i) (1) In determining whether a program or service encourages and promotes  
26 the efficient use and conservation of energy, the Commission shall consider the:

27                   (i) cost-effectiveness;

28                   (ii) impact on rates of each ratepayer class;

29                   (iii) impact on jobs; and

30                   (iv) impact on the environment.

31           (2) The Commission shall monitor and analyze the impact of each program  
32 and service to ensure that the outcome of each program and service provides the best  
33 possible results.

1           (3) In monitoring and analyzing the impact of a program or service under  
2 paragraph (2) of this subsection, if the Commission finds that the outcome of the program  
3 or services may not be providing the best possible results, the Commission shall direct the  
4 [electric company] **ADMINISTRATION** to include in its annual update under subsection  
5 (h)(4) of this section specific measures to address the findings.

6           [(4) An electric company that enters into a contract or obligation with an  
7 affiliate of the electric company to provide heating, ventilation, air conditioning, or  
8 refrigeration services in connection with a program or service shall notify the Commission  
9 within 30 days after entering into the contract or obligation that the electric company:

10                   (i) has entered into a contract or obligation with an affiliate of the  
11 electric company; and

12                   (ii) certifies that the customers of the electric company's regulated  
13 services will not subsidize the operations of the affiliate.]

14           (j) (1) **ON OR BEFORE THE LAST DAY OF EACH MONTH, EACH ELECTRIC**  
15 **COMPANY AND GAS COMPANY SHALL SUBMIT THE ENERGY EFFICIENCY AND**  
16 **CONSERVATION CUSTOMER CHARGES COLLECTED DURING THE PREVIOUS MONTH**  
17 **TO THE ADMINISTRATION.**

18           (2) (I) At least once each year, each electric company and gas company  
19 shall notify affected customers of the energy efficiency and conservation charges imposed  
20 and benefits conferred.

21           [(2)] (II) The notice shall be provided by publication on the company's  
22 website and inclusion with billing information such as a bill insert or bill message.

23           (k) On or before March 1 of each year, the Commission, in consultation with the  
24 Maryland Energy Administration, shall report, subject to § 2-1246 of the State Government  
25 Article, to the General Assembly on:

26                   (1) the status of programs and services to encourage and promote the  
27 efficient use and conservation of energy, including an evaluation of the impact of the  
28 programs and services that are directed to low-income communities, low- to  
29 moderate-income communities to the extent possible, and other particular classes of  
30 ratepayers;

31                   (2) a recommendation for the appropriate funding level to adequately fund  
32 these programs and services; and

33                   (3) in accordance with subsection (c) of this section, the per capita  
34 electricity consumption and the peak demand for the previous calendar year.

1 (l) Notwithstanding any other law, the Commission may not require or allow  
2 **THE ADMINISTRATION OR** an electric company to require an electric customer to  
3 authorize the **ADMINISTRATION OR THE** electric company to control the amount of the  
4 electric customer's electricity usage, including through control of the electric customer's  
5 thermostat.

6 (m) (1) On or before June 30, 2013, by regulation or order, the Commission  
7 shall establish a pilot program for electric customers to recharge electric vehicles during  
8 off-peak hours.

9 (2) (i) An electric company may request to participate in the pilot  
10 program.

11 (ii) The Commission shall make every effort to include at least two  
12 electric companies in the pilot program.

13 (3) The pilot program shall include incentives for residential, commercial,  
14 and governmental customers to recharge electric vehicles in a manner that will:

15 (i) increase the efficiency and reliability of the electric distribution  
16 system; and

17 (ii) lower electricity use at times of high demand.

18 (4) Incentives may include:

19 (i) time-of-day pricing of electricity;

20 (ii) credits on distribution charges;

21 (iii) rebates on the cost of charging systems;

22 (iv) demand response programs; or

23 (v) other incentives approved by the Commission.

24 (5) On or before February 1, 2015, the Commission shall report to the  
25 Governor and, in accordance with § 2-1246 of the State Government Article, to the General  
26 Assembly on the experience of the pilot program and the Commission's findings.

27 **Article – State Government**

28 **9-2010.**

1           **THE ADMINISTRATION SHALL ESTABLISH ENERGY AND CONSERVATION**  
2 **PROGRAMS OR SERVICES AS REQUIRED BY THE PUBLIC SERVICE COMMISSION**  
3 **UNDER § 7-211 OF THE PUBLIC UTILITIES ARTICLE.**

4           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
5 October 1, 2015.