

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1282
 Economic Matters

(Delegate Lisanti)

Public Service Commission - Out-of-State Carbon Pollution Program - Study

This bill requires the Public Service Commission (PSC) to study and make recommendations about establishing a program to address carbon pollution attributed to electricity generated out-of-state but consumed within the State. Specifically, PSC must (1) evaluate the technical feasibility of implementing the program; (2) analyze the net economic, health, and environmental impact of the program; (3) determine the manner in which the program should be implemented; and (4) solicit input from specified entities, including government agencies. By December 31, 2017, PSC must report its findings and recommendations to the Governor and the General Assembly.

The bill takes effect June 1, 2017.

Fiscal Summary

State Effect: Special fund expenditures for the Public Utility Regulation Fund (PURF) increase by \$35,000 in FY 2018 for PSC consultant costs to conduct the study. Special fund revenues increase correspondingly from assessments imposed on public service companies. Even though the bill takes effect June 1, 2017, it is assumed that State finances are not materially affected until FY 2018. Other State agencies can provide input to PSC with existing resources.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
SF Revenue	\$35,000	\$0	\$0	\$0	\$0
SF Expenditure	\$35,000	\$0	\$0	\$0	\$0
Net Effect	\$0	\$0	\$0	\$0	\$0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: Maryland is a net importer of electricity, meaning that the State uses more electricity than it generates. In 1999, the State imported about 19% of its electricity. That amount has steadily grown over time to about 40%. In-state, the fuel mix is a little less than half coal and about one-third nuclear, with the remaining generation mostly comprised of natural gas and hydroelectric. Carbon-emitting generation facilities in the State must purchase carbon dioxide emission allowances through the Regional Greenhouse Gas Initiative Program (RGGI). Other states that participate in RGGI are Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New York, and Rhode Island.

Exhibit 1 shows certain electricity generation-related emissions for Maryland and surrounding states in 2015.

Exhibit 1 Emissions from Electricity Generation 2015 (Metric Tons)

	<u>Carbon Dioxide</u>	<u>Sulfur Dioxide</u>	<u>Nitric Oxide</u>
District of Columbia	35,601	0	227
Delaware	4,090,991	743	2,195
Maryland	18,314,105	31,174	14,530
Ohio	83,722,399	213,937	76,070
Pennsylvania	90,972,612	200,733	103,635
Virginia	34,897,976	30,606	34,469
West Virginia	66,269,845	60,879	56,723

Source: U.S. Energy Information Administration

State Fiscal Effect: PSC does not have sufficient expertise to assess the health or environmental impacts of a carbon pollution program as required by the bill. Therefore, special fund expenditures for PURF increase by \$35,000 in fiscal 2018 for PSC consultant costs to conduct the study, including research, stakeholder meetings, data gathering, and report preparation. Special fund revenues increase correspondingly from assessments imposed on public service companies.

Even though the bill takes effect June 1, 2017, it is assumed that State finances are not materially affected until fiscal 2018. To the extent that this is not the case, special fund revenues and expenditures increase minimally in fiscal 2017, offset by reduced special fund revenues and expenditures in fiscal 2018 to keep the total consultant cost at \$35,000. Other State agencies can provide input to PSC with existing resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission; Department of Commerce; Maryland Department of the Environment; Department of Health and Mental Hygiene; U.S. Energy Information Administration; Department of Legislative Services

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mm/lgc

Analysis by: Stephen M. Ross

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