

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 928
 Economic Matters

(Delegate D.E. Davis)

Finance

Public Service Commission - Electricity and Gas Suppliers - Training and Educational Program

This bill requires the Public Service Commission (PSC) to develop a training and educational program, in consultation with interested stakeholders, for any entity or individual that is licensed by PSC as an electricity supplier or a gas supplier, subject to specified requirements. The program must require that a designated representative of each licensed electricity supplier or licensed gas supplier demonstrate a thorough understanding of relevant PSC regulations. PSC must conduct an examination at the end of the training and certify that the designated representative has successfully completed the training. PSC may recover the initial costs of the program through its standard assessment and may establish reasonable fees for the program. PSC may also adopt regulations that include appropriate penalties or sanctions for failure to comply with the bill.

Fiscal Summary

State Effect: Special fund expenditures increase by \$235,800 in FY 2021. Future year expenditures reflect annualization and the elimination of one-time costs. Special fund revenues increase correspondingly.

| (in dollars) | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|----------------|-----------|----------|----------|----------|----------|
| SF Revenue | \$235,800 | \$65,200 | \$65,900 | \$67,400 | \$68,800 |
| SF Expenditure | \$235,800 | \$65,200 | \$65,900 | \$67,400 | \$68,800 |
| 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: Minimal.

Analysis

Current Law/Background: PSC is not required to establish a training and educational program for electricity and gas suppliers.

The Electric Customer Choice and Competition Act of 1999 facilitated the restructuring of the electric utility industry in Maryland. The resulting system of customer choice allows the customer to purchase electricity from a competitive supplier or to continue receiving electricity under standard offer service (SOS). Default SOS electric service is provided by a customer's *electric company* (e.g., Baltimore Gas and Electric Company or Pepco). Competitive electric supply is provided by competitive *electricity suppliers*. In either case, the electric company delivers the electricity and recovers the costs for delivery through distribution rates. Gas supply and delivery are similarly restructured, with gas suppliers and gas companies.

For more information on competitive supply, see a 2018 [report](#) on the competitive retail electricity and gas markets in Maryland conducted on behalf of the Office of People's Counsel.

State Fiscal Effect: Special fund expenditures for PSC increase by \$235,805 in fiscal 2021, which accounts for the bill's October 1, 2020 effective date. This estimate reflects the cost of hiring one *half-time* administrative officer to oversee the program. It includes a salary, fringe benefits, one-time start-up costs, ongoing operating expenses, and \$200,000 for consultant services to assist with the initial development and implementation of the program.

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|---|------------------|
| Position | 0.5 |
| Salary and Fringe Benefits | \$29,738 |
| Consultant Costs for Development/Implementation | 200,000 |
| Other Operating Expenses | <u>6,067</u> |
| Total FY 2021 PSC Expenditures | \$235,805 |

Future year expenditures reflect a full salary with annual increases and employee turnover and ongoing operating expenses, including \$25,000 annually in consultant costs. Special fund revenues increase correspondingly from assessments imposed on public service companies, as authorized under current law, and possibly from fees established by PSC as authorized under the bill.

This analysis does not reflect any penalties that could be established by PSC through regulation for failure to comply with the bill.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 603 (Senator Feldman) - Finance.

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

Fiscal Note History: First Reader - February 12, 2020
an/lgc Third Reader - March 6, 2020

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