Department of Legislative Services

Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1103 (Delegate Rosenberg)
Economic Matters

Electric Companies - Reliability Standards

This bill requires electric companies to (1) include the location of feeders in their service territories that have experienced frequent service interruptions in their annual service quality and reliability reports and (2) develop a corrective action plan to reduce such interruptions and improve long-term electric service quality and reliability of those feeders. By October 1, 2024, the Public Service Commission (PSC), in consultation with the Office of People's Counsel (OPC) and other specified entities, must establish service quality and reliability standards necessary to implement the bill.

Fiscal Summary

State Effect: PSC can handle the bill's requirements with existing budgeted resources. OPC can consult with PSC as needed with existing budgeted resources. The bill does not otherwise materially affect State finances or operations.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Bill Summary: **"**Feeder" mean an electric plant (*i.e.*, equipment) that distributes electricity from a substation to a customer and is electrically isolated at all endpoints.

"Frequent service interruptions" means that the feeder has a circuit reliability performance that is 200% or more above the system-average interruption frequency index (SAIFI) during a 12-month period, excluding planned outages.

Current Law: Chapters 167 and 168 of 2011 required PSC, by July 1, 2012, to adopt regulations implementing service quality and reliability standards using System-Average Interruption Duration Index (SAIDI), SAIFI, and any other standard PSC determines to be reasonable for the delivery of electricity to retail customers by electric companies. The resulting regulations set minimum reliability standards for each electric company based on past performance, establish a mandatory annual performance reporting system, and mandate vegetation management, among other requirements. Electric company annual reports are due to PSC by April 1 of each year.

The regulations also establish a poorest performing feeder standard for each electric company. For each utility, the feeders with the poorest reliability standards are those having circuit reliability performance standards 250% or more above the utility's systemwide SAIFI and SAIDI (the bill sets this at 200% of SAIFI, thus capturing more feeders). No feeder can appear in a utility's list of poorest performing feeders during 3 consecutive 12-month reporting periods unless the utility has undertaken reasonable remediation measures to improve the performance of the feeder. If an electric company fails to meet the requirement, it must provide a corrective action plan to PSC.

By September 1 each year, PSC must determine if each electric company has met the service quality and reliability standards and take appropriate corrective action against an electric company that fails to meet any or all of the applicable standards, including appropriate civil penalties for noncompliance. Electric companies may not recover the cost of any civil penalty from ratepayers.

Chapter 581 of 2014 required PSC and each electric company assessed a penalty for a violation of the service quality and reliability standards to establish priorities for targeting remediation efforts to improve electric service quality and reliability for the worst performing feeder lines and other distribution lines and equipment. The remediation efforts must be paid for, in whole or in part, using the Electric Reliability Remediation Fund, a special fund established by the Act.

State Fiscal Effect: PSC can alter existing service quality and reliability standards with existing budgeted resources. PSC currently tracks poorest performing feeders at a higher threshold (250%) but also evaluated the effect of setting the threshold to 200% in 2018. Based on that analysis, about 65 feeders would qualify under the bill per year, as opposed to about 40 under the current threshold. OPC can consult with PSC as needed with existing resources.

This estimate assumes that no funding from the Electric Reliability Remediation Fund is used for utility expenditures caused by the bill.

Additional Comments (Electricity Prices): While PSC cannot advise on the increase in utility budgets to address the bill's new standard, it advises that the effect on utility rates is likely minimal.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Public Service Commission; Department of Legislative Services

Fiscal Note History: First Reader - February 21, 2023
km/lgc

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