SB 951

Department of Legislative Services

Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 951 (Senator West, *et al.*)

Education, Energy, and the Environment

Investor-Owned Electric Companies - Generating and Transmission Facilities - Authorization

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This bill generally authorizes an investor-owned electric company, subject to the requirements of Title 7, Subtitle 2 of the Public Utilities Article, to construct, acquire, or lease, and operate, its own generating facilities and related necessary transmission facilities. An existing Public Service Commission (PSC) authority to require or allow an investor-owned electric company to construct, acquire, or lease, and operate, its own generating facilities and related necessary transmission facilities in order to meet long-term anticipated demand for electricity supply is modified so that PSC may only require, not allow, a company to do so in those circumstances.

Fiscal Summary

State Effect: PSC and the Office of People's Counsel can generally handle the bill's requirements related to investor-owned electric companies constructing, acquiring, or leasing, and operating their own generating facilities and related necessary transmission facilities with existing budgeted resources. If not, special fund expenditures for one or both agencies increase for additional staff and/or consultant services, with a corresponding increase in special fund revenues from assessments imposed on public service companies. Further effects of the bill on State finances cannot be reliably determined at this time, but could be significant, as discussed below.

Local Effect: The effect on local finances cannot be reliably determined at this time, but could be significant, as discussed below.

Small Business Effect: Minimal.

Analysis

Current Law: The Electric Customer Choice and Competition Act of 1999 facilitated the restructuring of the electric utility industry in Maryland, which deregulated the generation, supply, and pricing of electricity. As part of restructuring, the State's vertically integrated electric companies divested themselves of their generation assets. With restructuring, generation resources are considered competitive, and the competitive market is relied upon to provide new generation resources and to meet load requirements. Deactivation decisions are made by facility owners as business decisions. PSC does not have regulatory authority over plant closures.

In order to meet long-term, anticipated demand in the State for standard offer service and other electricity supply, PSC may require or allow an investor-owned electric company to construct, acquire, or lease, and operate, its own generating facilities, and transmission facilities necessary to interconnect the generating facilities with the electric grid, subject to appropriate cost recovery.

PSC is the lead agency for licensing the siting, construction, and operation of power plants and related facilities in the State through Certificates of Public Convenience and Necessity (CPCNs). Generally, facilities with generating capacities of up to 2 megawatts do not require a CPCN.

State/Local Fiscal Effect: Whether and to what extent the bill leads to new generating facilities being constructed in the State is unknown. Therefore, the effect on State and local finances due to the bill is likewise unknown. However, generally, any new generating facility constructed in the State as a direct result of the bill, when it otherwise would not have been, increases State and local revenues from the associated economic activity. Depending on the size of a particular generating facility, the effect could be significant.

Additional Information

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

Designated Cross File: None.

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

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km/lgc

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