

# HOUSE BILL 1578

C5

8lr3361

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By: **Delegates Levy, Bohanan, Frush, Kullen, Murphy, and Wood**

Introduced and read first time: February 29, 2008

Assigned to: Rules and Executive Nominations

Re-referred to: Economic Matters, March 7, 2008

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 28, 2008

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Electricity Generation - Long-Term Contracts and ~~Study on Use of~~**  
3 **Consortium of Electric Companies to Build New Facilities**

4 FOR the purpose of ~~prohibiting~~ authorizing the Public Service Commission ~~from~~  
5 ~~requiring certain electric companies to enter into certain long term contracts~~  
6 ~~until the Commission reports the results of a certain study and evaluation;~~  
7 ~~requiring the Commission to study and evaluate certain advantages and costs~~  
8 ~~associated with the creation or authorization of~~ to authorize a ~~certain~~ private  
9 consortium of electric companies to ~~build~~ construct, acquire, or lease, and  
10 operate new regulated electricity generating facilities and associated  
11 transmission lines as an alternative to certain long-term contracts; ~~requiring~~  
12 ~~the Commission to report the results of a certain study and evaluations to the~~  
13 ~~Governor and the General Assembly on or before a certain date; providing for~~  
14 ~~the termination of this Act;~~ and generally relating to long-term electricity  
15 generation contracts and ~~a study on~~ the authorization of a consortium of electric  
16 companies to ~~build~~ construct, acquire, or lease, and operate new regulated  
17 electricity generating facilities.

18 BY repealing and reenacting, with amendments,

19 Article - Public Utility Companies

20 Section 7-510(c)(6)

21 Annotated Code of Maryland

22 (1998 Volume and 2007 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



~~SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Public Service Commission may not require electric companies to enter into long-term electricity generation contracts until the Commission has reported the results of the study and evaluation required under Section 2 of this Act to the Governor and the General Assembly.~~

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

**Article - Public Utility Companies**

7-510.

(c) (6) In order to meet long-term, anticipated demand in the State for standard offer service and other electricity supply, the Commission may:

(I) 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; OR

(II) AUTHORIZE A CONSORTIUM OF ELECTRIC COMPANIES TO CONSTRUCT, ACQUIRE, OR LEASE, AND OPERATE REGULATED GENERATING FACILITIES AND ASSOCIATED TRANSMISSION LINES, SUBJECT TO APPROPRIATE COST RECOVERY THROUGH A NONBYPASSABLE CHARGE APPLICABLE TO ONE OR MORE CUSTOMER CLASSES, AS THE COMMISSION DETERMINES TO BE APPROPRIATE.

~~SECTION 2. AND BE IT FURTHER ENACTED, That the Public Service Commission shall:~~

~~(1) conduct investigatory proceedings, including the use of any necessary outside experts and consultants, to study and evaluate the advantages, costs, and any other issues the Commission considers appropriate that are associated with the creation or authorization of a private consortium of electric companies to build new reregulated electricity generating facilities and associated transmission lines as an alternative to requiring electric companies to enter into long-term electricity generation contracts; and~~

~~(2) on or before December 1, 2008, report the result of the study and evaluations to the Governor and, in accordance with § 2-1246 of the State Government Article, the General Assembly.~~

SECTION 2. AND BE IT FURTHER ENACTED, That, if the Public Service Commission determines that the addition of new generation in the State is required to meet long-term, anticipated standard offer service or other electricity supply, the Commission shall consider and evaluate the option of generation constructed, acquired

1 or leased through a consortium of electric companies in accordance with §  
2 7-510(c)(6)(ii) of the Public Utility Companies Article, as enacted by this Act, in  
3 addition to generation constructed, acquired, or leased by investor-owned utilities in  
4 accordance with § 7-510(c)(6)(i) of the Public Utility Companies Article, as enacted by  
5 this Act, and as an alternative to long-term contracts for electricity supply.

6 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
7 June 1, 2008. ~~It shall remain effective for a period of 2 years and 7 months and, at the~~  
8 ~~end of December 31, 2010, with no further action required by the General Assembly,~~  
9 ~~this Act shall be abrogated and of no further force and effect.~~

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.