

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE
Revised

House Bill 409

(Delegate Pena-Melnyk, *et al.*)

Economic Matters

Finance

Public Service Commission - LED Street Lighting Equipment

This bill requires the Public Service Commission (PSC) to adopt regulations or issue orders by October 1, 2013, to require or allow electric companies to offer light-emitting diode (LED) street lighting equipment to a county or municipal corporation.

Fiscal Summary

State Effect: None. PSC can implement the bill with existing budgeted resources.

Local Effect: Potential meaningful impact on local finances to the extent that counties or municipal corporations opt to use LED street lighting.

Small Business Effect: None.

Analysis

Current Law: “Electric company” means a person who physically transmits or distributes electricity in the State to a retail electric customer.

An electric company, on written request by a local government, must sell to the local government some or all of the company’s street lighting equipment that is located within the local jurisdiction at a price equal to fair market value. A local government that purchases street lighting is responsible for ongoing maintenance and may contract with an outside entity for maintenance services. Any dispute between a local government and an electric company regarding the purchase of street lighting equipment must be submitted to PSC for resolution.

Background: A 2008 U.S. Department of Energy study on the feasibility of LED technology calculated energy savings from LED bulbs at 50% to 70%, compared to high pressure sodium (HPS) bulbs, while still providing equivalent or improved lighting performance. The study also found that the payback period for a retrofit (from HPS to LED on an already-existing street light) ranged from 7.4 years, to 20.4 years. Such advancements have created a desire to shift from traditional street lights to LED street lights in some jurisdictions, which include cities in Maine, Iowa, California, and Pennsylvania. Further, LED technology has been tested in large-scale applications. For example, the Los Angeles Bureau of Street Lighting has replaced 62,000 street lights with LEDs and realized a 60% savings on energy costs, equating to \$2.36 million annually.

In PSC case number 9217 – Phase II, the Potomac Electric Power Company (PEPCO) testified on an LED Street Light Pilot Project, noting preliminarily favorable data. Under the proposal, PEPCO would allow its county and municipal customers to opt to use LED street lighting instead of mercury vapor or HPS lights. The case is pending as of January 2012.

Local Fiscal Effect: Potential increase in local government expenditures to the extent that local governments choose to retrofit street lighting equipment with LEDs, which would be followed by a decrease in local government expenditures over time from reduced electricity and maintenance costs. For example, Harford County owns and maintains 51% of its street lights, while the rest are still owned by electric companies. The county pays approximately \$292,000 annually for the energy usage of all the lights. The county reports that it could retrofit the street lighting equipment that it currently owns for approximately \$1.3 million over three years, and that it would realize significant reductions in electricity and maintenance costs over time. Legislative Services notes that potential savings in Harford County range from approximately \$75,000 to \$104,000 in annual electricity costs, but cannot reliably estimate the potential savings related to maintenance costs.

Additional Comments: Legislative Services advises that the bill applies to both street lighting equipment owned by electric companies and equipment owned by a county or municipal corporation.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): City of Bowie; Carroll, Cecil, Harford, Montgomery, Queen Anne's, and St. Mary's counties; Office of People's Counsel; Public Service Commission; Los Angeles Bureau of Street Lighting; U.S. Department of Energy; Department of Legislative Services

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