



Maryland Chamber of Commerce

Legislative Position

**SB 844
OPPOSE
Finance
Committee
03/03/09**

SB 844

Public Service Commission - New Electric Generation Facilities - Rate Regulation and Contracts

Brief Summary of Bill:

SB 844 requires the Public Service Commission (PSC) to evaluate plans regarding generating needs. It requires the Commission to approve a specified application only after a consideration of specified need, and state a goal to return to a regulated electric market. It requires that new electric generation facilities be owned by electric companies or a consortium.

Maryland Chamber's Position:

The Maryland Chamber of Commerce opposes this bill. This legislation would violate the Commerce Clause and would ultimately be preempted by existing Federal Energy Regulatory Commission jurisdiction over the sale of wholesale electricity.

Today, the Public Service Commission has sufficient flexibility to address the needs of Maryland electricity consumers. The PSC can allow or require Maryland electric utilities to construct or acquire power plants. The PSC can also require Maryland electric utilities to acquire electricity through long-term contracts or portfolio management.

Furthermore, the PSC along with its expert analysts thoroughly studied the issue of reregulation and have recommended against it. Commission reports on the issue found that reregulation would be too costly to rate payers, too risky, and would result in legal problems. The December 2008 SB 400 Final Report stated that the PSC "cannot recommend that the legislature seek to return the existing generation fleet to full cost-of-service regulation." Also, the Final Report said that the legislature should not restrict the PSC's options for obtaining new power plants.

This bill would return the risks of building, owning, and operating power plants to Maryland's electricity customers. Today, in the restructured electricity market, shareholders take those risks.

For these reasons, the Maryland Chamber respectfully requests that the Committee give SB 844 an unfavorable report.

If questions please contact Allyson Black, ablack@mdchamber.org