

# HOUSE BILL 518

C5

4lr1284

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By: **Delegates Taveras and Woods**

Introduced and read first time: January 24, 2024

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Public Service Commission – Performance–Based Regulation – Study**

3 FOR the purpose of requiring the Public Service Commission to study the feasibility of and  
4 develop a framework for transitioning to performance–based utility regulation in the  
5 State; and generally relating to a study on performance–based regulation.

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

7 That:

8 (a) The Public Service Commission shall conduct a study to investigate the  
9 feasibility of and develop a framework for transitioning utility regulation in the State to a  
10 performance–based regulation model.

11 (b) The study shall address:

12 (1) standards and metrics for measuring a utility company’s performance  
13 of objectives that are in the interest of ratepayers or benefit the public, which may include:

14 (i) safety;

15 (ii) reliability;

16 (iii) emergency response;

17 (iv) cost efficiency;

18 (v) affordability;

19 (vi) equity;

20 (vii) customer satisfaction;

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (viii) resilience; and

2 (ix) advancing the State's environmental and other policy goals;

3 (2) the use of universal or targeted performance incentive mechanisms to  
4 achieve the standards and metrics proposed;

5 (3) the manner, including the timeframe and extent, in which the  
6 standards and metrics should be used; and

7 (4) specific mechanisms to be implemented to align utility performance  
8 with the standards and metrics proposed.

9 (c) In conducting the study, the Commission shall consult with relevant  
10 interested parties, including:

11 (1) public utilities;

12 (2) State agencies;

13 (3) environmental organizations;

14 (4) consumer advocates; and

15 (5) any other entities or individuals the Commission identifies as necessary  
16 to carry out the requirements of the study.

17 (d) The Commission, in consultation with interested parties, shall develop  
18 recommendations for any legislative action necessary to implement a performance-based  
19 regulation model in the State, including any necessary alterations to Title 7, Subtitle 5 of  
20 the Public Utilities Article.

21 (e) (1) On or before December 1, 2024, the Commission shall submit an interim  
22 report to the General Assembly, in accordance with § 2-1257 of the State Government  
23 Article, on:

24 (i) organizational activities undertaken related to the study;

25 (ii) any preliminary findings or recommendations developed by the  
26 Commission; and

27 (iii) any preliminary recommendations for legislative action  
28 necessary to implement a performance-based regulation model in the State.

1                   (2)    On or before November 1, 2025, the Commission shall submit a final  
2 report to the General Assembly, in accordance with § 2–1257 of the State Government  
3 Article, on:

4                           (i)    the results of the study; and

5                           (ii)   any recommendations for legislative action necessary to  
6 implement a performance–based regulation model in the State.

7           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
8 1, 2024. It shall remain effective for a period of 2 years and, at the end of June 30, 2026,  
9 this Act, with no further action required by the General Assembly, shall be abrogated and  
10 of no further force and effect.