

## Government

### Competing bills put PSC on both sides of power reform debate

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ANNAPOLIS — The Public Service Commission found itself on both sides of the power reform debate Tuesday as lawmakers considered ways to make Maryland's electric system cheaper and more reliable.

Two bills before the House Economic Matters Committee came in on either side of the Public Service Commission's position on the best way to achieve the goals. One (HB 1314) would discourage the PSC from promoting retail competition for the residential power market. Instead, the panel would be directed to make energy reliable and affordable.

The other bill (HB 822) would require the PSC to re-examine the power infrastructure before directing utilities to use long-term contracts with power generators, as recommended in a PSC report late last year.

PSC Chairman Steven B. Larsen said he generally supports the first bill, albeit with an amendment recognizing that reliable pricing and lowest cost can sometimes be competing goals. He suggested that he is not inclined to expose ratepayers to the open power market.

"I don't think the commission believes that's going to happen," Larsen said, "and there isn't tolerance of that from ratepayers."

The bill would distinguish between the PSC actively creating retail competition or simply allowing it. It would not prohibit independent companies from competing in the market. Still, the changes worry some in the electric industry, who said the bill would make it difficult to realize the goals of the state's 1999 decision to deregulate.

Under deregulation, utility companies had to sell their power plants and concentrate on transmitting electricity. But many customers never switched to a new supplier, so utilities continue to sell customers most of their power.

Opponents argued that they support the goals of reliability and affordability, but said market competition is the best way to get there.

["We firmly believe that consumers, over the long term, are better served by the benefits of being part of a system that takes advantage of the regional wholesale market,"](#) said Glen Thomas, a lobbyist for PJM Power Providers, a group of generation and transmission owners in the regional power grid.

The debate focused on the PSC report that argued that the deregulated environment has not benefited ratepayers. However, the report said it would be too expensive to have the plants buy back or build new power plants.

According to the PSC, the best option is for utilities to enter into long-term contracts with power generators. This also would help ease projected power shortages in the state, the report said, because it would provide an incentive to build power plants in Maryland.

Gov. Martin O'Malley also has proposed a suite of power reforms, many of which are aimed at making the system more reliable by cutting power use.

Larsen said he believes there will be enough consideration of the market before those long-term contracts become a reality.

Del. Brian J. Feldman, D-Montgomery, lead sponsor of HB 822, said the contracts could prove dangerous if they fix power prices for too long.

"If you lock in these contracts when prices are like this, and after that they go down," he said, holding his hand in the air, "and after that they go down, then you've got a problem."

Feldman noted that if prices are locked at a low level, customers will be shocked when the contract expires.