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August 11, 2010

Ms. Terry J. Romine
Executive Secretary
Public Service Commission of Maryland
6 St. Paul St., 16th Floor
Baltimore, Maryland 21202-6806

Re: Staff Request for Hearing
Licensing of CSPs

Dear Ms. Romine:

Please find attached for filing in the above-referenced docket an original and seventeen copies of the Staff of the Maryland Public Service Commission's Request for Hearing Regarding Licensing of Curtailment Service Providers.

Since this is not yet a docketed proceeding, there is no official service list. Copies of this filing are being provided to the Curtailment Service Providers that are known to Staff via electronic mail. Please do not hesitate to contact me if you have any questions regarding this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lloyd J. Spivak".

Lloyd J. Spivak
Assistant Staff Counsel

cc: CSP e-mail contact list

**IN THE MATTER OF THE
INVESTIGATION BY THE COMMISSION
OF THE REGULATION OF
CURTAILMENT SERVICE PROVIDERS
(CSPs)**

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**BEFORE THE
PUBLIC SERVICE
COMMISSION
OF MARYLAND**

CASE NO. _____

**REQUEST FOR HEARING REGARDING LICENSING OF CURTAILMENT
SERVICE PROVIDERS**

The Staff of the Public Service Commission of Maryland hereby files this Request for Hearing to consider whether Curtailment Service Providers (“CSPs”) operating in Maryland should be regarded as electricity suppliers and required to obtain a license from the Commission in accordance with Section 7-507 of the Public Utility Companies Article of the Maryland Code (“PUC Article”). In support of this request, Staff states as follows:

1. PUC Article § 7-507 prohibits a person from engaging in the business of an electricity supplier in Maryland without first obtaining a license from the Public Service Commission.

2. PUC Article § 3-104(a) provides the Commission the authority to institute and conduct proceedings reasonably necessary and proper to the exercise of its powers or the performance of its duties.

3. PUC Article § 1-101(x) defines “public service company” as “a common carrier company, electric company, gas company, sewage disposal company, telegraph company, telephone company, water company, or any combination of public service companies.”

4. PUC Article § 1-101(j) defines “electricity supplier” as:
“a person: (i) who sells: 1. electricity; 2. electricity supply services;
3. competitive billing services; or 4. competitive metering services; or (ii) who purchases, brokers, arranges, or markets electricity or electricity supply services for sale to a retail electric customer. "Electricity supplier" includes an electric company, an aggregator, a broker, and a marketer of electricity.”

5. The PUC Article does not have a definition of CSP, but CSPs could be considered to be a person that provides “electricity supply services.” That term is used, but not explicitly defined in the statute. The demand response services provided by CSPs are often seen as part of a supply portfolio and as a substitute for increased generation or transmission. In Case No. 9149 (the Gap RFP), the Commission explicitly chose demand response as the most cost-effective option to relieve a problem of inadequate supply.¹ Likewise, the EmPower Maryland legislation states that the purpose of the conservation, energy efficiency, and demand response targets in the legislation is “to provide affordable, reliable, and clean energy for consumers of Maryland.”² A customer’s participation in demand response programs may substantially affect the amount of electricity a customer uses, as well as the timing of the customer’s usage, and correspondingly reduce the cost of that customer’s electricity supply.

6. PJM pays CSPs for their demand response effort as a means of ensuring a reliable flow and supply of electricity across the electric grid it controls. Simply put,

¹ Case No. 9149, Order No. 82511, *In the Matter of the Process and Criteria for Use in the Development of Request for Proposal by the Maryland Investor-Owned Utilities for New Generation to Alleviate Potential Short-term Reliability Problems in the State of Maryland* (as corrected, March 17, 2009).

² Md. Code Ann., PUC, § 7-211(b)(2).

demand response and the CSPs that provide it are an integral part of ensuring a reliable and affordable electric supply.

7. PUC Article § 2-113 requires the Commission to ensure the adequacy of electric service in Maryland. PUC Article § 7-201 requires the Commission to engage in long-term planning of electricity supply, and to evaluate the cost-effectiveness of utilities' conservation and demand reduction efforts.

8. CSPs provide a large and growing portion of Maryland's demand response activity and essentially form the bulk of new electricity supply resources, but the Commission is currently unable to assess the size and distribution of these resources. In turn, without this knowledge, the Commission cannot accurately determine the need for new supply and the reliability and relative cost of demand response efforts. As a result of this lack of knowledge, the Commission could order excessive utility investment in demand response and conservation programs.

9. Licensing CSPs would ensure that the Commission knows which CSPs are operating in Maryland, and further ensure that the Commission would have the ability to require them to provide the information necessary to assess the adequacy of Maryland's electricity supply.

WHEREFORE, Staff respectfully requests that the Commission hold a hearing for the purpose of considering whether CSPs operating in Maryland should be subject to licensing as electricity suppliers pursuant to § 7-507 of the PUC Article of the Maryland Code.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT on this 11th day of August, 2010, a copy of Staff's Request for Hearing Regarding Licensing of Curtailment Service Providers was sent via electronic mail to the Commission Staff's list of CSP contacts:

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