

**ORDER NO. 83545**

IN THE MATTER OF AN  
INVESTIGATION OF THE REGULATION  
OF CURTAILMENT SERVICE  
PROVIDERS

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BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF MARYLAND

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CASE NO. 9241  
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On August 11, 2010, the Technical Staff (“Staff”) of the Public Service Commission (“Commission”) filed a *Request for Hearing Regarding Licensing of Curtailment Service Providers* (“Request”). Staff asks the Commission to hold a hearing to consider whether Curtailment Service Providers (“CSPs”) operating in Maryland should be regarded as electricity suppliers<sup>1</sup> and be required to obtain a license from the Commission in accordance with § 7-507 of the PUC Article.<sup>2</sup>

In its Request, Staff concedes that the PUC Article does not contain a definition of “CSP.” Nevertheless, Staff argues that CSPs can be considered to be a person that provides electricity supply services. In support of its argument, Staff submits that 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.”<sup>3</sup> Additionally, Staff cites language from the § 7-211(b)(2) of the PUC Article that “states that the purpose of the

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<sup>1</sup> Section 1-101(j) of the Public Utility Companies Article, *Annotated Code of Maryland* (“PUC Article”) 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.”

<sup>2</sup> Section 7-507 of the PUC Article prohibits a person from engaging in the business of an electricity supplier in Maryland without first obtaining a license from the Commission.

<sup>3</sup> Request at 2.

conservation, energy efficiency, and demand response targets in the legislation is ‘to provide affordable, reliable, and clean energy for consumers of Maryland’.” Finally, Staff states that “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.”<sup>4</sup>

Staff makes the additional argument that, unless CSPs are licensed or regulated by the Commission, the Commission will be unable to fulfill its responsibilities under § 2-113 of the PUC Article<sup>5</sup> and § 7-201 of the PUC Article.<sup>6</sup> Staff asserts that, unless the Commission has knowledge of the demand response activity of the CSPs in Maryland, the Commission may take an action, such as ordering excessive utility investment in demand response and conservation programs, which may not be cost-effective or needed.

After considering Staff’s Request, the Commission concludes that a proceeding is necessary for it to consider whether § 7-507 of the PUC Article applies to CSPs, and, therefore, that CSPs must obtain a license to operate in Maryland. Further, in the event that a finding is made that CSPs are considered “electricity suppliers” as defined by the PUC Article, then the further question of whether there are periodic reports that the CSPs should file with the Commission to assist it in assessing the adequacy of Maryland’s electricity supply also must be addressed in this proceeding.

**IT IS THEREFORE**, this 23rd day of August, in the year Two Thousand Ten by the Public Service Company of Maryland,

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<sup>4</sup> *Id.*

<sup>5</sup> Section 2-113 of the PUC Article requires the Commission to ensure the adequacy of electric service in Maryland.

<sup>6</sup> Section 7-201 of the PUC Article 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.

**ORDERED:** (1) That a new matter shall be initiated, Case No. 9241, to consider:

(a) whether a Curtailment Service Provider that operates or will operate in Maryland is required to obtain a license pursuant to § 7-507 of the Public Utility Companies Article, *Annotated Code of Maryland*; and

(b) if so, whether the Commission should require Curtailment Service Providers to submit periodic reports that contain necessary information to permit the Commission to assess the adequacy of Maryland's electricity supply;

(2) That persons that wish to intervene in this proceeding shall file a Petition to Intervene by September 2, 2010;

(3) That comments on the questions raised in this Order shall be filed by September 30, 2010, and reply comments shall be filed by October 22, 2010. One original and 17 paper copies , and an electronic copy, of the pleadings filed in this matter shall be addressed to Terry J. Romine, Executive Secretary, Maryland Public Service Commission, William Donald Schaefer Tower, 6 St. Paul Street, 16<sup>th</sup> Floor, Baltimore, Maryland 21202-6806. Five of the paper copies shall be three-hole punched. The Commission encourages persons to file the electronic copy through its "eFile" system that can be accessed through the Commission's website, [www.psc.state.md.us](http://www.psc.state.md.us);<sup>7</sup> and

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<sup>7</sup> Confidential filings should not be made through the "eFile" system as any filing through the "eFile" system becomes immediately available for public viewing.

(4) That the Commission shall schedule further proceedings in this matter as necessary.

By Direction of the Commission,

*/s/ Terry J. Romine*

Terry J. Romine  
Executive Secretary