

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1454 (Delegate Parrott)
 Economic Matters

Task Force on Electric Power Grid Security

This bill establishes the Task Force on Electric Power Grid Security to conduct a study on the State electric grid. The Public Service Commission (PSC) must provide staff for the task force. By December 31, 2018, the task force must report its findings and recommendations to the Governor and the General Assembly.

The bill takes effect June 1, 2017, and terminates June 30, 2019.

Fiscal Summary

State Effect: Special fund expenditures for the Public Utility Regulation Fund (PURF) increase by \$35,000 in both FY 2018 and 2019 for PSC consultant costs to staff the task force and conduct the study. Special fund revenues increase correspondingly from assessments imposed on public service companies. Any expense reimbursements for task force members are assumed to be minimal and absorbable within existing budgeted resources. Even though the bill takes effect June 1, 2017, it is assumed that State finances are not materially affected until FY 2018.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
SF Revenue	\$35,000	\$35,000	\$0	\$0	\$0
SF Expenditure	\$35,000	\$35,000	\$0	\$0	\$0
Net Effect	\$0	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The study must include (1) an evaluation and summary of the current state of the electric grid and associated computer systems and networks; (2) an identification of potential security threats to the electric grid and associated computer systems and networks, including the threat of electromagnetic pulse or other attacks and natural threats such as solar flares; (3) an assessment of whether further efforts are needed to secure the electric grid and associated computer systems and networks; and (4) recommendations regarding measures to secure the electric grid and associated computer systems and networks against damage.

A task force member may not receive compensation as a member of the task force but is entitled to reimbursement for expenses under the standard State travel regulations, as provided in the State budget.

Current Law/Background: Under current law, an electric company (utility) must furnish equipment, services, and facilities that are safe, adequate, just, reasonable, economical, and efficient, considering the conservation of natural resources and the quality of the environment. After providing notice and an opportunity for interested parties to be heard, PSC may adopt regulations that prescribe standards for safe, adequate, reasonable, and proper service for any class of public service company (including an electric company) or gas master meter operator.

The “electric grid” in Maryland is a combination of high-voltage bulk power transmission lines and associated equipment and lower voltage distribution lines and associated equipment that delivers electricity to end-use consumers. Transmission and distribution systems have varying levels of vulnerability to attacks. A January 2017 U.S. Department of Energy [report](#) provides an overview of its risk assessment for various components of the electric grid to natural and manmade threats. The report finds that substations are at high risk to cyberattacks and distribution equipment is at moderate risk.

State Fiscal Effect: PSC does not have sufficient expertise to staff the task force and conduct the study required by the bill. Therefore, special fund expenditures for PURF increase by \$35,000 in fiscal 2018 and by \$35,000 in fiscal 2019 for PSC consultant costs to conduct the study and staff the task force. This includes holding task force meetings, conducting site visits for inspection of local utility practices, researching best practices, and preparing the final report with the assistance of other task force members. Special fund revenues increase correspondingly from assessments imposed on public service companies. Any expense reimbursements for task force members are assumed to be minimal and absorbable within existing budgeted resources.

Even though the bill takes effect June 1, 2017, it is assumed that State finances are not materially affected until fiscal 2018.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission; U.S. Department of Energy; Department of Legislative Services

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kb/lgc

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