

(a) The Public Service Commission appointed in accordance with Section 12 of this Act shall initiate an evidentiary proceeding to study and evaluate the status of electric restructuring in the State as it pertains to the availability of competitive generation to residential and small commercial customers and the structure, procurement, and terms and conditions of standard offer service for residential and small commercial customers. In its evaluation, the Commission shall consider changes that are necessary to provide residents the benefit of a reliable electric system at the best possible price and options for reregulation, if advisable, and to allow electric companies to develop a portfolio of electricity supply that provides electricity at the lowest cost with the least volatility.

(b) Among other considerations, the Commission shall consider the implications of the following:

(1) requiring or allowing investor-owned electric companies to purchase electricity by competitive or negotiated contracts of various durations or through other appropriate methods to minimize price volatility;

(2) requiring or allowing investor-owned electric companies to construct ~~or~~, acquire, or lease peak-load or other generating plants and associated transmission lines;

(3) providing a process, at the time bids by investor-owned electric companies for electricity supply are obtained for the standard offer service, to solicit bids for the procurement of energy efficiency and conservation measures and services if energy efficiency and conservation measures and services are less expensive than electricity generation;

(4) providing a process to allow investor-owned electric companies to obtain a portion of its electricity supply for standard offer service through the negotiation of bilateral contracts with wholesale electricity suppliers, either in conjunction with or outside of procurement through competitive wholesale auctions; and

(5) allowing opt-out aggregation of residential electric customer demand by local governments in the service territories of investor-owned electric companies.

(c) On or before December 31, 2006, the Commission shall report to the Governor and, in accordance with § 2-1246 of the State Government Article, to the General Assembly on its findings and recommendations.

(d) (1) The Commission may not implement any of the actions under subsection (b)(1) through (4) of this section that are otherwise authorized by this Act unless the Commission finds that the action is in the public interest.

(2) On or before December 31, 2006, and based on its consideration of energy efficiency and conservation measures under subsection (b)(3) of this section, the Commission shall establish, by regulation or order:

(i) the process for procurement of energy and conservation measures and services; and