

is not competitive or that no acceptable competitive proposal has been received to supply electricity to those customers described under paragraph (2) of this subsection, the Commission shall extend]

2. ON AND AFTER JULY 1, 2003, AN ELECTRIC COMPANY CONTINUES TO HAVE the obligation to provide standard offer service to residential and small commercial customers at a market price that permits recovery of the verifiable, prudently incurred costs to procure or produce the electricity plus a reasonable return.

[2. The Commission shall reexamine the finding made under this subparagraph at least annually.]

(III) 1. ON OR BEFORE DECEMBER 31, 2008, AND EVERY 5 YEARS THEREAFTER, THE COMMISSION SHALL REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY ON THE STATUS OF THE STANDARD OFFER SERVICE, THE DEVELOPMENT OF COMPETITION, AND THE TRANSITION OF STANDARD OFFER SERVICE TO A DEFAULT SERVICE.

2. THE COMMISSION SHALL ESTABLISH, BY ORDER OR REGULATION, THE DEFINITION OF "DEFAULT SERVICE".

(4) (I) On or before July 1, 2001, the Commission shall adopt regulations or issue orders to establish procedures for the competitive selection of WHOLESALE electricity suppliers, including an affiliate of an electric company, to provide ELECTRICITY FOR standard offer service to customers of electric companies under paragraph (2) of this subsection, except for customers of electric cooperatives and municipal electric utilities. Unless delayed by the Commission, the competitive selection shall take effect no later than July 1, 2003.

(II) 1. UNDER AN EXTENSION OF THE OBLIGATION TO PROVIDE STANDARD OFFER SERVICE IN ACCORDANCE WITH PARAGRAPH (3)(II) OF THIS SUBSECTION, THE COMMISSION, BY REGULATION OR ORDER, AND IN A MANNER THAT IS DESIGNED TO OBTAIN THE BEST PRICE FOR RESIDENTIAL AND SMALL COMMERCIAL CUSTOMERS IN LIGHT OF MARKET CONDITIONS AT THE TIME OF PROCUREMENT AND THE NEED TO PROTECT THESE CUSTOMERS FROM EXCESSIVE PRICE INCREASES:

A. SHALL REQUIRE EACH INVESTOR-OWNED ELECTRIC COMPANY TO OBTAIN ITS ELECTRICITY SUPPLY FOR RESIDENTIAL AND SMALL COMMERCIAL CUSTOMERS PARTICIPATING IN STANDARD OFFER SERVICE THROUGH A COMPETITIVE PROCESS IN ACCORDANCE WITH THIS PARAGRAPH; AND

B. MAY REQUIRE OR ALLOW AN INVESTOR-OWNED ELECTRIC COMPANY TO PROCURE ELECTRICITY FOR THESE CUSTOMERS DIRECTLY FROM AN ELECTRICITY SUPPLIER THROUGH ONE OR MORE BILATERAL CONTRACTS OUTSIDE THE COMPETITIVE PROCESS.

2. A. AS THE COMMISSION DIRECTS, THE COMPETITIVE PROCESS SHALL INCLUDE A SERIES OF COMPETITIVE WHOLESALE BIDS IN WHICH