

(II) THE COSTS OF NUCLEAR GENERATION FACILITIES OR PURCHASED POWER CONTRACTS THAT, AS PART OF A SETTLEMENT APPROVED BY THE COMMISSION, REMAIN REGULATED OR ARE RECOVERED THROUGH THE DISTRIBUTION FUNCTION.

(B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THIS SECTION DOES NOT APPLY TO AN INVESTOR-OWNED ELECTRIC COMPANY UNTIL THE ELECTRIC COMPANY:

(I) TRANSFERS GENERATION FACILITIES AND GENERATION ASSETS TO AN AFFILIATE OF THE ELECTRIC COMPANY, AND THE AFFILIATE OPERATES THE FACILITIES AND ASSETS; OR

(II) SELLS THE GENERATION FACILITIES AND GENERATION ASSETS TO A NONAFFILIATE.

(2) (I) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (1) OF THIS SUBSECTION, THIS SECTION APPLIES TO AN INVESTOR-OWNED ELECTRIC COMPANY THAT DOES NOT TRANSFER ITS GENERATION FACILITIES AND GENERATION ASSETS TO AN AFFILIATE OR SELL ITS GENERATION FACILITIES AND GENERATION ASSETS TO A NONAFFILIATE IF, ON JANUARY 1, 1999, THE RETAIL PEAK LOAD OF THE INVESTOR-OWNED ELECTRIC COMPANY IN THE STATE WAS LESS THAN 1,000 MEGAWATTS.

(II) AN INVESTOR-OWNED ELECTRIC COMPANY TO WHICH THIS SECTION APPLIES THROUGH SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL, BY JANUARY 1, 2001:

1. TRANSFER ITS GENERATION FACILITIES AND GENERATION ASSETS TO AN AFFILIATE OF THE INVESTOR-OWNED ELECTRIC COMPANY THAT OPERATES THE FACILITIES AND ASSETS; OR

2. SELL THE GENERATION FACILITIES AND GENERATION ASSETS TO A NONAFFILIATE.

(C) THE EXCEPTIONS IN SUBSECTION(A)(1) OF THIS SECTION AS TO ANY ELECTRIC COMPANY SHALL REMAIN IN EFFECT UNTIL THE LATER OF:

(1) THE DATE WHEN ALL CUSTOMERS OF THAT ELECTRIC COMPANY ARE ELIGIBLE FOR CUSTOMER CHOICE UNDER § 7-510 OF THIS SUBTITLE;

(2) THE DATE WHEN THE AMOUNT OF TRANSITION COSTS OR BENEFITS ARISING FROM THE GENERATION THAT IS DEREGULATED HAS BEEN FINALLY DETERMINED BY THE COMMISSION UNDER § 7-513(A) THROUGH (C) OF THIS SUBTITLE; OR

(3) IF, UNDER § 7-510(C)(3)(II) OF THIS SUBTITLE, THE COMMISSION EXTENDS THE OBLIGATION TO PROVIDE STANDARD OFFER SERVICE, THE DATE ON WHICH THE COMMISSION TERMINATES THAT OBLIGATION.