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**BILL NO.:** Senate Bill 1083 – Public Utilities –Electric Distribution System Planning – Regulations, Plans, and Fund

**COMMITTEE:** Education, Energy, and the Environment Committee

**HEARING DATE:** March 7, 2024

**SPONSOR:** Senator Hester

**POSITION:** Favorable as amended

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The Office of People’s Counsel supports Senate Bill 1083 with forthcoming sponsor amendments. This bill would create requirements for the regulations that will be adopted by the Public Service Commission on distribution system planning and improvements. The bill will also create a requirement that electric companies file electric distribution system plans with the Commission.

In 2022, the General Assembly enacted Public Utilities Article § 7-804 that requires the Commission to adopt regulations on electric distribution planning by July 1, 2025. The Commission has created a working group to develop a draft of those regulations. To support our participation in that working group, OPC has retained experts that have participated in efforts to create greater oversight of distribution planning by public service commissions in other states. OPC has presented the working group with a proposal that includes requirements for planning and filings with the Commission that are similar to those in the amended bill.

The bill as amended would require that the regulations adopted by the Commission include guidelines for ensuring that infrastructure upgrades are completed in advance of increased demand on the system. The regulations would also require a process to promote efficient grid modernization by using distributed energy resources and non-wires alternatives when cost-effective. Ensuring consideration of distributed energy

resources and non-wires solutions in distribution system plans is beneficial for residential electricity customers because these resources can result in cost savings for all customers compared to traditional infrastructure investments that may be favored by investor-owned utilities because of the profit incentive for those investments.

The bill as amended would also require the State's large electric utilities to regularly file distribution system plans with the Commission. The plans would incorporate load forecasting requirements and consider system needs for increased electricity demand caused by vehicle and building electrification and changes in the gas system. The plans would also identify optimal locations for deployment of distributed energy resources.

The demands on the electric distribution systems in Maryland are changing and investments will be needed to accommodate those changes. OPC supports enhanced Commission oversight of the utility spending on these investments to ensure that the utilities' plans are meeting the new demands on the system at the lowest possible cost and are in the public interest. The requirements in the bill as amended would strengthen the oversight of this spending and be beneficial to residential customers by promoting more cost-effective solutions and therefore lowering customer bills.

**Recommendation:** OPC requests a favorable Committee report on SB 1083, with the sponsor amendments.