

March 7, 2024

SB 1083: Public Utilities – Electric Distribution System Planning

Committee: Senate Education, Energy, and the Environment

Position: Oppose

Southern Maryland Electric Cooperative (SMECO) is a customer-owned, non-profit electric cooperative based in Hughesville that provides electricity to more than 173,000 customer-member accounts in Charles, St. Mary’s, Calvert and southern Prince George’s County. Unlike an investor-owned utility, SMECO’s customers oversee the strategic vision, major activities, and spending of their cooperative through a 15-member, democratically-elected Board of Directors. For the reasons set forth below, SMECO opposes SB 1083.

Section 7-804 of the Public Utilities Article (PUA) of the Maryland Annotated Code requires that the Maryland Public Service Commission (PSC) adopt regulations or issue orders by July 1, 2025 to implement specific policies for electric distribution system planning and improvements in order to promote a long list of State policy goals set forth in Section 7-802 of the PUA. SB 1083, with the amendments prepared by the bill sponsor on March 6, 2024, provides very prescriptive direction to the PSC on the scope of its required regulations or orders for electric distribution system planning under Section 7-804 of the PUA. In so doing, SB 1083 undermines the substantial efforts undertaken to define the future of distribution system planning as part of an active PSC docket (Case No. 9665) and the PSC Distribution System Planning Work Group (DSPWG) made up of more than 100 individual participants across state and local government, public interest, electric utility, non-profit, and renewable industry stakeholder groups, in addition to individual citizens.

SMECO has been a regular participant in the DSPWG. In accordance with PSC Order Nos. 89865 and 90777, the DSPWG is currently reviewing the Jade Process Map and considering its relevance and application to Maryland’s electric distribution utilities. The Jade Process Map describes an idealized electricity distribution planning process for the hypothetical state of Jade, a deregulated state located within a federally regulated market. It was developed by the National Association of Regulatory Utility Commissioners and the National Association of State Energy Officials. As part of its PSC-assigned task, the DSPWG is also developing proposed changes or modifications to the Jade Process Map to best align with Maryland’s public policy goals and existing processes, including the state policy goals set forth in Section 7-802 of the PUA. The goal of the DSPWG is to develop a consensus set of Maryland distribution system planning practices, followed by

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proposed regulations, as necessary. Under the current schedule established by the PSC, the DSPWG must issue a final report to the PSC by April 30, 2024.

If SB 1083 is enacted by the Maryland General Assembly, it would effectively require the DSPWG and the PSC to hit the reset button. This result would force the modernization of distribution system planning in Maryland to take a step backward – not forward as is the clear intention of SB 1083. Instead of advancing SB 1083 at this time, the Committee should allow the work of the DSPWG and the PSC to progress under its current schedule, which ultimately requires regulations or orders to be established by July 1, 2025 on electric distribution system planning and improvements to promote the State’s policy goals under Section 7-802 of the PUA.

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