

SB1083 OPC Testimony.pdf

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Position: FAV

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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

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.

SB 1083 - Electric Distribution Planning Testimony

Uploaded by: Katie Fry Hester

Position: FAV

KATIE FRY HESTER
Legislative District 9
Howard and Montgomery Counties

Education, Energy, and
Environment Committee

Chair, Joint Committee on
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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony in Support of SB1083 - Public Utilities - Electric Distribution System Planning - Regulations, Plans, and Fund

March 6, 2024

Chair Feldman, Vice-Chair Kagan, and members of the Education, Energy, and Environment Committee:

Thank you for your consideration of Senate Bill 1083 - Public Utilities - Electric Distribution System Planning - Regulations, Plans, and Fund, which will contribute to our state's strategy as we move to meet our renewable energy goals.

The State of Maryland has worked to achieve a robust and aggressive agenda to reduce our reliance on fossil fuels. This is evidenced by the passage, signage, and implementation of the Climate Solutions Now Act, Advanced Clean Cars and Trucks, and numerous bills that incentivize clean energy development through solar, wind, geothermal, and other technologies. We know that our electrical grid as currently constructed will need significant upgrades to meet the demand brought by electrification. Though we have acted to meet these challenges, we know there will be continued work on this issue.

Senate Bill 1083 seeks to take the next steps in ensuring our electric grid is sufficient for the future. A new grid reality requires new methods of planning. That is why this bill calls for innovative "bottom-up" forecasting from the PSC and utilities. This type of forecasting is granular in nature and identifies changes in customer demand from residential and commercial buildings. Bottom-up forecasting will better account for the increased adoption of electric vehicle chargers, electric heat pumps, solar arrays, and battery storage technologies.

Senate Bill 1083 also requires utilities to anticipate where grid upgrades will be needed to support increased electrification and consider electric distribution system upgrades in overburdened communities. Additionally, to maximize long term affordability and efficiency, this bill requires coordination amongst gas and electric companies to ensure the grid is ready to accommodate new electric appliance load by the time it's needed by customers. Finally, SB 1083 ensures utilities identify optimal locations for siting of distributed energy resources based on distribution system and customer needs, location type, and where overburdened communities might benefit.

Work groups commissioned by some of the legislation referenced earlier such as the Distribution Planning Workgroup have taken on the challenge of finding solutions that will make our grid ready for the future. My bill does not seek to interrupt or duplicate their process, rather to add a few more tools as resources for the work group and the General Assembly to make the best decisions in modernizing our grid.

In conjunction with Advanced Energy United, my office has worked hard with the PSC, MEA, and OPC to draft amendment language that ensures this bill is aligned with the state's strategic vision and goals for electrification. I am appreciative of the PSC, MEA, and OPC for their hard work, thoughtfulness, and diligence on this bill. We have amendments currently in drafting, one of which will remove the make ready fund in section 7-806.

Thank you Mr. Chair, I ask that the committee provide a favorable report on SB 1083.

Sincerely,

A handwritten signature in black ink that reads "Katie Fry Hester". The signature is written in a cursive, flowing style.

Senator Katie Fry Hester
Howard and Montgomery Counties

SB1083_MDSierraClub_fav 7Mar2024.pdf

Uploaded by: Mariah Shriner

Position: FAV



P.O. Box 278
Riverdale, MD 20738

Committee: Education, Energy, and the Environment

Testimony on: SB 1083 “Public Utilities - Electric Distribution System Planning - Regulations, Plans, and Fund”

Position: Support

Hearing Date: March 7, 2024

The Maryland Chapter of the Sierra Club urges a favorable report on SB 1083. SB 1083 will require Maryland electric utilities to consider important electrification, climate, and equity principles when planning their distribution systems. The requirement to file a distribution system plan and then require regular annual updates promotes transparency and will provide needed oversight. SB 1083 will help the state achieve the greenhouse gas (GHG) goals embedded in the Climate Solutions Now Act (CSNA) and accelerate the transition to clean energy.

SB 1083 recognizes that distribution system planning by Maryland’s electric utilities requires major changes. With the requirements included in the bill, Maryland electric utilities will need to modernize their planning and proactively plan for electrification and increased distributed energy resource deployments. Of particular importance, SB 1083 recognizes the need for targeted, granular load forecasts and distribution planning that consider overburdened communities. SB 1083 will require Maryland electric utilities to submit electric distribution system expansion plans by January 1, 2026, and to submit annual reports on electric utility progress towards implementing this plan. In recognition of the importance of data access to support future electric utility planning and operation, the bill requires the use of protocols for data sharing that protect customers while facilitating a meaningful exchange of usable information.

SB 1083 Provides Legislative Direction for Needed Distribution System Planning

Based on Sierra Club’s experience with Maryland electric utility planning, particularly its involvement in the Maryland Public Service Commission’s (PSC’s) Distributed System Planning workgroup, it has become clear that current Maryland distribution system planning is not ready for the changes foreseen as the state transitions to a low-carbon, electrified environment. While Maryland electric utilities have successfully maintained the safety and reliability of the distribution grid in meeting past load growth, the changing and growing demands associated with electrification of buildings and vehicles, the requirements incorporated in state laws like the CSNA, and the need to “right-size” granular distribution locations necessitate updating and modernizing distribution system planning. SB 1083 provides the legislative direction that the PSC needs to ensure that Maryland electric utilities conduct the required upgrades to their distribution system planning. Sierra Club believes that the Maryland electric utilities will not modernize their planning fast enough without regulatory or legislative direction. In addition, the reporting requirements built into the bill will provide important information for transparency and oversight purposes.

Data Sharing

The data sharing provisions in the bill are also important. The ability to share utility consumption and operational data on a common platform is a major need in Maryland and across the U.S. Lack of utility data limits the amount of competition and deployment of clean technologies. Without data, demand response and distributed energy resource aggregators, technology firms, and the PSC do not have adequate and timely information for planning, investment and operation. However, data confidentiality and adherence to Maryland's data privacy rules is essential to ensure consumers' rights and privacy.

Additional Opportunities to Strengthen the Bill

While SB1083 appropriately targets proactive planning to address electrification, we believe that the bill would be strengthened by requiring Maryland utilities to incorporate in their distribution system plans 1) explicit references to the impacts associated with the CSNA's GHG reduction objectives, 2) recognition of flexible demand that will be supported by consumer adoption of new technologies like batteries and bidirectional electric vehicles, and 3) reference to customer adoption and deployment distributed energy resources, such as rooftop solar.

In summary, the Sierra Club fully supports SB 1083 and urges its adoption by both the House and Senate.

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¹ Sierra Club volunteer Dr. David Kathan is a national expert on demand response and distributed energy resources. He recently retired from the Federal Energy Regulatory Commission, where he led the issuance of Order No. 2222 on the aggregation of distributed energy resources. He is also an active participant in the PSC's Distribution System Planning and Interconnection Workgroups on behalf of the Maryland Chapter of the Sierra Club.

SB 1083 Testimony_Advanced Energy United.pdf

Uploaded by: Nick Bibby

Position: FAV



SB 1083 – Public Utilities – Electric Distribution System Planning – Regulations & Plans

Senate Education, Energy, and Environment Committee
March 7th, 2024

Nicholas Bibby, Maryland State Lead, Advanced Energy United

Position: Favorable

Mr. Chairman and Honorable Members of the Education, Energy, and Environment Committee:

Advanced Energy United ('United') is testifying in support of Senate Bill 1083, legislation that is critical to preparing Maryland's grid for a future of increased vehicle and building electrification. United and our members see this as a step in ramping up the planning and buildout of distribution infrastructure in an expedited manner to keep consumer costs low, ensure that Marylanders have a positive and easy experiencing adopting new clean technologies, and secure Maryland's grid for the future.

United is a national business association, dedicated to educating and advocating for policies that empower our member companies to lead the transition towards a cleaner, reliable, and affordable energy economy. We represent over 100 businesses working across the energy sector, including large-scale and distributed renewables, geothermal, energy storage, energy efficiency and demand response providers, transmission developers, electric vehicle (EV) manufacturers, and charging infrastructure providers.

The Time to Prepare Our Grid is Now

The transition to electric buildings and electric vehicles is well underway in Maryland and nationwide, and is being driven by a combination of market forces and policies at the local, state and federal levels.

With regard to transportation electrification, the impact of state-level policies such as the Climate Solutions Now Act of 2022 is being amplified by major automakers from Ford and General Motors to Nissan and Honda planning to transition most or all of their light-duty vehicle fleets from gas powered to electric in the next 20 years. Coupled with that, EVs continue to set records in the auto market, with 12% of all light-duty car sales across the country in December 2023 being electric. With this increase in EV adoption comes increased demand for electricity. Analysis by the Electric Power Research Institute (EPRI) shows that Montgomery County alone will require an additional 1.8 terawatt-hours (TWh) of electricity production to support anticipated levels of light-duty electric transportation by 2030 – just six years away. That represents a nearly 350% increase in electric production as a result of passenger vehicle electrification in one county in the state.

Building electrification is and will continue to grow in Maryland, as more homes and businesses are increasingly turning away from traditional gas appliances in favor of new, high-performance electric system alternatives like heat pump water heaters and air source heat pumps. Two of the larger counties in Maryland, Montgomery and Howard, have both passed legislation to phase out fossil fuel use in new construction starting as early as 2027. On top of that, the sale of heat pumps surpassed that of gas furnaces for the second year in a row – this time, by 21% in 2023.

United and our member companies believe that there needs to be a shift in how we approach strengthening our grid, as this demand continues to increase due to electrification. Traditional long-term “top-down” resource planning will struggle to match the pace at which this transition to clean technologies is taking place and fails to take into account the highly distributed nature of these new facilities. The way we are currently planning risks delaying Maryland residents and businesses being able to access these superior technologies, and/or causing localized electric system challenges where large numbers of consumers do adopt things like heat pumps or electric vehicles. Ultimately, we see a critical need for decision-makers in Maryland and across the country to invest time and attention into this matter.



Senate Bill 1083 Builds Upon and Improves Existing Efforts

Maryland leads the nation in its ambitious climate policy thanks to the vision and action of the General Assembly. Through the Clean Energy Jobs Act (2019), Maryland set the statutory target of achieving 14.5% of the state’s electricity consumption from solar generation by 2030. The state has also set the course for a transition to an electrified vehicle fleet through a number of legislative efforts and the administration's recent adoption of the Advanced Clean Cars II and Advanced Clean Trucks Rule. All of these efforts were incorporated as critical underpinnings of MDE’s recently released Climate Pollution Reduction Plan, which serves as the roadmap to achieve the goals laid out in Senate Bill 528 “The Climate Solutions Now Act” (CSNA), which became law on April 9, 2022.

Each time that climate and clean energy goals have been adopted, follow-up was needed in order to close gaps and ensure proper implementation of the policy framework. Several Public Service Commission workgroups have commenced since the passage of CSNA including an Electrification Study, Interconnection, and Distribution System Planning Workgroup. They are each in different stages in the process of building consensus and making recommendations for regulations, and they are doing important work. But the scale and timeline of what is required to meet Maryland’s clean energy goals requires that we expand these efforts in several key ways, while staying aligned with the existing processes.

The ongoing PSC Distribution System Planning workgroup has brought together state regulatory and energy policy stakeholders to develop recommendations for regulations around distribution system planning, and to align planning processes with state goals and the proliferation of distributed energy resources. [The Electrification Study](#), done by the Brattle Group, after its high level analysis of the capacity of each utility's distribution systems to successfully serve customers under a managed transition to a highly electrified building sector, concluded that electrification is possible and provided top level guidance for what is needed from Maryland’s utilities. What is now needed is for utilities to develop their own bottom-up distribution impact studies to identify which parts of the grid will experience more immediate growth, and develop plans accordingly, including a consideration of non-wires solutions to help meet that load growth.



To help the state’s utilities take that next step and prepare for this transition while protecting the grid and Maryland ratepayers, United has worked closely with Senator Hester on SB 1083. This legislation would require the Maryland Public Service Commission and electric companies in the state to do their part in forecasting where upgrades to the distribution system will be needed to handle the influx of EVs and building electrification, due to the state’s ambitious goals. SB 1083 would ensure that electric companies in the state are proactively planning for where distribution system upgrades will be needed, and coordinating with gas companies in the process to ensure that new electric capacity is available ahead of expected increases in demand.

Ultimately, Maryland needs a smooth, reliable, and affordable transition as electrification ramps up – and that is what Sen. Hester’s SB 1083 takes the first step in achieving. Specifically, this legislation would:

- Enhance Maryland’s electric distribution system planning by using more highly localized, “bottom-up” forecasting to identify changes in customer demand down to which homes are likely to adopt EVs, heat pumps, solar, or storage technologies. This is the cutting edge of distribution system planning, and if this bill passes, Maryland’s utilities will be among the first to adopt this modern and highly sophisticated technique;
- Consider electric distribution system upgrades in overburdened communities to help speed adoption of technologies that will lower electric bills and improve indoor and outdoor air quality;
- Require coordination amongst gas and electric companies in the state to ensure the electric system is ready to accommodate new electric appliance load by the time it’s needed by customers, and that the state isn’t investing unnecessarily in two expensive sets of infrastructure to serve the same energy need – key to long-term energy affordability; and,
- Ensure electric companies are identifying optimal locations for the deployment of distributed energy resources (DERs), based on distribution system and customer needs, location type, and where overburdened communities might benefit.

Proposed Amendments



In further discussions with Sen. Hester, the PSC, and the Maryland Energy Administration, United agrees to the following amendments being adopted by this committee in SB 1083, which have been summarized at a high level as follows:

- Remove Section 7-804(B)(1)-(2) and move those sections to 7-805(A)(1), as United and the PSC have agreed this is the appropriate place for guidelines on bottom-up forecasts.
- Add Section 7-804(C) to ensure that the PSC regulations adopted under this Act minimize ratepayer costs for low- and moderate-income households.
- Add to Section 7-805(A)(2) to encourage the mitigation of anticipated new electricity load with options such as DERs and non-wire solutions.
- Add Section 7-805(A)(7) to ensure that electric distribution system upgrades in overburdened communities prioritize upgrades that increase access to EV charging station and projects that lower bills or improve localized air quality.

In conclusion, our core philosophy in our support for this legislation is to ensure that electric companies here in Maryland are using the latest-and-greatest techniques to properly upgrade their distribution infrastructure in advance of increased demand. This will help improve the customer adoption experience, leverage more distributed energy resources to avoid peak demand challenges, strengthen the state's electric grid, support the state's clean energy policy goals, and all while mitigating ratepayer impacts. This is a great first step in the right direction as we begin to really consider the impacts that electrification will have on the grid, and how we as a state are preparing for that transition. We look forward to continuing to work with the legislature, the PSC, and MEA to ensure that our grid is ready for this challenge and that we continue our buildout and preparation for increasing levels of vehicle and building electrification. United and our members support this legislation, and believe there is a unique opportunity for Maryland to cement its status as not only being bold in its energy policy, but being smart about it too.

For these reasons, United strongly supports SB 1083. Thank you for the opportunity to testify and we respectfully request a favorable vote, from this Committee.



SB1083_Favorable with Amendments_PSC.pdf

Uploaded by: Frederick Hoover

Position: FWA

FREDERICK H. HOOVER, JR.
CHAIR

MICHAEL T. RICHARD
ANTHONY J. O'DONNELL
KUMAR P. BARVE
BONNIE A. SUCHMAN



PUBLIC SERVICE COMMISSION

March 6, 2024

Chair Brian J. Feldman
Education, Energy, and the Environment Committee
2 West, Miller Senate Office Building
Annapolis, MD 21401

RE: SB 1083 – Favorable with Amendments – Public Utilities – Electric Distribution System Planning – Regulations, Plans, and Fund

Dear Chair Feldman and Committee Members:

On June 23, 2021, the Public Service Commission (PSC) established Case No. 9665¹ and initiated the Distribution System Planning (DSP) Work Group, with the direction to undertake a comprehensive examination of distribution system planning in Maryland. Effective June 1, 2022, Maryland enacted the Climate Solutions Now Act (CSNA),² which among other things adopted the language now codified at Maryland Annotated Code, Public Utilities Article, § 7-801 et seq. Those sections directed the Commission to adopt regulations or issue orders by July 1, 2025, to implement specific policies for electric distribution system planning and improvements to promote a set of 12 State policy goals, among other things. To meet the mandates of the CSNA, the Commission ordered the DSP Workgroup to file its final report on April 30, 2024. SB 1083 will add additional electric distribution system planning requirements to the Public Utilities Article, § 7-801 et seq.

The Public Service Commission has worked with representatives from the Office of People's Counsel (OPC) and Maryland Energy Administration (MEA) (i.e., collectively the "joint state agencies") to offer several amendments to the bill's sponsor, which have been accepted. These amendments address PSC concerns associated with certain terminology and definitions, load forecasting, distribution planning objectives, and the bill's emphasis on grid upgrades, as opposed to "non-wire" planning solutions desired by the joint state agencies. In addition, the joint state agencies agreed that the PSC should have flexibility to direct utility distribution plan filing deadlines to coordinate with other proceedings, such as rate cases, as opposed to inflexible statutory deadlines.

¹ Case No. 9665, Distribution Planning for Maryland Electric Utilities

² Senate Bill 528 (2022)

The Public Service Commission has learned that MEA will be deploying about \$10 million in Grid Resilience State/Tribal Formula Grant³ funds in FY2025. Maryland is a prime recipient of this federal grant and utilities can receive these awards. Therefore, the joint state agencies recommended elimination of the bill's "make ready" fund provisions.

I appreciate the opportunity to provide favorable testimony, with amendments to SB 1083. Please contact the Commission's Director of Legislative Affairs, Christina M. Ochoa, at christina.ochoa1@maryland.gov if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Frederick H. Hoover".

Frederick H. Hoover, Chair
Maryland Public Service Commission

³ Authorized by the U.S. Bipartisan Infrastructure Law, the Grid Resilience State and Tribal Formula Grants program is designed "to strengthen and modernize America's power grid against wildfires, extreme weather, and other natural disasters that are exacerbated by the climate crisis."

SB 1083 -- Electric Distribution System Planning (

Uploaded by: Tom Dennison

Position: UNF

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

For more information, contact: Tom Dennison, SMECO

Vice President Government and Public Affairs

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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.

For more information, contact: Tom Dennison, SMECO

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Uploaded by: Anne Klase

Position: INFO



March 7, 2024

112 West Street
Annapolis, MD 21401

Letter of Information – Senate Bill 1083 Public Utilities - Electric Distribution System Planning - Regulations, Plans, and Fund

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) respectfully offers this letter of information on **Senate Bill 1083 Public Utilities - Electric Distribution System Planning - Regulations, Plans, and Fund**. While we understand additional amendments may be offered, as drafted, this legislation alters the date from July 1, 2025 to December 31, 2025 by which the Public Service Commission (PSC) shall adopt regulations or issue orders to implement policies related to the electric distribution system planning (DSP) and improvements to meet Maryland’s climate goals. Senate Bill 1083 also specifies that the regulations adopted must include requirements for vehicle and building electrification that align with State goals and mandates, and guidelines for electricity load forecasts. Lastly, by January 1, 2026 each electric company shall submit to the PSC an electric distribution system expansion plan that incorporates load forecasts, considers what percentage of anticipated new electric load can be mitigated, accounts for growth in vehicle and building electrification on timelines of 3, 5, and 10 years, works to coordinate or integrate with gas companies to ensure that new electric capacity is available ahead of anticipated increases in electricity demand, identify optimal locations for the deployment of distributed energy resources (DERs), and includes protocols for data sharing that protect customers while facilitating meaningful exchange of usable information.

Pepco and Delmarva Power recognize the importance of having a transparent distribution system planning process that supports the State’s policy goals and have been actively participating in the current DSP work group at the PSC. As drafted, Senate Bill 1083 is not entirely consistent with the ongoing DSP work group process at the PSC and may undermine the progress of existing efforts. The framework for the current DSP began in February of 2021 when the National Association of Regulatory Utility Commissioners (“NARUC”) and the National Association of State Energy Officials (“NASEO”) formed a task force to bring together state regulatory and energy policy agencies to develop ways for states to both increase involvement in distribution system planning, and to further align planning processes with state goals and the proliferation of distributed energy resources. Maryland representatives on the task force recommended to the PSC that a Maryland specific DSP workgroup be created to receive comments from stakeholders on Maryland’s approach to the DSP process.

Additionally, in 2022, the Climate Solutions Now Act of 2022 (CSNA) further codified the requirements of the DSP process outlined from NARUC and NASEO for the PSC and directed the PSC to include information in a report to the General Assembly that provided information on the status of DSP planning in the State and information within the DSP process that promote specific State goals related to decreasing greenhouse gas emissions, energy efficiency, incorporating energy storage technology, and provide additional capacity to accommodate increased distributed energy resources (DERs) among other goals. As a result of the passage of CSNA the PSC opened a new docket (Case No. 9665) to address the policy goals set forth in PUA §7-802. Additionally, in August of 2023, the PSC issued Order No. 90777 directing the DSP workgroup to file its final report on April 30, 2024. Many areas of consensus have been reached by the stakeholders in the work group already. During the remainder of 2024, the workgroup will be actively working to develop draft regulations with a target for approval of final regulations and implementation by July 1, 2025. Pepco and Delmarva Power will continue to participate in the ongoing phase 2 DSP workgroup at the PSC.

Pepco and Delmarva Power hope you find this information helpful, and we look forward to reviewing additional amendments and continuing conversations with the bill sponsor and all stakeholders involved to ensure we are not duplicating the current efforts of the DSP work group at the PSC, while recognizing the importance of the process.

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BGE_EEE_LOI_Senate Bill 1083 - Public Utilities -

Uploaded by: Dytonia Reed

Position: INFO

Letter of Information
Education, Energy, and
Environment
3/8/2024

**Senate Bill 1083 - Public Utilities - Electric Distribution System Planning -
Regulations, Plans, and Fund**

Baltimore Gas and Electric Company (BGE) offers this letter on *Senate Bill 1083* and the proposed amendments. *Senate Bill 1083* requires the Public Service Commission (Commission) to adopt certain regulations to oversee electric distribution system planning in the State by December 31, 2025. Also, it requires electric companies to submit to the Commission upgrade plans by January 1, 2026.

BGE recognizes the importance of having a transparent distribution system planning process that supports the State's policy goals. However, *Senate Bill 1083* does not consider current ongoing Commission efforts to address distribution planning, which meet the requirements of PUA §7-801 enacted as part of the Climate Solutions Now Act of 2022 (CSNA). BGE has concerns that *Senate Bill 1083*, as introduced and as rewritten, will undermine the progress of existing efforts and could inhibit rather than support efficient progress toward developing distribution planning processes that support the State's CSNA goals.

Currently, the Commission is examining distribution planning in the Distribution System Planning Working Group (DSPWG), which BGE actively participates. This stakeholder driven process is developing a planning process that supports the state's policy goals, as required by the CSNA, including points for input from interested stakeholders into utility distribution system planning while recognizing the diversity of needs for the various Maryland electric companies due to their different service territories, customers, system configurations and available technologies/resources. Also, DSPWG has improved utility transparency through increased information sharing.

In its recent Order considering the DSPWG Report, the Commission highlighted that it was not the intent of the Commission to require the utilities to develop DSP plans which require Commission approval before implementation. Further, the Commission correctly noted

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's largest energy delivery company.

Charles Washington | Brittany Jones | Guy Andes | Dytonia Reed | 410.269.5281

that “utilities are ultimately responsible for DSP, bear the risk of cost recovery, and must retain a reasonable amount of flexibility and nimbleness in DSP decision-making.” Flexibility is necessary and important as each utility has its own system.

In addition, many areas of consensus have been reached by the stakeholders in the Working Group. The DSPWG final report is expected by April 30, 2024 (as directed by the CSNA), with Commission-developed regulations anticipated by December 2024. If passed, this legislation could conflict with current Commission work.

We are aware that there are amendments to *Senate Bill 1083*, which do not address our concerns. Specifically, *Senate Bill 1083* defines “bottom-up electricity load forecast” and requires a utility to incorporate bottom-up load in its forecasting. While BGE already incorporates a “bottom-up” load in our forecasting, the definition is too prescriptive. It does not provide the flexibility for a utility to determine how to develop its forecast within the timeline. The legislation is not aligned with current utility DSP forecasting and should allow utilities to forecast based on distribution assets, consumer habits, or consumer mix. BGE urges the General Assembly to allow the Working Group to continue its efforts.

Senate Bill 1083 also requires, under §7-805, an electric company to submit to the Commission an electric distribution system expansion plan that identifies optimal locations for the deployment of distributed energy resources. Although BGE supports the goal to increase the deployment of distributed energy throughout the State, we believe that this legislation would unnecessarily expose Maryland utilities to increased cybersecurity and physical risks especially to our electric infrastructure and critical customers (i.e., airports, military facilities, hospitals, schools, water treatment facilities). There is already a risk of a coordinated attack due to the amount of publicly available information on critical infrastructure. *Senate Bill 1083* fails to include information protection provisions, and restrictions for use or protection from Public Information Act requests. It is prudent that BGE and other electric companies be able to control the dissemination of our proprietary data and information to protect our customers, assets, and stakeholders.

Utilities need practical implementation policies that streamline processes to build and operate the future electric grid that will incorporate renewable, distributed generation assets. However, the goals and mechanisms as currently outlined in *Senate Bill 1083*, as written, and amended, could undermine while potentially not achieving the outcome that it

BGE, headquartered in Baltimore, is Maryland’s largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company’s approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation’s largest energy delivery company.

Charles Washington | Brittany Jones | Guy Andes | Dytonia Reed | 410.269.5281

seeks. Further, the DSPWG final report is expected by April 30, 2024, as directed by the CSNA.

While BGE is committed to continuing our conversations with the bill sponsor to address our concerns regarding this legislation, we believe the current Commission's DSPWG should continue to do its work in developing regulations on distribution planning process that address the concerns of all the various stakeholders throughout the State.

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SB1083 - LOI.pdf

Uploaded by: Landon Fahrig

Position: INFO



Maryland

Energy Administration

TO: Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy, and the Environment Committee

FROM: MEA

SUBJECT: SB 1083 -Public Utilities - Electric Distribution System Planning - Regulations, Plans, and Fund

DATE: March 7, 2024

MEA Position: LETTER OF INFORMATION

This bill requires the Maryland Public Service Commission (PSC) to adopt extensive new regulations governing the distribution system planning process established in Md. Code, Pub. Util. Art. §7-804. MEA supports proposed amendments by the PSC to better align this bill with the PC44 Distribution System Planning Workgroup to avoid confusion and duplication of existing proceedings. In particular, MEA supports emphasizing non-wires solutions (i.e., alternatives to costly investment in new infrastructure) and recognizing that capacity hosting analysis is distinct from load forecasting. Also, MEA has stated in PC44 proceedings, distribution system planning should include locational value analysis that assists in knowing where to best incentivize distributed energy resources in a way that also maximizes grid resilience.

The bill also requires MEA to create and manage a new fund, the Electric Distribution System Make-ready Fund for “the build-out of the state’s electric distribution system in anticipation of building and vehicle electrification.” This fund is not necessary. In FY25, MEA will be deploying about \$10 million in Grid Resilience State/Tribal Formula Grant funds. Authorized by the U.S. Bipartisan Infrastructure Law, the Grid Resilience State and Tribal Formula Grants program is designed “to strengthen and modernize America’s power grid against wildfires, extreme weather, and other natural disasters that are exacerbated by the climate crisis.” Funds deployed under this grant would cover not just electrification build-out, but also resiliency and reliability needs. Maryland is a prime recipient of this federal grant, and utilities can be sub-awardees. Once released, MEA will post the availability of these grant funds to utilities, including in the PC56 docket. A new make-ready fund could contradict federal guidelines on administering the Grid Resilience fund. MEA would also object to the extent the bill requires MEA to deploy SEIF funding for the Make-ready Fund, as SEIF funding is largely directed to other purposes. The bill also directs the PSC to apply for funds in coordination with MEA. It should be the other way around.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Joyce Lombardi, joyce.lombardi1@maryland.gov, 443-401.1081.

Letter of Information - SB1083.pdf

Uploaded by: Timothy Troxell

Position: INFO

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INFORMATIONAL ONLY – Senate Bill 1083
SB1083 – Electric Distribution System Planning – Regulations, Plans, and Fund
Education, Energy, and the Environment Committee
Thursday, March 7, 2024

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 285,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its ten electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, New York, West Virginia, and Maryland.

Informational Only

Potomac Edison / FirstEnergy would like to provide information related to Senate Bill 1083 – *Electric Distribution System Planning – Regulations, Plans, and Fund*. As written, SB-1083 would require the Public Service Commission (PSC) to adopt certain regulations to oversee electric distribution system planning in the State. It would also require electric companies in the State to submit to the Commission certain plans to upgrade certain parts of the electric distribution system in the State.

While we understand amendments have been made to this legislation that are positive, we are concerned that SB-1083 could disrupt the collaborative process of the PSC's existing Distribution System Planning (DSP) Work Group. This group has been meeting for over a year, working on what is already in statute, as a result of the Climate Solutions Now Act of 2022 (CSNA).

The CSNA outlined the DSP process and directed the PSC to include information in a report to the General Assembly that provided information on the status of DSP planning in the State. The requested information related to promoting specific State goals related to decreasing greenhouse gas emissions, energy efficiency, incorporating energy storage technology, and providing additional capacity to accommodate increased distributed energy resources is already being studied. The DSP Work Group has been a collaborative effort between diverse stakeholders and is nearing results that are similar to some of the additional charges this bill places on the group. It would be more effective for the General Assembly to allow this collaborative process to complete their work, and then propose further actions from the DSP Work Group in the 2025 Session if necessary.

The DSP Work Group's final report is due to the PSC by April 30, 2024. Once filed, Potomac Edison will continue actively participating with the group to develop draft regulations. PSC approval of the final regulations, and implementation, is required by July 1, 2025. Adding additional requirements to their duties, at this late stage, is a distraction from their main focus and may jeopardize the progress this group has made to date.

Potomac Edison / FirstEnergy looks forward to continuing our work with the DSP Work Group and all stakeholders. We recognize the importance of the process and want to ensure current efforts are not disrupted.