



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.