

Support with Amendments
Education, Energy, and the
Environment
2/13/2025

Senate Bill 316 (HB398)- Abundant Affordable Clean Energy - Procurement and Development (AACE Act)

Baltimore Gas and Electric Company (BGE or the Company) supports *Senate Bill 316* with amendments. *Senate Bill 316* mandates that each electric company submit plans to the Public Service Commission (Commission) by November 1, 2025, to construct or procure transmission and distribution-connected energy storage devices. Additionally, the bill provides incentives for the creation of zero-emission credits by beneficial nuclear facilities and requires the Commission to pursue coordinated approaches to offshore wind energy transmission development.

Senate Bill 316 seeks to enhance Maryland’s energy infrastructure by promoting the effective use of energy storage (battery storage) within the transmission and distribution grid systems. While BGE supports the ultimate goal of *Senate Bill 316*, namely the increased deployment of battery storage, the Company recommends the following revisions to the Bill: 1) increase the construction timeline for battery storage projects from 18 to at least 30 months; 2) extend the deadline for utilities to submit their plans from November 1, 2025 to January 1, 2026; 3) allow utilities to execute in phases and incrementally on the 150 MW of distributed connected energy storage capacity requirement; and 4) give the Commission authority to deny a project if it fails to meet program objectives or is not cost-effective.

BGE has recent experience operating battery storage projects to mitigate the need for major investments in the distribution system. In 2023, BGE deployed two battery storage devices—Chesapeake and Fairhaven Battery Energy Storage Projects in Anne Arundel and Calvert counties. These projects operate in PJM markets and provide peak shaving and other services. Combined, the two projects enhance service reliability for 9,000 customers and help BGE defer the construction of a new substation. Additionally, BGE has at its facility the Coldspring Microgrid where we’ve battery storage, EV charging, and a parking lot solar canopy to support our fleet electrification goals.

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.

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Through these deployments, BGE gained valuable insights into managing supply chain issues for lithium-chemistry batteries, integrating distributed energy resources with utility IT and communications, and engaging with local communities. Revenues from PJM market participation help offset project costs and add value.

Recognizing BGE's expertise, the Department of Energy awarded BGE \$50 million in Grid Resilience and Innovation Partnerships grant funding in 2024 to support its Distributed Battery Energy Storage System (DBESS) program. This program aims to deploy 22 MW of 500KW energy storage units across BGE's territory, with DOE funding potentially covering costs for 11 MW of these units. Utility ownership enables a scalable, cost-effective approach to storage deployment by developing repeatable constructs that reduce costs and project development efforts over time.

Based on BGE's experience with these projects, 18 months does not provide sufficient time to build an energy storage project. BGE recommends extending the construction timeline to at least 30-months to ensure utilities can conduct effective community engagement, address supply chain issues, secure sustainable site locations, and obtain all necessary permits. Extending the construction deadline will also reduce the frequency of utilities needing to seek extensions to meet mandatory deadlines. This is important considering missed deadlines could lead to significant penalties for utilities acting in good faith. For the foregoing reasons, BGE recommends that the 18-month construction deadline be extended to at least 30 months.

The bill also mandates that utilities achieve a 150 MW of distributed connected energy storage capacity, with no more than 30% of storage being owned by third parties, and the Commission allocating the remainder to the utilities. BGE recommends providing more flexibility by requiring utilities to submit a plan for bringing online one-third of the capacity initially, then requiring the utilities to submit plans for projects that address the remaining capacity amounts. This will approach utilities to implement the plan incrementally and in phases, achieving the desired storage capacity.

BGE supports the use of battery storage to enhance regional resource adequacy, through storage connected to the transmission system. This is an effective approach when deployed at scale, allowing utilities to procure batteries with larger energy quantities and for longer durations. The Maryland Public Service Commission has acknowledged the role of battery storage in reducing grid constraints and recently ordered utilities to evaluate utility

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owned battery storage on the transmission system. BGE is actively undertaking efforts to respond to the order.

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Senate Bill 316, as written, does not empower the Commission to deny a project if it fails to meet program objectives or is not cost-effective. BGE recommends granting the Commission the authority to deny projects to ensure that only those fulfilling the state's goals are commenced. Furthermore, there are ongoing Commission efforts addressing this topic, which the bill needs to consider and, if passed, could delay, or contradict their progress. BGE will work with the bill sponsor to ensure there is alignment with Commission regulations, in COMAR 20.50.14. BGE will continue discussions with the sponsor to address our concerns.

We respectfully request a favorable report with amendments for *Senate Bill 316*

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