

HB1112/343924/1

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL 1112
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, after “**Acquisition**” insert “**and Deployment**”; in line 3, after “of” insert “establishing that a person that applies for a certificate of public convenience and necessity in response to a certain order is eligible for an expedited review process of the application; requiring the Public Service Commission to give priority to the review of and final action on certain applications for a certificate of public convenience and necessity;”; in line 3, strike “Public Service”; in lines 6 and 7, strike “facilitate the acquisition of” and substitute “issue an order directing certain investor-owned electric companies to construct, acquire, lease, or contract for”; in line 8, after “agreement;” insert “authorizing an investor-owned electric company to operate an energy storage device in wholesale markets or other applications under certain circumstances;”; in line 9, after “acquisition” insert “and deployment”; and in line 12, after “Section” insert “7-207(i) and”.

AMENDMENT NO. 2

On page 1, after line 17, insert:

“7-207.

(I) (1) IF A PERSON IS REQUIRED TO SUBMIT AN APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY IN RESPONSE TO AN ORDER ISSUED UNDER § 7-216.2(C)(2)(I) OF THIS SUBTITLE:

(I) THE PERSON IS ELIGIBLE FOR AN EXPEDITED REVIEW PROCESS OF THE APPLICATION FOR THE CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY REQUIRED UNDER THIS SECTION; AND

(II) THE COMMISSION SHALL GIVE PRIORITY TO THE REVIEW OF AND FINAL ACTION ON THE APPLICATION OVER OTHER CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY APPLICATIONS THAT ARE BEFORE THE COMMISSION FOR REVIEW AND FINAL ACTION.

(2) ON OR BEFORE DECEMBER 1, 2024, THE COMMISSION SHALL ADOPT REGULATIONS OR ISSUE ORDERS ESTABLISHING AN EXPEDITED REVIEW PROCESS FOR APPLICATIONS FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY SUBMITTED UNDER THIS SUBSECTION.;

and strike beginning with “HAS” in line 21 down through “SUBTITLE” in line 22 and substitute “**MEANS RESOURCES CAPABLE OF:**

(I) ABSORBING ELECTRICAL ENERGY;

(II) STORING ELECTRICAL ENERGY FOR A PERIOD OF TIME;

AND

(III) DELIVERING ELECTRICAL ENERGY FOR USE AT A LATER TIME”.

On page 2, in line 1, strike “(3)” and substitute “**(3)“ENERGY GENERATING SYSTEM” MEANS A SYSTEM OR FACILITY THAT GENERATES ELECTRICITY IN THE STATE AND SELLS THE ELECTRICITY INTO THE REGIONAL MARKET.**

(4);

in lines 1 and 2, strike “A CONTRACTUAL AGREEMENT OR ARRANGEMENT” and substitute “**AN AGREEMENT APPROVED BY THE FEDERAL ENERGY REGULATORY COMMISSION THAT IS**”; in line 3, strike “OR FACILITY”; in the same line, after “MEET”

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insert "REGIONAL"; in line 4, after "CRITERIA" insert "ESTABLISHED BY PJM INTERCONNECTION, LLC"; in line 6, strike "PARAGRAPH (2)" and substitute "PARAGRAPHS (2), (3), AND (4)"; in the same line, after the second "OF" insert "ONE OR MORE"; in line 7, after "DEVICES" insert ":

(I);

in line 8, strike "OR FACILITY IN THE STATE" and substitute ";

(II) COULD PREVENT ADDED COSTS TO RATEPAYERS; AND

(III) IS IN THE PUBLIC INTEREST;

in line 10, after "SUBSECTION" insert "ANY TIME"; in line 11, after "(I)" insert "THE OFFICE OF PEOPLE'S COUNSEL, THE MARYLAND ENERGY ADMINISTRATION, AN INVESTOR-OWNED ELECTRIC COMPANY, OR ANY OTHER PARTY SUBMITS A NOTICE TO THE COMMISSION PROVIDING EVIDENCE THAT AN ENERGY GENERATING SYSTEM IS LIKELY TO BE DEACTIVATED AND MAY NEGATIVELY IMPACT SYSTEM RELIABILITY; OR

(II);

in the same line, strike "ANY TIME"; in the same line, strike "RECEIVES" and substitute ", IN RESPONSE TO"; strike beginning with "OR" in line 12 down through "STATE" in line 16 and substitute ", DETERMINES THAT DEACTIVATION OF THE ENERGY GENERATING SYSTEM WOULD NEGATIVELY IMPACT SYSTEM RELIABILITY"; after line 16, insert:

"(3) (I) BEFORE MAKING A DETERMINATION UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION SHALL:

(Over)

1. REQUEST THAT PJM INTERCONNECTION, LLC PROVIDE THE INFORMATION SPECIFIED UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH TO THE COMMISSION IN A TIMELY MANNER; AND

2. REQUIRE THAT EACH INVESTOR-OWNED ELECTRIC COMPANY PROVIDE THE INFORMATION SPECIFIED UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH TO THE COMMISSION IN A TIMELY MANNER.

(II) IN MAKING A DETERMINATION UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION MAY USE ANY OF THE FOLLOWING INFORMATION PROVIDED BY PJM INTERCONNECTION, LLC OR AN INVESTOR-OWNED ELECTRIC COMPANY:

1. RELEVANT ANALYSES AND ASSESSMENTS RELATED TO A POTENTIAL RELIABILITY-MUST-RUN AGREEMENT;

2. ECONOMIC PROJECTIONS, INCLUDING PROJECTIONS RELATED TO TRANSMISSION AND DISTRIBUTION SYSTEM PLANNING;

3. RELIABILITY-MUST-RUN AGREEMENT COSTS AND FUTURE WHOLESALE ELECTRICITY COSTS AND REVENUE; AND

4. INPUT FROM STATE AGENCIES AND OTHER STAKEHOLDERS OR CONSULTANTS WITH RELEVANT TECHNICAL AND ECONOMIC EXPERTISE.

(4) IN MAKING A DETERMINATION UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION SHALL CONSIDER:

(I) THE COST-EFFECTIVENESS OF DEPLOYING ENERGY STORAGE DEVICES COMPARED TO ALLOWING A RELIABILITY-MUST-RUN AGREEMENT TO PROCEED, INCLUDING WHETHER THE POTENTIAL AVOIDED COSTS TO RATEPAYERS JUSTIFIES THE DEPLOYMENT OF ENERGY STORAGE DEVICES;

(II) THE LEAD TIME REQUIRED TO PROCURE THE NECESSARY MATERIALS, COMPONENTS, EQUIPMENT, AND LABOR TO DEPLOY THE APPROPRIATE ENERGY STORAGE DEVICES;

(III) THE PERMITS AND OTHER FEDERAL, STATE, OR LOCAL AUTHORIZATIONS NECESSARY TO DEPLOY THE APPROPRIATE ENERGY STORAGE DEVICES;

(IV) OPERATIONAL DETAILS, CONSTRUCTION TIMELINES, AND OTHER RELEVANT DETAILS OF PROJECTS PJM INTERCONNECTION, LLC APPROVES TO ENSURE RELIABILITY FOLLOWING THE RETIREMENT OF AN ENERGY GENERATING SYSTEM; AND

(V) ANY OTHER FACTORS THE COMMISSION CONSIDERS RELEVANT TO ITS DETERMINATION.”;

in line 17, strike “AN” and substitute “ONE OR MORE”; strike beginning with “DEVICE” in line 18 down through “TO” in line 19 and substitute “DEVICES, ALONE OR AS A PART OF A COMPREHENSIVE PACKAGE, WILL”; in line 19, after “AGREEMENT” insert “AND IS IN THE PUBLIC INTEREST”; strike beginning with “FACILITATE” in line 21 down

(Over)

through "STATE" in line 27 and substitute "NOTIFY PJM INTERCONNECTION, LLC OF THE DETERMINATION; AND

(II) REQUEST THAT PJM INTERCONNECTION, LLC PROVIDE WRITTEN CONFIRMATION TO THE COMMISSION REGARDING WHETHER PJM INTERCONNECTION, LLC IS:

1. LIKELY TO DIRECT OR AUTHORIZE THE INTERCONNECTION OF A TRANSMISSION PROJECT RELATED TO THIS DETERMINATION, INCLUDING THE CONSTRUCTION OF OR FACILITATING THE CONSTRUCTION OF ANY NECESSARY ENERGY STORAGE DEVICES ON THE TRANSMISSION SYSTEM; AND

2. UNLIKELY TO SEEK A RELIABILITY-MUST-RUN AGREEMENT FOR ANY PERIOD OF TIME THAT THE PROPOSED ENERGY STORAGE DEVICE, ALONE OR AS A PART OF A COMPREHENSIVE PACKAGE, WILL ADDRESS RELIABILITY NEED.

(2) ON RECEIPT OF WRITTEN CONFIRMATION FROM PJM INTERCONNECTION, LLC UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION, THE COMMISSION SHALL:

(I) ISSUE AN ORDER DIRECTING AN INVESTOR-OWNED ELECTRIC COMPANY TO CONSTRUCT, ACQUIRE, LEASE, OR CONTRACT FOR ONE OR MORE ENERGY STORAGE DEVICES OF A SIZE AND SCOPE THAT WOULD, ALONE OR AS A PART OF A COMPREHENSIVE PACKAGE, SATISFY THE RELIABILITY NEED IDENTIFIED OR CONFIRMED BY PJM INTERCONNECTION, LLC THAT WOULD HAVE OTHERWISE BEEN SATISFIED BY A RELIABILITY-MUST-RUN AGREEMENT;

(II) ENGAGE IN PERIODIC COMMUNICATION AND COORDINATION WITH PJM INTERCONNECTION, LLC REGARDING THE TIMELY IMPLEMENTATION OF THE CONSTRUCTION AND OPERATION OF TRANSMISSION SYSTEM COMPONENTS NECESSARY TO SUPPORT, IN A COST-EFFECTIVE MANNER, THE DETERMINATION MADE UNDER PARAGRAPH (1) OF THIS SUBSECTION; AND

(III) SUBJECT TO SUBSECTION (D) OF THIS SECTION, AUTHORIZE AN INVESTOR-OWNED ELECTRIC COMPANY TO RECOVER ANY VERIFIABLE AND PRUDENTLY INCURRED COSTS ASSOCIATED WITH IMPLEMENTING THE REQUIREMENTS OF THIS SECTION”;

in line 28, strike “(2)” and substitute “(3)”; strike beginning with “FACILITATING” in line 28 down through “DEVICES” in line 29 and substitute “ISSUING AN ORDER”; in the same line, strike “(1)(I)” and substitute “(2)(I)”; in line 30, strike “CONSIDER THE MOST COST-EFFECTIVE OPTION OF THE FOLLOWING MODELS” and substitute “DETERMINE WHICH OF THE FOLLOWING MODELS BEST SERVES THE PUBLIC INTEREST”; in line 32, after “ELECTRIC” insert “TRANSMISSION OR”; in line 33, after “AND” insert “, IF APPROPRIATE,”.

On page 3, in lines 1, 6, and 10, in each instance, after “ELECTRIC” insert “TRANSMISSION OR”; in line 3, strike “THE” and substitute “AN INVESTOR-OWNED”; in line 8, after “2.” insert “IF APPROPRIATE,”; in line 13, strike “(3)” and substitute “(4)”; strike beginning with “BE” in line 14 down through “REQUIRES” in line 15 and substitute “REQUIRE”; after line 21, insert:

“(D) (1) IF THE COMMISSION ISSUES AN ORDER DIRECTING AN INVESTOR-OWNED ELECTRIC COMPANY TO DEPLOY ONE OR MORE ENERGY STORAGE DEVICES TO SUPPORT THE TRANSMISSION SYSTEM IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION, THE INVESTOR-OWNED ELECTRIC

COMPANY SHALL SEEK RECOVERY OF THE COSTS TO DEPLOY THE ENERGY STORAGE DEVICES:

(I) AS A TRANSMISSION ASSET WITH THE FEDERAL ENERGY REGULATORY COMMISSION; AND

(II) IN A MANNER REASONABLY ANTICIPATED TO MAXIMIZE THE VALUE FOR CUSTOMERS OF THE INVESTOR-OWNED ELECTRIC COMPANY.

(2) (I) SUBJECT TO APPROVAL BY THE COMMISSION, AN INVESTOR-OWNED ELECTRIC COMPANY MAY RECOVER IN ITS DISTRIBUTION RATES ANY PRUDENTLY INCURRED COSTS TO DEPLOY ONE OR MORE ENERGY STORAGE DEVICES THAT WERE NOT APPROVED FOR COST RECOVERY BY THE FEDERAL ENERGY REGULATORY COMMISSION.

(II) AN INVESTOR-OWNED ELECTRIC COMPANY THAT RECOVERS THE COST OF DEPLOYING ONE OR MORE ENERGY STORAGE DEVICES IN ITS DISTRIBUTION RATES SHALL OPERATE THE DEVICE IN A WAY THAT MAXIMIZES THE VALUE OF THE DEVICE FOR THE CUSTOMERS OF THE INVESTOR-OWNED ELECTRIC COMPANY.

(3) AN INVESTOR-OWNED ELECTRIC COMPANY THAT IS ORDERED TO DEPLOY ONE OR MORE ENERGY STORAGE DEVICES UNDER THIS SECTION IS ENTITLED TO SEEK RECOVERY OF ITS VERIFIABLE AND PRUDENTLY INCURRED COSTS, EVEN IF THE ENERGY STORAGE DEVICE IS NOT DEPLOYED IN TIME TO AVOID OR LIMIT A RELIABILITY-MUST-RUN AGREEMENT, IF:

(I) FOR AN ENERGY STORAGE DEVICE THAT WAS NOT DEPLOYED IN TIME TO AVOID OR LIMIT A RELIABILITY-MUST-RUN AGREEMENT,

THERE WAS A REASONABLE EXPECTATION THAT THE ENERGY STORAGE DEVICE WOULD HAVE BEEN DEPLOYED IN TIME TO AVOID OR LIMIT THE RELIABILITY–MUST–RUN AGREEMENT; AND

(II) THE COSTS WERE NOT APPROVED BY THE FEDERAL ENERGY REGULATORY COMMISSION FOR RECOVERY.

(E) SUBJECT TO APPROVAL BY THE COMMISSION, AN INVESTOR–OWNED ELECTRIC COMPANY MAY OPERATE AN ENERGY STORAGE DEVICE IN WHOLESALE MARKETS OR OTHER APPLICATIONS WHEN THE ENERGY STORAGE DEVICE IS NOT PROVIDING ELECTRICITY TO THE TRANSMISSION OR DISTRIBUTION SYSTEM.”;

and in line 23, strike “October” and substitute “June”.