### M5, C5

### By: Senator Feldman

Introduced and read first time: February 2, 2024 Assigned to: Education, Energy, and the Environment

### A BILL ENTITLED

### 1 AN ACT concerning

# Electricity – Tariffs, Distributed Energy Resources, and Electric Distribution System Support Services (Distributed Renewable Integration and Vehicle Electrification (DRIVE) Act)

 $\mathbf{5}$ FOR the purpose of requiring the Public Service Commission, on or before a certain date, 6 to adopt a transition plan requiring each electric company to transition customers to a certain time-of-use tariff on or before a certain date; requiring the Commission to 7 8 adopt certain regulations on or before a certain date regarding the interconnection 9 of certain systems to the electric distribution system; prohibiting an electric company 10 from requiring a certain customer to enter into a certain contract or apply for 11 interconnection with the electric distribution system; requiring the Commission to 12develop a program for each electric company to establish a pilot program or 13 temporary tariff to compensate certain persons for electric distribution system support services in a certain manner; requiring each electric company to submit the 14pilot program or temporary tariff to the Commission for approval on or before a 1516 certain date; requiring the Commission to approve a certain pilot program or tariff 17by a certain date; authorizing the Commission to approve or require an electric 18 company to offer certain incentives or rebates under certain circumstances; requiring 19the Commission to consider establishing a certain limit on the amount of certain 20incentives or rebates; authorizing an electric company to recover certain costs; 21 prohibiting the dispatch of energy from a certain energy storage device to the electric 22distribution system under a pilot program or temporary tariff from being considered 23duplicative of any value realized by a certain customer through net energy metering; 24and generally relating to the generation and provision of electricity in the State.

- 25 BY adding to
- 26 Article Public Utilities
- Section 7–1001 through 7–1008 to be under the new subtitle "Subtitle 10. Electric
  Distribution System Support Services"
- 29 Annotated Code of Maryland
- 30 (2020 Replacement Volume and 2023 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



4lr1719 CF 4lr1718

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 That the Laws of Maryland read as follows:

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### Article – Public Utilities

4 SUBTITLE 10. ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES.

5 **7–1001.** 

6 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS 7 INDICATED.

8 (B) "BENEFICIAL ELECTRIFICATION" MEANS REPLACING DIRECT FOSSIL 9 FUEL USE WITH ELECTRICITY.

10 (C) "BIDIRECTIONAL ELECTRIC VEHICLE" MEANS AN ELECTRIC VEHICLE 11 THAT IS CAPABLE OF BOTH RECEIVING AND DISCHARGING ELECTRICITY.

12 (D) "DISTRIBUTED ENERGY RESOURCE" MEANS AN ENERGY RESOURCE 13 LOCATED ON A CUSTOMER'S PREMISES THAT:

14 (1) PRODUCES OR STORES ELECTRICITY; OR

15 (2) MODIFIES THE TIMING OR AMOUNT OF THE CUSTOMER'S 16 ELECTRICITY CONSUMPTION.

17 (E) (1) "ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES" MEANS 18 THE DISPATCH AND CONTROL OF A DISTRIBUTED ENERGY RESOURCE TO PROVIDE 19 SERVICES THAT CONTRIBUTE TO THE EFFICIENT AND RELIABLE OPERATION OF THE 20 ELECTRIC DISTRIBUTION SYSTEM BY:

21 (I) AN ELECTRIC COMPANY; OR

22 (II) AN AGGREGATOR ACTING:

23 **1.** AT THE DIRECTION OF AN ELECTRIC COMPANY; OR

242.UNDER A PROGRAM OR TARIFF APPROVED BY THE25COMMISSION.

26 (2) "ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES" 27 INCLUDES:

 $\mathbf{2}$ 

1 **(I)** LOCAL OR SYSTEM PEAK DEMAND REDUCTION;  $\mathbf{2}$ (II) DEMAND RESPONSE; 3 (III) THE AVOIDANCE OR DEFERRAL OF A TRANSMISSION OR DISTRIBUTION UPGRADE OR CAPACITY EXPANSION; AND 4 (IV) FACILITATING HOSTING CAPACITY TO ACCOMMODATE  $\mathbf{5}$ 6 ADDITIONAL DISTRIBUTED ENERGY RESOURCES. 7 (F) "ELIGIBLE CUSTOMER-GENERATOR" HAS THE MEANING STATED IN § 8 7–306 OF THIS TITLE. (G) "NET ENERGY METERING" HAS THE MEANING STATED IN § 7-306 OF 9 10 THIS TITLE. (H) "NET EXCESS GENERATION" HAS THE MEANING STATED IN § 7–306 OF 11 12 THIS TITLE. (1) "RENEWABLE ON-SITE GENERATING SYSTEM" MEANS AN ENERGY 13**(I)** 14SYSTEM LOCATED ON A CUSTOMER'S PREMISES THAT: GENERATES OR STORES ELECTRICITY FROM A TIER 1 15**(I) RENEWABLE SOURCE OR A TIER 2 RENEWABLE SOURCE;** 16 17(II) IS CAPABLE OF PROVIDING ELECTRICITY TO: 181. A HOME, BUSINESS, OR OTHER STRUCTURE SERVICED BY AN ELECTRIC COMPANY; AND 19 2. 20THE ELECTRIC DISTRIBUTION SYSTEM; 21(III) IS CONFIGURED TO CHARGE FROM: 221. THE RENEWABLE SOURCE; AND 2. 23THE ELECTRIC DISTRIBUTION SYSTEM; AND 24(IV) IS INTERCONNECTED AND OPERATES IN PARALLEL WITH AN 25ELECTRIC COMPANY'S TRANSMISSION AND DISTRIBUTION FACILITIES.

1 (2) "RENEWABLE ON-SITE GENERATING SYSTEM" INCLUDES 2 BIDIRECTIONAL ELECTRIC VEHICLE SERVICE EQUIPMENT LOCATED ON A 3 CUSTOMER'S PREMISES.

4 (J) "TIER 1 RENEWABLE SOURCE" HAS THE MEANING STATED IN § 7–701 OF 5 THIS TITLE.

6 (K) "TIER 2 RENEWABLE SOURCE" HAS THE MEANING STATED IN § 7–701 OF 7 THIS TITLE.

8 **7–1002.** 

9 THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

10 (1) WELL-DESIGNED TIME-OF-USE PRICING OF ELECTRICITY CAN 11 HELP MITIGATE THE IMPACTS OF ELECTRIFICATION ON THE ELECTRIC 12 DISTRIBUTION SYSTEM, REDUCE GREENHOUSE GAS EMISSIONS DURING PEAK 13 HOURS, AND ENCOURAGE CUSTOMER ADOPTION OF BENEFICIAL ELECTRIFICATION 14 MEASURES THROUGH OFF-PEAK COST SAVINGS;

15 (2) WIDESPREAD BENEFICIAL ELECTRIFICATION WILL INCREASE 16 DEMAND ON THE ELECTRIC DISTRIBUTION SYSTEM AND POTENTIALLY REQUIRE 17 SIGNIFICANT SYSTEM UPGRADES IF CONSUMERS ADOPTING BENEFICIAL 18 ELECTRIFICATION MEASURES DO NOT ENGAGE IN A FORM OF LOAD MANAGEMENT 19 TO MITIGATE THE NEED FOR SYSTEM UPGRADES AND REDUCE THE GREENHOUSE 20 GAS INTENSITIES ASSOCIATED WITH GENERATION EMISSIONS DURING PEAK HOURS;

21(3)PAIRING THE ADOPTION OF RENEWABLE ON-SITE GENERATING22SYSTEMS WITH BENEFICIAL ELECTRIFICATION MEASURES MAY:

23 (I) FURTHER REDUCE THE STATE'S GREENHOUSE GAS 24 EMISSIONS;

25

(II) PROVIDE ON–SITE RESILIENCE TO CONSUMERS; AND

(III) FACILITATE LOAD FLEXIBILITY TO MITIGATE IMPACTS ON
 THE ELECTRIC DISTRIBUTION SYSTEM FROM LOAD GROWTH DUE TO BENEFICIAL
 ELECTRIFICATION; AND

29(4) IT IS REASONABLE TO PROVIDE ADDITIONAL INCENTIVES AND30PROTECTIONS TO LOW- AND MODERATE-INCOME HOUSEHOLDS:

 $\mathbf{4}$ 

1(I)TO ENSURE ACCESS TO THE BENEFITS OF ELECTRIFICATION2AND ON-SITE ENERGY SYSTEMS; AND

3 (II) TO PROTECT THOSE HOUSEHOLDS FROM NEGATIVE BILL
 4 IMPACTS DURING A TRANSITION TO TIME-OF-USE RATES.

5 **7–1003.** 

6 (A) SUBJECT TO SUBSECTIONS (D) AND (E) OF THIS SECTION, ON OR 7 BEFORE DECEMBER 31, 2025, THE COMMISSION SHALL ADOPT A TRANSITION PLAN 8 TO REQUIRE EACH ELECTRIC COMPANY TO TRANSITION EACH CUSTOMER, ON OR 9 BEFORE SEPTEMBER 1, 2028, TO A TIME-OF-USE TARIFF.

10 **(B)** THE TRANSITION PLAN REQUIRED UNDER SUBSECTION **(A)** OF THIS 11 SECTION SHALL INCLUDE PROVISIONS TO EASE THE TRANSITION TO A TIME-OF-USE 12 TARIFF FOR CUSTOMERS IN LOW- AND MODERATE-INCOME HOUSEHOLDS.

13 (C) THE TRANSITION TO A TIME-OF-USE TARIFF SHALL:

14 (1) ESTABLISH A SUFFICIENT PRICE REDUCTION FOR OFF-PEAK
 15 HOURS COMPARED TO PEAK HOURS TO ENCOURAGE CUSTOMERS TO ADJUST THEIR
 16 ELECTRICITY USAGE TO OFF-PEAK HOURS; AND

17 (2) ADEQUATELY EDUCATE AND ENCOURAGE CUSTOMERS TO ADJUST
 18 THEIR ELECTRICITY USAGE TO BENEFIT FROM LOWER RATES DURING OFF-PEAK
 19 HOURS.

20 (D) (1) EACH ELECTRIC COMPANY SHALL PROVIDE TO ITS CUSTOMERS 21 NOTICE AND AN OPPORTUNITY TO OPT OUT OF A TIME-OF-USE TARIFF UNDER THIS 22 SECTION.

23(2)A CUSTOMER IS CONSIDERED TO HAVE GIVEN PERMISSION TO THE24ELECTRIC COMPANY TO TRANSITION THE CUSTOMER TO THE TIME-OF-USE TARIFF:

## 25(I) ON RECEIPT BY THE ELECTRIC COMPANY OF A RETURNED26NOTICE EXPLICITLY GRANTING PERMISSION; OR

27(II) IF THE ELECTRIC COMPANY HAS NOT RECEIVED A28RETURNED NOTICE WITHIN 30 DAYS AFTER THE NOTICE IS GIVEN.

29 (3) A CUSTOMER WHO HAS REFUSED PERMISSION TO TRANSITION TO
 30 A TIME-OF-USE TARIFF MAY LATER REQUEST TO TRANSITION TO THE TIME-OF-USE
 31 TARIFF.

1 (E) FOR GOOD CAUSE SHOWN, THE COMMISSION MAY DELAY FOR A 2 REASONABLE PERIOD OF TIME THE DEADLINE FOR AN ELECTRIC COMPANY TO 3 TRANSITION THEIR CUSTOMERS TO A TIME-OF-USE TARIFF.

4 **7–1004.** 

5 (A) ON OR BEFORE APRIL 1, 2025, THE COMMISSION SHALL ADOPT 6 REGULATIONS TO ESTABLISH EXPEDITED PROCESSES FOR INTERCONNECTING THE 7 FOLLOWING SYSTEMS TO THE ELECTRIC DISTRIBUTION SYSTEM:

8 (1) BIDIRECTIONAL ELECTRIC VEHICLE SYSTEMS CAPABLE OF 9 PROVIDING ELECTRICITY TO THE ELECTRIC DISTRIBUTION SYSTEM; AND

10 (2) BIDIRECTIONAL ELECTRIC VEHICLE SYSTEMS THAT DO NOT 11 PROVIDE ELECTRICITY TO THE ELECTRIC DISTRIBUTION SYSTEM BUT DO PROVIDE 12 ELECTRICITY TO A HOME, BUSINESS, OR OTHER STRUCTURE SERVICED BY AN 13 ELECTRIC COMPANY.

14 **(B) AN ELECTRIC COMPANY:** 

15 (1) MAY REQUIRE A CUSTOMER TO PROVIDE NOTICE TO THE 16 ELECTRIC COMPANY IF THE CUSTOMER INSTALLS A BIDIRECTIONAL ELECTRIC 17 VEHICLE SYSTEM DESCRIBED IN SUBSECTION (A) OF THIS SECTION; BUT

18 (2) MAY NOT REQUIRE THE CUSTOMER TO ENTER INTO A NET ENERGY
 19 METERING CONTRACT OR OTHERWISE APPLY FOR INTERCONNECTION WITH THE
 20 ELECTRIC DISTRIBUTION SYSTEM.

21 **7–1005.** 

(1) THE COMMISSION SHALL DEVELOP A PROGRAM FOR EACH 22(A) 23ELECTRIC COMPANY TO ESTABLISH A PILOT PROGRAM OR TEMPORARY TARIFF TO 24COMPENSATE OWNERS AND AGGREGATORS OF DISTRIBUTED ENERGY RESOURCES 25FOR ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES ON Α 26**PAY-FOR-PERFORMANCE BASIS.** 

27 (2) ON OR BEFORE JANUARY 1, 2025, THE COMMISSION SHALL 28 ADOPT REGULATIONS ESTABLISHING PROGRAM REQUIREMENTS TO ACHIEVE 29 ELECTRIC SYSTEM BENEFITS USING DISTRIBUTED ENERGY RESOURCES.

30 (B) (1) ON OR BEFORE JULY 1, 2025, EACH ELECTRIC COMPANY SHALL 31 SUBMIT TO THE COMMISSION FOR APPROVAL A PILOT PROGRAM OR TEMPORARY TARIFF FOR ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES THAT PROVIDES
 REASONABLE COMPENSATION ON A PAY–FOR–PERFORMANCE BASIS TO RENEWABLE
 ON–SITE GENERATING SYSTEMS.

4 (2) THE PILOT PROGRAM OR TEMPORARY TARIFF SUBMITTED UNDER 5 PARAGRAPH (1) OF THIS SUBSECTION SHALL PROVIDE THAT ELECTRIC 6 DISTRIBUTION SYSTEM SUPPORT SERVICES TO ON-SITE ENERGY STORAGE DEVICES 7 BE USED FOR SYSTEM PEAK REDUCTION ACCORDING TO A SCHEDULE AT A 8 FREQUENCY OF AT LEAST **30** EVENTS PER YEAR.

9 (C) ANY PILOT PROGRAM OR TEMPORARY TARIFF SUBMITTED UNDER THIS 10 SECTION SHALL ESTABLISH A STRUCTURE FOR PERFORMANCE PAYMENTS THAT IS 11 DESIGNED TO COVER THE COST OF DISTRIBUTED ENERGY RESOURCES TO AN OWNER 12 OR AGGREGATOR PROVIDING ELECTRIC DISTRIBUTION SYSTEM SUPPORT 13 SERVICES.

14 (D) (1) ON OR BEFORE OCTOBER 1, 2025, THE COMMISSION SHALL 15 APPROVE, DENY, OR APPROVE WITH AMENDMENTS A PILOT PROGRAM OR 16 TEMPORARY TARIFF SUBMITTED UNDER THIS SECTION FOR EACH ELECTRIC 17 COMPANY.

18 (2) THE COMMISSION SHALL ESTABLISH A PROCESS FOR AN 19 ELECTRIC COMPANY TO TRANSITION A PILOT PROGRAM OR TEMPORARY TARIFF TO 20 A PERMANENT PROGRAM OR TARIFF FOR ELECTRIC DISTRIBUTION SYSTEM 21 SUPPORT SERVICES.

22 (3) EACH CUSTOMER PARTICIPATING IN A PILOT PROGRAM OR 23 TEMPORARY TARIFF APPROVED UNDER PARAGRAPH (1) OF THIS SUBSECTION 24 SHALL BE TRANSITIONED TO A PERMANENT PROGRAM OR TARIFF FOR ELECTRIC 25 DISTRIBUTION SYSTEM SUPPORT SERVICES WHEN THE PROGRAM OR TARIFF IS 26 APPROVED BY THE COMMISSION.

27**(**E**)** (1) THE COMMISSION MAY ALLOW THE ENERGY GENERATED BY A 28**RENEWABLE ON-SITE** GENERATING SYSTEM THAT PROVIDES **ELECTRIC** 29DISTRIBUTION SYSTEM SUPPORT SERVICE UNDER A PILOT PROGRAM OR TEMPORARY TARIFF APPROVED UNDER SUBSECTION (D)(1) OF THIS SECTION TO 30 COUNT TOWARDS THE ELECTRIC COMPANY'S GREENHOUSE EMISSIONS REDUCTION 31 GOALS UNDER § 7–211 OF THIS TITLE. 32

33(2)(I)SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE34CUMULATIVE ENERGY STORAGE CAPACITY OF ANY ENERGY STORAGE DEVICES35INSTALLED ON A CUSTOMER'S PROPERTY IN ACCORDANCE WITH THIS SUBTITLE

	8 SENATE BILL 959
$\frac{1}{2}$	SHALL COUNT TOWARDS THE TARGETS ESTABLISHED UNDER § 7–216.1 OF THIS TITLE.
$\frac{3}{4}$	(II) SUBPARAGRAPH (I) OF THIS PARAGRAPH DOES NOT INCLUDE THE ENERGY STORAGE CAPACITY OF:
$5 \\ 6$	1. ELECTRIC VEHICLES THAT ARE PART OF A RENEWABLE ON–SITE GENERATING SYSTEM; OR
7	<b>2.</b> MOBILE ENERGY STORAGE DEVICES.
8	7–1006.
9 10 11 12	(A) (1) THE COMMISSION MAY APPROVE OR REQUIRE AN ELECTRIC COMPANY TO OFFER UPFRONT INCENTIVES OR REBATES TO CUSTOMERS TO ACQUIRE AND INSTALL RENEWABLE ON-SITE GENERATING SYSTEMS IF THE CUSTOMER:
$\begin{array}{c} 13\\14 \end{array}$	(I) ENROLLS IN A PILOT PROGRAM OR TEMPORARY TARIFF ESTABLISHED UNDER § 7–1005 OF THIS SUBTITLE; AND
$\begin{array}{c} 15\\ 16\\ 17\end{array}$	(II) ALLOWS THE SYSTEM TO BE USED FOR ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES FOR A PERIOD OF NOT LESS THAN 5 YEARS.
18	(2) THE COMMISSION MAY:
19 20 21	(I) AUTHORIZE OR REQUIRE AN ELECTRIC COMPANY TO PROVIDE AN ADDITIONAL INCENTIVE OR REBATE FOR LOW– OR MODERATE–INCOME CUSTOMERS WHO APPLY FOR AN INCENTIVE OR REBATE UNDER THIS SECTION; AND
$22 \\ 23 \\ 24$	(II) REQUIRE AN ELECTRIC COMPANY TO PRIORITIZE THE OFFER OF INCENTIVES OR REBATES UNDER THIS SECTION TO LOW– OR MODERATE–INCOME CUSTOMERS.
25 26 27	(B) IN DETERMINING WHETHER TO REQUIRE AN ELECTRIC COMPANY TO OFFER AN INCENTIVE OR REBATE UNDER THIS SECTION, THE COMMISSION SHALL CONSIDER:
28 29	(1) THE BENEFIT OF REDUCING THE OPERATION OF PEAK GENERATING FACILITIES IN OVERBURDENED AND UNDERSERVED COMMUNITIES;

1(2)THE BENEFIT OF RESILIENCY AND SERVICE OUTAGE AVOIDANCE2FOR CUSTOMERS WITH ON-SITE GENERATING SYSTEMS; AND

3 (3) THE POTENTIAL FOR ELECTRIC COMPANIES TO REDUCE 4 EXPENSES RELATING TO ELECTRIC DISTRIBUTION SYSTEM INFRASTRUCTURE BY 5 LEVERAGING CUSTOMERS' ON-SITE GENERATING SYSTEMS.

6 (C) THE COMMISSION SHALL CONSIDER ESTABLISHING A LIMIT ON THE 7 AMOUNT OF INCENTIVES OR REBATES ISSUED IN A MANNER THAT ACHIEVES 8 DEPLOYMENT GOALS WHILE MITIGATING POTENTIAL CUSTOMER IMPACTS.

9 (D) THE COMMISSION SHALL CONSULT WITH THE MARYLAND ENERGY 10 ADMINISTRATION, WHEN APPROVING OR REQUIRING AN INCENTIVE OR REBATE 11 UNDER THIS SECTION, TO ENSURE THAT THE INCENTIVE OR REBATE IS DESIGNED 12 TO SUPPLEMENT, TO THE GREATEST EXTENT POSSIBLE, OTHER AVAILABLE STATE 13 AND FEDERAL INCENTIVES FOR CUSTOMER ADOPTION OF RENEWABLE ON-SITE 14 GENERATING SYSTEMS.

15 **7–1007.** 

16 (A) AN ELECTRIC COMPANY MAY RECOVER ALL REASONABLE COSTS 17 INCURRED IN:

18(1) PARTICIPATING IN A PILOT PROGRAM OR TEMPORARY TARIFF19UNDER § 7–1005 THIS SUBTITLE; AND

20(2) OFFERING AN UPFRONT INCENTIVE OR REBATE UNDER § 7–100621OF THIS SUBTITLE.

22 (B) TO THE EXTENT FEASIBLE, THE COSTS LISTED IN SUBSECTION (A) OF 23 THIS SECTION SHALL BE RECOVERED BY THE ELECTRIC COMPANY WITHIN THE 24 CALENDAR YEAR IN WHICH THOSE COSTS WERE INCURRED.

(C) NOTWITHSTANDING ANY PROVISION OF THIS SUBTITLE, AN ELECTRIC
 COMPANY MAY PURSUE AND USE A PERFORMANCE INCENTIVE MECHANISM TO
 COVER THE COST OF USING DISTRIBUTED ENERGY RESOURCES OR AN AGGREGATOR
 OF DISTRIBUTED RESOURCES UNDER THIS SUBTITLE.

29 **7–1008.** 

30(A)THIS SECTION APPLIES ONLY TO AN ELIGIBLE CUSTOMER-GENERATOR31THAT IS:

1 (1) PARTICIPATING IN AN ELECTRIC COMPANY'S NET ENERGY 2 METERING PROGRAM; AND

(2) USING AN ENERGY STORAGE DEVICE THAT:

4 (I) IS CHARGED ONLY FROM THE ELIGIBLE 5 CUSTOMER–GENERATOR'S GENERATING FACILITY THAT CREATES NET EXCESS 6 GENERATION; OR

7 (II) ACCRUES NET EXCESS GENERATION ONLY FOR ENERGY 8 CREATED BY AN ON–SITE ENERGY GENERATING SYSTEM.

9 (B) THE DISPATCH OF ENERGY FROM AN ENERGY STORAGE DEVICE TO THE 10 ELECTRIC DISTRIBUTION SYSTEM UNDER A PILOT PROGRAM OR TEMPORARY 11 TARIFF ESTABLISHED UNDER § 7–1005 OF THIS SUBTITLE MAY NOT BE CONSIDERED 12 DUPLICATIVE OF ANY VALUE REALIZED BY THE ELIGIBLE CUSTOMER–GENERATOR 13 THROUGH NET ENERGY METERING.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 15 October 1, 2024.

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