SB0054 - FAV - MEA Departmental.pdf
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Position: FAV

Maryland Energy Administration

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Mary Beth Tung, Director

TO: Members, House Economic Matters Committee
FROM: Mary Beth Tung – Director, MEA
SUBJECT: HB0054 – Local Government - Clean Energy Loan Programs - Grid Resilience Projects
DATE: January 19, 2021

MEA POSITION: FAV

House Bill 853 will authorize grid resilience as one of the technologies that can be incorporated into a Clean Energy Loan Program (CELP), and by doing so, will support a greater number of future energy efficiency and renewable energy projects and investments. Grid resilience projects could reduce stress on Maryland's energy infrastructure and reduce system outage durations by enabling the consumption of electricity from an on-site source.

CELP already allows property owners to finance energy efficiency and renewable energy projects. The proposed legislation seeks to expand CELP to allow property owners to finance grid resilience projects that would enhance or complement existing and future energy efficiency and renewable energy projects. The bill will not change the existing requirements of the program as they relate to creditworthiness or the ability of the county or municipality to collect loan payments.

In 2012 The Grid Resiliency Task Force was commissioned to solicit input and make recommendations on how to improve the resilience and reliability of the Maryland electric grid. That Task Force estimated the costs of storm outages on residential customers between 2010 & 2012 to be more than $1 billion.[1] Additionally, the Lawrence Berkeley National Laboratory estimated that outages lasting more than eight hours on a Summer weekday afternoon can cost a small C&I customer between $400 and $1,272 per hour; and a medium or large C&I customer can incur between $1,063 and $41,691on average per event of a one hour outage but as high as $174,763.[2]

Electric grid resilience measures can benefit households and communities by helping to reduce the negative impacts of wider system outages by providing electricity during those outages. Resilience projects can also be used to support communications and health functions for at risk populations, such as dialysis services and refrigeration of medicines. Grid resilience projects can

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[1] WEATHERING THE STORM: Report of the Grid Resiliency Task Force. https://www.bateswhite.com/media/publication/13_GridResiliencyTaskForceReport.pdf

[2] Sullivan et. al. "Estimated Value of Service reliability for Electric Utility Customers in the United States" Ernest Orlando Lawrence Berkeley National Laboratory, June 2009. https://emp.lbl.gov/publications/estimated-value-service-reliability

even minimize power restoration timelines to residential customers through the use of integrated systems that have the ability to operate completely independently from the rest of the electrical grid. One additional benefit of the independent operation feature is that the economic impact on a community during electrical disruptions can be minimized by allowing businesses to mitigate some of the resulting economic and productivity losses.

Modifying the eligibility of the Clean Energy Loan Program to include resilience projects will allow a greater number of projects to pass economic muster, leading to an overall increase in adoption and the associated investments; thus providing benefits to residents and businesses in the State of Maryland. The Maryland Energy Administration currently administers programs that compliment House Bill 853, including, but not limited to, microgrid and energy storage incentive programs. Many times these are paired with renewable technology, such as solar.

For these reasons, MEA urges a **favorable report** for SB 54.

SB0054-FIN_MACo_SUPP.pdf
Uploaded by: Sanderson, Michael
Position: FAV

MARYLAND Association of COUNTIES

Senate Bill 54

Local Government – Clean Energy Loan Programs – Grid Resilience Projects

MACo Position: **SUPPORT**

To: Finance Committee

Date: January 19, 2021

From: Michael Sanderson

The Maryland Association of Counties (MACo) **SUPPORTS** SB 54. This bill modestly expands the current local option Clean Energy Loan Program, to expand its potential use to include grid resilience elements.

Many counties have sought to promote clean and alternative energy usage, both within the county government and its facilities, but also among their residents and businesses. Maryland's Clean Energy Loan Program has served these goals, allowing counties to promote solar and other projects and leveraging the county's revenue collection mechanism to ease their associated overhead costs.

SB 54 creates a broadened list of project components – still in keeping with the policy goals of the originally established program. Projects that include power storage, battery systems, and other elements that may complement clean energy goals but relate more directly to grid resilience. Counties employing this program would gain more flexibility to extend their new or existing offerings, and further their energy goals and those of county residents.

SB 54 helpfully expands a useful local option program, extending this successful model into energy storage and grid resilience. For these reasons, MACo **SUPPORTS** SB 54 and urges a **FAVORABLE** report.

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2021 SB54 Clean Energy Loan Program Modification T

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January 19, 2021

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FAVORABLE with Amendments – Senate Bill 54
Local Government – Clean Energy Loan Programs – Grid Resilience

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) support with amendment Senate Bill 54: Local Government – Clean Energy Loan Programs – Grid Resilience Projects. This legislation expands the category of projects for which counties or municipalities are authorized to provide clean energy loans. Current law provides county or municipality clean energy loan programs may be established for residential and commercial property owners to finance energy efficiency and renewable energy projects. SB 54 expands the category of projects for clean energy loan programs to include "grid resilience projects" when installed with energy efficiency or renewable energy projects.

Pepco and Delmarva Power support expanding clean energy programs which can enable more development of clean energy projects and will also serve to help Maryland meet its greenhouse gas reduction goals. However, Pepco and Delmarva Power believe that any resiliency project that is connected to the distribution grid, as SB 54 contemplates, must not impact safety or reliability of the distribution system and must follow the same requirements that are in place for any other project that connects to our distribution grid.

As such, Pepco and Delmarva propose an amendment that defines a "grid resilience project" and clarifies the requirements that need to be met if that project connects to the distribution grid. An amendment that addresses our concerns around defining "grid resilience project" requirements is provided with this testimony. With the attached amendment, Pepco and Delmarva Power supports Senate Bill 54 and respectfully requests a favorable committee report.

(amendment attached)

(E) "GRID RESILIENCE PROJECT" MEANS AN ENERGY CAPITAL IMPROVEMENT INVESTMENT THAT:

(1) INCLUDES ONE OR MORE OF THE FOLLOWING COMPONENTS:

(I) DISTRIBUTED RENEWABLE ENERGY GENERATION;

(II) ENERGY STORAGE;

(III) DEMAND MANAGEMENT; OR

(IV) OTHER FUNCTIONS THAT IMPROVE RELIABILITY OR PROVIDE SERVICE DURING AN ELECTRICAL SERVICE DISRUPUTION; AND

(2) IS INSTALLED CONSISTENT WITH APPLICABLE MARYLAND PUBLIC SERVICE COMMISSION AND ELECTRIC COMPANY REQUIREMENTS, INCLUDING BUT NOT LIMITED TO INTERCONNECTION AND FRANCHISE REQUIREMENTS.

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BGE_FWA_SB54
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Position Statement

Support with Amendments SB 54
Finance
January 19, 2021

Local Government – Clean Energy Loan Programs – Grid Resilience Projects

Baltimore Gas and Electric Company (BGE) supports with amendments *Senate Bill 54: Local Government – Clean Energy Loan Programs – Grid Resilience Projects*. This legislation seeks to expand the existing clean energy loan program.

Under the existing program, a county or municipality may establish a clean energy loan program that provides loans for residential and commercial property owners to finance energy efficiency and renewable energy projects. This legislation would make "grid resiliency projects" eligible for loans, provided they are installed with energy efficiency or renewable energy projects.

BGE is supportive of energy efficiency, distributed renewable energy, and grid resiliency as essential components of a clean, reliable, and sustainable electric distribution system.

However, Senate Bill 54's failure to define "grid resilience project" exposes electric companies and their customers to risk that loan recipients would install equipment that is inconsistent with the safe operation of the electric grid. Further, this legislation does not explicitly require eligible grid resiliency projects to comply with utility interconnection and franchise requirements designed to protect central Maryland's critical electric infrastructure.

BGE proposes amendments that define a "grid resilience project" as an energy capital improvement investment that may include distributed renewable energy generation, energy storage, demand management, or other functions that improve reliability or provide service during a disruption to electrical service.

With the attached, proposed amendments, BGE supports Senate Bill 54 and respectfully requests a favorable committee report.

Sandy Grace | Charles Washington | Allyson Black | 410.269.5281

(E) "GRID RESILIENCE PROJECT" MEANS AN ENERGY CAPITAL IMPROVEMENT INVESTMENT THAT:

(1) INCLUDES ONE OR MORE OF THE FOLLOWING COMPONENTS:
- (I) DISTRIBUTED RENEWABLE ENERGY GENERATION;
- (II) ENERGY STORAGE;
- (III) DEMAND MANAGEMENT; OR
- (IV) OTHER FUNCTIONS THAT IMPROVE RELIABILITY OR PROVIDE SERVICE DURING AN ELECTRICAL SERVICE DISRUPUTION; AND

(2) IS INSTALLED CONSISTENT WITH APPLICABLE MARYLAND PUBLIC SERVICE COMMISSION AND ELECTRIC COMPANY REQUIREMENTS, INCLUDING BUT NOT LIMITED TO INTERCONNECTION AND FRANCHISE REQUIREMENTS.