



February 1, 2022

Chair C.T. Wilson
Members of the Economic Matters Committee

Re: Earthjustice support of HB 88:
Public Utilities – Energy Distribution Planning and Required Labor Standards

Earthjustice strongly supports the passage of HB 88. To support Maryland’s clean energy future, we must upgrade and modernize Maryland’s electricity distribution grid. With federal infrastructure funds coming to Maryland, we have a once-in-a-generation opportunity for grid investments that will help us meet our state goals and build an energy grid ready for the future.

The Public Service Commission (PSC) has begun this process by creating the Distribution System Planning Work Group. HB 88 will support and guide the PSC’s grid improvement planning process and will help Maryland build an updated, resilient electricity grid that will support the clean-energy economy of the future. Planning for how to upgrade the grid is beginning, and the General Assembly should take the opportunity to guide this process to ensure Maryland has the infrastructure to meet Maryland’s climate goals, while promoting equity and good jobs.

Among other things, HB 88:

- Defines how Maryland will meet state climate goals, including reducing greenhouse gas emissions, expanding our use of renewable energy, promoting equity, supporting family-sustaining employment, and ensuring energy resiliency and cost-effectiveness.
- Directs one-time federal infrastructure funding to support grid improvements. This works in tandem with grant funding from the Department of Energy to support grid modernization.
- Ensures more robust stakeholder engagement in the distribution planning process.

The electric utility industry is undergoing a fundamental transformation. After a century of large, centralized, capital-intensive, and highly-polluting utility system development, the industry is poised for change. Today, the least-cost, most environmentally benign options are renewable and, increasingly, distributed electric energy. At the customer level, on-site and community-sited distributed generation that is tailored to customer needs and storage technologies are just a few of the increasingly economic options available. But our twentieth century grid lacks the capability to take full advantage of these and other options.

The net economic, environmental, and societal benefits of increased reliance on an integrated and diverse portfolio of distributed energy resources justify a thorough reexamination of the distribution system. Utilities must be empowered, encouraged, and ordered to foster the

development of such portfolios. This new electricity sector will feature many more interactions between utilities, third party service and technology providers, and customers. The traditional top-down production, transmission, and delivery business model must increasingly give way to a structure of interactions in which utilities and customers are sometimes consumers, sometimes producers, and increasingly both.

In guiding and managing this transformation in Maryland, the PSC has an opportunity and even an obligation to ensure that the resulting system is more economically efficient, more environmentally benign, and more socially equitable. The General Assembly should provide guidance to the PSC through HB 88 to ensure that these goals are achieved.

Customer engagement in the utility distribution planning process and the development of distributed energy resources markets is essential. A customer engagement strategy designed to address and overcome barriers to full stakeholder participation in the process is a vital component of the planning process. Bringing customer representatives, distributed energy resource providers, environmental groups, business interests, and others into the work group to participate in electricity system planning should lead to a more robust, holistic consideration of options. It is vital to integrate the perspectives from traditionally underrepresented stakeholders into the planning process.

The Jade Cohort Roadmap from the NARUC-NASEO Task Force on Comprehensive Electricity Planning, which the PSC is relying on in its current distribution planning proceeding, expressly envisions departures from traditional planning practices. The Roadmap's recommended innovations include transparency in distribution planning and the potential for multiple stakeholder engagement opportunities. Stakeholders should be involved in each and every step of the planning process, where their input and engagement are most needed to support good planning outcomes. The Jade Cohort also recognizes that the goals and objectives of the planning process, as well as any stakeholder involvement requirements, may come from legislative mandates.

While the PSC has made efforts to be inclusive with regard to the distribution planning work group, notifications of proceedings, including the notice concerning the distribution planning work group, tend to go to those individuals and organizations who have participated in past PSC proceedings. HB 88 requires this pool of participants to be expanded to ensure that a wider range of voices are heard and wider range of options are considered.

With regard to the federal funding mentioned above, the bi-partisan Infrastructure bill includes \$5 billion to support "grid hardening grants"; \$6 billion in grants for innovative approaches to transmission, storage, and distribution infrastructure to harden and enhance system reliability and resilience; and \$3 billion expansion of the Smart Grid Matching grant program for enhancing grid flexibility, including investments in distribution systems, microgrids, and vehicle-to-grid technologies. Moreover, on December 21, 2021, the U.S. Department of Energy announced that the Maryland PSC, along with twenty other utility commissions, will receive technical assistance from the National Laboratories to help state regulators make decisions and develop innovative solutions to improve grid reliability and resiliency, enable the adoption of

new technologies, promote energy and environmental justice, and develop strategies to decarbonize their electric grids. This initiative offers state regulators the opportunity to leverage the expertise and world-class modeling capabilities of Lawrence Berkeley National Laboratory, Pacific Northwest National Laboratory, the National Renewable Energy Laboratory, Argonne National Laboratory, and Oak Ridge National Laboratory. These projects will include 1-2 years of technical assistance focusing on critical emerging and existing topics, including equity and justice, distributed energy adoption and integration, grid planning, and energy resilience.

These federal funds for the grid upgrades and modernization will result in savings to Maryland ratepayers who will avoid having to pay for this modernization through rates. It is vital that the General Assembly ensure both that Maryland receive its fair share of this funding and that the funding is directed to where it is most needed.

To effectively respond to the urgent threat that climate change poses to the health and livelihoods of all Marylanders, Maryland needs to prepare for a clean-energy future that is built with family-supporting jobs. The General Assembly must act to support the PSC in its efforts to modernize and upgrade Maryland's distribution system in order to meet key climate policy goals.

Finally, Earthjustice thanks Delegate Charkoudian for her leadership on this important issue.

Thank you in advance for your support. Should you have any questions, please contact me at smiller@earthjustice.org.

Respectfully submitted,

A handwritten signature in blue ink that reads "Susan Stevens Miller". The signature is written in a cursive style.

Susan Stevens Miller
Senior Attorney, Clean Energy Program
Earthjustice