

Committee: Finance

Testimony on: SB525 “Public Utilities - Energy Distribution Planning and Required Labor Standards”

Position: Support

Hearing Date: February 15, 2022

The Chesapeake Chapter of Physicians for Social Responsibility (CPSR) submits this testimony in support of SB525, which will provide essential legislative guidance for the Public Service Commission’s (PSC’s) recently initiated process of planning our state’s electricity distribution system. This bill is not “duplicative” of the PSC’s process: it is the legislature’s voice, speaking in the public’s interest, to provide the future-oriented grid parameters needed to guide the PSC’s work.

Background

In June 2021, five years after the opening of Docket PC44, the Public Service Commission (PSC) announced its intention to address planning of the state’s electricity distribution system through formation of a new Work Group. The Work Group’s process is to be organized using guidelines developed by the National Association of Regulatory Utility Commissioners (“NARUC”) and the National Association of State Energy Officials (“NASEO”).^{1,2} Beginning in September, the PSC has hosted three educational sessions in which the state’s investor-owned utilities (IOUs) presented their approaches to distribution system planning (DSP). On January 18th of this year, the Work Group held the first working session, in which representatives of relevant state agencies – the PSC’s Interconnection Work Group, the Office of People’s Counsel (OPC), and the Maryland Energy Agency (MEA) – presented their perspectives on how the DSP process should be carried out.

CPSR has participated in these educational sessions and in the January 18th working session. CPSR also has experience with other PSC working groups, including since 2015 being an active member of the “Net Metering Work Group” overseeing the Community Solar Energy Generating Systems (CSEGS) Pilot Program, and recently the PC54 Work Group on Community Choice Aggregation. This testimony reflects these experiences and insights into the DSP process.

Distribution system planning is key to achieving our clean energy and climate-related goals.

The design and future investment in the distribution system will determine –

- How much solar and storage we can build, and where;
- Our ability to electrify buildings and transportation – including which neighborhoods can have electric vehicle (EV) charging and whether that charging can be bi-directional;
- Our ability to use Smart Grid technologies to handle demand peaks at the lowest cost (without need for fossil-fuel powered “peaker plants”);
- Our system’s resilience and reliability in the face of climate and cyber threats;
- The development of microgrid resilience hubs for vulnerable communities; and,
- How equity, transparency, and ratepayer participation are part of our electricity future.

With major federal funding coming for grid modernization, the legislature must set our direction.

At national level, the federal Infrastructure Investment and Jobs Act includes –

- \$5 billion to support “grid hardening grants” (§ 40101);

¹ Blueprint for State Action, NARUC-NASEO Task Force on Comprehensive Electricity Planning; February 2021

² Jade Cohort Roadmap, NARUC-NASEO Task Force on Comprehensive Electricity Planning; February 2021

- \$6 billion in grants for innovative approaches to transmission, storage, and distribution infrastructure to harden and enhance system reliability and resilience (§ 40103);
- \$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 (§ 40107); and,
- \$500 million for the State Energy Program.

This is an unprecedented opportunity – we can't leave potential resources on the table, and we need to use them wisely. Federal funds not only provide a great opportunity for grid investment but will also save ratepayers money. The present state administration has missed other opportunities to capture federal funds, and has also returned some funds that could have benefited Maryland residents.

SB525 provides needed specificity for our distribution grid planning.

The several IOU's educational presentations on DSP showed that their planning generally considers near-term capacity requirements, evaluates additional power demand mostly in relation to immediate changes such as development of a new commercial center, and is primarily focused on reliability.

Reliability is certainly a key consideration, but by itself doesn't respond to the evolution required for a modernized grid and our increasingly complex energy needs. While the NARUC-NASEO process and the PSC generally acknowledge the need to align planning with state "policy goals" and consideration of "distributed energy resources," there is no more specificity than that.

SB525 adds essential definition to our state's greenhouse gas reduction, clean energy, equity, and fair labor goals by requiring the DSP process to promote:

- Decarbonization and greenhouse gas reduction;
- Energy efficiency;
- Load variability
- Electric grid resiliency and reliability;
- Adaptation to climate change;
- Load management;
- Bidirectional power flows;
- Demand response;
- Non-wire alternatives and non-capital options (*e.g.*, demand management software);
- High levels of distributed energy resources and electric vehicles;
- Energy equity;
- Electrification of building and transportation sectors;
- Stakeholder engagement and input; and,
- Fair and stable labor standards.

Our DSP process will affect the lives and interests of many stakeholders beyond the IOUs and the state regulatory authorities.

Getting the grid-of-the-future Maryland needs requires input from key stakeholders, including –

- Low income and minority communities, who are typically under-represented in determination of renewable energy development and grid management;
- Developers of new electricity demand and management systems, like battery storage, building electrification, and software developers;
- Electric vehicle and related charging network developers;
- Workers;
- Residential and small commercial energy consumers; and,
- Renewable energy developers.

Physicians for Social Responsibility is a national organization of doctors and other health professionals dedicated to averting two overarching threats to human health and well-being: nuclear weapons and climate change. PSR is a component of International Physicians for the Prevention of Nuclear War, which received the 1985 Nobel Peace Prize.

Private sector investment is also at stake: while the IOUs (hopefully with federal support) will be investing in the distribution grid, substantial amounts of private sector capital will also be invested. Private investments include everything from individual homeowners' solar arrays and EV charging stations, to larger EV charging networks, commercial and community solar arrays, battery storage projects, etc. Those investments will depend on how the grid is developed.

In the January 18th session of the DSP Work Group, all three state government agencies – the PSC's Interconnection Work Group, the Office of People's Counsel (OPC), and the Maryland Energy Agency (MEA) – emphasized the need for such broad stakeholder engagement. The NARUC-NASEO "Roadmap" document itself states *"We see the need for a new stakeholder working group on integrated distribution planning... to ensure coordination and appropriate attention from utilities and stakeholders."*¹

As the People's Counsel stated during OPC's January 18th presentation, *"Utilities plans and proposals will only be fully consistent with the public interest by coincidence."*³

However, the present DSP approach doesn't assure such broad participation.

Although the meetings are "open," many of these other important constituencies are not presently represented. In reality, to participate in the first substantive Work Group session, an organization or individual had to already be on the PSC's mail list, receive notice to then go to a formal PSC "Notice of Educational Session," and from there be directed to contact a specific individual to be given access to the proceedings. This approach is unlikely to achieve the broad stakeholder participation needed.

SB525 also therefore expresses the legislature's intention that DSP should support a regulation development process that will include these multiple important stakeholders.

Other state legislatures have provided direction to their state's Distribution System Planning.

Legislatures in states including Washington,^{4,5} Illinois,⁶ Nevada,⁷ Maine,⁸ New York,⁹ Colorado,¹⁰ and California,¹¹ have acted to provide guidance to their Public Services/Public Utilities Commissions regarding planning of their electricity distribution systems. Issues covered in legislation include planning for expansion of distributed energy resources, EV capacity, Smart Grid technology and non-wire solutions, cost effectiveness, labor standards, and energy justice.

In all these critical ways –

- capturing and guiding investment of federal funds;
- elaborating key areas where grid planning is needed to address our broader legislative goals; and,
- promoting a broadly inclusive planning process –

SB525 adds to the current DSP process an essential legislative voice on behalf of Maryland's citizens and interested parties who are otherwise not represented.

Because this DSP process has been initiated, it is necessary for the legislature to speak now.

We therefore strongly urge a favorable report by the Committee on SB525.

³ CN9665 - Distribution System Planning Session IV - 01/18/2022; video recording (minutes 29:12-29:16): <https://www.youtube.com/watch?v=h6Hdtl3Qsxo&t=1777s>

⁴ Washington, [SB 5116 \(enacted 2019\)](#)

⁵ Washington, [State law WAC 480-100-610](#)

⁶ Illinois, Climate and Equitable Jobs Act (SB2408, 2021)

⁷ Nevada, [NRS 704.741-746](#)

⁸ Maine, [An Act to Reduce Electricity Costs Through Nonwires Alternatives](#) (LD1181 2019)

⁹ New York, A09508, 2020

¹⁰ Colorado, SB 19-236, 2019

¹¹ [PUC Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future](#) sets out background legislative and administrative processes

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Respectfully,

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