



February 15, 2022

112 West Street  
Annapolis, MD 21401

**OPPOSED - Senate Bill 525**  
**Public Utilities - Energy Distribution Planning and Required Labor Standards**

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) oppose **Senate Bill 525 Public Utilities - Energy Distribution Planning and Required Labor Standards**. Distribution planning is an incredibly complex undertaking done by the utilities with oversight of the PSC. It requires the expertise of engineers, financial planners, regulatory support, and operations—virtually every business unit in our companies has input in our distribution system planning process to ensure that it meets reliability standards, brings the distribution grid into the future and meets customer affordability priorities, to name a few. While Senate Bill 525's stated goal of ensuring the distribution grid can support Maryland's clean energy goals is laudable, the bill creates a wide range of overly prescriptive requirements and leaves very little latitude for utilities or the Public Service Commission (PSC) to undertake well-informed distribution system planning processes. Senate Bill 525 also seeks to codify into statute a distribution system planning workgroup that is well underway at the direction of the PSC and requires the PSC to adopt extensive regulations regarding distribution system planning in only a two-year timeframe. The workgroup is designed to address many of the elements of Senate Bill 525's intent, and this legislation unnecessarily limits workgroup dialogue to drive consensus among the various stakeholders represented in that active, collaborative environment.

While Pepco and Delmarva Power strongly support efforts to decarbonize and combat climate change, Senate Bill 525's proposal to overprescribe distribution system planning processes and guidelines is not an appropriate or effective way to advance climate solutions for customers. As a company with significant assets and critical energy infrastructure in Maryland, we have a responsibility to address our own greenhouse gas footprint while working to provide customers with safe, reliable, affordable and sustainable energy through innovative and inclusive solutions. In 2021, we announced a major climate change commitment that works to align our operations, grid investments, and customer product offerings and services with Maryland's climate change and clean energy goals. Like other complex, integrated, and multi-faceted processes, distribution system planning is a highly technical discipline and the design and engineering of the distribution systems across the state varies significantly due to differences in geography and community needs. For this and many other reasons, there is no one-size-fits-all approach to distribution system planning, which is why it is important that legislation does not lead to prescriptive guidelines that could discourage or delay the consideration of new emerging technologies. As such, distribution system planning and its integration with other planning processes are best when aligning with the pace of industry and system changes, such as the rate of distributed energy resources (DER) adoption, evolving customer needs, and alignment with state policy goals.

In June of 2021 the PSC established a Distribution System Planning docket (PC44- Case No. 9665) and a Distribution System Planning Work Group (DSPWG) within that docket. The PSC has also conducted a series of Educational Sessions over the past five months to establish a baseline understanding of current distribution system planning practices and key considerations and priorities among the work group stakeholders. The DSPWG is tasked with reviewing the Jade Cohort Roadmap, which was developed by the joint National Association of Regulatory Utility Commissioners (NARUC) and the National Association of State Energy Officials (NASEO) Task Force on Comprehensive Electricity Planning, and recommend any changes or modifications to best align with Maryland's public policy goals and existing processes, including interactions with existing dockets concerning electric reliability, EmPOWER, and other PC44 activities. The PSC has adequately framed the DSPWG process to further explore increasing opportunities for early, meaningful stakeholder engagement through increased transparency and coordination and has established a framework for frequent feedback from the PSC to guide the DSPWG's focus areas and priorities. Additionally, the PSC is developing a Maryland-specific planning process, recognizing that this process will need flexibility to meet the needs and characteristics of Maryland's electric distribution grids.

The workgroup proposed in Senate Bill 525 is nearly identical to the PSC's existing DSPWG within PC44 on the same topic, and therefore, this legislative proposal is duplicative. There is already a workgroup under the PSC's oversight undertaking a comprehensive examination of Maryland's distribution system planning process. Pepco and Delmarva Power are actively participating and supporting efforts of the PSC's DSPWG. Moreover, the proposed workgroup in Senate Bill 525 would be required to study and make recommendations regarding an extensive, yet delineated list of items. This lists places undue burden on the workgroup and constrains constructive and collaborative dialogues around effective pathways to climate solutions, which the diverse members of the existing DSPWG can advance and discuss.

Senate Bill 525 also includes requirements relating to cost benefit analyses. Pepco and Delmarva Power are public utilities and therefore have a "duty to serve". This means that we must provide service to any member of the public living within the utility's service area who has applied for service and is willing to pay for the service and comply with the utilities' rules and regulations. There are many situations in which performing a cost benefit analysis to demonstrate cost-effectiveness is inappropriate and can impede the provision of reliable service or produce outcomes that work against policy goals. For example, if we experience a weather-related outage and customers are out of power, it would be inappropriate to perform a cost-benefit analysis to decide whether we bring in generators to get the power back on while we are repairing the system or to restore the system based on the highest economic value to re-energize first. Further, it will be difficult to demonstrate how we meet policy goals in a "cost-effective manner" without a consensus methodology to quantify reliability, resilience, and equity. As part of our own analysis of grid needs and resources, we are already seeking ways to incorporate DER's, from electric vehicles to behind-the-meter solar and storage, while maintaining reliability, safety, and reasonable costs for customers. It has been Pepco and Delmarva Power's experience that the distribution system planning process will necessarily evolve to incorporate new customer trends, innovative technologies and changing policy priorities that help to address short- and long-term system needs.

Finally, SB 525 is not necessary to compel or authorize Pepco and Delmarva Power to seek federal funding via the Infrastructure Investment Jobs Act. Our companies have been engaged in that effort for months, identifying and prioritizing projects that will qualify for this funding and mapping out the processes to apply for and obtain funding, whether it be at the State or Federal level. Pepco and Delmarva Power have formed a steering committee oversight structure to ensure the folks' tasked with daily responsibility for this effort have the support and resources needed from leadership and the companies in order to successfully execute the application and implementation process.

For the above reasons Pepco and Delmarva Power respectfully request an unfavorable vote on Senate Bill 525.

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