

OPPOSE  
Senate Finance  
2/15/2021

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

Baltimore Gas and Electric Company (BGE) opposes *Senate Bill 525: Public Utilities - Energy Distribution Planning and Required Labor Standards*. Senate Bill 525 would establish a Distribution System Planning Workgroup to study issues related to energy distribution planning and implementation; require the Public Service Commission to adopt regulations related to energy distribution planning and implementation; and establish labor standards for contractors and subcontractors. The requirements of the bill are overly prescriptive and unnecessarily duplicative. The legislation will unnecessarily delay the critical process of planning for the electric distribution system while diminishing the Public Service Commission's authority and discretion to manage a process that appropriately ensures statewide service reliability.

SB 525 outlines vague and potentially conflicting objectives for the distribution planning process. The listed goals in the proposed legislation include decarbonization and greenhouse gas reduction; renewable energy, equity, family sustaining employment; and achieving energy distribution system resiliency and reliability. While these are important policy concepts, they are not clear or measurable goals that the distribution planning process – which is highly technical and requires complex engineering – can be designed to achieve.

SB 525 also fails to recognize that a thoughtful and inclusive planning process is currently underway under the direction of the Public Service Commission. The PC44/Case No. 9665 Distribution System Planning (DSP) Work Group process has been active for nearly a year. BGE has had the opportunity to better understand the goals of the Work Group from the Technical Conference in March 2021 as well as various public educational sessions in the interim. The PSC is actively managing a DSP Work Group that is transparent, inclusive, and considerate of the MD state policy goals. Specifically, key topics such as (a) distributed energy resources/electric vehicle integration, (b) equitable access to clean energy, (c) decarbonization, (d) consideration of non-wires alternatives (e) demand response, and (f) resiliency (among other topics) were echoed in filed comments and verbal discussions.

If enacted, SB 525 would derail the inclusive process that has been underway for nearly a year. In fact, were the legislature to enact what is contemplated in the proposed legislature, it would delay, add confusion and undermine what is already a transparent and inclusive regulatory process that builds upon more than two years of work undertaken by the Task Force on Comprehensive Energy Planning. The Task Force, a collaboration of the National Association of Regulatory Utility Commissioners

and the National Association of State Energy Officials, was created to develop ways for states to both increase involvement in distribution system planning and to further align planning processes with state goals and the proliferation of distributed energy resources. Maryland was one of the participating states on the Task Force with representatives from both the Commission and the Maryland Energy Administration.

Finally, BGE would like to address an assertion that has been made by proponents of the bill. Specifically, it has been stated that this legislation is necessary to access funding under the Infrastructure Investment and Jobs Act ("IIJA.") Simply put, there is no correlation between this legislation and funding pursuant to the IIJA. This legislation, were it to be enacted, would not be in effect until October of 2022. Applications for some of the funding opportunities under the IIJA are due as early as May of 2022. BGE is already in the process of engaging state, local, and municipal entities for potential partnerships with request to seeking funding for infrastructure. Further, BGE has had a history of accessing grant funding, without the legislature prescribing the instances under which it does so. For example, BGE and partners have been awarded federal funding to support smart grid initiatives, electric vehicle community access programs, and programs to develop advanced electric vehicle charging management programs to support seamless grid operations. To suggest that BGE is not incentivized to seek grant funding because it does not earn a return on such funding does not recognize that such funding can be critical to help to manage overall costs to BGE's customers, to support affordability for all customers, and to drive necessary new technology development and deployment to better enable BGE's continued reliable service as our customers gain access to newer, more innovative products and services that rely on our grid.

For the reasons stated above, BGE opposes SB 525 and respectfully requests an unfavorable Committee report.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.2 million electric customers and more than 655,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's leading competitive energy provider.