

**SB 697 – Energy Storage – Targets and Maryland Energy Storage Program - Establishment**

Baltimore Gas and Electric Company (BGE) supports with amendment *Senate Bill 697 – Energy Storage – Targets and Maryland Energy Storage Program - Establishment*. Senate Bill 697 would require the Public Service Commission to establish a target for the deployment of 3,000 megawatt-hours of energy storage devices in the State by the end of 2033.

BGE understands and supports the need for new, diverse technology to support our grid in the future as the State moves further towards electrification. Energy storage systems not only support community resilience, they also may alleviate the need for costly and disruptive distribution upgrade projects, support the inclusion of renewable energy resources, and support the State’s economy through job creation and opportunities for local businesses. In fact, BGE’s first battery storage facility became operational early this year. The 2 megawatt-hour system located at Chesapeake Beach in Calvert County will discharge power at high-demand periods and, when not required, the power will be bid into the wholesale power market. BGE is also in the process of building a similar system in southern Anne Arundel County.

There are, however, two concerning areas in the bill where BGE seeks to amend language.

BGE respectfully requests that the power purchase agreement (PPA) provision be removed from the bill. PPA pricing can be uncertain because energy storage systems are capital-intensive and significant investments. Because the cost of storage system implementation naturally drops as the technology matures, under a PPA arrangement, customers could be locked into paying commodity costs above what might be found in the open market.

In addition, BGE respectfully requests that Maryland’s Public Service Commission be allowed flexibility in determining which battery storage incentives to include in the program.

BGE looks forward to continuing conversations with the bill sponsor and respectfully requests that the Committee issue a favorable committee report with amendments to address the concerns described above.