



Maryland

Energy Administration

TO: Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee
FROM: MEA
SUBJECT: HB 1112 - Public Service Commission – Energy Storage Devices – Acquisition
DATE: March 7, 2024

MEA Position: FAVORABLE WITH AMENDMENT

This bill would require the Public Service Commission (PSC) to determine whether the deployment of energy storage devices could help to limit a reliability-must-run (RMR) agreement with an energy generating facility in the state under certain circumstances.

RMR agreements are used to keep power plants operating past their planned retirement dates in order to prevent reliability issues. RMR agreements are contracts between a regional transmission organization (in Maryland’s case, this is PJM Interconnection) and a power plant to continue operations beyond the power plant’s planned retirement date. RMR agreements provide revenue for the power plant owner to recover its costs and earn a certain return as an incentive to continue operating.

RMR agreements are often necessary because of local transmission limitations that result in the need for a generator in a particular area. In other words, because of a transmission bottleneck, a generator from outside the area cannot substitute for the generator in the constrained location, leading to the need for a specific generator. When transmission upgrades or other changes that allow for improved power flows are placed in service, the RMR is no longer needed. In most cases, the generator is then expected to retire.¹ Given the role of transmission infrastructure, the Maryland Energy Administration respectfully suggests the legislation address the transmission reliability services of energy storage devices.

Energy storage can help defer or avoid the need to upgrade or replace transmission and distribution components. Alternatives that help defer or avoid transmission or distribution upgrades are more broadly known as non-wires alternatives (NWA). NWA relieve congestion on the grid, reduce a utility’s impact on the environment and the local community, and save utilities and ratepayers money.²

The scope of the bill, however, may be too narrowly focused on storage as a non-wires solution. The issue of alternatives to traditional transmission remains one of scale and cost. As costs continue to fall, battery storage has emerged as a non-transmission solution, but there is no single ideal

¹ <https://americaspower.org/wp-content/uploads/2022/10/RMR-Agreements-1.pdf>

² [https://guidehouseinsights.com/news-and-views/energy-storage-goals-can-drive-non-wires-alternatives#:~:text=Energy%20Storage%20Can%20Serve%20Multiple,%2Dwires%20alternatives%20\(NWAs\)](https://guidehouseinsights.com/news-and-views/energy-storage-goals-can-drive-non-wires-alternatives#:~:text=Energy%20Storage%20Can%20Serve%20Multiple,%2Dwires%20alternatives%20(NWAs))

non-transmission alternative to address the challenges facing new transmission development. Instead, consideration of the roles of NWAs including storage-as-transmission, but also Grid Enhancing Technologies (GETs), strategically building more solar, wind, and battery generation adjacent to existing transmission, and customer-owned distributed energy resources (DERs) that can cost-effectively meet demand at the local level is needed to fully leverage the benefits of non-wires transmission solutions.³

NWAs cannot defer the need for new transmission indefinitely, nor entirely eliminate the need to expand today’s aging transmission system, but the urgency to reduce consumer costs and meet clean energy goals demands careful consideration of their economic and environmental value. In addition, reconductoring existing transmission lines using advanced conductors can increase capacity more cost-effectively than new transmission.⁴

The Maryland Energy Administration (MEA) also respectfully suggests changing the threshold for consideration of alternatives from the deactivation notice to the identification of a reliability violation in the analysis by PJM that follows notification, to avoid needlessly studying deactivations that will not require transmission upgrades.

For these reasons, MEA urges the adoption of these amendments and the issuance of a **favorable report as amended**. For questions or additional information, please contact Landon Fahrige, Legislative Liaison, directly (landon.fahrige@maryland.gov, 410.931.1537).

³ <https://www.utilitydive.com/news/transmission-clean-energy-storage-grid-enhancing-technology-dlr-distributed-resources/651567/>

⁴ https://acore.org/wp-content/uploads/2022/03/Advanced_Conductors_to_Accelerate_Grid_Decarbonization.pdf