

Support with Amendments
Economic Matters
3/7/2024

House Bill 1112- Public Service Commission – Energy Storage Devices – Acquisition

Baltimore Gas and Electric Company (BGE) supports with amendments *House Bill 1112- Public Service Commission – Energy Storage Devices – Acquisition*. *House Bill 1112* requires the Public Service Commission (Commission), within three years of the anticipated deactivation of an energy generator or upon PJM receiving a deactivation notice of an energy generator, to determine whether the deployment of energy storage devices could help to avoid or limit a reliability-must-run agreement (RMR). Under an RMR scenario, a power plant is paid to continue operating past their planned retirement dates for reliability reasons.

Strategic investments today drive incremental progress toward the grid of the future—designed to meet BGE customers’ needs in an increasingly electrified world. BGE supports the State exploring viable energy solutions, such as battery storage devices, to address generator retirements, solve the potential electric capacity problems they create and plan to meet current and future needs of the evolving grid system.

House Bill 1112 requires the Commission to explore utility-owned or other cost-effective ownership models to bring more energy storage online. BGE supports a utility-owned model and has experience as the owner and operator of the Fairhaven battery storage facility. BGE completed two battery energy storage projects, at Chesapeake Beach (1 MW/2 MWh)¹ and Fairhaven (2.5MW/9.74 MWh), that were developed pursuant to the Maryland Energy Storage Pilot Program Act (signed into law in 2019). The battery storage projects enhance grid reliability in southern Anne Arundel County and parts of Calvert County. These energy storage projects charge at time of low demand and discharges energy back onto the grid when demand is highest—specifically during the colder months. Chesapeake and Fairhaven are small scale energy projects that combined, the two projects combined

¹ Ameresco, Inc., a global, independent full-service provider of comprehensive energy services, will own and operate the Chesapeake battery storage facility. When not called upon for capacity by BGE, the facility and vendor Ameresco will participate in the PJM wholesale services markets.

BGE, headquartered in Baltimore, is Maryland’s largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 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 largest energy delivery company.



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Position Statement

enhance service reliability for 9,000 customers and helped BGE avoid expensive undergrounding upgrades to miles of electric distribution lines.

BGE's support of *House Bill 1112* should not be interpreted as prioritizing the deployment of battery storage over investments in transmission infrastructure. While battery storage has a role to play in Maryland's energy future, it does not increase transmission capacity and still requires infrastructure to charge. Deploying battery storage does not replace the need for transmission system investment. Transmission investments are critical to the network linking load with resources like generation and storage. Energy storage devices also have a shorter life cycle than a transmission system. The transmission system can be utilized for substantially longer periods—for many decades. BGE supports utilizing energy storage to complement the transmission system to help shift load by reducing overall peak demand, which in turn reduces constrained areas on the electric grid.

If implemented in a cost-effective manner, this legislation has the potential to create savings for customers by offsetting the full cost of a reliability-must-run agreement.

BGE proposed amendments to the bill sponsor that provide structure to the determination the Commission must make under the bill. Additionally, we proposed an amendment to navigate the complexities of recovering the costs of these types of investments.

While BGE sees energy storage as an opportunity to sure up reliability and to meaningfully contribute to solutions to the state energy goals, the Company is committed to working with the sponsor to address opportunities to strengthen the legislation around timeline, supply chain lead times, regulatory challenges, permitting, and siting delays.

BGE will continue to work with the bill sponsor on the aforementioned opportunities, and respectfully asks the Committee to issue a favorable report on *House Bill 1112* with amendments.

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