



Wes Moore, Governor
Aruna Miller, Lt. Governor
Josh Kurtz, Secretary
David Goshorn, Deputy Secretary

February 29, 2024

BILL NUMBER: House Bill 1367 – First Reader

SHORT TITLE: Public Utilities - Certificates of Public Convenience and Necessity - Energy Storage Devices

DEPARTMENT’S POSITION: LETTER OF INFORMATION

EXPLANATION OF DEPARTMENT’S POSITION

The Department provides this letter of information on HB1367 which would incorporate 1 MW or larger energy storage systems (ESS) into the CPCN process. PPRP expects between 5 and 15 ESS projects per year if this legislation passes. PPRP estimates that two new PPRP employees will need to be hired, our consultants would need to hire additional, expert energy storage staff to address the potentially significant inflow of ESS CPCNs and PPRP would need to add one part-time attorney.

There is also no funding in the bill to cover these significant expenditures in PPRP’s budget. Since it is also PPRP’s understanding that data centers and emergency services have ESS, it is unclear if a new structure with an ESS would need a CPCN or just the ESS area. In addition, ESS depending on its interpretation could include pump storage or even unknown new technologies. The Department would also suggest that the PSC, in conjunction with PPRP, MEA and/or MDE develop safety requirements that energy storage projects meet before receiving a CPCN. Presumably, this would mean incorporating national standards from NFPA, IEEE, etc. Lastly, a pre-application meeting should be required with PPRP, 30 days prior to CPCN submission.

BACKGROUND INFORMATION

ESS allows flexibility for reducing transmission expansion projects, reducing congestion and consumer costs, smoothing out peaking renewables, and storage of renewable resources. Currently, ESS projects, if not included with CPCN-required generation projects only need County approval and associated state permits to construct. This results in the counties having preemption authority over ESS projects. If this bill passes, the PSC would preempt local authority. Due to the current Energy Storage Pilot Program and the Governor’s target for 3,000 MWs of battery energy storage systems installed in Maryland by 2033, PPRP estimates a significant number of ESS projects.

The Power Plant Research Program at the Department is funded through the Environmental Trust Fund Surcharge on all electricity customers in the State. The current rate of \$.0001500/kWh has been in place for the last 35 years and if PPRP’s workload continues to be increased, the current funding levels from the Environmental Trust Fund will not be able to meet future and current workloads.

BILL EXPLANATION

HB1367 Requires an applicant to obtain a certificate of public convenience and necessity from the Public Service Commission before beginning construction of a 1 MW or greater energy storage project.

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