



**March 7, 2024**

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**Support HB1256 - Electricity - Tariffs, Distributed Energy Resources, and Electric Distribution System Support Services (Distributed Renewable Integration and Vehicle Electrification (DRIVE) Act)**

Chair Korman and Members of the Committee:

Maryland LCV supports HB1256 and we thank Delegate Fraser-Hidalgo for his leadership on this issue. The DRIVE Act is designed with consumers and the grid of the future in mind. It directs the Public Service Commission (PSC) to:

1. Adopt a transition plan requiring each electric company to transition customers to a time-of-use system, to incentivize customers to use less electricity at peak demand on the grid,
2. Establish “virtual power plants,” where customers can work with utilities and renewable energy and on-site storage companies to supply energy to the grid to meet demand and get compensated for it, and
3. Streamline the process for bi-directional electric vehicles to connect and operate with the grid.

The PSC conducted a pilot program exploring time-of-use (TOU) utility rates, and issued a report in July 2022. “The Pilot results indicated that both overall and low- and moderate-income customers responded to TOU rates by shifting a significant amount of consumption usage off-peak during both summer and winter months.”<sup>1</sup> In the pilot program, customers across all income groups saw reductions in both their on-peak usage and their monthly utility bill. We support components of the bill that require outreach to customers about these programs, and include provisions for protections and additional incentives for low and moderate income households.

The other two key programs in the bill, virtual power plants (VPP), and bi-directional EV charging are further innovations to stabilize the grid through consumer incentives. Although the direct financial gain will not be available to all Marylanders, “if developed and operated with environmental and energy justice in mind, VPPs also have the potential to reduce greenhouse gas emissions, improve indoor and outdoor air quality, support workforce and economic development, and address challenges faced by underserved communities, such as energy burden.”<sup>2</sup>

As we transition to 100% clean energy by 2035, these kinds of win-win solutions in the near term that incentivize good consumer choices to stabilize the grid become increasingly important.

Maryland LCV urges a favorable report on HB1256.

<sup>1</sup> [PSC Order90298 In the Matter of Transforming Maryland’s Electric Distribution Systems to Ensure that Electric Service is CustomerCentered, Affordable, Reliable and Environmentally Sustainable in Maryland](#) July 2022

<sup>2</sup> [Virtual Power Plants and Energy Justice, National Renewable Energy Laboratory](#), October 2023