



TO: Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee
FROM: MEA
SUBJECT: HB 1256 - Electricity - Tariffs, Distributed Energy Resources, and Electric Distribution System Support Services (Distributed Renewable Integration and Vehicle Electrification Act)
DATE: March 7, 2024

MEA Position: LETTER OF INFORMATION

This bill requires that utilities adopt certain time-of-use (TOU) plans; launch pilot programs or temporary tariffs to support net metering and distributed energy resources (DERs) such as demand response and/or load shifting; and expedite interconnections for electric vehicles with bidirectional flow, and, requiring the Public Service Commission (PSC) to coordinate rebates for DERs with MEA to ensure they supplement current efforts.

Should the bill progress, MEA has two amendments for consideration:

1) TOU rates should be opt-in, not opt-out. TOU rates have variable bill impacts, traditionally on some low to moderate income customers, who may not be able to change their schedules to accommodate peak pricing.¹ While MEA supports TOU rates to the extent they promote grid resiliency and support DER deployment, MEA does not support mandatory opt-out TOU rates at this time. MEA supports the proposed amendments changing TOU rates to opt-in.

2) Performance incentive mechanisms (PIMs) should not be legislatively mandated (p. 9:25-28). MEA generally supports the use of PIMs, but their use is under a wider stakeholder review of alternative ratemaking at the PSC. The correct and appropriate use of PIMs has been debated in at least two rate cases, and is still under review. (See Case No. 9692, BGE rate case, Order No. 90948, (December 14, 2023)). Mandating this important but complicated form of alternative rate-making may be premature, and may lead to excess ratepayer costs where none are warranted.

Thank you for your consideration of this testimony. For questions or additional information, please contact Joyce Lombardi at joyce.lombardi1@maryland.gov or 443.401.1081.

¹ See e.g., “Key Findings from California’s Recent Statewide TOU Pricing Pilots.” *The Electricity Journal*, vol. 31, no. 8, 2018, pp. 52–56 (finding variable bill impacts on LMI customers); but see, e.g., Faruqi, et al, “PC44 Time of Use Pilots: Year One Evaluation,” Brattle Group (2020)(finding that LMI customers responded to price signals and experienced bill reductions similarly to non-LMI customers)