



Maryland Energy Administration

TO: Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee
FROM: MEA
SUBJECT: HB 1393 - Electric System Planning - Scope and Funding
DATE: February 29, 2024

MEA Position: FAVORABLE WITH AMENDMENTS

This bill requires that the Maryland Public Service Commission (PSC) consider both distribution and related transmission in its current distribution system planning proceedings, and also requires that utilities invest in demand side management technology.

Coordinated distribution and transmission system planning is critical for a resilient grid of the future. Both types of infrastructure can be expensive to build and maintain and should be deployed strategically. This bill helps make sure that transmission is part of Maryland's ongoing distribution planning efforts, such as the Distribution System Planning Workgroup currently underway at the PSC. The goals of projects that are designed to promote the provision of additional capacity should accommodate increased distributed renewable electricity generation in connection with transmission and distribution system modernization. Though the transmission system is regulated at the federal level by the Federal Energy Regulatory Commission (FERC), the PSC has an important role to play in siting and permitting. With rising electricity demand, extreme weather events, and as new energy generation assets (such as solar and wind) come online or are retired (such as coal plants), both the transmission and distribution systems are undergoing intense periods of change.

The bill also requires, on p. 4, that electric companies invest in demand side management methods. MEA is concerned about legislative dictates that may be used to override the PSC's prudence review, and thus may ultimately lead to increased ratepayer expense.

MEA suggests the following amendment, p. 4: line 16 “**REQUIRE CONSIDERATION OF INVESTMENT IN COST-EFFECTIVE DEMAND-SIDE METHODS AND TECHNOLOGY TO IMPROVE RELIABILITY AND EFFICIENCY, INCLUDING VIRTUAL POWER PLANT.**”

MEA urges the committee to issue a **favorable report as amended**. Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Joyce Lombardi at joyce.lombardi1@maryland.gov or 443.401.1081.