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PUBLIC SERVICE COMMISSION

March 25, 2024
Chair Brian Feldman
2 West, Miller Senate Office Building
Annapolis, MD 21401

RE: HB 1112 – Favorable with Amendments - Public Service Commission – Energy Storage Devices – Acquisition

Dear Chair Feldman and Committee Members:

The Public Service Commission (PSC) regularly monitors, advocates at and petitions the Federal Energy Regulatory Commission (FERC) and PJM Interconnection LLC (the multi-state electricity grid operator) on issues related to grid reliability and transmission on behalf of the State of Maryland. In addition, PSC Commissioner Michael Richard serves on the Board of the Organization of PJM States Inc., (OPSI) which works on behalf of States where PJM operates. It is the authority of FERC and PJM to ensure the grid is reliable and power is available to citizens. As such, deactivations of power generators force FERC and PJM to determine how to keep the power flowing with the resources available. HB 1112 creates a process whereby a determination is made on whether the deployment of energy storage devices can provide a viable option in certain deactivation scenarios.

When a power plant is deactivated prematurely to account for grid needs, a plant owner may enter into a reliability must run (RMR) arrangement with PJM to prevent blackouts. The idea of relying on storage to avoid a RMR arrangement is similar to what the PSC filed last year at FERC in protesting the PJM Board-approved transmission-only cost allocation for deactivation of the Brandon Shores power plant located in Maryland. The Commission suggested that energy storage on the distribution system, combined with other transmission system improvements, may possibly contribute to alleviating bulk power reliability concerns in a more cost-effective manner. The Commission's filing also noted that PJM's current rules do not account for the cost of RMR agreements when considering the lowest cost reliability solutions. It is this type of holistic approach to reliability planning that the Commission has been advocating for at PJM through OPSI. This approach has been recently met with great interest by PJM and the PSC has been having positive dialogue. The basic theme of HB1112 aligns with this holistic approach and the PSC is supportive of the concept.

HB 1112 will certainly require the PSC to devote resources to evaluate possible energy storage solutions and their cost-effectiveness, but this effort comes with the prospect of considerable ratepayer cost savings in meeting both short term reliability in the face of our energy transition and long-term benefits in complementing our future energy needs. A decision to move forward with a storage solution will, necessarily, rely on multiple assessments, including regional and distribution system upgrades costs, prospective RMR costs, future wholesale capacity, energy and ancillary services price

projections and project constructability. The Commission will also need to work proactively and cooperatively with PJM to assure timely implementation of any cost effective reliability solutions.

The PSC has been working extensively with the HB1112 House sponsor and stakeholders on further refining bill language that was approved by the House to add further clarity, certainty and necessary ratepayer protections. With these refinements, the PSC urges favorable consideration.

The Public Service Commission appreciates the opportunity to provide this testimony on HB1112, as amended. Please direct any questions you may have to Christina Ochoa, Director of Legislative Affairs, at christina.ochoa1@maryland.gov
Sincerely,



Frederick H. Hoover, Chair
Maryland Public Service Commission