

DAVID S. LAPP
PEOPLE'S COUNSEL

WILLIAM F. FIELDS
DEPUTY PEOPLE'S COUNSEL

JULIANA BELL
DEPUTY PEOPLE'S COUNSEL

— **OPC** —
OFFICE OF PEOPLE'S COUNSEL
State of Maryland

6 ST. PAUL STREET, SUITE 2102
BALTIMORE, MARYLAND 21202
WWW.OPC.MARYLAND.GOV

BRANDI NIELAND
DIRECTOR, CONSUMER
ASSISTANCE UNIT

CARISSA RALBOVSKY
CHIEF OPERATING OFFICER

BILL NO.: House Bill 1393
Electric System Planning - Scope and Funding

COMMITTEE: Education, Energy, and the Environment Committee

HEARING DATE: March 21, 2024

SPONSOR: Delegate Crosby

POSITION: Favorable with amendments

The Office of People’s Counsel (“OPC”) supports House Bill 1393 with the amendment described below. HB 1393 makes several changes to broaden the scope of the electric system planning directed in subtitle 8 of the Public Utilities Article.

By requiring the Public Service Commission to adopt regulations or issue orders “that require electric companies to apply for federal and other available funds in a timely manner,” HB 1393 aims to force the State’s electric utilities to reduce the costs they incur—and ultimately seek to recover from ratepayers—to meet State policy goals. Given the abundance of federal funding currently available for energy projects, and the potential for ratepayer savings, OPC strongly supports this requirement.

HB 1393 also would require the Public Service Commission to adopt regulations or issue orders related to reliability and efficiency improvements, including virtual power plants. The measures that the bill seeks to promote could provide important benefits to utility customers by reducing energy consumption and, therefore, customer bills. We are concerned, however, with the language as drafted. Specifically, the language would require investments without explicit limitation or other language to protect against unmitigated spending. Demand-side methods will be vital for Maryland to reach its energy policy goals and should occur in ways that are consistent with customer needs. The investments must be cost-effective. To this end, OPC recommends an amendment to

section 7-804(2) to clarify that the regulations or order require *consideration* of either investments in *or procurement of* demand-side measures that are *cost-effective*.

REQUIRE CONSIDERATION OF INVESTMENT IN OR PROCUREMENT OF COST EFFECTIVE DEMAND-SIDE METHODS AND TECHNOLOGY TO IMPROVE RELIABILITY AND EFFICIENCY, INCLUDING VIRTUAL POWER PLANTS;

The addition of this amendment will protect ratepayers from unnecessary spending by ensuring that the utilities consider all—and only—cost-effective options.

Recommendation: OPC requests a favorable Committee report on HB1393 with the amendment described above.