

Letter of Information
Economic Matters
2/20/2025

**House Bill 1397 – Certificate of Public Convenience and Necessity - Overhead
Transmission Lines - Grid Enhancing Technologies**

Baltimore Gas and Electric Company (BGE or the Company) submits this letter of information for *House Bill 1397 - Certificate of Public Convenience and Necessity - Overhead Transmission Lines - Grid Enhancing Technologies*. House Bill 1397 expands the list of requirements the Public Service Commission (“Commission”) must consider before taking final action on an application for a Certificate of Public Convenience and Necessity (“CPCN”) for the construction of an overhead transmission line to include grid enhancing technologies.

BGE remains steadfast in its commitment to support the use of grid enhancing technologies, when appropriate, to advance Maryland’s energy transition and to endorse policies that prioritize affordability, resiliency, and reliability. While House Bill 1397 adds the requirement to consider grid enhancing technologies, it may have unintended consequences and create additional regulatory delays in the CPCN process and increase the costs borne by utility ratepayers.

Maryland law requires approval from the Commission of a CPCN application before construction of an overhead transmission line designed to carry more than 69kV may begin. The CPCN process before the Commission involves robust, quasi-judicial administrative proceedings, as well as extensive public notification requirements, public hearings, and opportunities for public comment. The CPCN process also allows for input from the public and from multiple State agencies, as well as local jurisdictions. For example, the Power Plant Research Program (“PPRP”) in the Department of Natural Resources coordinates a comprehensive environmental and socioeconomic review of a proposed project and presents recommendations on behalf of seven different State agencies. The Staff of the Commission and the Office of People’s Counsel also regularly participate as parties in CPCN proceedings.

Grid enhancing technologies, such as high-performance conductors or storage used as transmission, are assets that are considered in the normal course of business for projects and/or alternatives where they best support the electric system. Requiring utilities to consider these assets as an alternative to construction of the transmission line within a CPCN is not appropriate in instances where installing advanced conductors or storage does not cost-effectively or operationally address the issues that are necessary to maintain reliability. Moreover, installing advanced conductors in lieu of traditional conductors may significantly increase the cost to

BGE, headquartered in Baltimore, is Maryland’s largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company’s approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation’s largest energy delivery company.

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customers without a corresponding benefit if a less costly traditional conductor could meet the forecast need and provide the necessary reliability and resilience for the foreseeable future.

BGE evaluates and considers the use of grid enhancing technologies, such as high-performance conductors and/or energy storage solutions, when they most effectively support the electric system. However, mandating their consideration as alternatives in a CPCN application is impractical since these solutions may not be viable operationally or economically.

The CPCN process is already comprehensive and lengthy (averaging 12-18 months to complete), and would become even more burdensome while increasing costs for applicants, the Commission, and State agencies like the PPRP. Extending CPCN permitting times could make it infeasible to meet required in-service dates for PJM-mandated projects, risking non-compliance with federal (i.e. North American Electric Reliability Corporation) reliability standards. Furthermore, the bill encroaches on areas of transmission planning and cost recovery, which fall under the jurisdiction of the Federal Energy Regulatory Commission (FERC). Provisions in the bill may be preempted by federal law, particularly those related to transmission planning and cost recovery.

BGE remains committed to supporting Maryland's energy transition and supports policies that keep affordably, resiliency, and reliability a priority.

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