28 February 2025

Delegate C.T. Wilson, Chair
Economic Matters Committee
Room 231
Taylor House Office Building
Annapolis, Maryland 21401

Senator Brian Feldman, Chair
Education, Energy, and the Environment Committee
2 West
Miller Senate Office Building
Annapolis, Maryland 21401

Oral and Written Testimony
HB1037 / SB909: Energy Resource Adequacy and Planning Act

Position: Favorable with Amendments

Chair Wilson, Chair Feldman, Members of the Economic Matters Committee and the Education, Energy, and the Environment Committee, thank you for the opportunity to testify on House Bill 1036 / Senate Bill 931, Public Utilities - Generating Stations - Generation and Siting (Renewable Energy Certainty Act).

I am Robin Dutta, the Executive Director of the Chesapeake Solar and Storage Association (CHESSA). Our association advocates for our over 100 member companies in all market segments across the solar and energy storage industries. Many members are Maryland-based. Others are regional and national companies with an interest and/or business footprint in the state. Our purpose is to promote the mainstream adoption of local solar, large-scale solar, and battery storage throughout the electric grid to realize a stable and affordable grid for all consumers.

I am here to provide favorable testimony on HB1037/SB909, Energy Resource Adequacy and Planning Act, along with suggested amendments for the consideration of the sponsors and the committees. The Energy Resource Adequacy and Planning Act provides an entirely new process for the Maryland Public Service Commission to evaluate the energy needs of Marylanders, evaluate the full suite of advanced energy technologies and applications, and then better inform the appropriate regulatory proceeds and resulting Commission actions.

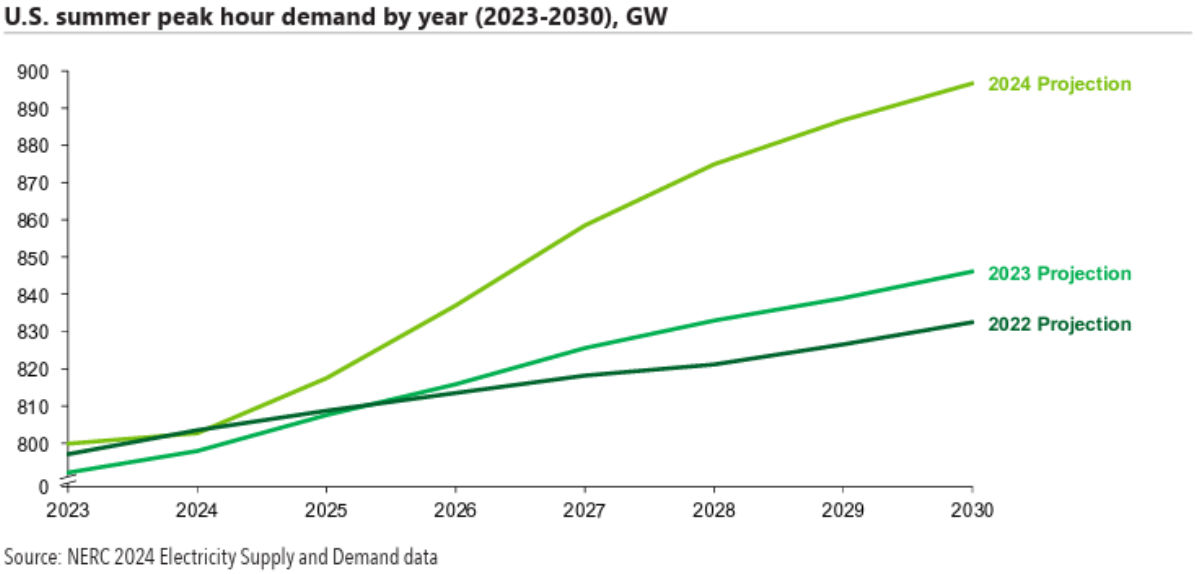
The Problem: Maryland's Widening Energy Gap

Marylanders are becoming much more sensitive to grid disruptions and electric price spikes. The state is on the path to seeing increasing electric demand over the long term. And, there is already straining in its electric system. Maryland only generates about 60 percent of the electric generation it demands[1]. But, importing electricity isn't an automatic solution. Nine of the 13

[1] https://www.eia.gov/state/analysis.php?sid=MD

states in the PJM Interconnection (where Maryland resides) also must import electricity to serve their electric demand. And the Maryland Energy Administration (MEA) is projecting load growth, potentially as much as 2 percent per year[2]. There's growing demand and competition for an energy supply that needs to increase.

Contributing Problem: Higher Electric Demand Across the County



Source: NERC 2024 Electricity Supply and Demand data

The grid of the not-so-distant future will have the combined roles that today's electricity, natural gas system, and gas stations have. For the grid to serve those roles, it will need to look and act differently. It will have higher statewide electric loads, and greater electric demand in peak periods. And, the higher peak demand gets, the more expensive the electric grid becomes, due to expensive infrastructure expansion and higher peak energy pricing. By lowering peak demand, clean energy can lower the cost of the grid.

A January 2025 report from the U.S. Department of Energy shows that projected peak demand growth is only increasing, with electricity supply and demand data from the North American Energy Reliability Council showing the estimates being revised upwards each year since 2022.[3] If Maryland's electric future follows the projected national trend, it needs to step up the clean energy build-out throughout the state at the same time as handling fossil fuel retirements. That means scaling up statewide solar adoption of all kinds, as soon as possible.

Layering on the problem are the faults within the PJM Interconnection, both with their capacity markets and their interconnection processes. The recent PJM capacity auction could cause electric bills in Maryland to increase as much as 24 percent, according to an August 2024 report from the Maryland Office of People's Counsel. The MEA describes the Baltimore Gas & Electric

[2] Maryland Energy Administration. "Reaching 100 Percent Net Carbon-Free Electricity in Maryland". January 2025. p.19

[3] U.S. Department of Energy. "Pathways to Commercial Liftoff: Virtual Power Plants 2025 Update". January 2025. p.7

service area as a "congested territory".[4] There are then certain generating units that must run and can drive up capacity prices, as it happened in the most recent PJM capacity auction. The way to relieve congestion and grid strain is to lower peak demand, offset consumer electric load, and build a lot of new local generating capacity.

Creating A Better Process

The previous section is a current snapshot of national load projections, and not Maryland specific. There are near, medium, and long-term considerations for Maryland with regard to load projections, the assumptions that underpin those projections, and making sure that actions taken by the Maryland Public Service Commission, utilities, and energy providers can be coordinated and aligned with the near and long-term needs of the state.

Improving complex processes, such as regulatory proceedings, start by asking better questions and considering all relevant strategies. Having the Commission possess that in-house expertise, energy modeling capability, and the ability to apply the load growth projections and evaluations to inform various related regulatory dockets is hugely valuable for entities working in the Maryland energy sector and eventually for all ratepayers.

This bill possesses a constructive and holistic evaluation of advanced energy technologies, including distributed and large-scale generation, as well as transmission and distribution grid strategies with the explicit outcome of identifying those strategies that can provide the most benefit to Marylanders. CHESSA strongly supports this outcome, especially by not setting aside Maryland's decarbonization goals and renewable targets. CHESSA believes that clean energy, solar and energy storage in particular, can be an effective and scalable solution for Maryland's widening energy gap.

Further Considerations for the Legislation

CHESSA respectfully suggests that HB1255/SB908 be amended into this legislation. Both pieces of legislation have similar goals to improve regulatory practices, engagement with stakeholders, and create more informed grid strategies that can better benefit Maryland ratepayers. CHESSA believes that both bills can be stronger together.

In particular, we believe that the Integrated Resource Planning office's load forecasting can inform utility plans in distribution planning dockets and other relevant proceedings. Furthermore, we believe that investing in this scope of load forecasting, and a fully litigated distribution systems planning process will create more cost-effective grid strategies, creating cost-savings for ratepayers over business-as-usual.

Distribution grid and utility plans all exist to serve the consumer/ratepayer. Any process for grid planning must first look at how and when consumers need energy. The Affordable Grid Act begins that way by requiring load growth forecasts and scenario planning. This must be the first question to start any grid planning process, including testing different assumptions and

[4] Maryland Energy Administration. "Reaching 100 Percent Net Carbon-Free Electricity in Maryland". January 2025. p.22

projections of load growth. That way, the Commission can essentially "stress test" the current grid, available resources, and grid services to determine what load can be served sustainably and then evaluate what additional infrastructure is needed to meet the state's anticipated needs.

Conclusion

Meeting resource adequacy needs and growing electric demand can be an expensive proposition for the ratepayer. Utility-centric solutions are fully funded by the ratepayer. Wholesale energy solutions do not address local resiliency and reliability needs. A better regulatory process, where the Commission can consider more information and better options for modernizing the distribution grid, can unlock the means to create downward pressure on Maryland energy costs.

Both HB1037/SB909 and HB1225/SB908 build on legislation passed by the House Economic Matters Committee, the Senate Education, Energy, and the Environment Committee, the General Assembly, and signed by the Governor in 2024: the DRIVE Act (HB1256 / SB959) and HB1393. The DRIVE Act establishes pilot programs for virtual power plants providing grid services and benefits to Marylanders. HB1393 requires the consideration of demand-side management strategies, such as virtual power plant deployment and enablement, for the benefit of the distribution grid.

Along with our suggested amendments, CHESSA asks for a favorable report on HB1037/SB909. Please reach out with any questions on solar and storage policy. CHESSA is here to be a resource to the committee.

Sincerely,

Robin K. Dutta

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