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112 West Street
Annapolis, MD 21401

Letter of Information – House Bill 1338 - Public Utilities – Certificates of Public Convenience and Necessity – Energy Storage Devices

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) are providing this letter of information on **House Bill 1338 – Public Utilities - Certificates of Public Convenience and Necessity - Energy Storage Devices**. Bill 1338 requires a person to obtain a certificate of public convenience and necessity (CPCN) from the Public Service Commission (PSC) before beginning construction of an energy storage device with a minimum energy storage capacity of 2 megawatts.

Currently, the PSC has the authority to issue a CPCN for the construction or modification of a generating station and a qualified generator lead line. A person or entity is prohibited from beginning construction of a generating station or an overhead transmission line designed to carry more than 69 kV without the approval of the PSC, which is secured through the CPCN. The purpose of the CPCN is to require public notice to certain state and federal agencies, governing bodies of county or municipal corporations, General Assembly members representing any part of a county, and to each landowner and each owner of adjacent land when the CPCN application is submitted. The PSC posts notices of applications on its website and on its social media platforms. There is also a requirement for at least one hearing for public comment. A series of evidentiary hearings and briefings occur and eventually, a Public Utility Law Judge issues a proposed order, which may be appealed to the PSC.

In 2023, House Bill 910 passed, creating the Maryland Energy Storage Program. This program established targets for the cost-effective deployment of new energy storage devices in the State with a goal of 3,000 MW of storage by the end of the 2033 PJM delivery year. Pepco and Delmarva Power are constantly evaluating new technologies and services to build a smarter, reliable energy grid to withstand the impacts of climate change and ensure our customers have reliable service. We believe energy storage systems provide benefits to the electric grid and utility customers by enabling the transition to a clean grid with distributed renewable resources. Additionally, energy storage systems create system efficiencies that can reduce costs and save money for utilities and ratepayers, bolster grid reliability and resilience, improve system capabilities to withstand shocks and stressors and promote economic development and job creation in Maryland communities.

Additionally, Pepco and Delmarva Power have been participating in the Energy Storage Pilot Program since 2019. The law requires all investor-owned utilities to submit at least two energy storage proposals for the Commission's consideration. As part of the pilot program, utilities have looked to adopt industry's evolving best practices for promoting efficiency in developing energy storage projects. At the same time, this pilot program's value to both the utility and customers has come primarily from the lessons learned by utilities, stakeholders, and the Commission, which will be relied on in making future investment decisions.

While participating in the pilot program, Pepco and Delmarva Power have experienced numerous challenges related to timelines, siting and permitting, costs, supply chain disruptions, customer education and community acceptance. While working with the PSC, Pepco and Delmarva Power have been able to share our experiences and document lessons learned. As we continue to implement additional energy storage projects, utilities must continue to be transparent and engage with our stakeholders as we work to meet our clean energy goals. The challenge of meeting Maryland's clean energy goals along with ensuring community acceptable will remain a delicate balance.

Pepco and Delmarva Power look forward to continuing discussions with the bill sponsor on how best to achieve transparency and stakeholder engagement as we work to meet our clean energy goals. Pepco and Delmarva Power are committed to working with the bill sponsor and all stakeholders.

Pepco Holdings, the parent company of Pepco, an electric utility serving Washington, D.C., and suburban Maryland; Delmarva Power, an electric and gas utility serving Delaware and portions of the Delmarva Peninsula; and Atlantic City Electric, an electric utility serving southern New Jersey. Anthony and his team are responsible for guiding the company's delivery of reliable and excellent service to more than two million customers in the Mid-Atlantic. Pepco Holdings is a subsidiary of Exelon Corporation, one of the nation's leading energy services companies.

Valencia McClure | Anne Klase | Allyson Black-Woodson | Poetri Deal | 410 980 5347