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PUBLIC SERVICE COMMISSION

Chair C.T. Wilson
Economic Matters Committee
230 House Office Building
Annapolis, MD 21401

RE: HB 829 – Favorable with Amendments – Public Utilities - Transmission Lines - Advanced Transmission Technologies

Dear Chair Wilson and Committee Members:

The Public Service Commission (the Commission) requests a favorable report on HB 829, with consideration of the amendments detailed below. The Commission has already begun discussions with the bill sponsor to enhance the current bill language to achieve the policy directives set forth in the bill.

The bill modifies the regulation and approval process for overhead transmission lines, incorporating requirements for advanced transmission technologies, enhanced analytical reporting, and potential cost recovery. The bill significantly alters the Certificate of Public Convenience and Necessity (CPCN) process, mandates transmission congestion reports, and establishes guidelines for considering alternatives to new transmission infrastructure. The proposed legislation adds requirements to the CPCN process which require the Commission to consider alternatives or options which employ technological methods which extend beyond traditional power transmission design methods. These advanced transmission technologies include materials, equipment, software, and energy storage components which increase the ability of transmission lines to transmit electrical power. With this additional analysis, the Commission would be required to consider whether a proposed transmission line is necessary if existing facilities could be upgraded with advanced technology instead of building new lines. The required Commission analysis would also include costs, performance, and time required to complete upgrades. In addition to the review of new technology, the bill adds new elements for CPCN review which consider other distribution system improvements which could alleviate the need for additional transmission capacity. Further, the bill requires a CPCN review to consider alternatives considered by PJM or other parties prior to selecting the transmission line for which the CPCN is requested. Enactment of HB 829 has the potential to decrease ratepayers' costs through the use of advanced transmission technologies and mitigate the need for new transmission projects to be undertaken.

The Commission notes that a large amount of the work to implement the CPCN provisions will fall to the applicant and the Power Plant Research Program (PPRP), which provides an analysis to the Commission for consideration for conditions for the CPCN. The Commission will then be responsible for reviewing the analysis and the resulting conditions, along with considerations already required by current statute.

The Commission suggests the definition of a “qualified generator lead line” in § 7-207(a)(7) be amended. As written, a possible interpretation might be that any software change might require a CPCN for a

qualified transmission lead line without any other work on the transmission line. A possible solution that the sponsor might consider would be the following. “Qualified generator lead line” means an overhead transmission line INCLUDING ADVANCED TRANSMISSION TECHNOLOGY designed to carry a voltage in excess of 69,000 volts and would allow an out-of-state Tier 1 or Tier 2 renewable source to interconnect with a portion of the electric system in Maryland that is owned by an electric company.

§ 7-207.4(D) authorizes the Commission to approve cost recovery for advanced transmission technologies. This provision appears to be aimed at promoting the deployment of advanced transmission technologies but may also raise jurisdictional concerns. The Federal Energy Regulatory Commission (FERC) has primary jurisdiction over interstate transmission rates and cost recovery. PJM, the regional transmission organization (RTO), determines cost allocation for regional transmission projects under FERC-approved tariffs. The bill does not specify how PSC-approved cost recovery would be implemented. The bill would benefit from greater clarity on how PSC-approved cost recovery would be implemented. Greater clarity on the implementation of PSC-approved cost recovery could help to prevent conflicts and legal challenges and would ensure that the legislative intent is accurately followed, particularly when introducing additional costs to ratepayers. Clearly defining the cost recovery process can provide transparency, prevent unintended financial impacts, and align regulatory actions with the bill’s objectives. Alternatively, the Commission already has retail rate setting authority and this parameter could be struck, as it does not clearly modify the Commission’s existing procedures or authority related to the allocation and recovery of costs.

Finally, the Commission interprets the enactment of HB 829 to apply prospectively. Therefore, the provisions would not apply to applications currently under consideration by the Commission. However, the Commission always has discretion to request additional information from applicants not previously provided in the CPCN application.

The Public Service Commission appreciates the opportunity to provide testimony on HB 829. The Commission requests a favorable report, with amendments as detailed, as this bill has the potential to mitigate costs for transmission projects. Please contact the Commission’s Director of Legislative Affairs, Christina M. Ochoa, if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Frederick H. Hoover". The signature is written in a cursive style.

Frederick H. Hoover, Chair
Maryland Public Service Commission