

Support  
House Economic Matters  
3/13/2025

**House Bill 1419 – Electric Distribution System Support Services – Cost Recovery and Energy Storage**

Baltimore Gas and Electric Company (BGE) supports *House Bill 1419 – Electric Distribution System Support Services – Cost Recovery and Energy Storage*. House Bill 1419 will require the Public Service Commission (Commission) to approve the use of regulatory asset accounting in recovering costs associated with electric distribution system support service programs and incentives.

In 2024, the Maryland General Assembly enacted House Bill 1256 - Electricity – Tariffs, Distributed Energy Resources, and Electric Distribution System Support Services (Distributed Renewable Integration and Vehicle Electrification Act) (DRIVE) which requires investor-owned electric companies to file one or more time-of-use tariffs designed to implement pilots or temporary tariffs in 2025. Additionally, the DRIVE Act authorizes the Commission to approve or require an investor-owned electric company to offer upfront incentives or rebates to customers enrolled in one of these pilots or tariffs to acquire and install renewable on-site generating systems.

The DRIVE Act innovatively creates the opportunity for customers to install and utilize battery storage in a way that benefits grid reliability. A first-of-its-kind virtual power plant (VPP) program where customers can store their own generated energy and sell it back to the grid during peak demand periods. It is critical that investor-owned utilities have mechanisms to incentivize customer to deploy VPPs, as this can avoid the need for expensive transmission and generation projects.

House Bill 1419 requires the Commission to approve the use of regulatory assets in recovering the costs, including upfront incentives and rebates, incurred by an investor-owned electric company participating in and administering a pilot program under the DRIVE Act. The purchase and installation of a renewable on-site generating system and energy storage devices can be rather expensive. Requiring the Commission to approve the use of regulatory assets to recover the costs incurred by investor-owned utilities offering incentives and rebates will allow the utilities to encourage customers to participate in these programs by making it financially feasible for customers to install these devices and for utilities to fund the incentives and rebates.

BGE remains committed to supporting Maryland’s energy transition along with policies that keep affordably, resiliency, and reliability a priority. House Bill 1419 sets the foundation to make achieving the goals of the DRIVE Act in the most affordable way and will move Maryland closer to achieve their renewable energy goals. For these reasons, BGE requests a favorable committee report.

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.