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112 West Street
Annapolis, MD 21401

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

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) oppose **House Bill 1397 – Certificate of Public Convenience and Necessity – Overhead Transmission Lines – Grid Enhancing Technologies**. House Bill 1397 adds “grid enhancing technologies” to 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 for the construction of an overhead transmission line.

While well-intentioned, this legislation attempts to add an unnecessary layer onto an already robust and comprehensive Certificate of Public Convenience and Necessity process that considers the community, physical, environmental, aesthetic and noise impacts for the siting of transmission lines and generating stations.

The purpose of the electric transmission system is to move electricity efficiently, to eliminate congestion or traffic jams and deliver electricity where customers need it. Pepco and Delmarva Power’s transmission system consists of thousands of structures that move high-voltage electricity from power sources to Pepco and Delmarva Power substations where the electric supply is managed and then moved along the distribution system until ultimately it is safely and reliably delivered to homes and businesses.

A CPCN process is a comprehensive regulatory process, involving many state agencies, including the Maryland Public Service Commission, Power Plant Research Program, the Department of Planning, the Department of Natural Resource and the Maryland Department of the Environment, as well as input from the impacted local governing body or bodies, landowners, and the public.

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 project within a CPCN is

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.

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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. Forcing utilities to install advanced technologies that do not support a reliable grid can lead to outages for customers. Moreover, installing advanced conductors in lieu of traditional conductors may significantly increase the cost to 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.

Additionally, transmission planning falls strictly under FERC jurisdiction and is performed by PJM. Typically, when projects are submitted to the Commission for a CPCN, they have already been studied, approved, and selected by PJM as part of its FERC approved transmission planning process. However, this bill would create a potential overlap with FERC jurisdiction, which could lead to unnecessary confusion.

It is the Commission's statutory obligation to determine whether a CPCN is in the best interest of Maryland and the reliability of the electric system. Among items the Commission must consider when determining whether to approve a CPCN is the effect of the overhead transmission line on the stability and reliability of the electric system, as well as the need to meet existing and future demand for electric service. Additionally, the CPCN process already requires utilities to present the alternatives explored and those that were not further pursued.

Pepco and Delmarva Power believe that the existing scope of considerations sufficiently provides guidance to the Commission, state agencies and local governments when considering CPCN applications.

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