

Friday, February 21, 2025

TO: C.T. Wilson, Chair of the House Economic Matters Committee; and Committee Members

FROM: Cait Kerr, The Nature Conservancy, State Policy Manager; and Michelle Dietz, The Nature Conservancy, Director of Government Relations

POSITION: Support HB 1225 Public Utilities - Electric Distribution System Plans - Establishment (Affordable Grid Act)

The Nature Conservancy (TNC) supports HB 1225 offered by Delegates Qi, Charkoudian, and Fraser-Hidalgo. HB 1225 seeks to prevent the overbuilding or underbuilding of distribution infrastructure and increase the adoption of lower-cost noncapital and non-wires solutions relative to traditional distribution infrastructure. Maryland is expected to see a spike in energy demand in the near future. It is imperative that utilities upgrade our grid as efficiently, cost-effectively, and as rapidly as possible. We must ensure the grid is ready to meet growing energy demands, and incorporate new technologies that ratepayers are already purchasing and installing, which enhance the grid's efficiency in delivering energy. This is where accurate, adequate, data-driven Distribution System Planning (DSP) comes in.

We need to act now to ensure that our grid is capable of distributing energy to meet increasing demand from the generation source to consumers as efficiently and cost-effectively as possible. There is also a concurrent need to modernize our grid, in order to take advantage of new and emerging technologies that can reduce costs to ratepayers by balancing supply and demand. Many of these technologies, including distributed rooftop solar, battery storage, bidirectional electric vehicle charging, and Virtual Power Plant agreements, are already being added to homes and businesses. These technologies can put more energy back on the grid that doesn't rely on utility-scale generation sources. There are also recent technologies that utilities can add to their distribution grid, including non-wires solutions. One type of non-wires solution is software programs that manage load can increase the grid's stability and reliability at a lower cost than building new poles and wires. Most, if not all, of these modern technologies that reduce demand from utility-scale generation can be added to the grid more quickly than additional utility-scale generation.

When DSP is done ineffectively, utilities run the risk of either significantly overbuilding or significantly underbuilding. Overbuilding takes longer to make upgrades, which delays grid readiness to meet increased energy supply and demand. It also costs more, and these costs get passed on to ratepayers. If utilities underbuild, infrastructure will require replacement earlier than expected. This takes even more time than overbuilding, and costs ratepayers even more in the long run. Underbuilding leads to new customer-sited technologies, such as solar panels and electric vehicle charging equipment, facing delays in becoming interconnected. Neither approach is conducive to optimizing ratepayer dollars.

HB 1225 aims to prevent both overbuilding and underbuilding. This bill's goals are to: (1) advance only necessary capital expenditure spending by utilities, which will minimize increases to electricity delivery impacts on ratepayers' energy bills, (2) upgrade the grid faster, which will help us meet increased energy and supply and demand more quickly, as well as reach our clean energy goals more quickly, (3) reduce power outages, (4) accelerate restoration times from power outages when they do occur, (5) increase the grid's ability to withstand extreme weather events, and (6) minimized voltage fluctuations and harmonics.

Six states already require utilities to include building electrification and electric vehicle charging in load forecasts. Five states require utilities to forecast the potential utilization and benefit of energy-saving tools including demand response, energy storage, distributed generation, demand flexibility, and/or managed electric vehicle charging. Sixteen states and The District of Columbia include analysis of non-capital, non-wires, investments in plan requirements. Six states require their Public Utility Commissions to approve electric utilities' distribution system plans. HB 1225 allows Maryland to catch our grid up to current and future energy demands and brings us up to speed with other states already taking action to tackle this issue. TNC commends Delegates Qi, Charkoudian, and Fraser-Hidalgo for introducing this bill to advance affordable, efficient, reliable energy distribution in our state.

Therefore, we urge a favorable report on HB 1225.