



HB1225 - SUPPORT
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HB1225, the Affordable Grid Act

Meeting of the Economic Matters Committee

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Dear Chair Wilson, Vice Chair Crosby, and Members of the Committee, on behalf of Elders Climate Action Maryland, I urge a favorable report on HB1225, the Affordable Grid Act.

Elders Climate Action is a nationwide organization devoted to ensuring that our children, grandchildren, and future generations have a world in which they can thrive. The Maryland Chapter has members across the state.

Each day, we see the climate crisis more clearly. We know that Maryland is at risk for sea level rise, flooding from intense rainfall, heat waves, and other extreme weather events. Maryland can also be a leader in moving us to a safer, cleaner future where we all can thrive. The clean energy transition is an essential part of that future.

Our electric grid has had the same basic structure for almost 100 years. It was designed to carry power from large power plants to homes and businesses. In many ways, it has been a marvel, but it is now woefully outdated and inadequate for our current and future energy needs.

The grid is composed of two major parts, the transmission grid and the distribution grid. The transmission grid carries bulk power through the state and from other states on large towers. Modernizing the transmission grid is essential and is being addressed in other legislation such as HB0829, the Advanced Transmission Technologies Act, and in Federal Energy Regulatory Commission regulations.

This bill deals with the distribution grid which connects our homes and businesses to the electricity system. We need to move from an antiquated 20th Century grid to a 21st Century smart grid. A smart grid is designed to make optimal use of distributed energy resources like rooftop solar, community solar, and batteries while managing the increasing demands from electric vehicles, building electrification, data centers, and more. It is one of the indispensable keys to the clean energy future we need for our environment, our health, and our prosperity.

Modernizing the grid will have direct financial benefits to utility customers. It will allow more homes and businesses to save money by adding solar to their roofs. It will also make it easier for families who can't add solar to take advantage of the cost savings from community solar. It will allow customers to manage when they use the most electricity to save on their bills while also benefiting the grid. Many of those customers may choose to save even more by becoming part of a virtual power plant.

In addition to those benefits, a smart grid provides better reliability, enhanced resilience, and improved power quality. The improvements in reliability and resilience are becoming more and more important as we face more frequent and severe extreme weather events. Improved power quality protects our ever-increasing collection of electrical equipment and electronic devices.

Of course, there will be costs in upgrading the distribution grid, but those costs can be minimized and benefits can be maximized with good planning. HB1225 draws on work already done by the state and mandates best practices for distribution system planning as developed by the National Association of Regulatory Utility Commissioners and the National Association of State Energy Officials. These requirements incorporate modern approaches and technologies that are cost-saving, cost-effective, and already in use by other states and utilities.

Each utility must submit a three-year distribution system plan for Public Service Commission approval after completing a public stakeholder engagement process. The plan must advance Maryland's climate and energy goals and adequately incorporate non-wires solutions and non-capital investments. The PSC may reject the plan if it is not cost-effective or does not minimize cost to ratepayers without compromising the grid's performance. Each utility must also submit an annual progress report to the PSC.

These steps have been incorporated into distribution planning in other states. For example, sixteen states and the District of Columbia require an analysis of noncapital investments in their plans. California and five other states require approval of utilities' distribution plans by their Public Service Commission.

HB1225 provides a clear path to the smart grid Maryland needs. We strongly urge a favorable report.

Thank you.