
Favorable with Amendments – House Bill 1419

HB 1410 – Electric Distribution System Support Services - Cost Recovery and Energy Storage

Economic Matters Committee

Tuesday, March 11, 2025

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 285,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its ten electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, New York, West Virginia, and Maryland.

Favorable

Potomac Edison / FirstEnergy supports House Bill 1419 - *Electric Distribution System Support Services - Cost Recovery and Energy Storage*, and proposes an amendment to enhance its implementation. This bill mandates that the Public Service Commission approve the use of regulatory asset accounting for recovering costs associated with electric distribution system support services programs and incentives, provided certain determinations are met. It also clarifies the role of energy storage solutions in Maryland's electric grid.

The integration of energy storage into Maryland's electric distribution infrastructure can help enhance grid reliability, accommodate renewable energy growth, and improve energy efficiency. By permitting regulatory asset accounting for cost recovery, HB-1419 encourages utilities to invest in innovative technologies while maintaining financial transparency and oversight.

While HB-1419 sets a solid foundation, additional clarity and flexibility would strengthen its effectiveness.

Potomac Edison / FirstEnergy requests a Favorable with Amendments report on HB-1419 if the following changes can be incorporated into the bill:

1. The bill should explicitly allow Potomac Edison to run Distribution System Support Services (DSSS) pilots and programs without requiring a full deployment of Advanced Metering Infrastructure (AMI or Smart Meters) across its entire service territory.
 - This flexibility would enable targeted testing of DSSS initiatives while avoiding the significant costs associated with broad AMI deployment to all of our 285,000 customers.
2. The Public Service Commission (PSC) should be required to approve the use of non-standard metrology installed in customer-owned equipment (such as home EV charging systems, power walls, power inverters, etc.) for pilot programs and other DSSS initiatives.
 - Currently, Potomac Edison utilizes such an approach in its EV-Only Time-of-Use Rate under the EV Pilot Program. However, this exception required extensive discussion with the PSC, leading to an eventual meter testing waiver.
 - A clear statutory provision would help streamline approvals and avoid future regulatory delays, while also keeping costs lower for our customers.

To address these issues, Potomac Edison / FirstEnergy proposes the following language be added into §7-1005(h):

“The Commission shall approve the use of usage and production data from customer-owned distributed energy resources upon the request of an electric company for the administration of programs described in this section.”

- This amendment would provide clear direction to the PSC, allowing for innovative program administration and reduced costs for our customers, without the need for prolonged regulatory proceedings.

House Bill 1419 is a positive step toward modernizing Maryland’s electric grid, and this amendment would improve its effectiveness, by allowing cost-efficient pilots and programs to proceed with minimal regulatory hurdles. We urge the committee to consider this change that will help ensure that investments in energy storage and DSSS programs remain flexible, cost-effective, and beneficial to all Maryland ratepayers.

Potomac Edison / FirstEnergy respectfully request a Favorable with Amendments vote on HB-1419.