



March 13, 2025

112 West Street
Annapolis, MD 21401

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

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) support **House Bill 1419- Electric Distribution System Support Services - Cost Recovery and Energy Storage**. House Bill 1419 requires the Public Service Commission (PSC) to approve the use of regulatory asset accounting for recovering costs associated with electric distribution system support services, which could include incentive/rebate programs for distributed energy resources (DER).

Pepco and Delmarva Power are actively investing in battery storage solutions to enhance grid resilience and support Maryland's clean energy goals. Through pilot programs, we are deploying storage projects designed to optimize energy distribution, reduce peak demand stress, and provide backup power for critical infrastructure. These efforts not only contribute to the state's storage goal, but also ensure that our customers benefit from a more reliable and efficient energy system.

The ability to store and deploy electricity when demand is highest will reduce strain on the grid, mitigate power outages, and support Maryland's overall energy security. House Bill 1419 advances Maryland's ambitious energy goals by facilitating the deployment of energy storage solutions while ensuring cost-effective implementation. This legislation represents a critical step in achieving the state's target of deploying 3,000 MW of energy storage. The ability to store and deploy electricity when demand is highest will reduce strain on the grid, mitigate power outages, and support Maryland's overall energy security.

Maryland has made significant progress in its transition to a more sustainable and resilient energy system. Energy storage plays a crucial role in this transition by improving grid reliability, integrating renewable energy sources, and enhancing energy efficiency. This legislation authorizes the Maryland Public Service Commission to approve regulatory asset accounting for reasonable costs incurred by electric distribution companies in offering energy storage incentives and programs. This approach provides a predictable and sustainable framework for financing storage initiatives while maintaining affordability for customers.

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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House Bill 1419 ensures that energy storage programs can be implemented in the most affordable manner for Maryland customers. Pepco and Delmarva Power support this legislation and urge the committee to issue a favorable report.

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