



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony in Support of SB 908 - The Affordable Grid Act

March 6, 2025

Chair Feldman, Vice-Chair Kagan, and Members of the Education, Energy, and the Environment Committee:

Thank you for your consideration of SB 908, the Affordable Grid Act, a critical component of responding to Maryland's energy crisis through long term fixes to our Distribution System Planning Process.

Maryland's electricity distribution system was designed over a century ago for a one-way flow of power—from centralized generation sources to homes and businesses. However, today's energy landscape has dramatically changed, with modern technologies enabling bidirectional energy flow, demand response, and distributed energy resources (DERs) such as battery storage and solar power.

Unfortunately, utility planning methods have not kept pace. Traditional forecasting approaches rely on historical trends, often underestimating the rapid adoption of clean energy technologies. This leads to costly, unnecessary infrastructure investments instead of cost-effective alternatives that better serve ratepayers. modernized distribution planning, we risk inefficiencies that will increase costs for consumers and hinder our ability to meet these targets.

A study commissioned by Atlantic City Electric in 2022 and conducted by The Brattle Group found that a \$347 million investment in modernized grid planning would yield nearly \$1 billion in value over two decades.¹ This model of cost-effective investment is exactly what the Affordable Grid Act establishes for Maryland.

SB 908 requires electric utilities to submit **comprehensive distribution system plans (DSPs) every three years** to the Public Service Commission (PSC) that will protect ratepayers, increase grid resiliency. These plans must:

¹ <https://www.brattle.com/wp-content/uploads/2024/08/Cost-Benefit-Analysis-of-Electric-Distribution-Investments.pdf>

- **Require Detailed System Planning** – Utilities must submit forecasts that account for renewable energy adoption, future energy demand, and non-wires solutions that avoid costly infrastructure expansion.
- **Track Progress** – Establishes metrics to evaluate grid performance, including reliability, DER integration, and demand response programs. Utilities must submit annual reports explaining their decisions and progress.
- **Engage Stakeholders** – Ensures public participation by requiring utilities to host meetings and consider stakeholder feedback in their planning processes.
- **Create Data Transparency** – Develops a secure data-sharing system between utilities, third-party service providers, and the public while maintaining cybersecurity protections.

Additionally, the bill mandates that:

- Utilities assess hosting and load-serving capacity for DERs such as electric vehicles, battery storage, and solar to identify constraints and opportunities, particularly in overburdened communities.
- The PSC creates regulations for standardized reporting metrics, a framework for data-sharing, and tailored requirements for different types of utilities (investor-owned, municipal, and cooperative).
- Utilities coordinate planning efforts between gas and electric distribution to avoid redundant investments and improve decarbonization strategies.

This is not without precedent - research shows that many other states are moving towards more comprehensive Distribution System Planning²:

- California, Hawaii, Massachusetts, Minnesota, New York, and Michigan require their Public Utility Commissions to approve electric utilities' distribution system plans.
- Six states 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 EV charging.

If all of this seems slightly familiar - it should! Maryland set ambitious clean energy goals through the Climate Solutions Now Act, which tasked the PSC with adopting regulations on electric distribution planning by December 31, 2025. However the Distribution System Planning Work Group has made slow progress, and you can see that in the timeline attached in my testimony. Key issues remain unresolved, and the PSC has indicated it will not approve distribution plans that lack sufficient detail and technical rigor. Further, the Work Group process has been hindered by consensus requirements that have diluted the strongest provisions. As a

² <https://emp.lbl.gov/state-distribution-planning-requirements>

result, stakeholders—including those involved in drafting this legislation—have little confidence that the PSC will finalize regulations with enough enforcement power to maximize cost savings and grid reliability.

Therefore, SB 908 codifies key items from the Work Group and builds upon them to provide solutions for the partial and non-consensus issues that would otherwise go unaddressed. SB 908 ensures that Maryland's electric utilities take a proactive approach to distribution system planning, aligning it with our state's clean energy policies and evolving demand. This bill will:

- **Protect ratepayers** by ensuring utility investments reflect actual energy demand rather than outdated projections that lead to unnecessary spending.
- **Enhance grid resilience** by integrating modern energy technologies that optimize electricity use and reliability.
- **Improve cost-effectiveness** by prioritizing innovative solutions over expensive infrastructure expansion.

This bill is the result of rigorous collaboration between my office and work group participants and stakeholders. It provides a clear framework for modernizing Maryland's distribution planning process, ensuring our grid is prepared for the clean energy transition while keeping costs low for ratepayers.

For these reasons, I respectfully urge a **favorable report on SB 908**.

Sincerely,

A handwritten signature in dark ink, appearing to read "Katie Fry Hester". The signature is fluid and cursive, with the first name "Katie" being the most prominent.

Senator Katie Fry Hester
Howard & Montgomery Counties