HB 1419 Testimony (DFH, 2025) (Senate).pdf
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Position: FAV

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Economic Matters Committee

Chair
Property and Casualty Insurance Subcommittee

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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Senator Brian J. Feldman
Chairman, Education, Energy, and the Environment Committee
2 West Miller Senate Office Building
Annapolis, MD 21401

Mr. Chairman,

I am writing in favor of HB 1419 – Electric Distribution System Support Services – Cost Recovery and Energy Storage.

HB 1419 would require the Public Service Commission (PSC) to allow an electric company, private entity, or aggregator of distributed energy resources to offer energy storage to residential customers separate from the pilot program or temporary tariff established in the DRIVE Act. The intent behind this is to enable distributed battery storage to be implemented throughout the state, as it would provide reliability and grid benefits in Maryland. The bill has been heavily amended since its introduction and some parts of the original language have been removed;

- Through an amendment section 7-1007, subsection (b) has been struck from the bill. Regulatory asset recovery is no longer part of the legislation.
- Via a separate amendment, the bill now requires the PSC to evaluate energy storage systems enacted in other states by January 1, 2026. Following that evaluation the PSC shall coordinate with stakeholders to design programs to expand and advance home and business sited energy storage in Maryland by June 1, 2026.
- An amendment has also been introduced to ensure that a person or company participating in the DRIVE Act programs as an aggregator may not be considered an electric company or electricity supplier based solely on their participation.
- A final amendment will establish that the PSC shall approve the use of telematics (or usage and production data) from customer-owned distributed energy resources for the administration of DRIVE Act programs. This ensures advanced metering infrastructure (AMI) is not a barrier to program implementation.

Droughts, wildfires, hurricanes, and flooding have emphasized the growing vulnerability of electric grids in recent years.[1] To many people, these natural disasters have also reinforced the importance of rapidly shifting away from fossil fuels, the primary cause of climate change.[2] A recent report by the U.S. Department of Energy estimated that the total cost of power outages to American businesses is around $150 billion every year.[3] Last year, the Maryland General Assembly passed the DRIVE Act, requiring the Public Service Commission (PSC) to transition to time of use rates by 2028. The DRIVE Act simplified the interconnection process for bi-directional electric vehicle charging, and paired stationary and vehicle battery storage with renewable energy generation to supercharge Maryland's electric grid. HB 1419 is an amendment to the DRIVE Act that aims to further provide reliable electricity to Marylanders statewide.

A report from the Brattle Group found that utilities could save upwards of $35 billion annually if they invested in smaller-scale energy projects like home battery storage and rooftop solar panels that can be built more easily and quickly.[4] Battery storage refers to technologies that capture generated energy, store it in another form–often chemical, thermal, or mechanical–then release it for use when needed.[5] Storage allows for the flexible use of energy at different times from when it was generated.[6]

In 2023, Green Mountain Power (GMP) proposed buying batteries, burying power lines, and strengthening overhead cables in a filing with state regulators.[7] GMP asked the Vermont Public Service Commission to allow it to spend $280 million to strengthen its grid and buy batteries. Rather than continuing typical U.S. utility operations, GMP proposed using existing infrastructure to reach demands by investing in residential battery systems. As climate change leads to more frequent and intense storms, the likelihood of power outages, storm damage, and flooding rises. Coupled with the increasing cost of electricity, this prompted Green Mountain Power to equip homes with battery storage, reducing the need for ongoing recovery expenses and the expansion of power lines.[8]

Battery storage in Maryland can help with reliability, cost management, and energy independence. The Maryland Climate Solutions Now Act requires the state to reach net-zero

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[1] Penn, I. (2023, October 9). *Vermont utility plans to end outages by giving customers batteries*. The New York Times. https://www.nytimes.com/2023/10/09/business/energy-environment/green-mountain-home-batteries.html
[2] Id., at 1
[3] *The impact of power outages*. Pinkerton. (2023, November 7). https://pinkerton.com/our-insights/blog/the-impact-of-power-outages
[4] Brown, K. (2024, March 29). *Virtual power plants (vpps) could save us utilities $15-$35 billion in capacity investment over 10 years*. Brattle. https://www.brattle.com/insights-events/publications/real-reliability-the-value-of-virtual-power/
[5] U.S. Department of Energy (n.d.), "Solar Integration: Solar Energy and Storage Basics," Office of Energy Efficiency and Renewable Energy. Available at: https://www.energy.gov/eere/solar/solar-integration-solar-energy-and-storage-basics
[6] Id., at 5
[7] Id., at 1
[8] Id., at 1

emissions by 2045.[9] Additionally, Maryland's Renewable Portfolio Standard requires 50 percent clean electricity sales by 2030.[10] In order to meet these requirements, we must adopt energy storage facilities that will help to ensure clean wind and solar energy generation is available in the hours when demand is high and renewable energy supply is otherwise low.[11]

Thank you for your consideration, I urge a favorable report on HB 1419.

Respectfully,

Delegate David Fraser-Hidalgo

[9] *Maryland passes The Climate Solutions Now act*. National Caucus of Environmental Legislators. (2022, April 12). https://ncelenviro.org/articles/maryland-passes-the-climate-solutions-now-act/
[10] *Renewable Energy*. Electricity. (2024, November 27). https://www.psc.state.md.us/electricity/renewable-energy/
[11] American Clean Power Association. (2023, April 11). *Modeling the benefits of Energy Storage in Maryland*. Modeling the Benefits of Energy Storage in Maryland . https://cleanpower.org/wp-content/uploads/gateway/2023/03/Modeling-the-Benefits-of-Energy-Storage-in-Maryland.pdf

Sunrun Favorable Testimony on HB 1419 4-1-25.pdf
Uploaded by: Thadeus Culley
Position: FAV

To the Honorable Chair Senator Brian J. Feldman, Vice Chair Senator Cheryl C. Kagan, and to all members of the Education, Energy, and the Environment Committee:

Sunrun's Written Testimony on HB 1419 (Favorable)

With the passage of the DRIVE Act last year, Maryland took great strides to empower consumers to utilize their own battery storage, electric vehicles, or other distributed energy resources (DERs) to support the more efficient and cheaper operation of the grid. The DRIVE Act will soon compensate Marylanders with these technologies who participate in DRIVE Act programs to help reduce peak demand and, eventually, provide other grid support services. HB 1419 seeks to provide necessary clarifications to ensure that the potential of the DRIVE Act will not be artificially limited by administrative burdens imposed during implementation. This bill provides an important clarification that distributed energy resource (DER) aggregators participating in retail DRIVE Act programs are not electric companies or electric suppliers for purposes of Public Service Commission jurisdiction.

Sunrun is the nation's largest provider of residential solar and storage. Sunrun has installed solar on over one million homes in the United States, with 156,000 of those households benefitting from backup battery power. Now more than 20,000 of our customers with batteries and solar are voluntarily discharging their batteries to support the entire grid, earning compensation for providing this valuable service. Under this "virtual" or distributed power plant model, Sunrun bundles together our participating customers and operates them as a single power plant. This policy and technological innovation creates market conditions where customers can make decisions to utilize their private resources to support the grid, based on market conditions and price signals from the utility through retail programs.

Unlocking DER aggregation's potential in Maryland requires keeping the structure simple. Sunrun strives to create a frictionless path for our customers with solar + battery storage, controllable electric appliances, or electric vehicles. We believe our customers should be compensated for providing any new services to the grid, but there has been no policy structure to compensate home batteries for the grid services they can provide. The DRIVE Act fills this policy void, requiring electric companies to file programs this summer that will compensate consumers for utilizing their private resources to lower system peaks. Sunrun is eager to participate and accelerate new flexible capacity on the distribution system.

DER aggregation is about how we maximize the number of participants. Thus, the success of DER aggregation is an important element of the DRIVE Act meeting its potential. DER Aggregators allow consumers to hit the "easy button" to enroll in and enjoy the benefits of program participation. DER Aggregators–who in the case of Sunrun may also be the owner and operator of the battery storage asset at the customer's residence–can handle all of the administrative elements of program enrollment, actively manage the assets to respond to utility-called dispatch events, and disperse revenues to customers that are earned from their DER's participation. In this relationship, DER aggregators are compensated through program funds

and participating customers have no “out of pocket” payment obligation. By creating an easy pathway to achieve this compensation for grid services, aggregators can increase program participation and improve program performance. Aggregation also creates fewer points of contact for the utility, reducing administrative burdens. Working with aggregators allows utilities to have access to tens of thousands of devices with only a handful of interfaces.

For DER aggregation to work, however, it is important to also create a low-friction process for aggregators. In the most successful programs, DER aggregators must register or appear on an approved vendor list. DER Aggregators are not actively regulated by the state energy regulator, other than indirect regulation of setting program participation rules. Currently, the Maryland Public Service Commission is proposing to require DER aggregators participating in DRIVE Act programs to apply for a license to operate, ruling that it has jurisdiction to do so under its authority over electric supply services and electric suppliers. Sunrun does not object to safeguards to protect the integrity of these programs and to ensure that DER aggregators are qualified and ready, willing, and able to perform. Sunrun believes, however, that licensure requirements are not necessary for retail program participation and will overburden the process, deterring many DER aggregators from participating in Maryland’s programs.

Without HB 1419, Maryland would become the first state to actively regulate or require a license for DER aggregators. These DER aggregation or “virtual power plant” programs are being conducted in over a dozen states already without the need for a formal license. For companies making resource allocation decisions about which programs or states merit investment or staff bandwidth, burdensome threshold requirements could stall or totally deter engagement from experienced DER aggregators.

An express exemption from electric supplier status for DER aggregators will remove unnecessary regulatory burdens and allow “virtual power plants” to scale more quickly. Importantly, these programs are under the complete control of the Commission. Of course, any entity that combines both DER aggregation services with the sale of competitive electric supply will still be subject to the requirements placed on electric suppliers.

DER Aggregators operating in this state should already be required to register with the Secretary of State and be subject to all otherwise applicable business and consumer protection laws that come with the privilege of operating in Maryland. As an installer, owner, and operator of customer-sited distributed energy resources in Maryland, Sunrun supports strengthening consumer protections around residential solar and storage. However, the administration of DRIVE Act programs should not require the PSC to expand its jurisdiction to accomplish this goal. As stated in comments to the PSC last year, the PSC retains significant discretion in the approval of its DRIVE Act programs to put meaningful protections in place that make sure participating vendors are legitimate and technically capable of performance.

Sunrun asks for a favorable report for HB 1419 and looks forward to chipping in to support Maryland as it pursues cost-effective solutions to resource adequacy challenges.

Respectfully submitted this 1st day of April, 2025,

Thadeus B. Culley
Director of Regulatory Policy, Sunrun
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FirstEnergy FAV HB-1419 - Distribution System Supp

Uploaded by: Timothy Troxell

Position: FAV

PotomacEdison
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Favorable – House Bill 1419
HB 1410 – Electric Distribution System Support Services - Cost Recovery and Energy Storage
Education, Energy, and the Environment Committee
Thursday, April 3, 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 as amended House Bill 1419 - *Electric Distribution System Support Services - Cost Recovery and Energy Storage*. This bill clarifies the role of energy storage solutions in Maryland's electric grid. It's integration into the infrastructure can help enhance grid reliability, accommodate renewable energy growth, and improve energy efficiency. HB-1419 also encourages utilities to invest in innovative technologies while maintaining financial transparency and oversight.

HB-1419 as amended will now 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 enables targeted testing of DSSS initiatives while avoiding the significant costs associated with broad AMI deployment to all of our 285,000 customers.

Requiring the Public Service Commission (PSC) 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 makes sense. Currently, Potomac Edison utilizes such an approach in its EV-Only Time-of-Use Rate under the EV Pilot Program. This change helps streamline approvals and avoids future regulatory delays, while also keeping costs lower for our customers.

House Bill 1419 is a positive step toward modernizing Maryland's electric grid, and as amended improves its effectiveness, by allowing cost-efficient pilots and programs to proceed with minimal regulatory hurdles. This bill helps 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 vote on HB-1419.

HB1419 - Crossover - FWA - Electric Distribution S

Uploaded by: Landon Fahrig

Position: FWA

Maryland Energy Administration

TO: Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy, and the Environment Committee
FROM: MEA
SUBJECT: HB 1419 - Electric Distribution System Support Services - Energy Storage and Data Use
DATE: April 3, 2025

MEA Position: FAVORABLE WITH AMENDMENTS

The Maryland Energy Administration (MEA) supports the bill's overarching objectives of enhancing grid reliability, integrating distributed energy resources, and promoting clean energy solutions. However, MEA recommends certain safeguards to ensure the bill's provisions align with Maryland's energy affordability and equity goals.

House Bill 1419 clarifies that aggregators of distributed energy resources participating in a pilot program will not be classified as electric companies or electricity suppliers. Additionally, the bill ensures that electric companies, private entities, and aggregators can offer energy storage solutions to residential customers outside of pilot programs. The bill also directs the Public Service Commission (PSC) to evaluate energy storage programs from other states and coordinate with stakeholders to design new programs for home and business energy storage by June 1, 2026.

MEA strongly supports the bill's clarification that electric companies, private entities, and aggregators of distributed energy resources may offer energy storage solutions outside of existing pilot programs. Energy storage plays a crucial role in enhancing grid reliability, supporting renewable energy integration, and reducing peak demand costs. By fostering competition and innovation in the energy storage sector, this provision can lead to increased accessibility and affordability for Maryland residents. MEA encourages the General Assembly to ensure consumer protection measures are in place to guarantee fair pricing and transparency in energy storage offerings.

MEA supports the requirement for the PSC to evaluate and design new energy storage programs. Learning from successful models in other states will help Maryland implement effective and equitable energy storage policies. However, MEA recommends that any new programs be designed with clear performance metrics and consumer protections to ensure they provide tangible benefits to ratepayers.

To further protect Maryland ratepayers, MEA recommends adding language to require that all projects subject to cost recovery under House Bill 1419 pass a cost-effectiveness test and prudency review before approval. This test should evaluate whether the projected benefits, such as energy savings, grid reliability improvements, and emissions reductions, outweigh the costs passed on to

consumers. Ensuring cost-effectiveness will help prevent unnecessary rate increases while still encouraging investment in clean and reliable energy solutions.

MEA urges the committee to issue a **favorable report as amended**. Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Landon Fahrig, Legislative Liaison, directly (landon.fahrig@maryland.gov, 410.931.1537).

OPC Testimony HB1419 in the Senate.pdf
Uploaded by: David Lapp
Position: INFO

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BILL NO.:	House Bill 1419 – Electric Distribution System Support Services – Cost Recovery and Energy Storage
COMMITTEE:	Education, Energy, and the Environment
HEARING DATE:	April 3, 2025
SPONSOR:	Delegate Fraser-Hidalgo
POSITION:	Informational

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The Office of People's Counsel ("OPC") respectfully offers the following informational comments on House Bill 1419. As drafted, HB 1419 sought to add two new provisions to the Distributed Renewable Integration and Vehicle Electrification Act of 2024 ("DRIVE Act"). One of the provisions, proposed subsection 7-1007(b), would have unnecessarily increased the cost of DRIVE Act programs by requiring the use of regulatory assets for the recovery of all program costs. OPC appreciates the opportunity to work with the sponsor on the bill and supports the amendment adopted by the House to remove subsection 7-1007(b), which would have enabled the utilities to make use of regulatory asset treatment for all DRIVE program costs, to the detriment of customers. Our comments below make further suggestions to improve HB 1419 by making it more compatible with the interests of customers.

Background

The DRIVE Act was enacted in 2024 as House Bill 959 and is codified at Title 7, Subtitle 10 of the Public Utilities Article. Section 7-1005 of the Act requires the Public Service Commission ("PSC") to develop a program for Maryland's investor-owned electric utilities to establish a pilot program or temporary tariff to compensate owners and aggregators of distributed energy resources ("DER") for electric distribution system support services. Compensation is to be made "through an incentive mechanism determined by the Commission." Section 7-1006 authorizes the PSC to approve or

require utilities to offer upfront incentives or rebates to customers to acquire and install renewable on-site generating systems if the customer enrolls in utility programs or temporary tariffs and allows their system to be used for support services for a period of not less than five years. Section 7-1007 of the Act provides for utility cost recovery of DRIVE Act program costs. In present form it states that electric utilities "may recover all reasonable costs incurred in: (1) participating in and administering a program under § 7-1005 of this subtitle; and (2) offering an upfront incentive or rebate under § 7-1006 of this subtitle."

The PSC is in the process of implementing the DRIVE Act.[1] On July 11, 2024, the PSC issued Order No. 91218, which among other things directed investor-owned electric companies to submit proposed pilot programs or temporary tariffs by July 1, 2025. Order No. 91218 also solicited comments on the advisability of requiring an electric utility incentive or rebate for renewable on-site generating systems to supplement other available state and federal incentives. On October 25, 2024, the PSC issued Order No. 91391, which among other things authorized—but did not require—utilities to propose DRIVE Act incentive programs. Order No. 91391 also stated that any ratepayer-funded DRIVE Act program should "include a rate design that avoids both imposing program costs on LMI customers and using regulatory assets."[2]

On December 19, 2024, Baltimore Gas and Electric Company ("BGE"), Potomac Electric Power Company ("Pepco"), and Delmarva Power & Light Company ("Delmarva") requested clarification of Order No. 91391. Specifically, the utilities requested clarification of "whether the Commission intended for the avoidance of the use of a regulatory asset only for incentives or whether the Commission intended that the entirety of a proposed DRIVE Act program should avoid the use of a regulatory asset."[3] On January 31, 2025, the PSC issued a notice clarifying that its proscription against the use of regulatory assets "applies to DRIVE Act *incentive* programs and not necessarily all DRIVE Act programs themselves. Utilities may request the use of regulatory assets for *non-incentive* DRIVE Act programs when they submit their program proposals. The PSC will evaluate any such requests when it evaluates DRIVE Act program proposals."[4]

[1] *See* Administrative Docket Number: PC 44, *In the Matter of Transforming Maryland's Electric Distribution Systems to Ensure that Electric Service is Customer-Centered, Affordable, Reliable, and Environmentally Sustainable in Maryland, available at* https://webpscxb.psc.state.md.us/DMS/pc/pc44.
[2] PSC Order No. 91391 at 4.
[3] PC 44, Docket Entry No. 396 at 2.
[4] PC 44, Docket Entry No. 404 at 3 (emphasis added).

Comments

I. OPC supports removing proposed subsection 7-1007(b) from HB 1419, as this provision would have unnecessarily increased the cost of DRIVE Act programs for utility customers.

OPC opposed subsection 7-1007(b) as proposed. While the bill was amended in the House to drop this subsection, the burden it would have imposed on ratepayers nevertheless merits elaboration. Contrary to Order No. 91391, the subsection would have required the PSC to allow utilities to use regulatory assets to recover all of their DRIVE Act program costs, including the cost of rebates and other incentives. This mandate, which has no precedent in any existing PUA statute, would needlessly increase the cost of DRIVE Act programs without providing any benefits for utility customers.

Regulatory assets are an accounting mechanism whereby non-capital expenditures are deferred on the utility's books for recovery in the future—typically on an amortization schedule over a period of years—rather than recovered in the year they are incurred, or "expensed." Expensing is the general rule for utility operating and maintenance costs and other non-capital expenditures. Historically, the PSC has sometimes approved the use of regulatory assets for extraordinary and non-recurring expenditures, such as expenditures in response to the COVID-19 pandemic. After the PSC determines that the expenditures recorded to a regulatory asset are reasonable and prudent, the regulatory asset often is moved into a utility's rate base—i.e., it is capitalized. As a result of the capitalization, the utility often is permitted to receive its authorized return on the non-capital expenditures recorded to the regulatory asset as though they were physical assets like electricity poles and wires or gas pipelines.

In prohibiting the use of regulatory assets for DRIVE Act incentives, the PSC acted in a manner consistent with its 2022 decision[5] to end utilities' use of regulatory assets to recover EmPOWER costs—a decision ratified by the General Assembly in House Bill 864 of 2024. The basis of both decisions is that allowing regulatory asset treatment for regularly recurring expenses like customer incentives unnecessarily increases the cost of the incentive program, and therefore customer bills. Continually deferring incentives and other program costs to regulatory assets is like charging those costs to a credit card and making the minimum payment every month. The result in the EmPOWER program was that unamortized balances continued to grow despite serving no purpose except to generate utility profits. Using regulatory assets for DRIVE Act incentives would have the same result.

Requiring the PSC to allow utilities to capitalize the cost of DRIVE Act incentives would also be inappropriate because there is virtually no risk in providing PSC-approved

[5] *See* PSC Order No. 90456.

incentives to customers pursuant to a PSC-approved program. A utility's PSC-authorized rate of return is supposed to approximate the return earned by investors in businesses that operate in competitive markets and present similar levels of investor risk. Investing in a capital asset involves some level of risk. By contrast, if a utility provides a DRIVE Act incentive, it will be because the PSC has approved the utility's incentive program, in which case there is virtually no risk of non-recovery. Any profits (beyond the time value of money) that a utility is allowed to earn on incentives would therefore be windfall profits.

In Order No. 91391, the PSC reasonably disallowed the use of regulatory assets to recover the cost of DRIVE Act incentives. This decision was clearly permitted under the Act and protects utility customers from unnecessarily and unreasonably high costs for DRIVE Act programs.

II. Subsection 7-1005(g) would unnecessarily deprive the PSC of jurisdiction to establish licensing requirements for third-party DER aggregators.

Proposed section 7-1005(g), which was added through House amendments, provides that a third-party aggregator of DERs that participates in a pilot program established pursuant to the DRIVE Act is not an "electric company" or "electricity supplier," as defined in PUA § 1-101. It is OPC's understanding that this amendment is intended to prevent the PSC from requiring aggregators to apply for a license to operate—a course of action the PSC is currently considering in its ongoing DRIVE Act proceedings. Opponents of licensing believe that it could prove burdensome to aggregators and deter their participation in DRIVE Act programs.[6]

In the PSC proceedings, OPC has supported the licensing of third-party aggregators because aggregators interact directly with customers in the same way that third-party retail suppliers do, and these interactions could—in the absence of PSC oversight—result in the same kinds of customer deception and abuses that some third-party suppliers have perpetrated in Maryland. At this early stage in the implementation of the DRIVE Act, OPC does not have a settled opinion on this matter and is open to hearing reasons why that licensing is in fact unnecessary for aggregators. But OPC does not support depriving the PSC of jurisdiction to make this decision, as subsection 71005(g) would do. Rather, the General Assembly should allow the PSC to decide the issue in the current DRIVE Act proceedings after careful consideration of all relevant information and comments.

[6] https://mgaleg.maryland.gov/cmte_testimony/2025/ecm/1MLf-vCEaSfgbgazHbr7OcjPA3bqnJMD4.pdf

III. Proposed subsection 7-1005(h) is unnecessary.

Proposed subsection 7-1005(h) states that nothing in PUA § 7-1005 "may be construed to prohibit an electric company, private entity, or aggregator of distributed energy resources from offering energy storage to residential customers separate from the pilot program or temporary tariff." This provision is not necessary because when section 7-1005 is read in the context of other sections of the PUA, it is clear that it cannot be construed to include such a prohibition. PUA § 7-223(e) clearly authorizes utilities to propose storage incentives through their EmPOWER programs, and PUA § 7-216.1, which requires that the PSC establish targets for the Maryland Energy Storage Program, also allows for storage programs and incentives outside of the DRIVE Act. Moreover, as far as OPC is aware, no party has interpreted section 7-1005 as preventing utilities and non-utility companies from offering storage outside of the Act.

IV. In proposed subsection 7-1005(i), "shall" should be changed to "may" to ensure that the PSC retains discretion to deny alternative metering proposals for DERs that do not meet regulatory criteria.

Proposed subsection 7-1005(i) requires the PSC to approve an electric company's request to use "usage data and production data collected from customer-owned [DERs] for the administration of the pilot program or temporary tariff established pursuant to the DRIVE Act. It is OPC's understanding that this provision is intended to enable Potomac Edison to operate a pilot program without requiring the deployment of alternative metering infrastructure, also known as "smart meters" or "AMI," across the company's service territory. In lieu of smart meters, Potomac Edison seeks to use "non-standard metrology" installed in customer-owned equipment like EV charging systems, power walls, power inverters, etc. as the company currently does for its EV-Only Time-of-Use Rate as part of the PSC's EV Pilot Program.[7]

OPC supports enabling Potomac Edison to administer DRIVE Act programs without the system-wide deployment of smart meters and therefore supports Potomac Edison's having an opportunity to seek waivers of PSC metering regulations for the use of "non-standard metrologies." But OPC does not support proposed subsection 7-1005(i) as written, because it would remove the PSC's discretion to deny waivers for alternative metering proposals that do not ensure accurate metering or are otherwise problematic. The General Assembly could address this concern by changing "shall" in line 26 to "may." With this change, OPC would support subsection 7-1005(i).

OPC appreciates the opportunity to provide these comments on HB 1419.

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[7] https://mgaleg.maryland.gov/cmte_testimony/2025/ecm/1nJ66JUwbpCxBEthZKshOBKBSspfQzXa6.pdf

HB 1419_Information_PSC.pdf
Uploaded by: Frederick Hoover
Position: INFO

STATE OF MARYLAND

PUBLIC SERVICE COMMISSION

Chair Brian Feldman
Education, Energy and the Environment Committee
2 West Miller Senate Office Building
Annapolis, MD 21401

RE: **HB1419 - Information - Electric Distribution System Support Services – Cost Recovery and Data Use**

Dear Chair Feldman and Committee Members:

HB1419 provides that a person or company participating as an aggregator of distributed energy resources (DERs)[1] in DRIVE Act[2] Pilot programs may not be considered an electric company or electricity supplier solely because of the person's or company's participation in these programs. The Public Utilities Article (PUA) § 7-1001(e)(1)(ii), *Annotated Code of Maryland* currently specifies that "electric distribution support services" include aggregators that perform services at the direction of an electricity company." In PUA § 1-101(2), "Electricity supplier" currently includes an electric company, an aggregator, a broker, and a marketer of electricity. PUA § 7-507 currently prohibits a person from engaging in the business of an electricity supplier in Maryland without first obtaining a license from the Public Service Commission. There is also precedent for the licensing of similar aggregators, such as Curtailment Service Providers (CSPs). In Case No. 9241 the Commission found that the services CSPs in Maryland fall within the definition of electricity supply services.

The Commission is already proceeding to define a process to license aggregators of DERs in Case No. 9761 to implement the DRIVE Act. HB1419 would prohibit licensing these aggregators and would therefore prevent aggregators participating in DRIVE Act programs from being regulated by the Commission. The launch of the initial DRIVE Act programs will be tightly controlled and monitored by both the Commission and electric companies because they are pilot programs, which presumably could allow for the absence of a licensure process initially. However, as these pilot programs scale up and transition to permanent programs and tariffs, they will involve more risk to customers than the initial pilot programs. This risk—as these programs scale up—is recognized and addressed in the recommendations for policy makers referenced in the Department of Energy (DOE) DER Aggregator

[1] DER aggregation involves combining the capabilities of multiple small-scale, decentralized energy resources (like rooftop solar, battery storage, and EVs) to act as a single entity, enabling them to participate in energy markets and provide grid services.

[2] During its 2024 session, the Maryland General Assembly enacted Senate Bill 959 (SB959), the Distributed Renewable Integration and Vehicle Electrification ("DRIVE") Act. The DRIVE Act requires Maryland's investor-owned electric companies to file with the Commission temporary tariffs and certain reports for time-of-use rate (TOU), vehicle-to-grid (V2G), and virtual power plant (VPP) pilot programs by certain deadlines, among other things.

Code of Conduct[3] as there is the potential for abusive practices. Therefore, removing the Commission's regulatory authority for DRIVE Act pilot programs now will create the potential for future issues as these programs scale up and transition to permanent programs which will require future licensure.

HB1419 also requires, on the request of an electric company, that the Commission authorize the use of usage data and production data collected from customer-owned DERs for the administration of DRIVE Act programs or tariffs. While the Commission agrees that utilities need this data for their DRIVE Act pilot programs, this provision would be unnecessary if the Commission is allowed to retain licensing and regulatory authority over pilot program DER aggregators in order to require that this data be provided under this authority.

HB1419 further states that the DRIVE Act may not be construed to prohibit an electric company, private entity, or aggregator of DERs from offering energy storage to residential customers separate from the DRIVE Act pilot programs or temporary tariffs. The Commission's Maryland Energy Storage Program Workgroup has already submitted a report to the Commission on October 1, 2024, that provides an energy storage design framework that allows behind-the-meter (BTM) programs applicable to residential customers. In addition, energy storage regulations in the RM85[4] rulemaking proceeding on February 5, 2025, that have already been approved by the Commission. These RM85 regulations allow BTM residential energy storage programs to be proposed, making this bill provision unnecessary. This is exemplified in that the Maryland Exelon Joint Utilities[5] have already proposed a permanent BTM program[6] in Case No. 9715 which will be considered by the Commission in hearings scheduled April 15-17, 2025.

The Public Service Commission appreciates the opportunity to provide informational testimony on HB1419. The Commission continues to work with the bill sponsor to strengthen the bill. Please contact the Commission's Director of Legislative Affairs, Christina M. Ochoa, if you have any questions.

Sincerely,

Frederick H. Hoover, Chair
Maryland Public Service Commission

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[3] *See* DOE DER Aggregator Code of Conduct, A Reference for Consumer Engagement, November 2023. The DER Aggregator Code of Conduct Reference for Consumer Engagement contains recommendations for policy makers regarding consumer enrollment representations, DERA sales staff training, consumer protection, DERA proposals to customers, contracts, operations, complaint resolution, privacy, cybersecurity and DERA record keeping, among other things.

[4] *See* RM85, Maryland Energy Storage Initiative COMAR 20.50.14

[5] Baltimore Gas and Electric Company, Potomac Electric Power Company and Delmarva Power & Light Company.

[6] See Mail Log Nos. 316129 and 316131. The Maryland Exelon Joint Utilities proposed an initiative for residential customers that would allow eligible customers to have utility-owned and utility-controlled battery storage devices installed on their property. Each BESS will be commissioned to provide, at minimum, load management through PJM's demand response market and distribution system support while also having the ability to provide the customer with home backup power during service interruptions.