

KUMAR P. BARVE
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PUBLIC SERVICE COMMISSION

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

RE: SB 26 - Information - Public Utilities – Off-Grid Electricity Providers – Exemption

Dear Chair Feldman and Committee Members:

The Public Service Commission (the “Commission”) appreciates the opportunity to provide this informational testimony for SB 26. This bill would exempt off-grid electricity providers from any provision of the Public Utilities Article (PUA) or related regulations and orders, except for the requirement to obtain a Certificate of Public Convenience and Necessity (CPCN) pursuant to §§ 7-207 and 7-207.1. As defined in the bill, an off-grid electricity provider is an electric generating facility that does not interconnect with the State’s electric system, does not cross state lines, and is not located in a government-owned roadway or right-of-way. The Commission would like to provide information on two aspects of this bill for the Committee’s consideration.

First, SB 26 could be interpreted to broaden the types of projects that are required to obtain a CPCN from the Public Service Commission. Currently, the CPCN statutes exempt certain generating units that would fall under this bill’s definition of an off-grid electricity provider, including small generators under two megawatts and emergency back-up generators that do not connect to the grid. Because the bill has an explicit requirement that off-grid electricity providers—as it defines them—comply with CPCN requirements, it might force some currently-exempt units into the CPCN process. The Commission does not know at this time how many of these generating units there are in the State, but because the bill’s definition could even cover personal residential and worksite generators, it would likely be a high volume. If the bill is not intended to broadly expand the CPCN process requirements to currently-exempt projects, the Commission would recommend clarifications to the language so the bill can be implemented as intended.

Second, the Commission notes that SB 26 would remove its ability to regulate off-grid electricity providers in any way except to require a CPCN. For example, fossil-fuel or renewable energy generators potentially supplying large commercial loads or serving multiple customers could meet the bill’s definition of an off-grid energy provider in certain circumstances, and the Commission would not have authority to regulate the generation or distribution of energy by these facilities. This could allow utilities to circumvent the statutory restraint on their ownership of generation without Commission approval. Beyond this potential outcome, because of the bill’s broad applicability it is difficult to estimate the extent to which the Commission’s authority

would be inhibited or what impact that would have on customers of these unregulated off-grid electricity providers.

Please contact Niki Wiggins, Director of Legislative Affairs, at irene.wiggins3@maryland.gov if you have any questions related to this informational testimony.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kumar", with a stylized flourish extending to the right.

Kumar P. Barve
Chair, Maryland Public Service Commission