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PUBLIC SERVICE COMMISSION

Chair Marc Korman
Environment and Transportation Committee
250 Taylor House Office Building
Annapolis, MD 21401

RE: HB 723: – Information – The SAVINGS Act (Securing Affordable, Valuable Investments in Next Generation Grid Solutions)

Dear Chair Korman and Committee Members:

During the 2022 Legislative session, the Maryland General Assembly passed the Climate Solutions Now Act of 2022 (SB0528), which requires the Public Service Commission (Commission) to establish distribution system planning (DSP) regulations by July 1, 2025, among other things. In the 2024 Legislative session, the Maryland General Assembly passed the Electric System Planning - Scope and Funding Act (HB1393) to make system planning requirements more broadly applicable to “electric system planning” instead of specific to “electric distribution system planning”, among other things. In addition, the scope of a Commission annual DSP report due to the General Assembly under PUA §7-802 starting on December 1, 2024, was modified under HB1393 to now require information regarding projects designed to promote the goals of the section in addition to requiring investment in demand-side methods and technology to improve reliability and efficiency, including virtual power plants. Due to the additional requirements in HB1393, the statutory deadline to establish distribution system planning regulations was extended from July 1, 2025, to December 1, 2025.

However, the Commission's efforts to implement a transparent electric system planning process that provides new opportunities for stakeholder participation and feedback predates these legislative initiatives. In 2021, in considering the product of the NARUC/NASEO Taskforce on electric distribution planning and the work of the PC44¹ workgroups, the Commission issued Order No. 89865 and launched the DSP Workgroup. The DSP Workgroup was initially tasked to review existing utility processes and determine how they align with the NARUC/NASEO Taskforce recommendations and where there may be opportunities for early and meaningful stakeholder engagement. Commission workgroup proceedings are open to all participants who wish to join and are intended to develop consensus proposals for the Commission, where possible.

¹ See PC44 Docket, 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

The DSP Workgroup scope has expanded over time to include the requirements from SB0528(2022) and HB1393(2024) in addition to several Commission Orders² providing direction in response to DSP Workgroup reports. The new COMAR 20.50.15 Electric System Planning regulations were published in the Maryland Register on November 14, 2025 with an effective date of November 24, 2025. These regulations require an annual Technical Conference and Annual Plan Updates. In addition, the Commission has directed in Order No. 91799 that electric companies shall propose reliability standards for 2028 through 2031 by March 1, 2026 pursuant to COMAR 20.50.12.02D(8)10 for consideration during an August 2026 Technical Conference. The result is an integrated DSP process³ that ensures that the Commission and stakeholders have insight and input into the ongoing incremental investments necessary to ensure delivery of electricity in Maryland in support of state policy goals. This is a significant milestone. While Maryland's electric utilities have always engaged in DSP planning resulting in system investments to provide safe, reliable, and affordable service, historically utility DSP processes have not been transparent and have provided suboptimal opportunities for consideration of stakeholder feedback in the plan development phase. Also, utility DSP plans will now be focused on specific state policy goals in addition to other requirements in SB0528(2022) and HB1393(2024). The Commission continues to meet the deadlines and fulfill the requirements in statute concerning Electric System Planning.

While the Commission is aligned with the general intent of HB723 to improve the DSP process in pursuit of state policy goals and to also provide more transparency and opportunities for stakeholder input into DSP plans, the Commission offers recommendations for the Committee to consider. HB723 substantially expands the requirements being contemplated in the current Commission process. While many areas within HB723 are already being addressed in the current DSP Workgroup, HB723 requires electric companies to develop and submit comprehensive Cost Containment Plans to the Public Service Commission. These plans must be approved by the Commission, thereby requiring fully litigated DSP cases for each utility. The Committee should consider allowing the Commission to approve goal targets for containing or tapering the rate of load growth without formally approving Cost Containment Plans. The Commission's additional resource requirements can be significantly reduced, or absorbed, when combined with current resource requirements for Electric System Plans pursuant to COMAR 20.50.15.04 which are currently not fully litigated.

² See Order No. 90777 on Recommendations of Distribution System Planning Work Group, August 2023, Order No. 91256 on Recommendations of Distribution System Planning Work Group. Case No. 9665 in July 2024 and Order No. 91490 on Recommendations of Distribution System Planning Work Group in January 2025.

³ As described by the Regulatory Assistance Project, Integrated DSP "is a process that systematically develops plans for the future of a distribution grid using inputs supplied by the electric utility, the Commission, and interested stakeholders. The planning process is integrated in the sense that all possible solutions to distribution system needs are considered. The objective of the final plan is a distribution system that operates for the public good, meeting the objectives set out by stakeholders in a cost-effective manner." Unlike traditional siloed distribution planning, Integrated DSP will look to the interconnected relationships of the PUA §7-802 policy goals to lead to more effective grid investments.

The Committee should consider allowing electric companies to be able to propose annual goals for containing or tapering the rate of load growth to the Commission, supported by an electric company analysis of cost-benefit and other impacts. The Commission should be allowed to make an informed and balanced decision on load growth containment initiatives rather than prescribing a goal that may be infeasible, and which may require customer compliance with frequent demand response requests, for which electric companies may be penalized for non-compliance.

Finally, allow the Commission to stagger the submission schedule for utilities with initial plans to begin in 2028 while integrating the new Cost Containment Plans into the Electric System Plans prescribed in COMAR 20.50.15 Electric System Planning. Enacting the bill as introduced will cause delays in the Electric Systems Planning process. The Commission is open to working with the bill sponsor to ensure changes to the Electric Systems Planning made by enacting HB723 do not impede or delay the process currently underway. Instead of completely striking certain items from the bill, the Commission's suggestions aim to grant it the discretion to review electric company Cost Containment Plans and goal target proposals. This would allow the Commission to make final determinations regarding implementation details and the pace of improvements, while considering the inherent differences, individual circumstances, cost-benefit impacts, and available resources among investor-owned electric companies, electric cooperatives, and municipal electric utilities.

The Public Service Commission appreciates the opportunity to provide the Committee with this informational testimony. Please contact the Commission's Director of Legislative Affairs, Niki Wiggins, if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kumar P. Barve', with a stylized flourish at the end.

Kumar P. Barve
Chair, Maryland Public Service Commission