ORDER NO. 91218

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	* * * * * * * *	BEFORE THE PUBLIC SERVICE COMMISSION OF MARYLAND Administrative Docket PC44

Issue Date: July 11, 2024

ORDER ON DRIVE ACT PILOT PROGRAMS IMPLEMENTATION

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 investor-owned electric companies to implement certain pilots or temporary tariffs in 2025 and authorizes the Public Service Commission to approve or require an investor-owned electric company to offer up-front incentives or rebates to customers enrolled in one of these pilots or tariffs to acquire and install renewable on-site generating systems,[1] including enhanced incentives or rebates for low- or moderate-income customers. In particular, the DRIVE Act requires Maryland's investor-owned electric companies[2] to file with the Commission temporary tariffs and

[1] The DRIVE Act defines a renewable on-site generating system as an energy system located on a customer's premises that generates or stores electricity from a non-greenhouse-gas-emitting renewable source that is capable of providing electricity for customer use and the electric distribution system, is paired with an energy storage device configured to charge from the renewable source and from the electric distribution system unless, for the purpose of eligibility for net energy metering, the energy storage device is required to be charged only from the renewable source. A renewable on-site generating system may include bidirectional electric vehicle service equipment.

[2] Pursuant to the DRIVE Act, electric cooperative utilities and municipal electric utilities are exempt from the applicable requirements in this order unless they: (a) elect to file tariffs for electric distribution support services, or (b) provide incentives for renewable on-site generating systems as specified in Public Utilities

certain reports for time-of-use rate ("TOU"), vehicle-to-grid ("V2G"), and virtual power plant ("VPPs") pilot programs by certain deadlines. In addition, the Commission is required to adopt regulations by May 1, 2025 establishing expedited processes to interconnect bidirectional electric vehicle systems and ensure that electric companies have adequate time to ensure electric system reliability in advance of these interconnections.

Furthermore, the DRIVE Act requires the Commission to consult with the Maryland Energy Administration ("MEA") when approving or requiring an incentive or rebate for renewable on-site generating systems in order to supplement other available state and federal incentives. Incentives and rebates should be established to coordinate with the effective date for a pilot program or temporary tariff for electric distribution system support services.[3]

The subjects within the DRIVE Act offer an opportunity for competitive third parties to participate and drive innovation on the electric grid. Such participation and innovation may include technology companies building software to manage data and distributed energy resources, thermostats, electric vehicles, energy storage and demand response, among other things that can be aggregated into either homogeneous or heterogeneous VPPs for aggregators to create customer-centric products. While the DRIVE Act provides the legislative intent to pursue additional third-party participation and innovation in providing electric distribution system support services in Maryland, the Commission also concludes that protecting customers is essential by licensing distributed

Article §7-1006, or (c) have opted-into future Federal Energy Regulatory Commission (FERC) Order No. 2222 provisions for distributed energy resource aggregations in their service territory.

[3] Pursuant to the DRIVE Act, electric distribution system support services means the dispatch and control of a distributed energy resource to provide services that contribute to the efficient and reliable operation of the electric distribution system by an electric company, or an aggregator acting at the direction of an electric company [....].

energy resource aggregators that participate in these programs and requiring that they meet certain minimum requirements to maintain their licenses in good standing. Currently, Code of Maryland Regulations ("COMAR") 20.51.02.01 requires electricity supplier licenses, and COMAR 20.51.02.02 specifies the application requirements. The Commission currently will rely upon these existing COMAR requirements as a starting point to develop licensing and application requirements for distributed energy resource aggregators.

Pursuant to the DRIVE Act, pilot tariffs should initially focus on peak load reduction, although the Commission's Distribution System Planning Work Group may eventually recommend expanding these utility programs to implement specific policies for electric distribution system planning and other improvements to promote State policy goals.[4] Furthermore, these temporary tariffs should aim to inform the Commission as to how to proceed in future rulemaking proceedings, including reporting requirements, as well as mature tariffs. To that end, the Commission encourages utilities to explore different pilot tariff options[5] to better inform the Commission about diverse models going forward. Utilities should also promptly inform the Commission if their experience dictates that modifications to these temporary tariffs require expedited Commission approval. Additionally, if the utilities require the waiver of existing COMAR regulations to implement their pilot program proposals or require direction from the Commission on the design of their pilot programs and temporary tariffs, the Commission asks that the utilities make these requests within a reasonable time before any statutory deadlines for tariff

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[4] *See* Order No. 90777 on Recommendations of Distribution System Planning Work Group. PC44 and Case No. 9665 (Maillog No. 304701).

[5] For instance, VPP pilot programs may consider both homogeneous or heterogeneous mixes of different types of distributed energy resources and load reduction technologies.

submittals. Furthermore, the Commission directs utilities proposing pilot programs or temporary tariffs to provide the Commission with periodic status reports along with any relevant metrics needed to evaluate the pilot programs or temporary tariffs.

Additionally, the Commission requests a clear deadline for all utilities' assessments of their pilot programs and temporary tariffs, including the program's cost-effectiveness as well as an overall evaluation of benefits received, and any other lessons learned or conclusions that might be relevant to finalizing the program and tariffs going forward as set forth in Order No. 88438.[6] At the conclusion of any pilot program, if the Commission determines that transitioning a pilot program or temporary tariff is in the public interest, the Commission may require the utility to provide a plan to transition a pilot program or temporary tariff to a mature program or tariff.

In order to further the effectiveness of these pilot programs as to future TOU rates and other tariffs related to supporting Maryland electric systems, the Commission encourages consultation with all stakeholders, including the Commission's Technical Staff, the Office of People's Counsel and MEA, among other entities. To that end, the Commission offers the resources of the PC44 Time of Use Work Group, the PC44 Interconnection Work Group, and the PC44 Electric Vehicle Work Group and directs the

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[6] *See* Order No. 88438, *In the Matter of the Baltimore Gas and Electric Company Request for Approval of a Prepaid Pilot Program and Request for Waivers of COMAR and Commission Orders,* Case No. 9453, slip op. at 20 (Oct. 25, 2017), where the Commission describes a systematic approach to developing and evaluating a pilot program including the following: clear goal(s) established at the beginning of pilot program development; evaluation metrics linked to those goal(s) that will inform whether the goal(s) are achieved; an evaluation plan developed before final pilot approval; an estimate of pilot program implementation costs; public sharing of key pilot program data after pilot is complete, and at regular intervals during the pilot if appropriate; public review of pilot results by the Commission; a clear transition plan for current customers; and a firm sunset date.

utilities to consult with these work groups to assist in establishing their pilot programs and temporary tariffs.

Finally, the Commission reminds the utilities that they have the responsibility to meet certain DRIVE Act requirements for establishing pilot programs and filing temporary tariffs, regardless of whether or not consensus is achieved with stakeholders in the aforementioned PC44 Work Groups.

IT IS, THEREFORE, this 11th day of July, in the year Two Thousand Twenty-Four by the Public Service Commission of Maryland, **ORDERED**:

(1) that on or before July 1, 2025, each investor-owned electric company must file with the Commission one or more time-of-use rate tariffs for appropriate customer classes to be made available to customers on an opt-in basis pursuant to PUA § 7–1003;

(2) that on or before July 1, 2026, each investor-owned electric company must submit a report to the Commission evaluating: (1) the potential to avoid or defer electric distribution system capital projects and (2) the merits and feasibility of transitioning all customers to a time-of-use tariff on an opt-out basis pursuant to PUA § 7–1003;

(3) that on or before November 1, 2024, the PC44 Interconnection Work Group must propose regulations to the Commission to establish expedited processes to interconnect V2G and ensure that electric companies have adequate time to ensure electric system reliability in advance of these interconnections pursuant to PUA § 7–1004;

(4) that on or before July 1, 2025, each investor-owned electric company must submit to the Commission for approval a pilot program or temporary tariff for electric distribution system support services provided by VPP and V2G programs that provide

reasonable compensation on a pay-for-performance basis through temporary tariff proposals to be approved by the Commission pursuant to PUA § 7–1005;

(5) that the Maryland Energy Administration and other stakeholders provide comments on or before September 1, 2024 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. These incentives and rebates should be established to coordinate with the effective date for a pilot program or temporary tariff for electric distribution system support services pursuant to PUA § 7–1006;

(6) that the Commission requests comments on or before September 1, 2024 from stakeholders regarding the licensing of distributed energy resource aggregators. The Commission specifically requests comments on the existing COMAR 20.51.02.01 licensing requirements, and COMAR 20.51.02.02 application requirements, or modifications thereof, that are applicable to distributed energy resource aggregators along with any additional minimum requirements for these aggregators to maintain their licenses in good standing;

(7) that biannually, starting on or before February 1, 2026, each electric utility must provide information for the previous July through December and January through June reporting period in a report filed with the Commission. These periodic reports shall summarize the numbers of tariff participants approved and denied, if applicable, for each tariff. In addition, an investor-owned electric company must report the enrolled amount of load reduction by tariff, including information summarizing the actual performance of these tariffs as compared to the expected performance, in addition to any other metrics determined by the electric utility to be needed for evaluation of the pilot programs;

(8) that in order to facilitate the Commission meeting its DRIVE Act requirement to submit a report and recommendation on the TOU pilots by December 31, 2027, on or before October 1, 2027, each investor-owned electric company must submit a report to the Commission on the impacts of opt-in time-of-use tariffs on the electric distribution system along with timelines, feasibility, and merits, and whether a full transition to time-of-use rates is justified. In addition, each investor-owned utility must set a reasonable TOU enrollment target in this report pursuant to PUA § 7–1003;

(9) that on or before October 1, 2027, each investor-owned electric company must file with the Commission an assessment of any VPP and V2G pilot programs and temporary tariffs employed by the EDC that includes a cost effectiveness evaluation, quantitative and qualitative assessments of benefits received, costs, lessons learned to-date, and any conclusions regarding making the pilot program or temporary tariff a permanent program or tariff. If the Commission determines that transitioning a pilot program or temporary tariff is in the public interest, the Commission may require the electric utility to provide a plan to transition a pilot program or temporary tariff to a permanent program or tariff; and

(10) that the investor-owned electric companies must consult with the PC44 Time of Use Work Group, the PC44 Interconnection Work Group, and the PC44 Electric Vehicle Work Group to assist in establishing their relevant pilot programs and temporary tariffs, as needed.

/s/ Frederick H. Hoover, Jr.

/s/ Michael T. Richard

/s/ Kumar P. Barve

/s/ Bonnie A. Suchman
Commissioners