

**STATE OF MARYLAND
OFFICE OF PEOPLE'S COUNSEL**

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BILL NO.: **House Bill 1044**
 Electricity – Electric Vehicle Charging
 Program

COMMITTEE: **Economic Matters**

HEARING DATE: **March 3, 2011**

SPONSOR: **Delegate Hucker**

POSITION: **Oppose**

House Bill 1044 requires the Public Service Commission to establish a demand response program for charging electric vehicles. The Office of People's Counsel believes a pilot demand response program for electric charging vehicles (House Bill 164)¹ is preferable to a full-blown implementation program , and therefore recommends an unfavorable report on this bill.

The program must be established by January 1, 2012. The bill requires each electric company to participate in the program as part of its Standard Offer Service (SOS), although competitive suppliers may also participate. The program must include incentives to recharge electric vehicles to increase the efficiency and reliability of the electric distribution system and lower electricity use during peak demand periods. The bill also requires the electric companies to release

¹ OPC has filed informational comments on House Bill 164, which also is being heard today by this Committee.

participating customer usage information to a participating electricity supplier. Finally, the Commission is required to report annually to the Governor and General Assembly on the implementation of the program beginning February 1, 2014.

The bill would add a new Section 7-309 to the Public Utilities Law to require all electric to establish a program to encourage customers to recharge electric vehicles during off-peak hours, and thus lessen the possible impact of the additional electricity use to charge the vehicles. Promotion of electric vehicles will actually increase overall electricity use, but with the intention of reducing greenhouse gas emissions in contrast to gasoline powered vehicles. While a pilot program could test ways to move the charging to off-peak hours to avoid the negative and costly consequences of vehicle re-charging during on-peak hours, when electricity demand is high, this bill would require implementation of a program.

The bill requires the Commission to adopt time-of-use pricing and credits for distribution charges, and permits time-of-use tariffs. The eventual addition of significant electricity use due to vehicle charging is an important issue in terms of overall system reliability and price impacts, and will need to be addressed. However, a pilot program would allow testing of approaches to avoid reliability problems and ensure that adverse impacts on other customers or customer classes from the additional electricity use are avoided.

The extension of credits on customer distribution charges may be an appropriate tool to the extent that customers' electric vehicles are actually used as

a type of distributed generation and the credit is cost-effective for the customer class; however, OPC is not clear if or how these credits would work. The Administration has proposed tax credits for electric vehicle charging equipment in a separate bill (HB 163), and OPC views that approach as more appropriate than utility company rebates, to the extent that electric companies seek residential ratepayer recovery for the cost of those rebates.

The bill requires the incentives to be designed in a manner that will increase the efficiency and reliability of the system. Given the increase in total electric usage as a result of promoting electric vehicles, the electric vehicles will increase efficiency and reliability to the extent that they can act as distributed generators. This would occur if the electric vehicles are able to use their batteries for electricity storage, and return some of the stored electricity to the electricity grid during times of peak demand. Given the current state of technology, it is not clear to OPC that these latter capabilities will be available at the time the pilot program is launched.

The Administration has proposed other legislation (HB 167) to create an Electric Vehicle Infrastructure Council to address the myriad of issues related to integration of electric vehicles into communities and in particular, into the electricity grid. The potential challenges of additional electricity demands from re-charging of electric vehicles during high usage time periods must be addressed before there is significant adoption of electric vehicles in Maryland and elsewhere. However, while a pilot program may provide some helpful data on the

efficacy of certain approaches to encourage off-peak re-charging of electric vehicles, a full blown program is premature.

WHEREFORE, OPC recommends an unfavorable report.