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OFFICE OF PEOPLE'S COUNSEL**

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BILL NO.: House Bill 650
Energy Storage Pilot Project Act

COMMITTEE: Economic Matters

HEARING DATE: February 21, 2019

SPONSORS: Delegates Korman and Barve

POSITION: Support with Amendments

House Bill 650 would require the Commission to establish an Energy Storage Pilot Program. Under this program, each investor-owned utility would be required to submit a proposal for at least two energy storage project to be installed on its system. The applications would provide the Commission with information on the proposed project including estimated costs and benefits of the project. If the project is implemented, the utility would collect data on the project and issue a report to the Commission on the project. The cumulative size of the program is to be between 5 and 10 megawatts.

Energy storage devices have the potential to reduce the costs of the distribution system by providing a less expensive alternative to a needed system upgrade. Storage systems may be able to provide services to utilities to avoid the system upgrade while also participating in wholesale electricity markets and receiving revenue for that participation. The Office of People's Counsel (OPC) believes it would be worthwhile to gather evidence on the ability of energy storage

devices to provide valuable service for the electric distribution system. There is currently pending before the Public Service Commission (Commission or PSC) a proposal for a program very similar to the one that would be required under HB650.¹ OPC has not supported the proposal before the Commission primarily because there is a lack of clarity in existing law as to whether and under what circumstances, a utility may own and operate an energy storage facility. This bill would resolve that issue for the purpose of this pilot program. (Page 5, §7-216(G)). However, OPC also has concerns about certain aspects of the bill and proposes the attached amendments.

There is no clear provision in the bill stating that the Commission may reject the applications made under proposed §7-216(D). The law should be explicit that the Commission may reject some or all of the projects proposed if the Commission finds that the inclusion of the project in the pilot program will not be in the interest of the public or ratepayers, after considering the projected costs and benefits to ratepayers of the project. OPC proposes an amendment to the bill in the Attachment to make the Commission's authority to reject projects explicit.

There is a provision of the bill that states that the utility will make all data regarding the pilot available to the public "that is not proprietary or confidential." Because utility customers likely will be paying the costs of the pilot and for the storage facilities or storage services procured under the pilot, as much data as possible should be made available publicly. Therefore, OPC proposes an amendment to the bill in the Attachment to add a provision to allow the Commission to determine which data relating to the energy storage facilities or the pilot can be

¹ Public Conference 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.*

made available to the public, and to allow the release of confidential or proprietary data to the Commission Technical Staff and OPC.

With these comments, OPC recommends a FAVORABLE report on House Bill 650, if the amendments set forth in the Attachment are accepted.

ATTACHMENT
OPC TESTIMONY ON HOUSE BILL 650
ECONOMIC MATTERS COMMITTEE
PROPOSED AMENDMENTS

1. Amendment to §7-216 (page 5)

Purpose: To make explicit the Commission's authority to reject projects proposed for the pilot program

ADD line 24, new subsection (H):

(H) (1) THE COMMISSION SHALL SOLICIT COMMENTS FROM STAKEHOLDERS AND HOLD A HEARING ON APPLICATIONS SUBMITTED UNDER SUBSECTION (D) OF THIS SECTION;

(2) AFTER RECEIVING COMMENTS FROM STAKEHOLDERS AND HOLDING A HEARING, THE COMMISSION MAY APPROVE, APPROVE WITH MODIFICATIONS, OR REJECT THE APPLICATIONS MADE UNDER SUBSECTION (D) OF THIS SECTION AFTER CONSIDERATION OF THE PROJECTED COSTS AND BENEFITS OF THE PROJECTS PROPOSED FOR INCLUSION IN THE PILOT PROGRAM AND DETERMINATION OF WHETHER THE PROJECTS ARE IN THE PUBLIC AND RATEPAYER INTEREST.

2. Amendment to §7-216(H) (page 9)

Purpose: To provide the Commission with explicit authority to decide whether data related to the pilot program may be released publicly

Add line 19, new subparagraph (IV) of subsection (H), paragraph (4):

(IV) AFTER RECEIVING COMMENTS FROM ALL PARTIES, THE COMMISSION MAY DECIDE WHAT DATA WILL BE MADE AVAILABLE TO THE TECHNICAL STAFF OF THE PUBLIC SERVICE COMMISSION AND THE OFFICE OF PEOPLE'S COUNSEL AND WHAT DATA MAY BE MADE AVAILABLE TO TO THE PUBLIC.