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BILL NO.: House Bill 1225 – Electric Distribution System Plans –
Establishment (Affordable Grid Act)

COMMITTEE: Economic Matters

HEARING DATE: February 21, 2025

SPONSOR: Delegates Qi, Charkoudian, and Fraser-Hidalgo

POSITION: Favorable

The Office of People’s Counsel (“OPC”) strongly supports House Bill 1225, the Affordable Grid Act, which would reform the distribution system planning (“DSP”) process used by Maryland’s electric utilities.

In 2021, the Public Service Commission (“PSC”) initiated a work group, with direction to undertake a comprehensive examination of distribution system planning in Maryland.¹ In 2022, the General Assembly charged the PSC with adopting regulations or issuing orders by July 1, 2025 to implement specific policies for DSP and promote State policy goals.² Over the last three years, OPC has actively participated in the work group facilitated by the PSC. Following the submission of recommendations by the work group, the PSC issued an order last summer resolving many of the key issues necessary to move forward with regulations.³ HB 1225 seeks to resolve outstanding issues of non-consensus, not previously decided by the PSC, and address certain decisions of the PSC that limit meaningful stakeholder involvement and utility accountability.

DSP processes are currently structured to build a system capable of distributing power generated from distant generation to end users. Maryland’s current process lacks the precision, transparency, and accountability needed to efficiently integrate distributed energy resources (“DERs”) and non-wires solutions (“NWS”) at potentially lower costs than traditional utility investments. In particular, utilities currently plan and build their distribution systems without direct PSC oversight or stakeholder participation—as a utility’s infrastructure spending is only reviewed for prudence in a rate case after the

¹ Md. PSC Order No. 89865 (June 23, 2021).
² Md. Code Ann., Pub. Util. Art. §§ 7-802, 7-804.
³ Md. PSC Order No. 91256 (July 30, 2024).

investments have already been made. This leads to unnecessary costs and missed opportunities to enhance grid resilience and reliability by facilitating the deployment and use of DERs. These shortcomings also hinder Maryland’s ability to cost-effectively reduce greenhouse gas emissions and ensure that vulnerable communities are included in the energy transition.

Key shortcomings of current electric utility DSP processes include:

- **Lack of meaningful stakeholder participation and utility accountability** – Utilities self-govern their DSP processes, deciding unilaterally if, when, and how investments are made.
- **Weak forecasting** – Utilities lack granular, long-term load and DER forecasts that accurately model electrification trends.
- **Inadequate hosting capacity analysis** – Current methodologies fail to reflect how grid capacity changes over time, limiting DER deployment.

HB 1225 would address these shortcomings and establish a structured, transparent, and participatory DSP process by requiring:

- **Mandatory, three-year DSP plans that are subject to approval by the PSC** – Utilities would be required to submit comprehensive DSP plans to the PSC for approval every three years instead of relying on voluntary, discretionary improvements to existing utility DSP processes.
- **Robust performance metrics** – The PSC would adopt specific benchmarks for grid reliability, DER integration, and clean energy expansion.
- **Transparent stakeholder engagement** – Utilities would be required to provide public comment opportunities and respond to feedback.
- **A data-driven planning framework** – Utilities would have to improve forecasting accuracy, hosting capacity analysis, and consideration of non-wires solutions.
- **Coordination with gas distribution system planning** – Both electric and gas utilities would be required to coordinate their planning to achieve the State’s policy goals.

Without these reforms, utilities will continue to plan the grid on their own terms, without meaningful accountability or sufficient consideration of cost-effective, clean energy solutions. HB 1225 ensures Maryland ratepayers get a modernized, efficient, and affordable electricity system—one that controls costs while aligning with the state’s climate goals.

Recommendation: OPC requests a favorable Committee report on House Bill 1225.