DAVID S. LAPP
PEOPLE'S COUNSEL

WILLIAM F. FIELDS
DEPUTY PEOPLE'S COUNSEL

JULIANA BELL
DEPUTY PEOPLE'S COUNSEL

OPC
OFFICE OF PEOPLE'S COUNSEL
State of Maryland

6 ST. PAUL STREET, SUITE 2102
BALTIMORE, MARYLAND 21202
WWW.OPC.MARYLAND.GOV

JACOB M. OUSLANDER
SENIOR ASSISTANT PEOPLE'S COUNSEL
JACOB.OUSLANDER@MARYLAND.GOV

December 18, 2025

Andrew Johnston, Executive Secretary
Maryland Public Service Commission
6 St. Paul Street, 16th Floor
Baltimore, Maryland 21202

Re: RM 89—OPC comments on the large Maryland electric utilities' cost estimates of implementing the electric system planning regulations

Dear Mr. Johnston:

The Maryland Office of People's Counsel submits these comments in Rulemaking 89 to clarify the record regarding the large electric utilities'[1] published estimate of the five-year "cost impact" of implementing the electric system planning ("ESP") regulations.

The September 5, 2025, *Maryland Register* published a utility-supplied estimate of $99.4 million as the cost of implementing COMAR 20.50.15 over five years.[2] The utilities' subsequent bench data responses show that this ESP implementation estimate is overstated. The estimate includes substantial costs for investments that the regulations do not require. For example, it includes Distributed Energy Resource Management Systems ("DERMS") and related platform investments, even though COMAR 20.50.15 does not require utilities to procure, build, or maintain a DERMS. The bench responses also indicate that at least some of the DERMS-related spending in the estimate includes spending already underway—and in at least one case already included in customer rates—or was being pursued for purposes apart from compliance with COMAR 20.50.15.

While not exhaustive, these comments describe how the utilities overstated the incremental costs of implementing COMAR 20.50.15 by treating DERMS platform

[1] Baltimore Gas and Electric Company ("BGE"); Potomac Electric Power Company ("Pepco"); Delmarva Power & Light Company ("Delmarva"); The Potomac Edison Company ("Potomac Edison"); and Southern Maryland Electric Cooperative, Inc. ("SMECO").
[2] 52:18 Md. Reg. 930-35 (Sept. 5, 2025) (stating that BGE, Pepco, DPL, SMECO and PE "do not believe that the true impacts of these regulations are reasonably estimable at this early juncture but have undertaken reasonable efforts to develop a high-level rough order of magnitude (ROM) cost impact.").

investments as ESP implementation costs.[3] OPC is not requesting any further Commission action in RM 89; we provide these comments solely to clarify the record regarding the utilities' published ESP implementation cost-impact estimate and the extent to which it reflects DERMS spending that is not required by COMAR 20.50.15.

Left unchallenged, the utilities' inflated estimate could cause readers of the *Maryland Register* to draw the incorrect conclusion that electric system planning will drive meaningful rate impacts without delivering commensurate customer benefits. Drawing a such conclusion based on the inflated estimate would be misplaced. In enacting the Climate Solutions Now Act, the General Assembly intended the electric system planning process to benefit customers by improving transparency and accountability in utility planning, strengthening scrutiny of proposed spending and alternatives, and reducing long run costs and reliability risks through better informed, more coordinated decisions. We believe the regulations take steps toward accomplishing the legislature's goals and, as a result, will produce meaningful benefits to customers.

BACKGROUND

The Commission adopted ESP regulations effective November 24, 2025[4] to improve transparency and rigor in electric system planning.[5] In the September 5, 2025, *Maryland Register* notice, the Commission published an estimated five-year "cost impact" of $99.4 million for implementing these regulations, based on a rough order-of-magnitude estimate supplied by the large Maryland electric utilities.[6]

The estimate was developed at the request of the ESP work group leader, who indicated the utilities' estimate would be anonymized and presented only collectively.[7] The utilities coordinated among themselves, developed utility-specific estimates, and then submitted a single, combined estimate of $99,435,000 for the five large utilities on July 11, 2025.[8] They did not provide a line-item breakdown, project list, or allocation methodology that would allow a reader to evaluate the estimate. The utilities also supplied the narrative qualifications—later reproduced in the *Maryland Register*—stating that the estimate was "solely based upon administration of the newly proposed regulations" and that it did not include, among other things, "[a]ny investments already

[3] OPC focuses on DERMS in these comments because it is a discrete and significant component of the utilities' estimates that is not required by COMAR 20.50.15. OPC has not verified the balance of the utilities' cost-impact estimate, and these comments do not concede that the remaining costs are accurate or properly characterized as incremental to ESP compliance.
[4] *But see* COMAR 20.50.15.01C (stating the ESP regulations become effective January 1, 2028 for electric cooperatives and municipal electric companies).
[5] COMAR 20.50.15.
[6] 52:18 Md. Reg. 930-35 (Sept. 5, 2025).
[7] *Response of Southern Maryland Electric Cooperative, Inc. to October 29, 2025 Bench Data Request,* ML# 324374 (RM 89, Nov. 14, 2025), at 2.
[8] *Id.*

completed or in flight that may be relevant to the administration of an Electric System Plan, unless such investments will require incremental costs to comply with the newly proposed regulations."[9] As a result, the notice ultimately published in the *Maryland Register* created an impression that whatever comprised the $99.4 million estimate, it reflected only the incremental cost of administering the new regulations, and not broader, multi-purpose initiatives or work already underway.

In comments filed in response to the *Maryland Register* notice publishing the proposed ESP regulations, Baltimore Gas & Electric Company ("BGE"), Potomac Electric Power Company ("Pepco"), and Delmarva Power & Light Company ("Delmarva") (collectively, "the Maryland Exelon utilities") began relying on the *Maryland Register's* published economic-impact figure, for which their $99.4 million "rough order of magnitude" estimate was the most significant part, as evidence of customer bill impacts—stating that "[t]he high cost of implementing the new regulations will impact customers" and that the "costs for agencies and utilities to implement these regulations is $101,935,000." [10] The Maryland Exelon utilities further argued that "[a]t a time when affordability is a central focus for customers, these costs will have a real impact on customers," while also suggesting that the *Maryland Register*-published estimate was not the outer bound of potential costs because it "do[es] not include all costs of implementation for utilities" and that "additional investment in systems and software will be required."[11]

At the final rulemaking hearing on October 23, 2025, the Commission directly addressed the utilities' reliance on the roughly $102 million *Maryland Register*-published figure as a talking point against the ESP regulations. Commissioner Suchman stated that "looking at this number, I would think that [the utilities] actually don't want to do this, that [the utilities] are putting in a number—one hundred and one million dollars[12]—because the regulated utilities in Maryland absolutely do not want to do distribution system planning, because that is a number that is screaming."[13] Commissioner Suchman then requested that the utilities be "very transparent" and provide a breakdown of the estimate.[14] The Maryland Exelon utilities, Southern Maryland Electric Coop., Inc.

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[9] *Id*. (This language was reproduced in the *Maryland Register*. 52:18 Md. Reg. 930-35 (Sept. 5, 2025).)
[10] *Exelon MD Utilities' Comments Regarding Published Regulations*, ML# 323030 (RM 89, Oct. 6, 2025), at 5 ("Exelon's Published Regulations Comments").
[11] *Id.*
[12] The original cost impact figure published in the *Maryland Register* was approximately $102 million, with the utilities' estimated costs composing approximately $99.4 million of that figure. A sum of the utilities' cost breakdowns contained in their later responses total $96,436,162, approximately $3 million less than the published figure.
[13] Final Rulemaking Hearing at 34:23-34:48.
[14] *Id*. at 35:25-35:42.

("SMECO"), and The Potomac Edison Company ("PE") submitted responses to Commissioner Suchman's bench data request in November 2025.[15]

Those bench responses supplied the first utility-specific information identifying the projects and cost categories the utilities were associating with the published $99.4 million cost impact estimate. They also revealed that significant portions of the utilities' reported ESP implementation costs reflect major platform investments—DERMS—that are not required by COMAR 20.50.15 and are not properly treated as costs *caused* by the ESP regulations.

COMMENTS

1. COMAR 20.50.15 does not require utilities to implement a DERMS.

Several utilities identify DERMS as a component of their ESP "implementation" cost estimates and, in some instances, describe DERMS as "required" to carry out ESP-related work.[16] The ESP regulations do not support that characterization.

COMAR 20.50.15 is written as a planning rule. It requires utilities to develop and publish electric system plans and related updates, supported by forecasts, scenarios, and analyses—such as net load forecasting, DER forecasting, hosting capacity analysis, identification of system constraints and grid needs, locational value assessments, evaluation of potential solutions (including non-wires solutions), and stakeholder engagement and reporting.[17] Those are planning-process requirements and planning outputs. They are not directives to deploy a particular operational control platform, nor do they impose an affirmative obligation to monitor, dispatch, or control DERs as part of rule compliance.

The regulations also preserve utility discretion over "how" those planning outputs are produced. One of the ESP regulations, for example, directs utilities to pursue industry best-practice methods and analytical tools, but leaves the choice of tools to the electric companies.[18] That discretion does not transform any chosen tool into a COMAR-required investment—or justify treating the full cost of a multi-purpose DERMS platform as an

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[15] *Baltimore Gas and Electric Company Response to Bench Data Request 1*, ML# 324074 (RM 89, Nov. 6, 2025) ("BGE Bench Data Response"); *Potomac Electric Power Company & Delmarva Power & Light Company's RM 89 Response to Bench Data Request No. 1*, ML# 324075 (RM 89, Nov. 6, 2025) ("PHI Bench Data Response"); *Response of Southern Maryland Electric Cooperative, Inc. to October 29, 2025 Bench Data Request*, ML# 324374 (RM 89, Nov. 14, 2025) ("SMECO Bench Data Response"); *Potomac Edison's Response to the Commission's Request for Additional Information*, ML# 324520 (RM 89, Nov. 19, 2025) ("PE Bench Data Response").

[16] *See* BGE Bench Data Response at 1.

[17] COMAR 20.50.15.03.

[18] COMAR 20.50.15.03G(1)(c).

incremental cost of administering a planning regulation. For purposes of a published "cost impact" estimate described as "solely based upon administration,"[19] the relevant question is whether, and to what extent, a particular tool is necessary to produce COMAR-required planning outputs and reflects incremental costs *caused by the regulations*, as opposed to broader system modernization, DER integration, operational needs, or other policy and compliance drivers.

DERMS may be a sensible tool for broader grid modernization and DER integration. But COMAR 20.50.15 does not require utilities to deploy a DERMS to comply with the ESP planning and reporting obligations. Labeling full DERMS platform investments as ESP "implementation" costs therefore misstates what the regulation requires and treats broader modernization spending as if it were required for ESP compliance.

2. BGE's bench response included substantial DERMS costs in its ESP implementation estimate.

BGE's bench response illustrates most clearly the problem of how the utilities used their projected DERMS spending to inflate the *Maryland Register*-published ESP implementation cost estimate, because DERMS costs constitute a very large share of BGE's stated ESP cost estimate. BGE reports that its portion of the $99.4 million cost impact estimate totals $46.7 million.[20] Within that estimate, BGE lists two DERMS projects and additional DERMS support costs that together total $20.5 million.[21]

BGE also describes DERMS as required to monitor and/or control distributed energy resources and to manage anticipated growth in distributed energy storage and DER aggregations.[22] But those are not requirements imposed by the ESP planning regulations themselves.

Based on BGE's bench data response, BGE's estimated costs are costs that have already been incurred—or that BGE intended to incur—regardless of the ESP regulations.[23] As described in Exelon's previously filed virtual power plant report, BGE's utility DERMS implementation began in September 2023—well before the ESP regulations were finalized—with an expected go-live in the fourth quarter of 2025.[24] In BGE's Climate Solutions Now Act ("CSNA") 2025 report, BGE stated that "the DERMS

[19] 52:18 Md. Reg. 930-35 (Sept. 5, 2025).
[20] Attachment 1, BGE Bench Data Response.
[21] *Id.*
[22] BGE Bench Data Response at 1.
[23] BGE's Bench Data Response lists $9.1 million under "System Cost – Spent" (as opposed to "System Cost – Planned"), for Project 1 of DERMS. *See* Attachment 1, BGE Bench Data Response.
[24] Exelon Utilities, *Consolidated Conceptual Reports of the Exelon Utilities*, ML# 323218 (CN 9778, Oct. 10, 2025), at 5 ("Exelon VPP Report").

project supports a number of CSNA goals" and that the initial phase of DERMS Project 1 is "currently in active development and is planned to go live by the fourth quarter of 2025."[25] The Exelon VPP report identifies an approximate $9.11 million cost for DERMS Project 1 and states that this cost was included in base rates approved in BGE's 2023 multi-year plan.[26] BGE's RM 89 bench response likewise lists approximately $9.1 million as DERMS Project 1 "system cost – spent,"[27] which shows that BGE included DERMS Project 1 costs already incurred and included in base rates in its ESP implementation estimate, even though those costs are not incremental to COMAR 20.50.15. While DERMS capabilities may support ESP by improving visibility into DERs and grid conditions, BGE's DERMS program began before the ESP regulations were finalized and should not be treated as an incremental cost of implementing COMAR 20.50.15.

BGE's bench response also shows that BGE is capable of estimating incremental compliance burden when it chooses to do so. BGE identifies "net new activities" under the ESP process (i.e., work BGE asserts it would not otherwise be doing absent the ESP regulations) and provides incremental time requirements for those tasks through additional full-time employee estimates.[28] Yet BGE takes no comparable approach to DERMS. Instead of identifying what portion (if any) of DERMS costs is incremental to producing COMAR-required planning outputs, BGE includes the full cost of major DERMS projects and support as an ESP implementation cost.

BGE's labor estimates show what an "administration-only" cost-impact estimate should look like: identify the work that is new under COMAR 20.50.15 and quantify the incremental time and staffing needed to perform it. BGE, however, treats DERMS differently. Rather than identifying what portion (if any) of DERMS is incremental to producing COMAR-required planning outputs, BGE includes major DERMS platform spending—apparently including costs it reports as already "spent" and that the Exelon VPP Report indicates were included in base rates approved in BGE's 2023 multi-year plan—within its ESP "implementation" estimate. When an estimate is described as "solely based upon administration" of a planning regulation, it should not treat labor as incremental while treating a massive and ongoing multi-purpose DERMS platform investment as categorically "required" compliance spending—particularly where the regulation does not mandate that platform.

[25] *Baltimore Gas and Electric Company Climate Solutions Now Act of 2022 2025 Report*, ML# 323971 (CN 9665, Nov. 3, 2025), at 25 ("BGE CSNA 2025 Report").
[26] Exelon VPP Report at 9.
[27] Attachment 1, BGE Bench Data Response.
[28] BGE Bench Data Response at 2.

3. Other utilities similarly treat DERMS as an ESP implementation cost.

While BGE provides the most detailed illustration of how the utilities are using their DERMS spending to inflate the ESP regulations implementation cost estimate, the other utilities' filings reflect the same core approach: treating DERMS spending as part of the reported cost to "implement" COMAR 20.50.15. Similar to BGE, they folded DERMS into their ESP implementation cost narratives—sometimes by listing DERMS as a discrete line item tied to the ESP regulations, and sometimes by embedding DERMS within broader modernization initiatives described as part of the ESP effort.

Pepco and Delmarva identify "DERMS" as a single $3 million cost item and tie that cost generally to COMAR 20.50.15.03 (the ESP planning-analysis requirements).[29] Potomac Edison likewise includes "Distributed Energy Resource Management System" as a cost item, offering a range of $2 million to $5 million.[30] SMECO reports a gross estimate of $23 million and states that its estimate includes, among other items, "development and implementation" of both a distribution management system ("DMS") and a DERMS, but does not provide a DERMS-specific breakout.[31] SMECO did, however, provide a separate cost estimate in its October 10, 2025 report filed in Case No. 9778 in response to Order No. 91603: SMECO "preliminarily estimates" the costs of its six-year advanced distribution management system ("ADMS") implementation—which includes introducing DERMS functionality—as approximately $5 million.[32]

4. The published cost-impact estimate was materially inflated by including DERMS costs.

Even using only the DERMS amounts the utilities expressly identified in their bench responses—$20.5 million for BGE, $3 million for Pepco/Delmarva, and $2 million to $5 million for Potomac Edison—the published $99.4 million "cost impact" figure would fall by a range of $25.5 million to $28.5 million (a reduction of about 26 percent to 29 percent), to roughly $73.9 million to $70.9 million. SMECO did not provide a DERMS-specific breakout in its RM 89 bench response. But if SMECO's separately reported approximate $5 million ADMS estimate—which SMECO states includes introducing DERMS functionality—reflects the DERMS component embedded in SMECO's $23 million estimate, then the published $99.4 million figure would fall by an

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[29] Attachment, PHI Bench Data Response.
[30] PE Bench Data Response at 2 (explaining that the range reflects different implementation scenarios (including a FirstEnergy enterprise-wide installation versus a stand-alone Potomac Edison installation) and uncertainty over whether a grid-DERMS, edge-DERMS, or both would be needed to meet ESP requirements).
[31] SMECO Bench Data Response at 2-3.
[32] *SMECO's Response to Commission Order No. 91603 – Implementation of FERC Order 2222 and Virtual Power Plants in Maryland*, ML# 323196 (CN 9778, Oct. 10, 2025), at 3 ("SMECO Report").

additional $5 million, to roughly $68.9 million to $65.9 million (a total reduction of about 31 percent to 34 percent). Stated differently, based on the utilities' own itemizations (and assuming SMECO's $5 million ADMS estimate reflects embedded DERMS functionality), the *Maryland Register*-published figure is overstated by about $30.5 million to $33.5 million for non-incremental DERMS spending alone.[33]

Importantly, OPC has not verified—and these comments should not be read as conceding—that the remaining elements of the utilities' cost-impact estimates are accurate or properly characterized as incremental to ESP compliance or otherwise reasonable in amount. These comments do not attempt to validate the utilities' other cost items, assumptions, or methodologies. OPC's point here is narrower: the utilities' own itemizations show that the published figure for ESP cost implementation is materially inflated by DERMS platform spending that COMAR 20.50.15 does not require and that the bench responses do not demonstrate is incremental to administering the ESP planning requirements.

Across these filings, the pattern is consistent: utilities are treating DERMS investments as if they are inherent compliance costs of "implementing" COMAR 20.50.15, even though the regulation does not mandate any particular software platform as a condition of compliance. For purposes of a published "cost impact" estimate, the appropriate question is not whether DERMS might be useful, or even whether a utility may choose to pursue it for other reasons. The question is whether—and to what extent—DERMS costs are incremental to administering the ESP planning requirements in COMAR 20.50.15. In other words, the issue is whether DERMS costs are driven by COMAR 20.50.15's planning requirements, as opposed to broader grid modernization or other utility objectives. The bench responses do not make that showing. Instead, they treat the full DERMS platform as an ESP implementation cost, without identifying the specific incremental changes, integrations, or administrative functions required to comply with COMAR 20.50.15, as distinct from the broader DERMS functionality the utilities would use for VPPs and other operational objectives.

CONCLUSION

The utilities' bench responses provide the first utility-specific detail about what was included in the published ESP cost-impact estimate. Those responses show that utilities treated DERMS platform spending as part of an ESP implementation estimate, even though ESP compliance can be achieved without deploying a DERMS as part of COMAR 20.50.15's planning and reporting obligations. The bench responses also

[33] The utilities published an overall order of magnitude cost estimate of $99,435,000. In response to the Commission's bench data request seeking a more detailed breakdown, the line item totals the utilities provided add up to $96,436,162. This letter uses the published figure for percentage comparisons because it is the figure presented publicly, but the discrepancy itself underscores the imprecision of the utilities' cost estimate.

indicate that at least some of the DERMS-related spending reflected in the utilities' estimate was already underway—or planned for other purposes independent of ESP compliance—rather than incremental spending caused by COMAR 20.50.15.

Accordingly, at a minimum, the $99.4 million cost-impact figure the utilities supplied for publication in the *Maryland Register* overstates the incremental cost of COMAR 20.50.15 by roughly one-third (about $30.5 to $33.5 million), because it includes DERMS spending that is not required by the regulations. OPC submits these comments to clarify that point, as leaving the utilities' inflated cost estimates unchallenged creates a distorted public record that overstates the incremental costs of complying with COMAR 20.50.15 and encourages misinformed opposition to the electric system planning process the General Assembly mandated and the Commission is implementing.

Respectfully submitted,

/electronic signature/
Jacob M. Ouslander
Senior Assistant People's Counsel

JMO/bl
cc: Lloyd Spivak, Staff Counsel
Jennifer Purvis, Staff Attorney
Samrawit Dererie, Technical Staff
Damon Krieger, SMECO
Jessica Raba, Potomac Edison
Douglas E. Micheel, PHI
Katherine Moriarty, BGE
Crystal Barnett, BGE