ML 174189

STATE OF MARYLAND

PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE INVESTIGATION INTO THE TECHNICAL AND FINANCIAL BARRIERS TO THE DEPLOYMENT OF SMALL DISTRIBUTED ENERGY RESOURCES	* * * * * * *	BEFORE THE PUBLIC SERVICE COMMISSION OF MARYLAND PC 40

Issue Date: September 02, 2015

NOTICE OF TECHNICAL CONFERENCE

To: All Interested Persons

The Public Service Commission of Maryland ("Commission") hereby initiates Public Conference 40 ("PC 40") to investigate the technical and financial barriers to the deployment of small distributed energy resources in the State. In furtherance of this objective, the Commission hereby provides notice of a technical conference scheduled for October 20, 2015.

Earlier this year the Maryland General Assembly passed legislation establishing a three-year pilot program on community solar energy generating systems, which was signed into law by Governor Hogan on May 12, 2015.[1] In addition to adopting a regulatory framework to enable the pilot program, the legislation directs the Maryland Public Service Commission ("Commission") to study the resulting value and costs of the community solar pilot program.[2]

[1] HB 1087/ SB 398, 2015 Md. Laws, Ch. 347, codified at Pub. Utils. § 7-306.1.
[2] 2015 Md. Laws, Ch. 347, § 2(a).

The prescribed study metrics include various rate-related issues, such as: a framework for valuation of the costs and benefits; the costs and benefits to participating subscribers and to nonsubscriber ratepayers; an appropriate credit mechanism and operational structure; impacts on locational marginal prices in Maryland; and impacts on energy costs, reliability, and equitable cost allocation for ratepayers.

While the aforementioned study is designed to ascertain impacts stemming from the community solar pilot program, the Commission through this notice signals its near-term intention to explore the rate-related issues affecting the broader category of small distributed energy resources. In support of this objective, the Commission will host a one-day technical conference during which interested parties may request to present as part of one of the panels described in the attachment to this notice.

The technical conference is scheduled for Tuesday, October 20, 2015 beginning at 10:00 a.m. in the Commission's 16th Floor Hearing Room, William Donald Schaefer Tower, 6 St. Paul Street, Baltimore, Maryland 21202. **Requests to present at the technical conference must be received no later than October 6, 2015**, and should be directed to the Chairman's Senior Advisor, Marissa Gillett at marissa.gillett@maryland.gov, or (410) 767-8096.

By Direction of the Commission,

/s/ David J. Collins

David J. Collins
Executive Secretary

Panel Abstracts

1) Appropriate Valuation Factors for Small Distributed Energy Resources

Current net metering regulations in Maryland provide for monetary payment for net excess generation, with the associated dollar value equal to the generation or commodity portion of the rate that the eligible customer-generator would have been charged by the electric company (averaged over the previous 12-month period and multiplied by the number of kilowatt hours of net excess generation). While Maryland law provides that customers can accrue net excess generation for a period of up to 12 months, other states have taken a range of approaches to address whether and for how long such bill credits can "roll over." States can also develop valuation policies based on factors including: the system size and technology type; the resource's geographic location and its relation to locational marginal pricing and capacity value; the resource's potential to reduce transmission or distribution network development expenses; and potential societal and environmental factors. This panel is designed to explore different valuation factors that may be considered both within the existing net metering construct and alternatively when drafting new compensation policies for small distributed energy resources.

2) The Cost of Interconnection for Small Distributed Energy Resources

Maryland Commission regulations govern interconnection standards for small electricity generator facilities seeking to interconnect to the State's electric distribution system. The scope of these regulations explicitly excludes resources that are subject to the interconnection requirements of PJM Interconnection, LLC. For those customers that *do* have to comply with requirements established by PJM – typically larger commercial users seeking to interconnect significantly-sized generation resources – the interconnection process can yield more expensive installation costs due to tariffs that require the recovery of distribution improvement costs from the customer. However, no such comparable cost allocation tariff currently exists in Maryland that would provide for the shared recovery of distribution improvement costs from multiple customers seeking to interconnect small distributed generation resources; rather, distribution improvement costs are recovered from the last customer prior to feeder restriction. This panel is designed to explore current practices of Maryland electric utilities and whether issues involving the recovery of distribution improvement costs associated with the interconnection of small distributed energy resources has proven to be a barrier in this State.

3) Alternative Utility Cost Recovery Mechanisms

While proponents of net metering point to the policy's success in expanding access to the benefits of renewable energy, opponents frequently raise questions regarding the equity of such policies – specifically surrounding the recovery of transmission and distribution infrastructure development and grid maintenance expenses. This panel seeks to explore innovative network cost recovery mechanisms envisioned by stakeholders or in use by other states, particularly mechanisms that go beyond the proposals for increased fixed customer charges or minimum bills.