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STATE OF MARYLAND



ML 199669

**PUBLIC SERVICE COMMISSION**

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

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BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF MARYLAND

PC44

**Issue Date: September 26, 2016**

**NOTICE OF PUBLIC CONFERENCE**

To: All Interested Persons

The Public Service Commission of Maryland ("Commission") hereby initiates Public Conference 44 ("PC44") for the purpose of commencing a targeted review to ensure that electric distribution systems in Maryland are customer-centered, affordable, reliable and environmentally sustainable. In furtherance of this objective, the Commission requests comments on this Notice by October 28, 2016 and provides notice of an initial public meeting in early December 2016.

In Case No. 9361, the Commission approved the merger of Exelon and Pepco Holdings, Inc. ("PHI").<sup>1</sup> One condition of that merger – Merger Condition 14 – required PHI to "make a filing with the Commission requesting that the Commission initiate a proceeding to examine opportunities to transform the electric distribution grid, including the incorporation of smart-grid

<sup>1</sup> Order No. 86990.

technology, microgrids, renewable resources, and distributed generation.”<sup>2</sup> That condition also required Exelon to “fund up to \$500,000 for the Maryland Public Service Commission to retain a consultant to study relevant issues and/or facilitate the proceeding.”<sup>3</sup> On June 30, 2016, PHI filed its request that the Commission initiate such proceeding and stated its intention to fund up to \$500,000 for a Commission consultant.<sup>4</sup>

Separately, the Commission initiated two proceedings exploring topics that could transform the ways in which Marylanders produce and consume electricity. In October 2015, the Commission held a technical conference to investigate the technical and financial barriers to the deployment of small distributed energy resources in Maryland.<sup>5</sup> In opening that proceeding, the Commission declared its intention to explore rate-related issues affecting distributed energy resources (“DER”). In July 2016, the Commission held a public conference to explore the regulatory, technical and financial barriers to the deployment of electric vehicles (“EV”) in Maryland.<sup>6</sup> During that proceeding, the Commission explored strategies, opportunities and barriers to EV deployment, consistent with the legislative directive to increase the efficiency and reliability of the electric system and lower electricity use at times of high demand.

These recent Commission proceedings, PHI’s filing, and initiatives of state regulators across the nation on related topics demonstrate that Marylanders could benefit from a targeted review of key aspects of Maryland’s electric distribution systems. Specifically, the Commission finds the following topics ripe for further exploration:

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<sup>2</sup> *Id.* at A-19.

<sup>3</sup> *Id.*

<sup>4</sup> ML # 194301

<sup>5</sup> *See* Public Conference 40.

<sup>6</sup> *See* Public Conference 43.

1. Rate Design: exploring time-varying rates for traditional electric service, DERs and EVs and considering pilot programs for driving desired results through performance-based compensation;
2. Benefits and Costs of DERs: calculating comprehensively the Maryland-specific benefits and costs of solar (and perhaps other DERs) – including specific consideration of solar's geographic and grid location – for potential use in future utility tariffs, with assistance of a consultant paid for by an undetermined portion of the \$500,000 pledged by PHI as a result of Case No. 9361;
3. Advanced Metering Infrastructure (AMI): maximizing AMI's benefits for Maryland ratepayers;
4. Energy Storage: classifying storage properly in Commission rules and policies and valuing it appropriately as a distribution or customer-sited resource;
5. Interconnection Process: implementing rules and policies to promote competitive, efficient and predictable DER markets that maximize customers' choices;
6. Distribution System Planning: ensuring that utilities' distribution systems have the capability to handle increased DER penetration and evaluating the appropriate level of utility investment in distribution assets; and
7. Limited-Income Marylanders: assessing the effects of the evolving electric distribution system on Marylanders with limited means.

Therefore, the Commission is convening a public conference to further explore these issues and invites all interested stakeholders to participate. The Commission intends to conclude this public conference no later than 18 months from the date of the first public hearing. The Commission

requests comments on the topics listed above, the June 30, 2016 filing of Pepco Holdings, Inc. (“PHI”), and other related topics that could inform the public conference. The Commission also welcomes comments on the timeline and format of the public conference. Initial comments shall be filed no later than October 28, 2016, referencing “PC44” on the cover page. After reviewing public comments, the Commission will publish an agenda for the public conference’s first public meeting. The first public meeting is anticipated to be scheduled for early December 2016 in the Commission’s 16<sup>th</sup> Floor Hearing Room, William Donald Schaefer Tower, 6 St. Paul Street, Baltimore, Maryland 21202. **Please send questions regarding the Commission’s Notice** to Jon Kucskar, Senior Commission Advisor, at [Jon.Kucskar@maryland.gov](mailto:Jon.Kucskar@maryland.gov).

By Direction of the Commission,

*/s/ David J. Collins*

David J. Collins  
Executive Secretary