

**Application for Commission Approval to Construct a Generating Station
Pursuant to Public Utilities Article Section 7-207.1**

APPLICABILITY

The Public Service Commission of Maryland ("Commission") is required, pursuant to the Public Utilities Article of the Annotated Code of Maryland, to grant its approval prior to the construction of a generating station in Maryland. The Public Utilities Article mandates one of two types of authorization¹ prior to commencing the construction of a generation station of greater than 2,000 kW. Large generating stations constructed to serve load in a regional market require a Certificate of Public Convenience and Necessity ("CPCN") under Public Utilities Articles § 7-207 and § 7-208. However, Public Utilities Article § 7-207.1 provides that certain power generation projects are exempt, as described in this Application, are exempted from the CPCN process. These generators must request Commission approval to construct the generating station through the completion of this Application.

The Application requires that all CPCN exemption and approval requests be signed by legal counsel for the Applicant, an officer of the Applicant, or other person who has the authority to legally bind the Applicant. To facilitate review of an Application, it is recommended that documentation of the signatory authority be submitted with the Application. The Applicant is the person who will construct the proposed generating unit.

In addition to Commission approval under Public Utilities Article § 7-207.1, an Applicant must also apply for and obtain all necessary air quality permits from the Maryland Department of the Environment, Air and Radiation Management Administration, prior to constructing or operating the generator.

Applicants are strongly urged to read the *CPCN Exemptions: Frequently Asked Questions (FAQs)* that is available through the Commission's web site (<http://webapp.psc.state.md.us/Intranet/home.cfm>) for an explanation of some of the terms in this form. If the Applicant has questions after reading the FAQs section it should contact the Commission's Energy Analysis and Planning Division at 410-767-8085.

FILING INSTRUCTIONS

The following items must be provided with the application to facilitate approval. An incomplete application or omission of any of the items below will not be accepted:

The current Application form as posted on the Commission's website;

¹ The first requires approval with a certificate of public convenience and necessity; the second is the approval and an exemption from the certificate of public convenience and necessity requirement.

- A letter signed by the applicant indicating whether or not an interconnection, maintenance and operation agreement is necessary and therefore filed with the Commission (required when a wholesale sales agreement with the Independent System Operator has been obtained);
- A Signature (on the Application form) of legal counsel or an authorized representative who has the authority to legally bind the Applicant;
- A check for the \$500 filing fee made payable to the Maryland Public Service Commission;
- If the Applicant is seeking approval for a generator that is already installed, the Applicant must state, in an attachment or cover letter, why an Approval Application was not filed before the generator(s) was installed.
- For Type I and II generators, if the Applicant is not participating in a demand response program, please provide an explanation for the lack of participation.

Mail the original and 16 copies of this Application and required attachments to:

David J. Collins
Executive Secretary
Maryland Public Service Commission
William Donald Schaefer Tower
6 Saint Paul Street, 16th Floor
Baltimore, MD 21202-6806

Effective Date of Form: February 20, 2015.

APPENDIX A

This Application is used to request Commission approval with CPCN exemption if your project falls under any of these three options:

(The options below are based on Public Utilities Article § 7-207.1. The three options below do not correspond to the four Generator Types on page 2 of this Application.)

(1) for generating stations designed primarily to provide on-site generated electricity,² the conditions are as follows:

- (i) the capacity of the generating station does not exceed 70 megawatts; and
- (ii) electricity that may be exported for sale from the generating station to the electric company's transmission and distribution system ("Electric System") is sold only on the wholesale market pursuant to an interconnection, operation, and maintenance agreement with the local electric company;³ or

(2) for other generating stations, the conditions are as follows:

- (i) the capacity of the generating station does not exceed 25 megawatts;
- (ii) electricity that may be exported for sale from the generating station to the Electric System is sold only on the wholesale market pursuant to an interconnection, operation, and maintenance agreement with the local electric company; and
- (iii) at least 10% of the electricity generated at the generating station each year is consumed on-site; or

(3) for a generating station that produces electricity from wind, the conditions are as follows:

- (i) the generating station is land-based;
- (ii) the capacity of the generating station does not exceed 70 megawatts;
- (iii) the electricity that may be exported for sale from the generating station to the electric system is sold only on the wholesale market pursuant to an interconnection, operation, and maintenance agreement with the local electric company; and
- (iv) the Commission provides an opportunity for public comment at a public hearing.

For wind-powered generation, Public Utilities Article § 7-207.1 requires the Commission to hold a public comment hearing in the county and municipal corporation where any portion of the wind-powered generation station will be located, and requires the Applicant to pay for publication of a notice of the hearing for two weeks in a local newspaper. The Commission will contact the Applicant regarding details of the meeting and notice.

² On-site generated electricity is defined in Public Utilities Article § 1-101(s) as electricity that: "(1) is not transmitted or distributed over an electric company's transmission or distribution system; or (2) is generated at a facility owned or operated by an electric customer or operated by a designee of the owner who, with the other tenants of the facility, consumes at least 80% of the power generated by the facility each year."

³ Local electric companies may use varying terminology for this Agreement.

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PART ONE - Type of Generating Station

If none of the following four types of generating station accurately describes the proposed generator or if the Applicant has any questions regarding this Application, please contact the Commission's Energy Planning and Analysis Division at 410-767-8085 for guidance.

- I. Type I Generator - a generator that (1) will not be synchronized with the local electric system, and (2) will be configured so that there is no export of electricity to the Electric System.

Complete PARTS TWO and THREE (A) of this Application.

- II. Type II Generator - a generator that (1) will be synchronized with the electric system, and (2) must install protection equipment that is designed to prevent exporting electricity to the Electric System.

Complete PARTS TWO and THREE (B) of this Application.

- III. Type III Generator - a generator that (1) will be synchronized with the electric system, and (2) will export electricity for sale on the wholesale electric market.

Complete PARTS TWO and THREE (C) of this Application.

- IV. Type IV Generator - a generator that (1) will be synchronized with the electric system, and (2) will utilize the "cease to energize" function of a UL 1741 listed inverter to prevent export of power to the area electric power system in the event of a fault on the interconnected utility's grid.

Complete PARTS TWO and THREE (D) of this Application.

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PART TWO - Generation and Installation Information

Date: _____

Name of Applicant: _____

Applicant's principal place of business (address for regulatory notice):

Street Address: _____

City: _____ State: _____ Zip: _____

Person whom the Commission should contact: _____

Telephone No.: _____

E-mail: _____

Location where this generator will be installed:

Street Address: _____

City: _____ State: _____ Zip: _____

Local Electric Company serving installed location: _____

Number of generators: _____

Rated capacity in kW of the generator(s): _____

Manufacturer of the generator(s): _____

Equipment and facilities to be powered by the generator, including time periods, if applicable: _____

Type of fuel: Primary _____ Secondary _____

Expected in-service date or date installed: _____

NOTICE! If the Applicant is seeking approval for a generator that is already installed, the Applicant must state, in an attachment or cover letter, why an Approval Application was not filed before the generator(s) was installed.

Combined heat and power system: Yes No

Interest in demand response opportunities:⁴ Yes No

NOTICE! For Type I and II generators, if the Applicant is not participating in a demand response program, please provide an explanation for the lack of participation.

⁴ Demand response involves allowing your business to earn significant money by periodically operating your generator and/or periodically reducing on-site consumption in exchange for payment. See Appendix A, *Customer Opportunities to Earn Revenue from Demand Management* below, for more details.

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PART THREE (A) - Type I Generator(s)

The Applicant must provide a letter from the local electric company stating that an interconnection, operation, and maintenance agreement ("Agreement") is not necessary for the proposed generator(s).

The undersigned certifies that the generator(s) described in PART TWO of this Application:

- (1) will not be synchronized with the Electric System, and
- (2) will be configured so that there is no export of electricity to the Electric System.

Under penalty of perjury, the undersigned hereby affirms that he or she is legal counsel for the Applicant, an officer of the Applicant, or a person who has the authority to legally bind the Applicant. The undersigned hereby makes this Application for the Applicant and certifies, that based upon personal knowledge, the contents of this Application are true.

Name of Applicant

By: _____
Signature Date

Print Name Title

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PART THREE (B) - Type II Generator(s)

The Applicant shall file with the Commission an interconnection, operation, and maintenance agreement ("Agreement") between the generating station and the local electric company. A copy of the Agreement must be attached to this Application.

The undersigned certifies that the generator(s) described in PART TWO of this Application:

- (1) will be installed with equipment designed to synchronize the generator(s) with the Electric System,
- (2) must install protection equipment that is designed to prevent exporting electricity to the Electric System, and
- (3) will not be installed prior to filing with the Commission an executed copy of the Agreement.

Under penalty of perjury, the undersigned hereby affirms that he or she is legal counsel for the Applicant, an officer of the Applicant, or a person who has the authority to legally bind the Applicant. The undersigned hereby makes this Application for the Applicant and certifies, that based upon personal knowledge, the contents of this Application are true.

Name of Applicant

By: _____

Signature

Date

Print Name

Title

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PART THREE (C) - Type III Generator(s)

I. LOCAL ELECTRIC COMPANY

1. The Applicant shall file with the Commission as an attachment to this Application an interconnection, operation, and maintenance Agreement ("Agreement") between the generating station and the local electric company.

II. EXPORT OF ELECTRICITY

1. The Applicant (excluding generating stations that produce electricity from wind) must include a statement describing how it intends to comply with the statutory requirements:
 - (i) that at least 80% of the electricity generated by the generating station whose capacity does not exceed 70 megawatts-will be consumed on-site each year; or
 - (ii) that at least 10% of the electricity generated at the generating station whose capacity does not exceed 25 megawatts will be consumed on-site each year; or
2. The Applicant shall file with the Commission as an attachment to this Application an Interconnection Service Agreement⁵ ("Service Agreement") between the generating station, the Independent System Operator,⁶ and the local electric company.
3. Provide the Independent System Operator interconnection queue designation, if applicable. PJM Queue: _____

III. OTHER

The undersigned certifies that the generator described in PART TWO of this Application:

- (1) will be installed with equipment to synchronize the generator with the Electric System;
- (2) will not be installed prior to filing with the Commission a copy of an executed Agreement;
- (3) will not be operated prior to filing with the Commission a copy of an executed Service Agreement; and

⁵ Includes the rights and obligations of the generation owner and the independent system operator.

⁶ The organization that holds a FERC-approved tariff for the interconnection of generators.

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- (4) will not begin to export electricity to the Electric System unless the Commission has been notified two weeks in advance.

In addition, the undersigned (excluding generating stations that produce electricity from wind) agrees to comply with requirement I.1(i) or I.1(ii) in this section, and further agrees to submit an annual statement to the Commission describing compliance with requirement I.1(i) or I.1(ii).⁷ The undersigned agrees to comply with all applicable requirements of the Independent System Operator. Under penalty of perjury, the undersigned hereby affirms that he or she is legal counsel for the Applicant, an officer of the Applicant, or a person who has the authority to legally bind the Applicant. The undersigned hereby makes this Application and certifies, that based upon personal knowledge, the contents of this Application are true.

Name of Applicant

By: _____

Signature

Date

Print Name

Title

⁷ The Applicant shall file the annual compliance statement no later than March 1.

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PART THREE (D) - Type IV Generator(s)

The Applicant shall file with the Commission as an attachment to this Application an interconnection, operation, and maintenance Agreement ("Agreement"), between the generating station and the local electric company.

The undersigned certifies that the generator(s) described in PART TWO of this Application:

- (1) will be installed with equipment designed to synchronize the generator(s) with the Electric System, and
- (2) will utilize the "cease to energize" function of a UL 1741 listed inverter to prevent export of power to the area Electric System in the event of a fault on the interconnected utility's grid.
- (3) will not be installed prior to filing with the Commission an executed copy of the Agreement.

Under penalty of perjury, the undersigned hereby affirms that he or she is legal counsel for the Applicant, an officer of the Applicant, or a person who has the authority to legally bind the Applicant. The undersigned hereby makes this Application for the Applicant and certifies, that based upon personal knowledge, the contents of this Application are true.

Name of Applicant

By: _____

Signature

Date

Print Name

Title

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Customer Opportunities to Earn Revenue from Demand Management

Customers with the ability to reduce the amount of electricity consumed from the electric grid can earn revenue and save on utility bills. Reductions can come from reducing the actual amount of electricity consumed and/or utilizing your on-site generator to offset electricity otherwise consumed from the grid.

PJM Interconnection, the regional grid operator for Maryland, offers several programs that pay customers to participate in demand management. There are two basic types of demand management programs: **Demand Response** and **Energy Efficiency Capacity**.

Demand Response is the willingness to reduce grid consumption during specific times in response to requests from PJM. PJM is willing to pay customers to respond to protect grid reliability or when electricity is expensive.

There are two common forms of **Demand Response**:

- **Emergency Demand Response** - Under this program, customers agree to reduce grid consumption at certain times during a grid emergency. Once enrolled, it is mandatory to reduce grid consumption when a PJM system emergency is declared. Grid emergencies are relatively infrequent and typically last for a few hours. PJM pays customers based upon a customer's predetermined commitment for an emergency situation.
- **Economic Demand Response** – This is a voluntary program in which customers can reduce demand during periods when electricity is expensive to produce. Under this program, PJM pays customers not to consume energy when it would be more expensive to dispatch higher cost electricity plants.

Energy Efficiency Capacity involves customers agreeing to install energy efficiency measures in order to avoid the need for additional electricity generation in the future. When many customers commit to conservation in this way, PJM defers capacity purchases from traditional sources. PJM pays customers to make energy efficiency improvements, which helps defray the customer's cost of energy efficiency investments.

In order to participate in a PJM demand management program, a customer typically enrolls through an agent called a Curtailment Service Provider ("CSP"). CSPs work with customers to identify demand management potential, enroll customers with PJM, and handle payment arrangements to customers. CSPs may also assist customers by installing advanced meters and technology devices which facilitate participation further by automating or simplifying participation. A list of PJM CSPs can be found at the following: <http://pjm.com/markets-and-operations/demand-response/csps.aspx>.