

PUBLIC SERVICE COMMISSION OF MARYLAND

Distribution System Planning (DSP) Interim Report 2023

Submitted to the Maryland General Assembly
Annapolis, Maryland
In compliance with HB 88 of Public Utilities Article,
Annotated Code of Maryland

December 21, 2023



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Introduction

In 2016, the Public Service Commission of Maryland (Commission) launched Public Conference 44 (PC44) to examine the electric distribution systems in Maryland to ensure that service is customer-centered, affordable, reliable, and environmentally sustainable.¹ After the initial scoping process, PC44 consisted of five workgroups.² The Commission also contemplated a future Distribution System Planning (DSP) workgroup that would build on the foundations created through the work of the initial five groups. Over the past six years, the PC44 workgroups have successfully updated Maryland's interconnection regulations, completed a time of use pilot, launched the utilities' electric vehicle pilots, began the energy storage pilot, and implemented changes to Maryland's retail supply market.

The DSP workgroup is part of a multi-year PC44 plan across a variety of Commission dockets to enhance the Commission's ability to regulate Maryland utilities in the public interest and to deliver customer benefits. In addition to the PC44 work outlined above, over the past four years, the Commission has changed its rate making process by allowing utilities to file multi-year rate plans (MYPs). In conjunction with MYPs, a robust Commission process to review and enhance the existing utility DSP processes will allow insight into planning and provide opportunities for meaningful engagement between stakeholders, utilities, and the Commission to deliver ratepayer benefits and state policy priorities.

As an initial note, it is important to clarify the role of DSP both at the Commission and at the utilities. Maryland's utilities have always engaged in DSP resulting in system investments to provide safe, reliable, and affordable service. However, with the passage of restructuring in 1999, the Commission no longer required utilities to participate in resource planning proceedings which primarily focused on ensuring adequate generation of electricity to meet state needs.³ In its efforts to ensure a modern grid which provides benefits to all ratepayers, the Commission has launched this proceeding to review and improve existing utility DSP processes.

As a precursor to launching this proceeding, between 2019 and 2021, the Commission participated in a National Association of Regulatory Utility Commissioners (NARUC) and

¹ See PC44 Docket, *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*, first notice issued September 26, 2016.

² Electric Vehicles, Rate Design, Interconnection, Competitive Markets and Customer Choice, and Energy Storage.

³ Electric Customer Choice and Competition Act of 1999. See Public Utilities Article (PUA) §7-505.

National Association of State Energy Offices (NASEO) Taskforce with the Department of Energy (DOE) to examine DSP and provide resources and best practices to states.⁴

While the utilities are ultimately responsible for DSP, bear the risk of cost recovery, and must retain a reasonable amount of flexibility and nimbleness in DSP decision-making, the goal of this proceeding is to develop an integrated DSP⁵ process that ensures that the Commission and stakeholders have insight and input into the ongoing incremental investments necessary to ensure delivery of electricity in Maryland.

Background

In 2021, considering the product of the NARUC/NASEO taskforce and the work of the PC44 workgroups, the Commission issued Order No. 89865 and launched the DSP workgroup. The Commission's initial priorities for the DSP workgroup were to review the existing utility distribution planning processes and identify opportunities for increased transparency.⁶ The DSP workgroup also was tasked to review existing utility processes and determine how they align with the NARUC/NASEO taskforce Jade Process Map,⁷ and where there may be opportunities for early and meaningful stakeholder engagement. The DSP workgroup activities began in 2021 with a series of educational sessions on how utilities currently engage in DSP and presentations from State agencies. Concurrently, the Commission issued a Request for Proposals to secure expert leadership of the workgroup to supplement the Commission resources in this proceeding.

At the beginning of 2022, the Commission hired Silverpoint Consulting, LLC to lead the DSP workgroup. Commission workgroup proceedings are generally open to all participants who wish to join and are intended to develop consensus proposals for the Commission, where possible. The DSP workgroup was composed of approximately 130 members representing various stakeholders including, utilities, state agencies, consultants, and advocacy groups.

⁴ See Press Release: <https://news.maryland.gov/mea/2021/02/11/maryland-announces-plan-for-electric-grid-of-the-future/>.

⁵ As described by the Regulatory Assistance Project, Integrated DSP "is a process that systematically develops plans for the future of a distribution grid using inputs supplied by the electric utility, the Commission, and interested stakeholders. The planning process is integrated in the sense that all possible solutions to distribution system needs are considered. The objective of the final plan is a distribution system that operates for the public good, meeting the objectives set out by stakeholders in a cost-effective manner." Unlike traditional siloed distribution planning, Integrated DSP will look to the interconnected relationships of the PUA §7-802 policy goals to lead to more effective grid investments.

⁶ See Order No. 89865 at 13 – 16.

⁷ See Appendix I.

Silverpoint engaged DSP workgroup stakeholders in a review of the Commission’s work to date and met with the Commission to discuss a work plan, scope, and priorities for the workgroup.

On February 6, 2023, the DSP workgroup filed its initial report. The DSP Report described the utilities’ processes, provided a list of general observations, provided commentary on the applicability of the Jade Process Map to Maryland, and provided recommendations to the Commission. First, the DSP Report recommended that the Commission implement a procedural process for ensuring stakeholder transparency into utility DSP processes and requiring utilities to provide regular updates for certain categories of information. Second, the DSP Report recommended that the Commission hold a technical conference to allow stakeholders to seek clarification from utilities on new information and then petition for directives to utilities to provide additional depth and breadth of information. The Report noted that a number of stakeholders, including Commission Technical Staff, the Office of People’s Counsel, and the Maryland Energy Administration took no position on these recommendations, and believe that significantly more information is needed to allow for adequate transparency and participation in utility planning processes.

On March 9 and 10, 2023, the Commission received comments from stakeholders on the DSP Report. Based on the DSP Report and comments thereon, the Commission concluded that the DSP workgroup completed its initial review of the electric utilities’ DSP “as is” practices, but had not begun the other work requested by the Commission in Order No. 89865. Accordingly, the Commission issued Order No. 90777 on August 24, 2023, relaunching the workgroup to develop a consensus set of Maryland DSP practices and proposed regulations, as necessary, and appointed Chief Judge McLean as the DSP workgroup leader in its relaunch.

Furthermore, in developing modifications to the Jade Process Map applicable to Maryland utilities, the DSP workgroup was directed to ensure that the resulting DSP recommendations address the policy goals set forth in PUA §7-802. The Commission’s ultimate goal is to develop an integrated DSP process for each utility that incorporates planning for the entire distribution network, including but not limited to wired and non-wired solutions, interconnections, electric vehicles, and demand response.

Current Workgroup Status

The DSP workgroup members are currently engaged in discussions on a DSP process that balances the public policy goal of transparency and effective participation with the utilities’ operational needs. In addition to coordinating with other related initiatives, such as PC44 workgroups, a primary DSP workgroup focus is incorporating forecasts of distributed energy resources, electric vehicles, and building electrification into utility planning along with pursuing

hosting capacity analysis, locational value analysis, and incorporation of non-wires solutions in DSP. The DSP workgroup is tasked to ensure its recommendations for modifications to the Jade Process Map applicable to Maryland utilities are flexible and workable for all utilities, without imposing unreasonable transition costs on ratepayers.

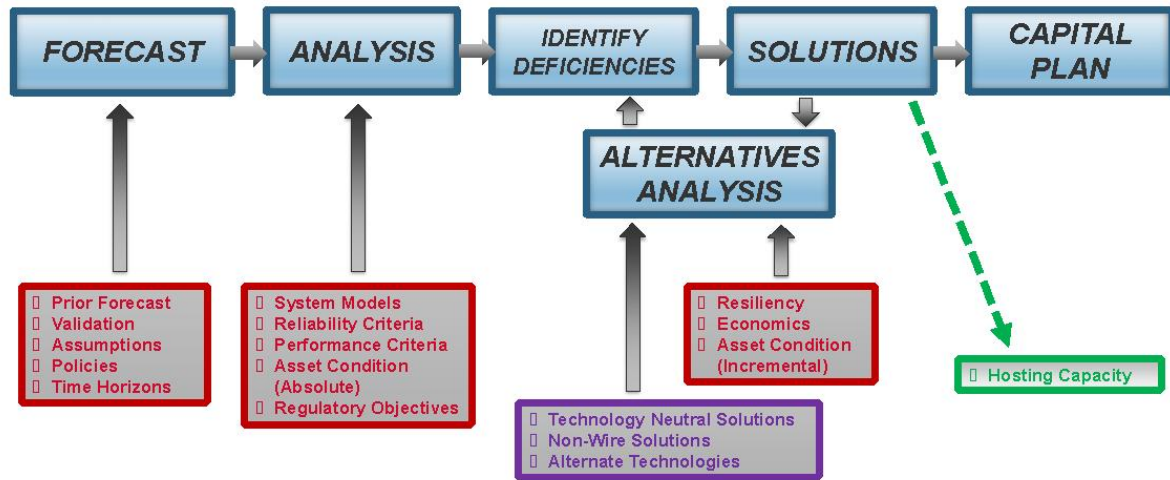
In support of the workgroup efforts, the Commission has scheduled a Technical Conference to address DSP best practices on Thursday, January 4, 2024. Subject matter experts from Kevala, Lawrence Berkeley National Laboratory, Newport Consulting, and PJM Interconnection will make presentations on various DSP related concepts. Topics to be addressed at this Technical Conference include DSP fundamentals and best practices, load forecasting, distribution planning frameworks, best DSP state practices, distributed energy resources as non-wire solutions, data transparency, stakeholder engagement, equity, integrating resilience planning, and planning coordination between electric distribution and transmission system plans.

The DSP workgroup is directed to file an interim report on January 12, 2024. That report will contain a status update on the DSP workgroup's progress and also identify any non-consensus issues requiring immediate Commission attention, after which the Commission will provide additional direction, if needed.

Conclusion

The DSP workgroup was directed to file its final report on April 30, 2024, after which the Commission will resolve any non-consensus issues and provide additional direction, as needed. During the remainder of 2024, the workgroup will develop draft regulations with a target for Commission approval of final regulations and implementation by July 1, 2025.

Distribution Planning - The Core Process



Appendix I - Jade Process Map