2023 ANNUAL REPORT

For the Calendar Year Ending December 31, 2023
Pursuant to Section 2-122 of the Public Utilities Article,
Annotated Code of Maryland

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MEMBERSHIP OF THE COMMISSION

The Public Service Commission (Maryland PSC or Commission) consists of the Chairman and four Commissioners, each appointed by the Governor with the advice and consent of the Senate. The term of the Chairman and each of the Commissioners is five years, and those terms are staggered. All terms begin on July 1. As of **December 31, 2023**, the following persons were members of the Commission[1]:

	Term Expires
Frederick H. Hoover, Chair	June 30, 2028
Michael T. Richard, Commissioner	June 30, 2025
Anthony J. O'Donnell, Commissioner	June 30, 2026
Kumar P. Barve, Commissioner	June 30, 2024
Bonnie A. Suchman, Commissioner	June 30, 2027

Anthony J. O'Donnell

Frederick H. Hoover, Jr.

Michael T. Richard

Kumar P. Barve

Bonnie A. Suchman

[1] The appointments of Commissioners **Barve** and **Suchman** were confirmed by the Senate in 2024. Commissioner Barve was appointed to fill out the remainder of former **Commissioner Patty Bubar's** term (ending June 30, 2024); he was then appointed to a new five-year term beginning July 1, 2024. Commissioner Suchman was confirmed to fulfill former **Commissioner Obi Linton's** term which will expire June 30, 2027.

OVERVIEW OF THE COMMISSION

General Work of the Commission

IN 1910, THE Maryland General Assembly established the Commission to regulate public utilities and for-hire transportation companies doing business in Maryland. The categories of regulated public service companies and other regulated or licensed entities are:

- electric and gas utilities;
- competitive electric and natural gas suppliers (NOTE: The Commission licenses and investigates complaints against electric suppliers—it does not regulate supplier pricing);
- telecommunications companies (landline phone service only);
- privately-owned water and sewage companies;
- bay pilots and docking masters rates;
- passenger motor vehicle carriers (including Transportation Network Companies such as Uber, Lyft, etc., and buses, limousines, sedans); taxicabs operating in the City of Baltimore, Baltimore County, Charles County, Cumberland, and Hagerstown;
- railroad companies (the Commission's authority is limited here: the companies must be organized under Maryland law, and jurisdiction extends only over certain conditions and rates for intrastate services);
- hazardous liquid pipelines; and
- private toll bridge companies

The jurisdiction and powers of the Commission are found in the Public Utilities Article (PUA), *Annotated Code of Maryland*. The Commission's jurisdiction, however, is limited to intrastate service. Interstate transportation is regulated in part by the U.S. Department of Transportation; interstate and wholesale activities of gas and electric utilities are regulated by the Federal Energy Regulatory Commission (FERC); and interstate telephone service, Voice over Internet Protocol and cable services are regulated by the Federal Communications Commission.

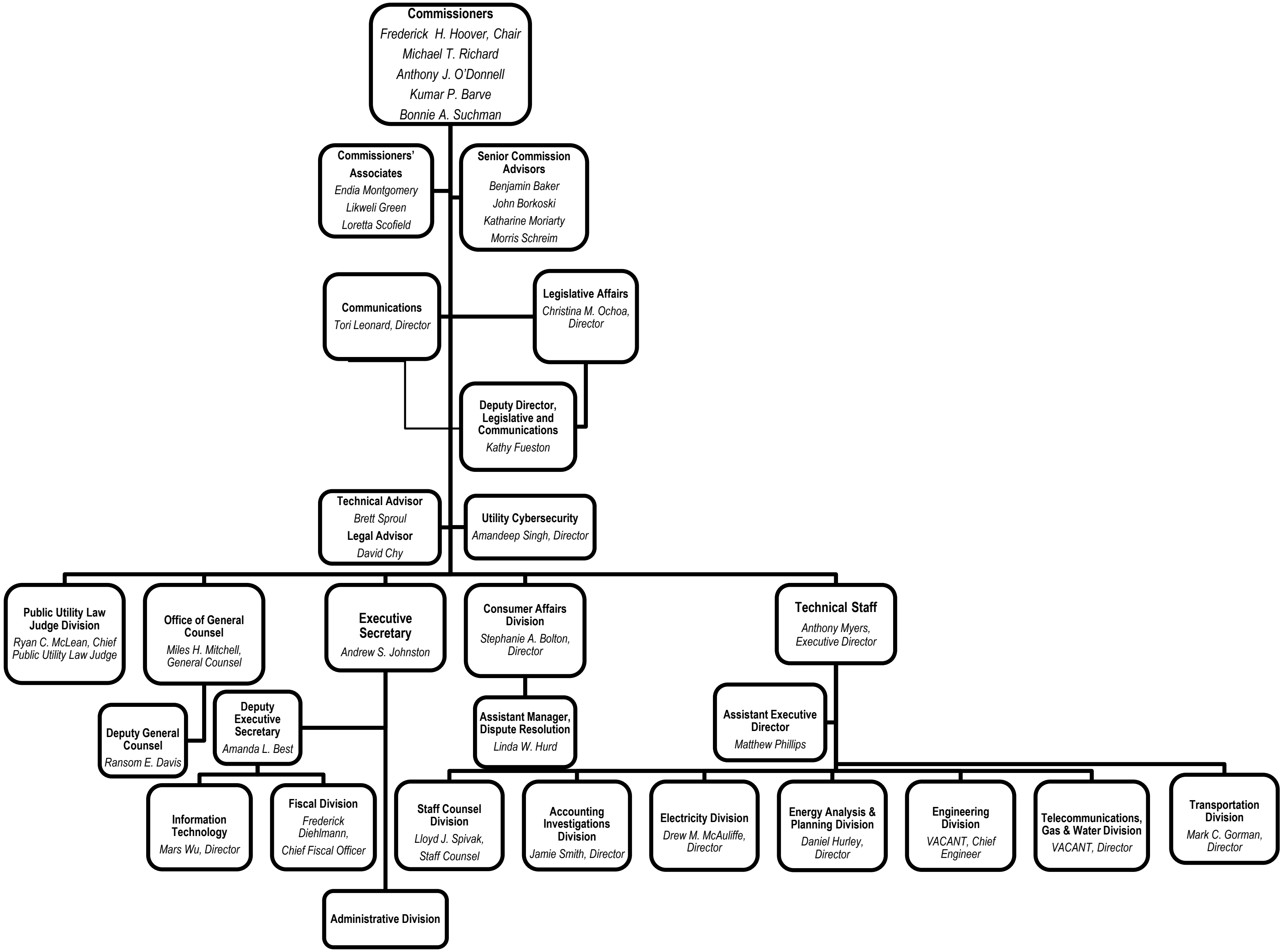
Under the PUA, the Commission has broad authority to supervise and regulate the activities of public service companies and for-hire motor carriers and drivers. It is empowered to hear and decide matters relating to, among others, (1) rate adjustments, (2) applications to exercise or abandon franchises, (3) applications to modify the type or scope of service, (4) approval of issuance of securities, (5) promulgation of new rules and regulations, (6) mergers or acquisitions of electric companies or gas companies, and (7) quality of utility and common carrier service.

The Commission has the authority to issue a Certificate of Public Convenience and Necessity (CPCN) for the construction or modification of a new generating station, a qualified generator lead line, or an overhead transmission line designed to carry a voltage in excess of 69,000 volts. In addition, the Commission collects and maintains records and reports of public service companies, reviews plans for service, inspects equipment, audits financial records, handles consumer complaints, issues passenger-for-hire permits and drivers' licenses, enforces its rules and regulations, defends its decisions on appeal to State courts, and intervenes in relevant cases before federal regulatory commissions and federal courts.

During calendar year 2023, the Commission initiated 34 new non-transportation–related dockets, conducted approximately 39 en banc hearings (legislative-style, evidentiary, or evening hearings for public comments as well as status conferences, discovery disputes, and prehearing conferences), held 10 rulemaking sessions, participated in two public conference sessions, and presided over 36 administrative meetings.

Also, the Commission actively participated in the regular General Assembly legislative session in 2023, by submitting comments on bills affecting public service companies or Commission operations, participating in work groups convened by Senate or House committees or subcommittees, and testifying before various Senate and House committees and subcommittees.

Maryland Public Service Commission Organizational Chart – as of May 1, 2024



Commission Work Groups

STAKEHOLDER PROCESSES ARE important to the mission and work of the Commission. There are approximately 80 different work groups that the Commission either oversees or participates in via Staff representation.

Work groups are often formed by Commission directives but can also be legislatively mandated or requested by various stakeholders that participate in Commission proceedings.

Table 1 below shows the number of work groups at the Commission by topic.

Table 2 summarizes the number of stakeholder processes in which representatives from the Commission participate.

Table 1 Summary of Work Groups at the Commission

	Energy Efficiency/ Demand Response	Grid Modernization/ PC44	Customer Choice/ Energy Supply	Utilities (Electric, Gas, Water, Telecom)	Transportation
Total	19	8	6	11	3

Table 2 Summary of Stakeholder Processes with Commission Representation

	Federal Agencies	Other State Agencies	PJM	NARUC	Other Organizations
Total	2	8	3	7	9

PSC Electrification Study

SECTION 10 OF the Climate Solutions Now Act of 2022 (CSNA) requires the Public Service Commission (Commission) to complete a general system planning study to assess the capacity of each gas and electric company's distribution systems to successfully serve customers under a managed transition to a highly electrified building sector. The CSNA set Maryland on a course to achieve net zero greenhouse gas (GHG) emissions by 2045, and 60% GHG reduction by 2031 relative to 2006 levels. The Act includes provisions for extensive changes to various sectors including transportation, electricity, buildings, and agriculture. Further, the CSNA set the following requirements for this study:

- use a projection of average growth in system peak demand between 2021 and 2031 to assess the overall impact on each gas and electric distribution system

- compare future electric distribution system peak and energy demand load growth to historic rates
- consider the impacts of energy efficiency and conservation and electric load flexibility
- consider the capacity of the existing distribution systems and projected electric distribution system improvements and expansions to serve existing electric loads and projected electric load growth
- assess the effects of shifts in seasonal system gas and electric loads

The PSC Electrification Study was submitted to the General Assembly on December 29, 2023. This study modeled electrification scenarios that would result in direct building heating emissions reductions consistent with Maryland's Climate Pathway report, among other things.

The PSC Electrification Study provides system-level load growth projections to enable policymakers to understand and benchmark the impacts of different building decarbonization scenarios through 2031. While the study concludes that high levels of electrification can be handled by Maryland electric systems through 2031, consistent or lower than historical levels of Maryland load growth, the study does not quantify the costs and benefits of each scenario. Each scenario would result in several costs, including equipment installation and maintenance costs borne by building owners and grid investment and demand-side management program costs borne by utilities and utility ratepayers. Each scenario would also create several benefits, including fuel savings, avoided natural gas infrastructure investments, reduced societal impacts of GHG emissions, and reduced health impacts of air pollution.

It is also important to note that, while this study provides a utility system-level view of load growth trajectory under different scenarios, this study is not a substitute for more granular, locational distribution planning studies that could be conducted by the utilities. Through these studies, utilities will be able to plan specific upgrades to the distribution system based on the loading of existing equipment and forecasted customer adoption of various technologies.

Maryland Energy Storage Program

ON MAY 8, 2023, the Maryland General Assembly enacted House Bill (HB) 910, amending § 7-216 and promulgating § 7-216.1 of the Public Utilities Article (PUA) of the Annotated Code of Maryland. Those changes directed the Commission to establish a Maryland Energy Storage Program (MESP) that provides a competitive energy storage procurement program, with annual deployment targets for energy storage devices in Maryland. The statute as amended also directed the Commission to file a report to the Maryland General Assembly by December 31, 2023, on pending designs for the MESP and any additional statutory changes required to fully implement an effective program to meet the minimum targets for the deployment of new energy storage devices under § 7–216.1.

The Commission issued Order No. 90823 establishing Case No. 9715 and the Maryland Energy Storage Program Work Group on October 2, 2023. The work group was directed to develop a consensus proposal for the establishment of MESP in line with the requirements of § 7-216.1.

The work group was also directed to file its final report by October 1, 2024, accompanied by a petition for rulemaking with proposed regulations to implement the MESP no later than July 1, 2025.

The work group was further directed to file, by December 15, 2023, an interim report to contain a status update on the work group's progress, identify any non-consensus issues requiring immediate Commission resolution, and identify any additional statutory changes required to fully implement the MESP.

As directed by the Commission, the work group filed its interim report on December 15, 2023. As required by statute, the work group submitted its report on pending designs for the MESP on December 29, 2023. As the review and development of the energy storage program design is still nascent, the Commission did not provide any recommendations for any additional statutory changes required to fully implement an effective program to meet the minimum targets for the deployment of new energy storage devices under § 7–216.1. If any are identified, the Commission will bring this to the Maryland General Assembly at the end of 2024.

Unified Benefit Cost Analysis (UBCA) Work Group

IN MAY 2022, the Commission issued Order No. 90212 which established a work group to develop a Maryland-specific UBCA framework for distributed energy resources (DERs) based on the principles established in the National Standard Practice Manual (NSPM) for Benefit Cost Analysis of Distributed Energy Resources. The purpose of this work group is to prepare a report that establishes a common framework for assessing the cost-effectiveness of all DERs and to allow DERs to be evaluated holistically under common assumptions and evaluation criteria. The work group is led by an expert consultant team in order to provide technical and facilitation support as the work group establishes this UBCA framework.

The work group has had meetings throughout 2023 and 2024 and has received input from other Commission work groups to assist in the development of this UBCA framework. A final work group report that provides recommendations to the Commission on a common UBCA framework is expected to be filed in the second quarter of 2024.

Commission Membership in Other Regulatory Organizations

Washington Metropolitan Area Transit Commission (WMATC)

WMATC WAS CREATED in 1960 by the Washington Metropolitan Area Transit Regulation Compact for the purpose of regulating certain transportation carriers on a coordinated regional basis. The Compact is an interstate agreement among the State of Maryland, the Commonwealth of Virginia and the District of Columbia, which was approved by Congress in 1960. The Compact was amended in its entirety in 1990 (at Maryland's behest), and again in 2010 (to modify the articles regarding appointment of Commissioners to WMATC). Each amendment was enacted with the concurrence of each of the signatories and Congress' consent. The Compact, as amended, and the WMATC are codified in Title 10, Subtitle 2 of the Transportation Article, *Annotated Code of Maryland*.

Today, WMATC regulates private sector passenger carriers, including sightseeing, tour, and charter bus operators; airport shuttle companies; wheelchair van operators; and some sedan and limousine operators, transporting passengers for hire between points in the Washington Metropolitan Area Transit District (Metropolitan District). The Metropolitan District includes the District of Columbia; the Virginia cities of Alexandria and Falls Church; Virginia counties Arlington and Fairfax, and the political subdivisions located within those counties; that portion of Loudoun County, Virginia, occupied by the Washington Dulles International Airport; Montgomery County and Prince George's County in Maryland, and the political subdivisions located within those counties.

WMATC also sets interstate taxicab rates between signatories in the Metropolitan District, which for this purpose only includes Baltimore-Washington International Thurgood Marshall Airport (BWI) (except that this expansion of the Metropolitan District to include BWI does not apply to transportation conducted by a taxicab licensed by the State of Maryland or a political subdivision of the State of Maryland or operated under a contract with the State of Maryland).

A commissioner from the Maryland Public Service Commission is designated to serve on the WMATC. In May 2016, **Governor Larry Hogan** appointed **Commissioner Richard** to WMATC, where he currently serves as Vice-Chairman.

In fiscal year (FY) 2023 (from July 1, 2022 through June 30, 2023), the WMATC accepted 257 applications to obtain, transfer, amend or terminate a WMATC certificate of authority (up from 174 in FY2022). The WMATC also initiated 89 formal investigations of carrier compliance with WMATC rules and regulations (down from 90 in FY2022). The WMATC issued 455 orders in formal proceedings in FY2023, as compared to 396 orders in FY2022. There were 423 carriers holding a certificate of authority at the end of FY2022—up from 379 at the close of FY2022. The number of vehicles operated under WMATC authority was approximately 4,324 as of June 30, 2023, compared to 4,351 vehicles operated under WMATC authority as of June 30, 2022. WMATC staff received two informal complaints against WMATC carriers in FY2023. This compares to four such complaints received in FY2022.

The Commission includes its share of the WMATC budget in its own budget. Budget allocations are based upon the population of the Compact signatories in the Compact region. In Maryland, this includes Montgomery and Prince George's counties, as noted above. The FY2023 WMATC budget was $1,024,000, of which Maryland's share was $482,571, or 47.1 percent.

Organization of PJM States, Inc. (OPSI)

OPSI WAS INCORPORATED as a non-profit corporation in May 2005. It is an intergovernmental organization of 14 utility regulatory agencies, including the Commission. OPSI, among other activities, coordinates data/issues analyses and policy formulation related to PJM, its operations, its Independent Market Monitor, and related FERC matters. While the 14 OPSI members interact as a regional body, their collective actions, as OPSI, do not infringe on each of the 14 agencies' individual roles as the statutory regulators within their respective state boundaries. **Commissioner Richard** serves as the Commission's representative on the OPSI Board of Directors, and is currently its Treasurer, following the completion of a term as President in 2019.

National Association of Regulatory Utility Commissioners (NARUC)

NARUC IS THE national association representing the interests of the commissioners from state utility regulatory agencies that regulate essential utility services, including energy, telecommunications, and water. NARUC members are responsible for assuring reliable utility service at fair, just, and reasonable rates. Founded in 1889, NARUC is an invaluable resource for its members and the regulatory community, providing a venue to set and influence public policy, share best practices, and foster innovative solutions to improve regulation.

Chair Hoover serves on the Committee on Consumers and the Public Interest and the Committee on Electricity. **Commissioner Richard** serves as a member of the Committee on Energy Resources and the Environment and the Committee on Critical Infrastructure. **Commissioner O'Donnell** is a member of the Subcommittee on Nuclear Issues-Waste Disposal and the Committee on Electricity. **Commissioner Barve** is a member of the Committee on International Relations and the Committee on Energy Resources and the Environment. **Commissioner Suchman** serves as a member of the Committee on Critical Infrastructure and the Committee on Energy Resources and the Environment.

In March of 2021, NARUC launched a new five-year Nuclear Energy Partnership with support from the U.S. Department of Energy. Through this educational partnership, NARUC will provide opportunities for state public service commissioners and commission staff to better understand barriers and possibilities related to the U.S. nuclear fleet, the nation's largest source of zero-carbon emissions power.

Commissioner O'Donnell co-chairs the partnership with **Commissioner Tim Echols** of the Georgia Public Service Commission. Through the partnership, members engage in programming such as stakeholder dialogues, peer-sharing calls, site visits, educational webinars, and briefing papers for NARUC's state members.

Mid-Atlantic Conference of Regulatory Utility Commissioners (MACRUC)

THE COMMISSION IS a member of MACRUC, a regional division of NARUC comprised of the public utility Commissions of Delaware, Kentucky, Maryland, New Jersey, New York, North Carolina, Ohio, Virginia, West Virginia, Pennsylvania, the District of Columbia and the U.S. Virgin Islands.

National Council on Electricity Policy (NCEP)

NCEP (FORMERLY THE Eastern Interconnection States' Planning Council, or EISPC) is a platform for all state-level electricity decision-makers to share and learn from diverse perspectives on the evolving electricity sector. The Council membership includes over 200 representatives from public utility commissions, air and environmental regulatory agencies, governors' staffs and state energy offices, legislatures, and consumer advocates. NCEP is an affiliate of the NARUC Center for Partnerships and Innovation. The EISPC was a historic endeavor initially funded by the U.S. Department of Energy pursuant to a provision of the American Recovery and Reinvestment Act. The goal of EISPC was to encourage and support collaboration among states in the Eastern Interconnection on critical energy issues, including electric transmission, gas-electric infrastructure, resource diversity, and energy resiliency and reliability.

Regional Greenhouse Gas Initiative (RGGI)

ESTABLISHED IN 2009, RGGI is the first market-based regulatory program in the United States designed to stabilize and then reduce greenhouse gas emissions, specifically carbon dioxide (CO_2), from the power sector. RGGI, Inc. is a non-profit corporation formed to provide technical advisory and administrative services to participating states in the development and implementation of their respective CO_2 budget trading programs.

The RGGI, Inc. Board of Directors is composed of two representatives from each participating state, with equal representation from the states' environmental and energy regulatory agencies. Agency heads (two from each state), also serving as board members, constitute a steering committee that provides direction to the Staff Program Committee and allows in-process projects to be conditioned for Board review. **Chair Hoover** and **Secretary Serena McIlwain** of the Maryland Department of the Environment (MDE) serve on the RGGI Board on behalf of Maryland. The RGGI, Inc. offices are located in New York City, in space co-located with the New York Public Service Commission, at 90 Church Street.

The RGGI Memorandum of Understanding (MOU) apportions CO_2 allowances (i.e., a limited permission to emit one short ton of CO_2 per allowance) among signatory states through a process that was based on historical CO_2 emissions and negotiation among the participating signatory states. Together, the emissions budgets of each signatory state comprise the total regional emissions budget, or RGGI "cap."

The original RGGI program, jointly designed by 10 northeastern and mid-Atlantic states, established a cap-and-trade program that stabilized CO_2 emissions from power plants and then lowered that cap by 10 percent by 2018. The participating states agreed to use an auction as the primary means to distribute CO_2 allowances to electric power plants regulated under the coordinated state CO_2 cap-and-trade programs. All fossil fuel-fired electric power plants with 25 megawatts (MWs) or greater capacity, and connected to the electricity grid, must obtain allowances based on their CO_2 emissions. Nine of the original 10 member states continued their participation in the RGGI program through the third compliance, or "control," period of January 1, 2015–December 31, 2017.

In 2011, after participating in the first control period, New Jersey formally withdrew from the RGGI program, effective January 1, 2012. In 2019, New Jersey adopted regulations to reinstate its participation in RGGI and resumed its participation on January 1, 2020.

The RGGI participating states are committed to periodic review of their CO_2 budget trading programs to consider the successes, impacts, and any adjustments to program design elements (Program Review). Following a 2012 RGGI Program Review (as called for in the RGGI MOU), on February 7, 2013, the RGGI participating states announced an aggregate 45 percent reduction in the existing cap. In addition to announcing a revised regional cap, other programmatic changes included: interim adjustments to the regional cap to account for privately banked allowances; the establishment of a cost containment reserve (i.e., a fixed quantity of CO_2

allowances, in addition to the cap, held in reserve and only made available for sale if allowance prices exceed a predefined price level, or trigger price), to serve as a flexibility mechanism in the unanticipated event of short-term price spikes; the addition of a U.S. Forest Offset Protocol; simplification of the minimum reserve price to increase it by 2.5 percent each year; and the creation of interim control periods for compliance entities.

Effective January 2014, the regional budget was revised to 91 million short tons—consistent with current regional emissions levels. To lock in the emissions reduction progress to date, and to further build upon this progress, the regional emissions cap and each participating state's individual emissions budget declined by 2.5 percent each year from 2015 through 2020. By 2019, the regional emissions budget had decreased from 88.7 million short tons (2015) to 80.3 million short tons.

New Jersey resumed its participation in 2020, and Virginia[2] later joined the RGGI program in 2021, bringing the total regional emissions budget to approximately 119.8 million short tons for 2021. In 2022, the total regional emissions budget decreased to 116.1 million short tons. In 2023, the total regional emissions budget decreased to 112.5 million short tons. Between 2015 and 2023, Maryland's portion of the emissions budget decreased from 19.8 million short tons (2015) to 15.8 million short tons (2023).

[2] In 2022, the Virginia Air Pollution Control Board and the Virginia Department of Environmental Quality, moved to withdraw Virginia from RGGI. In 2023, the Southern Environmental Law Center filed a lawsuit challenging their authority to do so. Virginia participated through the end of the fifth control period, which ended in December 2023, and will complete compliance for the full control period in March 2024.

Table 3: 2023 Regional Emissions Budget[3]

State	CO_2 Allowances (short tons)
Connecticut	4,566,218
Delaware	3,178,264
Maine	2,569,587
Maryland	15,772,679
Massachusetts	11,220,454
New Hampshire	3,723,549
New Jersey	16,380,000
New York	27,295,284
Rhode Island	1,763,884
Vermont	507,865
Virginia	25,480,000
Total	**112,457,784**

In 2023, RGGI held four auctions of CO_2 allowances with 11 participating states. For Maryland, these auctions raised approximately $152.56 million for the State's Strategic Energy Investment Fund. Maryland's 2023 auction proceeds increased approximately 3.6 percent compared to 2022 auction proceeds of $147.25 million. As of the final auction of 2023, Maryland has earned over $1.1 billion in cumulative RGGI proceeds over 62 auctions. Pursuant to § 9-20B-05(g) of the State Government Article, Annotated Code of Maryland, the proceeds received by the Fund from January 1, 2023, through December 31, 2023, were allocated as follows:

(1) at least 50% shall be credited to an energy assistance account to be used for the Electric Universal Service Program and other electric assistance programs in the Department of Human Services;

(2) at least 20% shall be credited to a low and moderate income efficiency and conservation programs account and to a general efficiency and conservation programs account for energy efficiency and conservation programs, projects, or activities and

[3] *Source: The Regional Greenhouse Gas Initiative, Allowance Distribution,* https://www.rggi.org/allowance-tracking/allowance-distribution.

demand response programs, of which at least one-half shall be targeted to the low and moderate income efficiency and conservation programs account for: (i) the low-income residential sector at no cost to the participants of the programs, projects, or activities; and (ii) the moderate-income residential sector;

(3) at least 20% shall be credited to a renewable and clean energy programs account for: (i) renewable and clean energy programs and initiatives; (ii) energy-related public education and outreach; and (iii) climate change and resiliency programs; and

(4) up to 10%, but not more than $7,500,000, shall be credited to an administrative expense account for costs related to the administration of the Fund, including the review of electric company plans for achieving electricity savings and demand reductions that the electric companies are required under law to submit to the [Maryland Energy] Administration.

During the Second Program Review cycle, from 2016 through December 2017, the RGGI member states reviewed and considered stakeholder feedback on the program's successes and impacts to date, whether further reductions to the RGGI regional cap may be warranted, other program design elements (e.g. continued use of the cost containment reserve and the creation of an emissions containment reserve), and the extensive electric sector modeling conducted by the RGGI states for purposes of evaluating potential revisions to the program. The RGGI states reviewed more than 120 separate comments submitted by experts, policymakers, and organizations, as well as more than 29,000 personal comments and petition signatures pertaining to program review.

As a result of the collaborative review process, the RGGI states revised the program to include a regional cap of 75,147,784 tons of CO_2 in 2021, to decline by 2.275 million tons of CO_2 per year thereafter, resulting in a total 30 percent reduction in the regional cap from 2020 to 2030. Additionally, further adjustments to the RGGI cap to account for the full bank of excess allowances (i.e., allowances held by market participants in excess of the total quantity of 2018, 2019, and 2020 emissions) were effectuated through a formulaic adjustment that will continue to be implemented over the period from 2021 to 2025. Under the current program, the size and trigger price of the cost containment reserve began to change in 2021 and will increase by seven percent per year thereafter. A majority of RGGI states also introduced an emissions containment reserve in 2021, wherein the states will withhold allowances from circulation to secure additional emissions reductions if prices fall below established trigger prices. In 2019, the RGGI states, including Maryland, undertook state-specific statutory and regulatory processes to propose updates to their CO_2 Budget Trading Programs, consistent with the announced Model Rule, which was completed in 2020.

In February 2021, the RGGI states announced the initiation of a Third Program Review to consider further updates to their CO_2 budget trading programs. The states held a series of four public meetings from October–December 2021 to solicit public comments and feedback on the RGGI program. Given that public participation will be critical to the success of this program review, the RGGI states will conduct additional public engagement throughout the program review. Additional public meetings were held in 2023. To inform the states' decision-making with respect to core program review topics, the RGGI states will conduct technical analyses, including electricity sector modeling. Changes to the program will be based on consensus between all participating states.

In September 2022, Virginia released a Notice of Intended Regulatory Action outlining a process for the state to repeal its RGGI regulation. This followed Virginia **Governor Glenn Youngkin**'s pledge to end the state's participation in RGGI. Virginia continued its RGGI participation through the end of the fifth control period in December 2023.

In October 2019, then-Pennsylvania **Governor Tom Wolf** issued an executive order instructing the Pennsylvania Department of Environmental Protection (DEP) to join RGGI, pursuant to Pennsylvania's Air Pollution Control Act of 1960.

In September 2021, despite opposition from Republican legislators and industry groups, DEP announced the approval of the state's carbon trading program regulation that would facilitate Pennsylvania's participation in RGGI. Upon review by the Pennsylvania General Assembly, however, the legislature passed a resolution disapproving the rule, effectively preventing the state from joining RGGI. Whereas prior to this disapproval resolution, Pennsylvania was on track to begin participation in RGGI, in January 2022, a lawsuit subsequently enjoined its participation. As a result, Pennsylvania did not participate in any RGGI auctions in 2022 or 2023. In November 2023, the Commonwealth Court of Pennsylvania ruled that DEP did not have authority to bring Pennsylvania into RGGI. **Governor Josh Shapiro** appealed to the Pennsylvania Supreme Court, and Pennsylvania's participation in RGGI remains stayed pending appeal.
On January 11, 2021, the Southern Environmental Law Center brought a petition to the North Carolina Environmental Management Commission (EMC), which proposed a RGGI-aligned rule that would allow North Carolina to join the RGGI program. The EMC voted in July 2021 to proceed with a formal rulemaking process to implement North Carolina's participation in RGGI. In September 2023, however, the North Carolina General Assembly passed a budget which included provisions prohibiting the adoption of RGGI rules. The provision passed with veto-proof majorities and became law without **Governor Roy Cooper**'s signature.

SUPPLIER DIVERSITY ACTIVITIES

Public Conference 52 (PC52): Supplier Diversity

AS NOTED IN prior Annual Reports, 20 regulated entities entered into Memoranda of Understanding (MOU)[4] with the Commission in which each organization voluntarily agreed to develop, implement, and consistently report on its activities and accomplishments in promoting a strategy to support viable and prosperous women-owned, minority-owned, and service-disabled-veteran-owned business enterprises (diverse suppliers). The MOU expressed each entity's commitment to use its best efforts to achieve a goal of 25 percent diverse supplier contracting (diverse spend); standardize the reporting methodology; and institute uniform annual plans and annual reports, in order to track the entity's compliance with the MOU goals.

On June 20, 2023, the Commission held a hearing at the headquarters of the Southern Maryland Electric Cooperative (SMECO) on the results of the 2022 Annual Reports submitted by 16 of the companies. The signatories include: **Association of Maryland Pilots; AT&T; Baltimore Gas and Electric Company** (BGE); **CenturyLink**; **Chesapeake Utilities–Maryland Division**, which now includes **Elkton Gas** after a 2020 acquisition; **Choptank Electric Cooperative**; **Columbia Gas of Maryland**; **Comcast Phone of Northern Maryland** and **Comcast Business Communications**; **Delmarva Power & Light Company** (DPL); **Easton Utilities**; **Maryland-American Water**; **Potomac Electric Power Company** (Pepco); **Southern Maryland Electric Cooperative** (SMECO); **Potomac Edison**; **Verizon Maryland**;[5] and **Washington Gas Light Company** (WGL).

Collectively, the companies exceeded the aspirational goal of awarding 25 percent of total procurement to diverse suppliers, achieving an overall diverse spend of close to 40 percent—the highest-recorded diverse spend in the history of the program. Overall, diverse spend increased from nearly $1.4 billion in 2021 to more than $1.9 billion in 2022, an increase of more than $519 million. Diverse spend averaged more than $1.51 billion over the past three reporting years, while total utility procurement averaged $4.09 billion over the same period. Total procurement spend by the reporting signatories increased at an annual rate of 10.74 percent over the past three years. The average annual growth in diverse spend since 2009 is 8.23 percent.

The total diverse spend consists of six different categories: minority-owned enterprises (MOE), women-owned enterprises (WOE), service-disabled-veteran-owned enterprises (SDVOE), veteran-owned enterprises (VOE), LGBT-owned enterprises (LGBTOE) and not-for-profit workshops (NFPW). MOE received $1.15 billion, WOE received $610.2 million, SDVOE received $45.1 million, VOE received $122.8 million, LGBTOE received $110,854, and NFPW received $565,289. The category MOE contains four major subgroups: African American-owned

[4] Originally existing as Public Conference 16.

[5] Verizon revised its diverse vendor data for 2022 on December 21, 2023, to make its methodology more similar to other reporting companies. The figures reported in this report reflect Verizon's revisions and differ from the initially filed 2022 Annual Report (Maillog No. 306815).

businesses, American Indian/Native American-owned businesses, Asian-owned businesses, and Hispanic-owned businesses. All 16 signatories that provided reports for 2022 broke down their MOE spends by ethnicity; African American-owned businesses accounted for the largest proportion of total MOE spend, at 51.8 percent.

On August 16, 2023, the Commission issued a public determination, as required under Code of Maryland Regulations (COMAR) 20.08.01.05, which highlighted the celebration of the 30th anniversary of the Commission's Supplier Diversity Program. During the annual conference, the Commission noted the immense growth that the program has experienced as well as pride in the three decades of commitment by the public service companies to supporting businesses owned by minorities, women, service-disabled veterans, veterans, non-profits, and members from the LGBT community.

In addition, the conference included discussion of a proposal to implement a new, uniform memorandum of understanding (MOU) for all signatories, a request to include HUBZones as a category of diverse supplier in the Commission's program, the initiation of a rulemaking to rename the annual supplier diversity conference, and the sharing by the participating utilities, elected officials, advocates, and contractors of best practices, lessons learned, and innovative ways to reach diversity goals.

In the public determination, the Commission approved the addition of HUBZone-certified small businesses as a category of diverse supplier within the program, subject to the guidelines proposed by the Maryland Utility Forum.

The Commission supported the adoption of a uniform MOU containing the noted updates and modifications, but given the Commission's approval of the addition of HUBZone-certified small businesses as a category of diverse supplier, the proposed uniform MOU would be outdated since it contained no mention of HUBZones. The Commission recommended that the MOU petitioners add HUBZones to the uniform MOU then refile the proposal. The revised proposal was refiled on January 26, 2024.

At the annual conference, the Commissioners voted to rename the annual event "The Harold Williams Supplier Diversity Hearing," to commemorate the commitment of the late **Commissioner Harold Williams** to the Supplier Diversity Program. In order to implement the name change, the Commissioners also voted to initiate a rulemaking to revise COMAR.

Table 4 (below) shows the program expenditures as reported by the companies and the percentage of spend as compared to each utility's total spend. Certain types of expenses are excluded from the tabulation, being either single-sourced or are inapplicable to the diversity program. Sources of exempted spend are agreed to in advance and can be found in the respective entity's MOU.

In addition to the MOU signatories, offshore wind companies Skipjack Offshore Energy, LLC (in Case No. 9629) and US Wind (in Case No. 9628) were required by statute to file supplier diversity reports.

Table 4 – 2022 Diverse Procurement		
Companies	Total diverse supplier procurement ($)	Percentage of diverse supplier procurement to total company procurement
Association of MD Pilots	$580,658	**41.57%**
AT&T	$22,150,000	24.42%
BGE	$496,600,000	**42.02%**
CenturyLink	$23,400,000	**27.94%**
Chesapeake Utilities	$515,757	11.68%
Choptank	$3,296,500	9.42%
Columbia Gas	$5,400,000	15.63%
Comcast	$199,260,000	**44.1%**
Delmarva	$139,800,000	**39.88%**
Easton Utilities	$240,591	3.26%
Maryland-American Water	$1,090,000	**34.38%**
Potomac Edison	$32,200,000	**27.88%**
Pepco	$351,700,000	**43.13%**
SMECO	$22,200,000	20.76%
Verizon Maryland	$433,600,000	**48.24%**
Washington Gas	$196,700,000	**30.51%**
Total	**$1,930,000,000**	**39.96%**

In **Table 5**, the amounts and percentages from Table 4 are further broken down into percentage of the expenditures by diversity classification (figures are rounded).

Table 5 – 2022 Procurement by Diverse Group						
Companies	Minority-Owned	Women-Owned	LBGT-Owned	Service-Disabled Veteran-Owned	Veteran-Owned	Not-for-Profit Workshops
Association of MD Pilots	26.19%	70.85%	0.00%	0.00%	2.96%	0.00%
AT&T	53.11%	39.20%	0.03%	7.11%	0.55%	0.00%
BGE	44.12%	47.36%	0.01%	0.23%	8.28%	0.00%
CenturyLink	61.74%	8.00%	0.00%	30.26%	0.00%	0.00%
Chesapeake Utilities	17.21%	81.56%	0.00%	0.04%	0.10%	0.00%
Choptank	3.91%	69.31%	0.00%	0.00%	26.63%	0.15%
Columbia Gas	17.66%	70.78%	0.00%	3.62%	7.20%	0.00%
Comcast	43.63%	37.43%	0.01%	0.49%	18.45%	0.00%
Delmarva	37.68%	56.42%	0.0%	0.67%	5.24%	0.00%
Easton Utilities	3.50%	65.73%	0.00%	27.19%	3.58%	0.00%
Maryland-American Water	0.44%	99.56%	0.00%	0.00%	0.00%	0.00%
Potomac Edison	35.74%	56.67%	0.00%	0.00%	7.56%	0.03%
Pepco	68.85%	24.56%	0.00%	0.07%	6.52%	0.00%
SMECO	36.38%	50.91%	0.02%	1.08%	9.12%	2.48%
Verizon	90.25%	2.01%	0.01%	7.52%	0.21%	0.00%
WGL	56.25%	39.72%	0.00%	0.06%	3.98%	0.00%

COMMISSION ENERGY-RELATED CASES AND ACTIVITIES

Energy Efficiency- and Demand Response-Related Cases:

EmPOWER Maryland—Case No. 9648

UNDER PUBLIC UTILITIES ARTICLE § 7-211, as amended and mandated by the EmPOWER Maryland Energy Efficiency Act of 2008, the five largest electric utilities in Maryland (Potomac Edison, BGE, Delmarva Power, Pepco, and SMECO) were responsible for achieving a 10 percent reduction in the state's energy consumption and a 15 percent reduction of peak demand by 2015. In 2017, the Article was amended to set electricity savings targets for the 2018-2020 and the 2021-2023 EmPOWER Maryland program cycles of two percent per year calculated as a percentage of each utility's 2016 weather-normalized gross retail sales and electricity losses.

The EmPOWER Maryland programs achieved, on a program-to-date basis, the following results through the end of 2023:

- The EmPOWER MD utilities' programs have saved a total of 16,237,812 MWh and 3,165 MW, and either encouraged the purchase of or installed approximately 147.1 million energy-efficient measures.
- 73,285 low-income customers have participated in the EmPOWER Limited Income Programs.
- The EmPOWER MD utilities have spent over $4.1 billion on the EmPOWER Maryland programs, including over $2.8 billion on energy efficiency and conservation (EE&C) programs and over $1.1 billion on demand response (DR) programs.
- The expected savings associated with EmPOWER Maryland programs is approximately $14.5 billion over the life of the installed measures for the EE&C programs.
- The average monthly residential bill impacts of EmPOWER Maryland surcharges for 2023 were as follows:

Table 6: 2023 average monthly residential bill impacts of EmPOWER Maryland surcharges[6]

	EE&C	DR	Dynamic Pricing[7]	Total
BGE	$4.40	$2.75	($0.01)	$7.14
DPL	$5.81	$1.58	($0.11)	$7.28
PE	$6.41	N/A	N/A	$6.41
Pepco	$5.93	$2.64	($0.06)	$8.50
SMECO	$7.58	$2.15	N/A	$9.73

[6] Assumes an average monthly usage of 1,000 kilowatt hours (kWh) and the figures do not include customer savings.

[7] BGE, Pepco, and Delmarva offered a Peak Time Rebate program in the summer of 2017 for residential customers with activated smart meters. The difference between rebates paid to participants and revenues received from PJM markets are trued-up in the EmPOWER Maryland surcharge.

- Washington Gas has saved a total of 12,065,341 Therms through its programs since beginning in 2015.

When EmPOWER first launched, the Commission determined that the costs of the program should be phased in over a five-year period. This five-year amortization has continued over the last 14 years with each program-year being recovered over the current and next four calendar years. In effect, the EmPOWER surcharge recovers a rolling five-year average of program costs. Over the years, however, the balance on uncollected (unamortized) program costs has risen to over $800 million, and ratepayers pay the utility for the use of this capital.

In August 2022, the Commission issued Order No. 90306 requesting utility proposals to eliminate the unrecovered balance by the end of 2029. The EmPOWER utilities provided their plans and, in December 2022, the Commission issued an order requiring the utilities to utilize the plan put forward by SMECO (a non-profit cooperative). Under this model, there is no change to the amortization length of five years for costs that could be amortized, but the amount of costs by year eligible for amortization would decrease through 2026 (33% expensed in 2024 and 67% expensed in 2025). Any costs incurred in and after 2026 would not be amortized, thus the surcharge would be at its highest in 2026 and lowest in 2029. The Commission selected this method because it was a gradual rate increase to residential and commercial and industrial customers (providing bill manageability), was one of the lowest cumulative cost scenarios considered, and was transparent.

Electric Reliability-Related Cases

Review of Annual Performance Reports on Electric Service Reliability Filed Pursuant to COMAR 20.50.12.11–Case No. 9353

IN MAY 2014, the Commission initiated Case No. 9353 to conduct its annual review of the service quality and reliability performance reports filed by subject electric companies by April 1 of each year. On or before April 1, 2023, subject electric companies filed their annual reports, and comments on the reports were due by July 17, 2023.

On July 25, 2023, the Commission held a legislative-style hearing to review the 2022 reports and determine whether each subject electric company met the applicable COMAR service quality and reliability standards. On September 1, 2023, the Commission issued Order No. 90782 in which it accepted the service quality and reliability annual reports filed by Baltimore Gas and Electric Company (BGE), Potomac Electric Power Company (Pepco), Delmarva Power & Light (DPL), Potomac Edison (PE) and the Southern Maryland Electric Cooperative (SMECO).

The Commission, in Order No. 90782, also approved the corrective action plan (CAP) submitted by BGE for failing the Multiple Device Activation (MDA) standard[8]. In addition, the Commission directed: (1) BGE to provide a plan to improve the company's downed wire response performance to guarded wires during Major Outage Events; (2) Potomac Edison to provide a plan to address (i) avoiding the overuse of the "unknown" outage cause category in its outage reporting, (ii) implementing improvements in the availability of Potomac Edison qualified line employees, and (iii) improving the company's downed wire response performance to guarded wires during Major Outage Events; and (3) Staff to lead a work group to propose revisions to the existing COMAR reliability regulations as discussed in the body of the Order. Staff held work group meetings on February 1, 2024 and March 22, 2024 to discuss and receive comments on the proposed COMAR regulations related to the availability of qualified line personnel and related to revisions to the existing COMAR Service Restoration Standard and Downed Wire Response Standards so they apply to each Major Outage Event, rather than on an average calendar year basis.

The regulatory standards in COMAR 20.50.12 for service quality and reliability developed through RM43 ensure that the electric companies maintain and improve system reliability at an acceptable level of performance. As the electric utility industry continues to evolve, there was a desire by Staff and other stakeholders to revise the regulations to establish reliability performance requirements that are in line with evolving industry practices and past work group recommendations. On August 12, 2021, the Commission, in Order No. 89908, directed Staff to lead a work group to consider RM43 standard changes; the RM43 Standard Changes Work Group was formed and proposed revisions to various COMAR 20.50 regulations. In response to

[8] The MDA Standard is a regulation with thresholds for the number of times an electric distribution system protective device activates over a certain period of time.

Staff's proposal, the Commission directed Staff to file within 60 days a proposal for rulemaking, which Staff did on December 2, 2022. In the petition, Staff also requested a rulemaking pursuant to the RM43 Standard Changes Work Group recommendations and to also revise each electric company's 2024-2027 SAIFI and SAIDI standards as well as revisions to COMAR 20.85.03[9]. On December 08, 2022, the Commission issued a notice initiating Rulemaking 79 (RM79) asking interested parties to provide comments by January 13, 2023. A RM79 rulemaking session was held on January 19, 2023, in which the Commission moved to publish the draft regulations as proposed by Staff in the *Maryland Register* for notice and public comment. A corrected version of the draft regulations was published for notice on May 19, 2023 and a final rulemaking session was held on July 19, 2023 where the Commission adopted amendments to COMAR 20.50 and 20.85.

[9] Construction of underground electric and communication facilities for residential electric underground facilities.

Renewable Energy Portfolio Standard

IN COMPLIANCE WITH the Maryland Offshore Wind Energy Act of 2013, in 2017, the Commission conditionally approved the financing of two offshore wind projects in Case No. 9431. According to COMAR 20.61.06, the projects will be funded with offshore wind renewable energy credits (ORECs). US Wind Inc. plans to construct 248 MW off the coast of Ocean City, Maryland; Skipjack Offshore Energy, LLC plans to construct 120 MW off the coast of Delaware. Both companies are required to maintain offshore lease sites through the federal Bureau of Ocean Energy Management (BOEM).

In 2019, Case No. 9431 was bifurcated into Case No. 9628 for US Wind and Case No. 9629 for Skipjack to review potential turbine size changes for both projects. The Commission issued Order No. 89622 on August 20, 2020, approving Skipjack's proposal for 12 MW turbines. Further proceedings for U.S. Wind remain pending.

The Clean Energy Jobs Act of 2019 expanded the requirements for offshore wind energy under Maryland's Renewable Energy Portfolio Standard (RPS) program. The law required the Commission to establish a second round of review for offshore wind applications or "Round 2"[10] and at least 1,200 MW of offshore wind capacity. On December 22, 2020, the Commission issued a general notice that the Commission's evaluator, ICF Resources, LLC (ICF), had deemed an application to be administratively complete and set a closing date for other interested parties to apply by June 21, 2021. Following the close of the application period, the Commission opened Case No. 9666 and reviewed the five applications submitted by US Wind and Skipjack. Virtual public comment hearings were held on September 28, 2021 and September 30, 2021. Virtual evidentiary hearings were held from October 27, 2021 through November 1, 2021.

On December 17, 2021, the Commission issued Order No. 90011 awarding ORECs to US Wind's bid of 808.5 MW (identified as Bid 2) and Skipjack's bid of 846 MW (identified as Phase 2.1).[11,12] US Wind's Bid 2 project will consist of approximately 55 turbines located no closer than 15 miles off the coast of Ocean City. Skipjack's Phase 2.1 project will consist of approximately 60 turbines located no closer than 20 miles off the coast of Ocean City. Both projects have an expected commercial operation start date of 2026, subject to review by BOEM. Due to the combined size and ratepayer impacts of the approved projects, the Commission closed the anticipated final two application periods in Round 2.

[10] The original review of offshore wind applications is now classified as "Round 1."

[11] US Wind was awarded 2,513,752 ORECs per year at a price schedule equivalent to a levelized price of $54.17 per OREC (2012$) using a 2.0% price escalator, beginning on December 1, 2026, for a duration of 20 years. Skipjack was awarded 3,279,207 ORECs per year at a price schedule equivalent to a levelized price of $71.61 per OREC (2012$) using a 3.0% price escalator, beginning on December 1, 2026, for a duration of 20 years.

[12] Both projects were awarded ORECs with numerous conditions related to siting and project feasibility, minority investment and workforce opportunities, decommissioning, positive net economic benefits to Maryland, positive net environmental benefits to Maryland, projected net ratepayer impacts and OREC price schedules. Both companies accepted the conditions of the Commission's approval.

On April 21, 2023, the Governor signed into law the Promoting Offshore Wind Energy Resources Act (POWER Act). The POWER Act established a new state goal of 8,500 MW of offshore wind generation. The law also requires the Commission to undertake a transmission study in coordination with PJM and the Maryland Energy Administration (MEA) and to open an application process to review and approve offshore wind transmission solutions in support of meeting the state's generation goal. The Commission is currently working on the first phase of the bill and will have an update on the status prepared for the General Assembly by July 1, 2024.

On January 25, 2024, Skipjack filed a notice withdrawing from its Round 1 and Round 2 OREC awards with the Commission due to economic and supply chain issues impacting the projects. With Skipjack's withdrawal, US Wind's Round 1 and Round 2 projects are the remaining approved projects for OREC awards with a combined capacity of 1,056.5 MW.

US Wind files updates on its current and planned environmental research initiatives, supplier diversity, and general progress with the Commission.

Utility Rate Cases

Southern Maryland Electric Cooperative, Inc.'s Application for Authority to Revise Rates and Charges—Case No. 9688

ON DECEMBER 1, 2022, Southern Maryland Electric Cooperative, Inc. (SMECO) filed an application for an increase to distribution rates with an overall operating revenue requirement of $15.75 million. On December 7, 2022, by Order No. 90438, the Commission suspended the proposed rates and charges for an initial period of 150 days from January 1, 2023, and delegated the proceedings to the PULJ Division.

On January 5, 2023, at the pre-hearing conference, a procedural schedule was adopted and the U.S. Navy's petition to intervene was granted. On January 17, 2023, by Order No. 90476, the Commission extended the initial suspension period for the revised tariffs for an additional 30 days, for a total suspension period of 180 days. A public comment hearing was held on February 28, 2023.

On March 14, 2023, SMECO, Staff, OPC and the Navy filed a joint motion for approval of a settlement agreement that, effective May 1, 2023, would increase SMECO's revenue requirement by $11,200,000 and authorize the recovery of $41,388,308 in base rates (over 15 years) for the costs of SMECO's smart meter deployment.
On May 1, 2023 a proposed order was issued approving the settlement which became final on May 15, 2023, by Order No. 90627.

Baltimore Gas and Electric Company's Application for an Electric and Gas Multi-Year Plan-Case No. 9692

ON FEBRUARY 17, 2023, Baltimore Gas and Electric Company (BGE) filed an application with the Commission seeking approval of distribution rates under a multi-year rate plan (MYP). That application requested gas and electric rates totaling $602 million, and a return on equity (ROE) of 10.4%, to be effective from January 1, 2024 through 2026.

A prehearing conference was held on March 15, 2023, at which the Commission set a procedural schedule and also granted intervention to the following parties: U.S. Department of Defense (DOD); IBEW Local 410; the Baltimore Washington Construction and Public Employees Laborers' District Council (BWLDC); Sierra Club; a coalition including Interstate Gas Supply, Inc. d/b/a IGS Energy, NRG Energy, Inc., Vistra Corp., and WGL Energy, Inc.; Montgomery County, Maryland; Prince George's County, Maryland; and Walmart, Inc. On April 20, 2023, the Commission granted the National Railroad Passenger Corporation's (Amtrak) petition to intervene.

On August 9, 2023, the Commission granted OPC's motion to remove BGE's $272 million electrification plan proposal from the multi-year plan, noting that it would be premature to consider, in isolation, a broad new policy proposal within the confines of a rate case. Moreover, the Commission ruled, stakeholders should have the opportunity in a separate docket (Case No. 9707) to propose their own electrification or greenhouse gas reduction plans beyond the proposals contained in BGE's rate case.

Public comment hearings were held August 9, 2023, August 23, 2023, and September 20, 2023. A trial-type evidentiary hearing was held on August 30 and 31, and September 5, 6, 7, and 8, 2023, during which the Commission received oral testimony and admitted pre-filed testimonies and exhibits.

On September 19, 2023, the Office of People's Counsel filed a motion to remove the 'confidential' designation from a memo related to BGE's investments in the underground conduit system owned by Baltimore City. On October 6, 2023, BGE filed in opposition to OPC's motion, citing accountant-client privilege and disagreeing with OPC regarding the applicability of the Maryland Public Information Act to the document. On November 27, 2023, the Commission issued an order granting OPC's motion. Having reviewed the document, the Commission did not find any information in it to be commercially or financially sensitive, privileged, or otherwise entitled to blanket confidentiality protection.

On December 14, 2023, the Commission issued Order No. 90948, authorizing a revenue requirement of $408 million over three years, and approving an ROE of 9.5% for electric distribution services and 9.45% for BGE's gas distribution services. The Commission approved BGE's proposed budget of $120 million associated with the new conduit agreement that the company executed with Baltimore City, but determined that it would be subject to a future prudence review at the reconciliation stage of the rate case and all future rate cases until the costs are fully recovered.

The Commission denied OPC's request to terminate the MYP construct altogether, finding that switching to a traditional rate case after the start of the proceeding would have denied BGE its due process rights, and also that it would not be appropriate to terminate MYPs in the confines of a single utility's rate case.

On January 12, 2024, Amtrak filed a request for rehearing; on January 16, 2024, OPC filed a motion for rehearing and Staff filed a request for clarification. Those requests remain pending.

The Potomac Edison Company's Application for Adjustments to its Retail Rates for the Distribution of Electric Energy—Case No. 9695

ON MARCH 22, 2023, The Potomac Edison Company filed an application requesting a $50.4 million increase in its retail rates for providing electric energy in its Maryland service territory. On March 24, 2023, the Commission issued an order suspending the proposed rates for an initial period of 180 days from April 23, 2023. On April 21, 2023, the Commission delegated the matter to the PULJ Division.

On May 31, 2023, the Parties filed a consent motion to establish a Phase II Proceeding to address the company's proposals to establish an energy assistance outreach team and a 50% discount program to support low-income customers pursuant to PUA § 4-309. On June 7, 2023, the PULJ granted the Phase II motion. A public comment hearing was held on July 10, 2023. Evidentiary hearings were held on July 18, 19, 20, 21, and 28, 2023. The PULJ issued a Proposed Order on September 6, 2023, authorizing a rate increase of $31,435,485.

On September 12, 2023, Potomac Edison filed a Request for Clarification and Correction of the Proposed Order regarding the PULJ-approved depreciation expense. Staff filed a Request for Clarification on September 15, 2023 requesting clarification of depreciation rates contained in Appendix C to the Proposed Order.

On September 20, 2023, OPC filed an appeal of Appendix C to the proposed Order requesting that the Commission modify the depreciation rates in Appendix C. The PULJ filed an Errata Proposed Order on September 22, 2023, noting a revised revenue requirement due to a change in the depreciation calculation. On September 25, 2023, Potomac Edison filed a Motion to Strike OPC's September 20, 2023 Appeal regarding Appendix C to the Proposed Order and on September 29, 2023, OPC filed a "line" withdrawing its appeal. On October 18, 2023, the Commission issued Order No. 90847 affirming in part, reversing in part, and modifying in part the Proposed Order of Public Utility Law Judge, authorizing an increase in Potomac Edison's electric rates by $28,038,042.

On October 31, 2023, Potomac Edison filed a Motion for Reconsideration to Correct an Error in the Commission's Order with regards to administrative and general (A&G) expenses. On November 17, 2023, OPC filed a Motion for Clarification, or in the Alternative, Rehearing regarding clarification of the language directing independent audit of FirstEnergy Service Corp-allocated expenses to Potomac Edison.

On January 3, 2024, the Commission issued an Order on Reconsideration, Order No. 90966, granting Potomac Edison's Motion for Reconsideration, correcting A&G costs, denying OPC's Motion for Clarification regarding assignment of independent auditing services costs as premature, and, with the exception of OPC's request to delete the Confidentiality provision in the independent auditing services RFP proposed by Staff, granting OPC's proposed edits to the proposed RFP as modified by Potomac Edison.

Columbia Gas of Maryland, Inc.'s Application for Authority to Increase Rates and Charges for Natural Gas Services—Case No. 9701

ON MAY 12, 2023, Columbia Gas of Maryland, Inc. filed an application for an increase to rates and charges which requested an overall increase to its base distribution rates of approximately $8.1 million. The Commission docketed this matter as Case No. 9701, suspended the proposed rates and charges for 180 days, and delegated the proceedings to the PULJ Division. In addition to the Office of People's Counsel and Commission Staff, a *pro se* party, Clayton Marquiss, intervened in the case. Two in-person public hearings were held, one in Hagerstown on August 22, 2023, and one in Cumberland on August 23, 2023.

On August 29, 2023, Columbia Gas, the Maryland Energy Administration, the Office of People's Counsel, and Staff advised that a settlement had been reached and, on September 11, 2023, Columbia, OPC, and Staff filed testimony in support of the settlement which would increase Columbia's annual revenue requirement by $5.2 million as of December 8, 2023. MEA was a signatory to the settlement and Mr. Marquiss supported the settlement even though he did not submit testimony or execute the settlement.

On September 25, 2023, a Proposed Order was issued accepting the settlement agreement with one change—a provision related to the potential introduction of renewable natural gas was struck as it was not supported by the record and was unnecessary based upon Columbia's previous rate case, Case No. 9680. No party withdrew from the settlement and the Proposed Order became a final order on October 26, 2023.

Potomac Electric Power Company's Application for Adjustments to its Retail Rates for the Distribution of Electric Energy-Case No. 9702

ON MAY 16, 2023, Potomac Electric Power Company (Pepco) filed a three-year rate plan to increase its revenues by $193.7 million covering the period April 2024 through March 2027.

On June 2, 2023, the Commission's Technical Staff filed a request to postpone litigation of Pepco's case citing Staff's involvement in several other ongoing rate cases including BGE's multi-year plan. On July 21, 2023, Pepco filed a motion for approval of a settlement agreement extending the procedural schedule. The Commission held a hearing on August 2, 2023 to consider the proposed settlement and on August 7, 2023 issued an order approving the settlement agreement.

On November 28, 2023, OPC filed a motion asking the Commission to remove Pepco's $151 million electrification program from the MYP. On March 4, 2024, the Commission granted OPC's motion, agreeing with OPC that it is prudent and consistent with Commission precedent to consider major policy proposals in a separate docket rather than a base rate case where the parties and the Commission must address a myriad of issues in a compressed time frame.

Public comment hearings in this case were held on March 5, 2024 in Prince George's County and March 26, 2024 in Montgomery County. Evidentiary hearings were held March 7-8, 11-14, 2024. A final order in this case is due by June 10, 2024.

Washington Gas Light Company's Application for Authority to Increase Rates and Charges for Natural Gas Services-Case No. 9704

ON MAY 18, 2023, Washington Gas Light (WGL) filed an application to increase its rates by $49.4 million, with an incremental increase of $28.4 million after the inclusion of Strategic

Infrastructure Development and Enhancement (STRIDE) revenue requirements. The revenue requirement was later adjusted by the company to $45.2 million.

The Commission held a pre-hearing conference on June 7, 2023, set the procedural schedule and granted intervention to the Apartment and Office Building Association of Metropolitan Washington, the U.S. General Services Administration (GSA), Chesapeake Climate Action Network, the Philadelphia Baltimore-Washington Laborers' District Council, Montgomery and Prince George's counties and the Maryland Energy Administration.

A virtual public comment hearing was held on September 21, 2023 and evidentiary hearings were held October 17-19, and 25, 2023.

On December 14, 2023, the Commission issued Order No. 90943, authorizing a rate increase of $10,051,241 and a return on equity of 9.5%. The Commission's order rejected WGL's proposed terminal treatment and post-test year plant adjustments for the company's Infrastructure Development and Enhancement (STRIDE) and non-STRIDE plant addition.

On January 12, 2024, GSA filed a request for clarification, which was followed by a petition for rehearing by Washington Gas on January 16, 2024. Also on January 16, Staff filed a motion for clarification. On March 28, 2024, the Commission granted GSA's request for clarification regarding the inclusion of coincident peak class cost of service studies, denied in part and granted in part the company's request for rehearing, and granted Staff's motion for clarification regarding accounting adjustments.

Historical Oldtown Bridge Preservation, LLC's Application for Rate Increase for Charges and Tolls—Case No. 9712

ON JULY 14, 2023, Historical Oldtown Bridge Preservation, LLC filed an application for a rate increase for charges and tolls. The Commission docketed this matter as Case No. 9712 and delegated the proceedings to the PULJ Division, but the proposed rates and charges were not suspended as an effective date was not specified by the applicant. At the August 17, 2023 pre-hearing conference, several deficiencies in the application were noted, including the applicant's lack of legal representation. The applicant's request to proceed *pro se* was denied.

On September 29, 2023, Staff's request to waive the requirement to be represented by counsel for good cause was denied, but Staff's request to conduct an investigation of whether the applicant's current rates are just and reasonable was granted. This matter remains pending.

Certificates of Public Convenience and Necessity (CPCN) Cases–Applications, Modifications, and Waivers

The Potomac Edison Company's CPCN Application to Rebuild the Doubs-Goose Creek Transmission Line—Case No. 9669

ON AUGUST 3, 2021, Potomac Edison filed an application for a CPCN to rebuild the Doubs-Goose Creek transmission line that begins in Frederick County and runs southeast through Montgomery County to the Maryland-Virginia state line. On August 4, 2021, the Commission docketed the matter and delegated it to the PULJ Division to conduct the proceedings. On September 3, 2021, Montgomery County filed a petition to intervene, which was granted at the September 14, 2021 pre-hearing conference. After deficiencies in the application were addressed, a procedural schedule was issued on October 5, 2021.

Public comment hearings were held on December 1, 2021 and October 27, 2022. Parties filed testimony in response to the application, which was followed by rebuttal and surrebuttal testimony. An evidentiary hearing was held on January 11, 2023. On March 23, 2023, a proposed order was issued granting the CPCN subject to certain conditions. On April 24, 2023, OPC noted an appeal, and on June 27, 2023, the Commission issued an order denying the appeal.

Temo Renewables, LLC's CPCN Application to Construct a 9.9 MW Solar Photovoltaic Generating Facility in Wicomico County—Case No. 9682

ON SEPTEMBER 22, 2022, Temo Renewables, LLC filed an application for a CPCN to construct an approximately 9.9 MW alternating current solar photovoltaic (PV) generating facility in Wicomico County. The matter was delegated to the PULJ Division on September 28, 2022. The application was deemed administratively complete on December 13, 2022, and a procedural schedule was issued on December 20, 2022. An initial public hearing was held virtually on January 31, 2023. On June 20, 2023, a public hearing was held at Wor-Wic Community College in Salisbury. On June 27, 2023, a hearing for taking evidence was held, at which time pre-filed testimony and exhibits were entered into the record.

On July 12, 2023, a proposed order was issued granting the CPCN subject to certain conditions, in particular Staff's condition that Temo provide 60 days notice to the Commission of any non-wholesale electricity sale to a Maryland retail electric customer and comply with all regulations regarding such sale including obtaining any requisite interconnection agreements and retail supplier licenses prior to delivering electricity into the distribution systems of Maryland electric utilities. The proposed order became final as Order No. 90756 on August 14, 2023.

Rosehip Cleantech, LLC's CPCN Application to Construct a 4 MW Solar Photovoltaic Generating Facility in Somerset County–Case No. 9684

ON OCTOBER 26, 2022, Rosehip Cleantech, LLC filed an application for a CPCN to construct a 4 MW solar PV generating facility in Somerset County. On November 2, 2022, the Commission docketed the matter and delegated the conduct of the proceedings to the PULJ Division. The Power Plant Research Program (PPRP) filed a final completeness determination on January 4, 2023. On January 31, 2023, the Somerset County Board of Commissioners filed a petition to intervene which was subsequently granted. A pre-hearing conference was held and a procedural schedule was issued on February 6, 2023. On March 22, 2023 a virtual public comment hearing was held. On June 26, 2023, a second public comment hearing was held in person at the University of Maryland, Eastern Shore Campus.

On October 22, 2023, an evidentiary hearing was held. The record was held open pending responses from PPRP to bench data requests, which were filed on October 27, 2023. A Proposed Order was issued by the PULJ on December 29, 2023. The Somerset County Board of Commissioners filed a notice of appeal on January 26, 2024 and a memorandum on appeal on February 5, 2024. Rosehip Cleantech and Staff filed reply memorandums on February 23, 2024, and PPRP and OPC filed reply memorandums on February 26, 2024. This matter remains pending.

Community Power Group, LLC's CPCN Application to Construct a 5 MW Solar Photovoltaic Generating Facility in Anne Arundel County—Case No. 9685

ON OCTOBER 28, 2022, Community Power Group, LLC filed an application for a CPCN to construct an approximately 5 MW alternating-current capacity community solar generating facility in Anne Arundel County intended to serve low-income subscribers. On November 2, 2022, the matter was delegated to the PULJ Division to conduct further hearings.

On December 19, 2022, PPRP noted several deficiencies in the application and requested the parties be given until February 2, 2023, to provide an update on the status. The applicant filed a request acknowledging the deficiencies in the application, but requested a scheduling order be issued holding the case in abeyance for 90 days to complete the application and resolve the outstanding issues. On December 29, 2022, an order was issued suspending the proceedings and directing the applicant to file a status update to complete the pre-filing requirements by March 29, 2023.

The procedural schedule was suspended for additional time periods on April 11, July 12, September 13, and November 15, 2023 for the applicant to complete the pre-filing requirements. The applicant filed a revised petition and environmental review document on March 14, 2024. This case remains pending.

Kumquat & Citron Cleantech, LLC's CPCN Application to Construct a 7.2 MW Solar Photovoltaic Generating Facility in Wicomico County—Case No. 9694

ON MARCH 15, 2023, Kumquat & Citron Cleantech, LLC filed an application for a CPCN to construct an approximate 7.2 MW solar photovoltaic facility in Wicomico County. The matter was delegated to the PULJ Division on March 16, 2023, and the application was deemed administratively complete on May 1, 2023, with a procedural schedule issued on May 2, 2023. A virtual public comment hearing was held on July 10, 2023. On October 4, 2023, Staff filed a motion to suspend the procedural schedule due to PJM Interconnection, LLC's suspension of the studies for the project's interconnection queue, which would not be restarted until 2025. On October 5, 2023, Staff's motion was granted. This matter remains pending.

Delmarva Power & Light Co.'s CPCN Application to Rebuild an Existing 138 kV Overhead Transmission Line from Vienna Substation in Dorchester County to the Maryland/Delaware State Line—Case No. 9698

ON APRIL 25, 2023, Delmarva Power & Light Company (DPL) filed an application for a CPCN to rebuild the Maryland portion (7.6 miles) of a 13.7-mile 138 kV transmission line originating at the Vienna Substation in Dorchester County to the Nelson Substation in Sussex County, Delaware. The transmission line was identified by PJM as a reliability risk due to the future deactivation of the Indian River 4 coal-fired generator and determined rebuild was necessary to avoid thermal overload or potential catastrophic failure of the line. On April 27, 2023, the Commission delegated the matter to the PULJ Division.

After the applicant, OPC, and Staff filed testimony on October 4, 2023, the parties indicated that there was no opposition to the issuance of a CPCN subject to the licensing conditions submitted by PPRP and Staff. A virtual public comment hearing was held on October 11, 2023. On October 18, 2023, an evidentiary hearing was held and, on December 5, 2023 a proposed order was issued granting the CPCN subject to the proposed licensing conditions. On December 19, 2023, the proposed order became final by Order No. 90950.

Potomac Electric Power Company's CPCN to Rebuild an Existing 230 kV Overhead Transmission Line from Oak Grove Substation to the Talbert Substation in Prince George's County—Case No. 9699

ON APRIL 26, 2023, Potomac Electric Power Company (Pepco) filed an application for a CPCN to rebuild an existing 230 kV overhead transmission line from its Oak Grove Substation to the Talbert Substation in Prince George's County. On April 27, 2023, the Commission docketed the Application as Case No. 9699 and delegated the matter to the PULJ Division to conduct the proceedings. A pre-hearing conference was held on May 24, 2023, and a procedural schedule was issued. On February 12, 2024, a proposed order was issued granting the CPCN subject to certain licensing conditions. On March 14, 2024 the proposed order became final by Order No. 91060.

Porter Mill, LLC's CPCN Application to Construct a 45.80 MW Solar Photovoltaic Generating Facility in Wicomico County—Case No. 9710

ON JUNE 29, 2023, Porter Mill, LLC filed an application for a CPCN to construct a 45.80 MW solar PV generating facility in Wicomico County. The Commission delegated the matter to the PULJ Division on June 29, 2023. PPRP deemed the application administratively complete on August 18, 2023. A first public comment hearing was held virtually on November 1, 2023. A second public comment hearing was held on February 27, 2024 at the Rockawalkin Community Hall in Hebron.

On February 26, 2024, the applicant filed a letter advising that the parties had reached a settlement and that the applicant would not contest the license conditions proposed by PPRP and Staff. On March 5, 2024, a settlement hearing was held. This case remains pending.

Baltimore Gas and Electric Company's CPCN Application to Construct the Fitzell Third and Fourth Reconfiguration Project—Case No. 9713

ON JULY 19, 2023, Baltimore Gas and Electric Company (BGE) filed an application for a CPCN for the Fitzell Third and Fourth Circuits Reconfiguration Project. The Commission delegated the matter to the PULJ Division on July 21, 2023. On September 4, 2023, PPRP advised that the application was administratively complete. A public comment hearing was held on January 29, 2024 at the North Point Library in Dundalk. The parties filed a settlement agreement on March 5, 2024. A settlement hearing was held on March 6, 2024. This matter remains pending.

Chaberton Solar Snow, LLC's Application to Construct a 4.0 MW Solar Photovoltaic Generating Facility in Worcester County—Case No. 9714

ON SEPTEMBER 28, 2023, Chaberton Solar Snow, LLC filed an application for a CPCN to construct an approximate 4.0 MW solar photovoltaic facility in Worcester County. The matter was delegated to the PULJ Division on September 29, 2023. The application was deemed administratively complete on January 31, 2024, and a procedural schedule was issued on February 20, 2024. This matter remains pending.

Chaberton Solar Bonneville, LLC's Application to Construct a 5.0 MW Solar Photovoltaic Generating Facility in Harford County—Case No. 9716

ON OCTOBER 2, 2023, Chaberton Solar Bonneville, LLC filed an application for a CPCN to construct a 5.0 MW solar PV generating facility in Harford County. On October 3, 2023, the Commission delegated the case to the PULJ Division. On November 30, 2023, PPRP determined that the application was deficient. Chaberton responded to the determination on December 6, 2023 and December 21, 2023. A public comment hearing was scheduled for April 10, 2024. This matter remains pending.

Chaberton Solar Wild Turkey, LLC's Application to Construct a 5.0 MW Solar Photovoltaic Generating Facility in Frederick County—Case No. 9717

ON OCTOBER 13, 2023, Chaberton Solar Wild Turkey, LLC filed an application for a CPCN to construct a 5 MW alternating current capacity community solar facility in Frederick County. On October 13, 2023, the Commission delegated the matter to the PULJ Division. On October 16, 2023, PPRP determined that Chaberton's application was incomplete and summarized the items that had not been sufficiently addressed. The applicant requested additional time to provide the outstanding information, which was granted with a status update to be provided on or before January 5, 2024.

On February 8, 2024, PPRP deemed the application administratively complete. A pre-hearing conference was held on March 5, 2024, with a procedural schedule issued the next day. This case remains pending.

Aligned Data Centers Request for CPCN Exemption-Maillog #302893

ON MAY 12, 2023, Aligned Data Center (MD) Propco, LLC filed an application for Commission approval to site 168 diesel emergency engine-generators–rated at 3 MW each–in Frederick County, Maryland. The application requested exemption from the CPCN requirement under Public Utilities Article § § 7-207.1 and 7-207.2.

The Commission's Technical Staff recommended that the Commission approve the applicant's exemption request. Staff requested further that, if necessary, the Commission should waive any element of the approval process that required aggregation of the capacity of each generator.

The matter was considered at the Commission's August 2, 2023 Administrative Meeting. Commissioners raised a number of questions regarding planned operation of the data center, aggregation of the backup generators for which the CPCN exemption request was being made, and frequency of generator operations. The Commission also asked questions regarding its authority to consider, pursuant to PUA § 2-113(a)(2)(v), "the preservation of environmental quality" and (vi) "the achievement of the State's climate commitments for reducing statewide greenhouse gas emissions." Commissioners inquired of Aligned project alternatives and contingency plans in the event the Commission denied the exemption request.

Counsel for the Power Plant Research Program (PPRP) noted that Aligned's generation-siting request–in the aggregate–was the equivalent of a 504 MW diesel power plant, well over the PUA § 7-207.1 70 MW exemption limit, and that, despite not being connected to the grid, could all turn on and operate at once.

The Maryland Department of the Environment's Air Quality Permits Program Manager noted that a non-CPCN air quality review would not consider each of 168 generating stations on a stand-alone basis, but would evaluate the 504 MW generation capacity as a whole.

Following consideration of the matter, the Commission issued a letter order, on the same day, which denied Aligned's CPCN exemption request, and determined that it would be more appropriate for the project to instead proceed through the CPCN process.

On September 1, 2023, Aligned filed a request for rehearing, maintaining that its proposed installation of the backup generators was entitled to CPCN exemption because the emergency generators would run only in the event of a complete disruption of utility service to the data center, as well as individually for short maintenance periods. Aligned further argued that, contrary to the Commission's findings, the backup generators were each independent and therefore qualified for the exemption.

On October 10, 2023, the Commission issued provisional Order No. 90830, granting in part and denying in part, Aligned's rehearing request. The Commission rejected Aligned's argument that the emergency generating stations should not be aggregated and instead found that the aggregate capacity of the applicant's project exceeded the exemption threshold of 70 MW. The Commission authorized a provisional exemption for the installation of generation up to a capacity level not to exceed 70 MW.

On October 25, 2023, Aligned notified the Commission that it rejected the provisional order and would not proceed with the data center project in Frederick.

Energy Competition and Standard Offer Service Cases

Electric Competition Activity (Energy Choice) – Case No. 8738

SINCE SEPTEMBER OF 2000, Maryland's major investor-owned utilities have been required to file Monthly Electric Customer Choice Reports. The reports are to show the number of residential and non-residential customers served by suppliers, the total number of utility distribution customers, the total megawatts of peak demand served by suppliers, the peak load obligation for all distribution accounts, and the number of electric suppliers serving customers in Maryland.

The passage of Senate Bill 517 in the 2019 session of the Maryland General Assembly directed the Commission to create two new residential customer choice shopping websites (for electricity and gas) by October 1, 2020. As noted in prior annual reports, the Commission launched www.MDElectricChoice.com on March 9, 2020, and www.MDGasChoice.com on September 29, 2020. Each website is accompanied by a secure portal for licensed retail energy suppliers to upload their offers.

The websites feature attractive user-friendly designs and layouts, making it easy for energy shoppers to navigate and find products beneficial to them. In addition to many shop-and-compare features, the websites also contain resources and educational information to help customers make more informed decisions when choosing their energy supplier as well as to help answer many questions that consumers may have regarding their home energy needs. The sites also contain links to the Commission's complaint portal that provides access for customers to contact the Commission's Consumer Affairs Division if they need help resolving an issue with a supplier. The Commission continues to explore options to further enhance customer education on retail choice.

In 2023, the MDElectricChoice.com site had 49,334 visits and 165,336 page views; in the same period, the MDGasChoice.com site had 13,508 visits and 40,341 page views.

In September 2021, the Commission unveiled a new landing page for both choice sites– MDEnergyChoice.com. The new landing page puts links to both the electric and gas choice sites in one place in order to streamline the shopping process. In 2023, the MDEnergyChoice site had 12,202 site visits and 11,978 page views.

MD ENERGY CHOICE
Visit MDEnergyChoice.com

In 2023, Potomac Edison (PE), Baltimore Gas and Electric Company (BGE), Delmarva Power & Light (DPL), Potomac Electric Power Company (Pepco) and Southern Maryland Electric Cooperative, Inc. (SMECO) filed electric choice enrollment reports every month. At the end of December 2023, electric suppliers in the state served 395,672 commercial, industrial, and residential customers–down 8.6 percent from 2022, when suppliers served 432,994 customers.

Table 7: Customer accounts enrolled with electric suppliers as of December 31, 2023

	Residential	Non-Residential	Total
Total eligible accounts	2,361,672	271,593	2,633,265
Number of customers enrolled with suppliers	303,195	92,477	395,672
Percentage of customers enrolled with suppliers	12.8%	34.0%	15.0%

At the end of December 2023, the overall demand in megawatts of peak load obligation in the state served by all electric suppliers was 5,054 MW, down 1.9 percent from 5,150 MW in 2022.

Table 8: Peak load obligation in Maryland served by electric suppliers as of December 31, 2023

	Residential	Non-Residential	Total
Total MW peak	6,807 MW	5,560 MW	12,366 MW
MW demand served by suppliers	887 MW	4,168 MW	5,054 MW
Percentage of peak load served by suppliers	13.0%	75.0%	40.9%

BGE had the highest number of residential accounts (197,583), commercial accounts (49,016), and total peak-load (2,858 MW) served by suppliers. At the end of 2023, 391 electric suppliers were licensed in Maryland, down from 395 at the end of 2022.

Most electric suppliers in Maryland are authorized to serve multiple classes. The number serving each class in each utility territory is reflected in the table below.

Table 9: Number of electric suppliers serving enrolled customers by class as of December 31, 2023

	Residential	Small C&I	Mid-Sized	Large C&I
BGE	63	65	54	19
DPL	50	50	43	17
PE	44	45	41	17
Pepco	59	59	59	21
SMECO	8	4	3	1

Results of the Standard Offer Service Solicitations for Residential and Small Commercial (Type I) Customers-Case Nos. 9056 and 9064

THE COMMISSION REVIEWS standard offer service (SOS) rates on an ongoing basis in Case Nos. 9056 and 9064. For the 12-month period beginning June 2023, SOS rates increased for residential customers of BGE, Delmarva Power & Light, Pepco, and Potomac Edison[13] compared to the previous year. SOS rates increased for small commercial customers of Delmarva, BGE, Pepco, and Potomac Edison compared with the previous year. With the exception of Potomac Edison, 2023 bids were completed in April 2023. Rate changes expressed as a percentage change in the total annual cost for an average customer are shown below.[14]

Residential Customers		Small Commercial Type 1 (SOS) Customers	
BGE	+14.5%	BGE	+13.4%
DPL	+14.1%	DPL	+13.9%
Pepco	+14.4%	Pepco	+17.5%
Potomac Edison	+7.4% (for 2024/25)	Potomac Edison	+4.4% (Oct 23 bids)

For the 2023-2024 SOS bid year, the bid schedule and quantities of power supply sought were modified to accommodate the potential start of a Montgomery County Community Choice Aggregation pilot program.

[13] Due to PE's bid cycle, bill impacts are shown for one year in advance of the other utilities.

[14] The statistics are taken from the Commission's Staff reports submitted in Case Nos. 9056 and 9064. The annual bill change is determined not only by the newly bid load, but also by the proportion of previous year's contracts that expired.

Petition of NRG Energy, Inc., Interstate Gas Supply, Inc., Just Energy Group, Inc., Direct Energy Services, LLC, and ENGIE Resources, LLC for Implementation of Supplier Consolidated Billing for Electricity and Natural Gas in Maryland-Case No. 9461, RM70

ON SEPTEMBER 7, 2017, numerous competitive suppliers filed a joint petition requesting that the Commission mandate supplier consolidated billing (SCB) as a billing option by June 30, 2019, adopt specific policy recommendations and elements proposed in the petition, and establish a rulemaking proceeding and work group to facilitate the drafting of any new and revised COMAR provisions needed to implement supplier consolidated billing. By letter order issued on September 15, 2017, the Commission initiated a new docket, Case No. 9461, to consider the petition. It requested comments on the petition with a filing date by November 15, 2017. After review of the filed comments, the Commission held a legislative-style hearing on February 20, 2018, to further consider the petition.

In a May 24, 2018 letter order, the Commission requested additional comments on specific issues raised during the hearing. On May 7, 2019, the Commission issued Order No. 89116, authorizing supplier consolidated billing and establishing a work group to develop and propose regulations to implement SCB. On March 10, 2021, the Commission voted to approve the proposed regulations, with certain modifications, for publication in the *Maryland Register* for notice and comment. The proposed regulations were approved as final at a rulemaking session on February 3, 2022, and were considered effective as of March 7, 2022. The SCB work group met throughout 2022 to determine technical implementation of the rules so that the market can begin providing SCB, including the development of the electronic transactions that gas and electric utilities and suppliers will use to send bill and payment information back and forth under the approved Commission regulations. The SCB work group also discussed cost recovery. In 2023, the SCB work group continued to meet to determine technical implementation of SCB in the retail choice market. Additionally, the Commission ruled on the issue of cost recovery as to how SCB costs will be paid for. The SCB work group presented several options to the Commission as to how SCB costs would be paid for.

After considering the SCB work group report, party comments, and a hearing, the Commission selected a $2 per-bill fee and directed the SCB work group to refine the specifics of the cost recovery model. The Commission found that this method best balanced the principles of cost causation, avoidance of barriers to entry, and full and timely recovery of utility costs, but also recognized that this method did not guarantee full cost recovery of program costs from suppliers. The Commission has currently approved SCB to start December 31, 2024.

Mergers, Transfers, and Franchise Cases

In the Matter of the Merger of AltaGas Ltd., and WGL Holdings, Inc.-Case No. 9449

ON SEPTEMBER 30, 2021, OPC filed a Motion to Establish a Corrective Action Plan and Impose Civil Penalties or, Alternatively, to Order Washington Gas to Show Cause Why the Commission Should Not Impose Civil Penalties. OPC contended that Washington Gas' quarterly customer service reports demonstrated that the customer service metrics the company committed to in the 2018 merger with AltaGas had worsened.

OPC described eight separate customer service metrics that showed a level of customer service inferior to both Washington Gas' pre-merger levels and industry standards. OPC also alleged that Washington Gas' failure to file four timely quarterly reports violated merger condition 11F and requested the Commission impose sanctions for a violation of that merger condition. OPC also contended that Washington Gas' poor customer service violated several provisions of the PUA and COMAR, which require, among other things, that Washington Gas "investigate promptly and thoroughly any complaint concerning its charges, practices, facilities, or service."

COMAR 20.55.04.11 requires Washington Gas to "keep such records of customer complaints as will enable it to review and analyze its procedures and actions as an aid in rendering improved service." Finally, COMAR 20.32.01.03 requires Washington Gas to "investigate a customer dispute or inquiry and propose a resolution of the dispute to the customer or report its findings to the customer." OPC claimed that Washington Gas violated all of these provisions and asked the Commission to "implement a corrective action plan for Washington Gas that includes measurable customer service metric levels consistent with industry standards." Additionally, OPC asked the Commission to impose a civil penalty in the amount of $1,500,000.

In an order issued December 23, 2021, the Commission found that the record reflected an extensive failure by Washington Gas to provide adequate customer service within its service territory in Maryland. For example, the percentage of calls that Washington Gas answered within 30 seconds declined from 77 percent pre-merger to 43 percent (the industry average is 82 percent). The percentage of calls abandoned by customers increased from 11 percent to 28 percent (the industry average is eight percent). The average speed to answer a customer's call increased from 42 seconds to 566 seconds (the industry average is 30 seconds). The longest time Washington Gas customers had to wait for their calls to be answered increased from 41 minutes to 67 minutes (the industry average is eight minutes). The Commission concluded that the company violated merger order conditions 11 and 11F, as well as provisions of COMAR 20.32.01.03, 20.55.04.10 and 20.55.04.11, and set a hearing for February 9, 2022, to determine the amount of a potential civil monetary penalty.

On January 24, 2022, Washington Gas filed a petition for rehearing and/or clarification. In its petition, Washington Gas contended that the Commission should address Washington Gas' obligation to achieve industry standards for eight Maryland reliability metrics through a statewide rulemaking. Washington Gas also argued that granting OPC's request to require

Washington Gas to track and potentially disallow costs associated with its contract with its former vendor, which the Commission approved in prior rate cases, would violate the prohibition against retroactive ratemaking.

In Order No. 90110, issued on March 17, 2022, the Commission denied the utility's request for a rulemaking and imposed a civil penalty of $1,147,600 for all violations. While the Commission did not require the establishment of a regulatory liability, Washington Gas was directed to track all costs and damages incurred as a result of its contract with its former vendor that were not previously approved by the Commission, as well as all costs incurred going forward related to its contract with its new vendor.

On March 27, 2023, Washington Gas, OPC and the Commission's Technical Staff filed a joint motion for revised corrective action plan (CAP). The revised CAP would allow Washington Gas to resume dunning, assessment of late payment fees, and disconnection for non-payment, subject to protections regarding call center performance and strict customer notification requirements. The revised CAP was developed with input from OPC and Staff, and was informed by calendar year 2022 service level data associated with the company's system-wide call center. On April 6, 2023, the Commission issued a letter order approving the revised CAP.

Other Matters

William Steverson v. Potomac Electric Power Company—Case No. 9498

AS NOTED IN prior annual reports, on April 17, 2018, William Steverson filed an appeal of the Commission's Consumer Affairs Division's[15] decision on further review concerning a formal complaint against Potomac Electric Power Company (Pepco) challenging the termination of his service and alleging unfairness and bias by the Commission's Consumer Affairs Division in handling the dispute.

On November 21, 2018, the Commission issued a letter order that denied the allegations of bias but delegated the remaining issue to the PULJ Division to determine whether Pepco violated COMAR 20.31.03.01. An evidentiary hearing was held on February 7, 2019. A Motion to Stay Proceeding was filed on February 11, 2019, and subsequently granted, based upon Mr. Steverson filing a petition for bankruptcy. As of December 31, 2023, this matter remains pending.

Complaint of the Staff of the Public Service Commission of Maryland v. SmartEnergy Holdings, LLC d/b/a SmartEnergy—Case No. 9613

ON MAY 10, 2019, Staff filed a complaint against SmartEnergy alleging SmartEnergy had committed fraud and engaged in deceptive practices for failing to comply with the Commission's consumer protection regulations as contained in COMAR 20.51.07 and 20.53.07. The Commission delegated the complaint to the PULJ Division for a finding of whether SmartEnergy engaged in a pattern or practice of systemic violations of the consumer protections contained in the PUA. OPC filed a third-party complaint.

After an evidentiary hearing, a proposed order was issued on December 16, 2020, in which the Public Utility Law Judge made various recommendations including that a moratorium be imposed on SmartEnergy's enrolling or soliciting additional customers in Maryland at least until SmartEnergy completes a communication and refund process, as well as an accounting to the Commission after which the Commission can address the appropriate civil monetary penalty. On December 22, 2020, the Commission issued Order No. 89683, imposing a moratorium and directing further proceedings.

On March 31, 2021, the Commission issued Order No. 89795, affirming the PULJ's findings that SmartEnergy violated PUA § 7-507(b)(7) by engaging in unfair, false, misleading and deceptive marketing, advertising and trade practices, and violated associated COMAR Title 20, Subsection 53 provisions. The Commission reversed the PULJ's finding that Commercial Law Article (Com. Law) § 14-2203(b) (the Maryland Telephone Solicitation Act or MTSA)—requiring that a contract made pursuant to a telephone solicitation be reduced to writing and signed by the

[15] At the time, the Office of External Relations.

consumer—does not apply to SmartEnergy's contracting with its Maryland customers under the facts of the case.

SmartEnergy objected to the Commission's finding that the MTSA applies to its enrollments and filed a petition for judicial review of the Commission's order in the Circuit Court for Montgomery County. Along with the Commission, OPC and the Maryland Attorney General's Consumer Protection Division also filed memoranda supporting the Commission's findings in Order No. 89795.

On November 29, 2021, the Circuit Court entered an order affirming the Commission's order in all respects, except the Commission's finding that SmartEnergy's access to and ability to edit call recordings violated the Commission's regulations. SmartEnergy filed a notice of appeal to the Appeals Court of Maryland (formerly the Court of Special Appeals), which affirmed the Commission's order. SmartEnergy filed a petition for a writ of certiorari in the Supreme Court of Maryland (formerly the Court of Appeals), which was granted in March 2023. On February 22, 2024, the Supreme Court affirmed the judgment of the appellate court. On April 18, 2024 the Supreme Court of Maryland denied SmartEnergy's motion for reconsideration, and issued the mandate with regard to the Court's February 22, 2024 opinion.

Complaint of the Staff of the Public Service Commission of Maryland v. Direct Energy Services, LLC—Case No. 9614

On May 15, 2019, Staff filed a complaint against Direct Energy Services, LLC alleging that the company had violated Maryland law governing retail supplier activities. The Commission initiated a new docket and delegated the matter to the PULJ Division for a finding of whether the company engaged in a pattern or practice of systemic violations of the consumer protections in the Public Utilities Article and the Commission's regulations. On April 29, 2021, the parties entered into a settlement agreement. On July 8, 2021, a proposed order was issued approving the settlement and reserving for further litigation in a Phase II proceeding issues relating to the Maryland Telephone Solicitations Act (MTSA). The parties filed initial briefs on October 25, 2021, and reply briefs on November 15, 2021. On January 14, 2022, a Phase II proposed order was issued. On February 14, 2022, Direct Energy and OPC both noticed appeals of the proposed order.

On May 4, 2022, the Commission issued Order No. 90208, affirming in part and reversing in part the PULJ's findings. The Commission affirmed the PULJ's findings that Direct Energy violated the MTSA and, alternatively, COMAR 20.53.07.08(C)(4) and COMAR 20.59.07.08(C)(4) by engaging in marketing, advertising, or trade practices that are unfair, false, misleading or deceptive. The Commission reversed the PULJ's remedy related to requiring signatures for all future telephone enrollments regardless of the MTSA's statutory exemptions, but did not order any additional monetary remedy against Direct Energy, finding that the $125,000 penalty previously assessed was sufficient. Direct Energy and OPC filed petitions for judicial review.

The memorandum briefing schedule for the case concluded on January 18, 2023, with an initial hearing scheduled for January 23, 2023. On the eve of the hearing, the circuit court issued an order postponing the hearing for 90 days to April 24, 2023. On May 10, 2023, the court issued an order reversing the Commission's ruling regarding Direct Energy's compliance with the regulations governing contract formation.

Complaint of the Staff of the Public Service Commission of Maryland v. U.S. Gas & Electric d/b/a Maryland Gas & Electric and Energy Services Providers, Inc. d/b/a Maryland Gas & Electric—Case No. 9615

ON MAY 15, 2019, Staff filed a complaint against U.S. Gas & Electric, d/b/a Maryland Gas & Electric alleging that the company had violated Maryland law governing retail supplier activities. The Commission initiated a new docket and delegated the matter to the PULJ Division for a finding of whether the company engaged in a pattern or practice of systemic violations of the consumer protections in the Public Utilities Article and the Commission's regulations. On May 14, 2021, the parties entered into a settlement agreement. On August 30, 2021, a proposed order was issued approving the settlement and reserving for further litigation in a Phase II proceeding issues relating to the Maryland Telephone Solicitations Act. On March 18, 2022, a Phase II proposed order was issued.

On August 16, 2022, the Commission issued Order No. 90311, affirming in part and reversing in part the PULJ's findings. The Commission affirmed the PULJ's findings that U.S. Gas & Electric, Inc. and Energy Service Providers, Inc. d/b/a Maryland Gas & Electric (MDG&E) violated the MTSA and, alternatively, COMAR 20.53.07.08(C)(4) and COMAR 20.59.07.08(C)(4) by engaging in marketing, advertising, or trade practices that are unfair, false, misleading or deceptive. The Commission reversed the PULJ's remedy related to requiring signatures for all future telephone enrollments regardless of the MTSA's statutory exemptions, but did not order any additional monetary remedy against MDG&E, finding that the $150,000 penalty previously assessed was sufficient. MDG&E and OPC filed petitions for judicial review.

MDG&E later filed a motion to stay the matter pending the outcome of SmartEnergy's petition for a writ of certiorari in the Supreme Court of Maryland. On February 28, 2023, the motion to stay was denied. Hearing dates for OPC's and MDG&E's petitions were scheduled for May 2023.

Complaint of the Maryland Office of People's Counsel Against SunSea Energy, LLC—Case No. 9647

ON JANUARY 30, 2023, the Commission's Consumer Affairs Division submitted a memorandum that alleged SunSea Energy, LLC violated State law governing retail suppliers' activities. On February 13, 2023, the Commission reopened this docket and scheduled a Probable Cause Hearing which was held on April 5-6, 2023. On April 11, 2023, the Commission issued an order that SunSea had violated Maryland laws and regulations, and delegated the matter to the PULJ Division to determine the full extent of SunSea's violations. The Commission also suspended SunSea's license to supply electric and gas, and electric and gas supply services, directed

SunSea to return all customers to Standard Offer Service, to cease all current and future marketing and enrollment of electric and gas services, and to double its surety bond to $500,000 for both its electric and gas licenses.

On April 25, 2023, the Public Utility Law Judge ruled that since SunSea had a single $250,000 bond that covered both its electric and gas supplier licenses, it was only required to increase the bond to $500,000. On May 4, 2023, the Commission issued an order with findings from the Probable Cause hearing and clarified that it intended for SunSea to increase its bonds to $1 million based upon information provided during the Probable Cause Hearing. The Commission also denied SunSea's request to provide an alternative financing instrument and that the failure to post a bond by May 10, 2023 would result in a $10,000 per day civil penalty. On May 11, 2023, SunSea filed a Petition for Judicial Review in the Circuit Court for Baltimore City.

On December 8, 2023, Staff filed a Motion for Summary Judgment, or for Partial Summary Judgment based upon SunSea's failure to increase the amount of its bonds and to add language to its bonds as specified by the Public Utility Law Judge and requested that a $112,000 judgment be entered against SunSea which would continue to increase by $10,000 per day until SunSea complies with the Commission's directives. On December 20, 2023, the Public Utility Law Judge denied Staff's Motion based upon SunSea's pending petition and the ongoing Circuit Court case.

On January 28, 2024, the Public Utility Law Judge granted SunSea's motion to stay this matter until the Circuit Court issues a ruling on its petition. This matter remains pending.

Petition of the Maryland Office of People's Counsel to Investigate the Future of FirstEnergy's Relationship with Potomac Edison in Light of Recent Events-Case No. 9667

ON JULY 26, 2021, the Commission granted a petition by OPC to initiate an investigation into the relationship between FirstEnergy Corp. and The Potomac Edison Company following allegations and subsequent findings of misconduct related to lobbying activities that occurred in Ohio. In granting OPC's petition, the Commission authorized discovery into three subject areas: (1) the effect this misconduct may have had on Potomac Edison's cost to access FirstEnergy's 'money pool'; (2) whether and to what extent FirstEnergy may have used any funds from Potomac Edison to pay for any costs associated with FirstEnergy's misconduct; and (3) the extent to which the "Icahn Agreement" may cause Icahn-appointed directors to exercise "substantial influence" over Potomac Edison pursuant to Annotated Code of Maryland, Public Utilities Article (PUA) § 6-105.

On October 15, 2021, OPC filed a motion to compel discovery regarding Potomac Edison's responses to six questions contained within its data request and requesting, in particular, that Potomac Edison produce all documentation regarding the internal investigation conducted by FirstEnergy shortly after its misconduct became public. Potomac Edison responded that some of the documents OPC sought were protected by attorney-client privilege.

On October 22, 2021, the Commission delegated the hearing on OPC's discovery motion to **Commissioner Odogwu Obi Linton**. Commissioner Linton conducted a hearing on November 4, 2021, at which he addressed each of OPC's six questions. Commissioner Linton issued a ruling from the bench and subsequently issued a proposed order granting OPC's motion to compel. Commissioner Linton also concluded that Potomac Edison had waived any attorney-client privilege by describing the contents of the investigation, and FirstEnergy had also done so by speaking to Potomac Edison regarding whether FirstEnergy's internal investigation involved information related to Potomac Edison.

On November 29, 2021, Potomac Edison appealed the provision of the proposed order that granted the motion to compel the investigation report. On January 6, 2022, the Commission granted Potomac Edison's appeal and denied OPC's motion to compel the internal investigation documents, finding that the internal investigation conducted by FirstEnergy's outside counsel constituted attorney-client privilege. The Commission affirmed Commissioner Linton's decision on the five other discovery disputes.

On January 13, 2022, OPC filed a motion for reconsideration, asserting that the Commission's order on appeal entitled OPC to Potomac Edison's audit documents. On March 2, 2022, the Commission denied OPC's motion, ruling that the motion contained a procedural deficiency because it was not germane to the Commission's order. On March 28, 2022, OPC filed an additional post-discovery reply brief. On April 7, 2022, Potomac Edison filed a reply to OPC's brief, arguing that OPC did not raise any new facts or arguments that warranted expanding or continuing this proceeding. Investigations at the federal level, by the Securities and Exchange Commission and the Department of Justice are ongoing.

On May 5, 2023, the Commission issued Order No. 90615, concluding that further discovery in this matter would not be productive and closed the investigative proceeding. The Commission noted that any outstanding issues identified would be addressed in Potomac Edison's rate proceeding, Case No. 9695.

On June 5, 2023, OPC filed a motion for rehearing. On June 23, 2023, the Commission issued Order No. 90681 denying rehearing.

Formal Complaint of Belinda Kiser v. Historical Infrastructure Management, LLC (The Old Town Bridge)--Case No. 9672

ON AUGUST 16, 2021, **Belinda Kiser** filed a formal complaint against Historical Infrastructure Management, LLC related to the adequacy of maintenance and operation of the Old Town Bridge, a privately-owned toll bridge located in Allegany County. On November 18, 2021, the Commission docketed the matter and delegated it to the PULJ Division. On January 26, 2022, a procedural schedule was adopted, and the Maryland Department of the Environment's petition to intervene was granted.

An evidentiary hearing was held on September 21-22, 2022, and the proposed order issued on December 21, 2022, became final by Commission Order No. 90482 on January 24, 2023. The order sustained the complaint in part and dismissed it in part, directing the operator of the bridge to make certain required repairs on a timeline approved by Commission Staff, or if insufficient revenue exists to complete the repairs, to proceed with filing a rate case. The bridge operator is required to provide an update on the status of the repairs within six months of the final order.

Staff's Complaint for Show Cause Against SFE Energy Maryland, Inc. d/b/a SFE or SFE Energy—Case No. 9690

ON JANUARY 26, 2023, Staff filed a complaint against SFE Energy Maryland, Inc., d/b/a SFE or SFE Energy alleging that SFE had violated Maryland law governing retail suppliers' activities by engaging in deceptive practices and failing to comply with the Commission's customer protection regulations contained in COMAR Title 20 Subtitles 53 and 59.

On January 30, 2023, the Commission issued Order No. 90488 directing the company to file an answer to Staff's complaint and to file evidence to show just cause as to why the company's license to provide electricity or electricity supply services should not be suspended or revoked, or in the alternative, why the company should not be precluded from soliciting additional customers, and why the company should not be subject to a civil penalty under Public Utilities Article § § 7-507(1) and 13-201 based on the violations of Maryland law cited in Staff's complaint.

Order No. 90488 also directed the company to appear at the Commission's March 1, 2023 Administrative Meeting for a hearing on the complaint. During the hearing, Staff, OPC and SFE provided testimony, evidence and argument addressing the allegations made by Staff covering the complaint period of January 1, 2020 through September 30, 2022.

After reviewing the record, the Commission found that the submissions provided by the parties were insufficient to resolve the issues in Staff's complaint and the company's response. Specifically, the Commission found that there were genuine disputes of material fact and that further proceedings were warranted to determine whether SFE violated Maryland laws and regulations in its marketing and contracting practices, or any other violations of the consumer protections contained in the PUA and the Commission's regulations.

On March 27, 2023, by Order No. 90558, the Commission delegated the matter to the PULJ Division for further evidentiary proceedings according to the procedural directives in the transcript of the March 22, 2023 show cause hearing.

On May 16, 2023, the PULJ issued a ruling on issues identified at the prehearing conference. On May 19, 2023 SFE filed a motion for reconsideration of the ruling, and on May 23, 2023, the PULJ issued a ruling on the motion for reconsideration. On July 7, 2023, in accordance with the procedural schedule, the parties filed a Joint Request for Scheduling of Mediation.

On August 17, 2023, Staff filed an amendment to the complaint, followed on August 31, 2023 by comments and exhibits. On September 5, 2023, the parties notified the PULJ that they had reached a comprehensive settlement. Accordingly, the procedural schedule was suspended and the evidentiary hearing scheduled for September 21-22, 2023 was canceled.

On October 6, 2023, the parties filed a Joint Petition for Approval and Adoption of Settlement Agreement, and a hearing was held November 13, 2023. SFE later submitted a draft settlement agreement which the parties agreed captured the discussion at the hearing. A proposed order granting the petition was issued on November 28, 2023. On January 2, 2024, the proposed order became final Order No. 90958. On January 29, 2024, the parties filed for approval of revisions to the settlement agreement (to modify customer refund allocations), which was granted by the Commission on March 12, 2024.

The Complaint of the Staff of the Public Service Commission of Maryland Against Greenlight Energy, Inc.-Case No. 9691

ON FEBRUARY 14, 2023, the Commission's Technical Staff filed a complaint against Greenlight Energy, Inc. alleging that Greenlight had violated Maryland law governing retail suppliers' activities, by engaging in deceptive practices and failing to comply with the Commission's customer protection regulations contained in COMAR 20 Subtitles 53 and 59.

On February 15, 2023, the Commission ordered Greenlight to show just cause as to why the company's license to provide electricity or electricity supply services should not be suspended or revoked, or in the alternative, why the company should not be precluded from soliciting additional customers, and why the company should not be subject to a civil penalty under Public Utilities Article § § 7-507(1) and 13-201 based on the violations of Maryland law cited in Staff's complaint.

On April 13, 2023, Staff filed a joint settlement agreement on behalf of the parties resolving the issues in the complaint. The settlement agreement addressed Greenlight's operational modifications for online enrollments, door-to-door enrollments and telephone enrollments, customer service, and miscellaneous marketing modifications. It also addressed reporting, customer refunds of more than $62,000 and a civil penalty of $40,000. A hearing on the settlement agreement was held on April 14, 2023.

On April 20, 2023 the Commission issued Order No. 90593 approving the settlement agreement. On May 15, 2023, Greenlight provided notice of payment of the civil penalty.

Formal Complaint of Terra Firma, LLC v. Delmarva Power & Light Company—Case No. 9693

ON NOVEMBER 30, 2022, Terra Firma filed a formal complaint against Delmarva Power & Light Company (DPL), which filed its response on December 16, 2022. Pursuant to the parties' request, a mediation session was held on March 21, 2023; however, the mediation was unsuccessful. This matter remains pending.

Baltimore Gas and Electric Company's Application for an Electric School Bus Pilot Program-Case No. 9696

ON MARCH 3, 2023, BGE filed a proposal for an electric school bus pilot program to provide electric school bus rebates and related rebates in support of the Climate Solutions Now Act of 2022. BGE requested the Commission's approval before June 2023 so that the company could complete all implementation activities for an October 1, 2023 program launch and develop equitable deployment plans for all jurisdictions.

The Commission held an evidentiary hearing on October 2, 2023. After reviewing testimony and briefs, on January 16, 2024 the Commission deferred its decision on BGE's application until the other investor-owned utilities filed proposals and the 2024 legislative session ended. The Commission directed any remaining investor-owned utilities interested in submitting an electric school bus pilot proposal to do so by May 1, 2024. On January 17, 2024, Potomac Edison filed its electric school bus pilot proposal.

Formal Complaint of Donnell Wright v. BGE—Case No. 9700

THIS MATTER AROSE from the formal complaint of **Donnell Wright** and CAD's finding that BGE had properly billed Mr. Wright's commercial account. The Commission determined that Mr. Wright was properly billed for gas service, however, after reviewing the billing history, the Commission ordered BGE to credit Mr. Wright for two deposits that were charged to his account. BGE sought reconsideration of the Commission's decision and claimed the deposits had already been credited to Mr. Wright's account.

On May 11, 2023, the Commission delegated the matter to the PULJ Division on the sole issue of whether Mr. Wright's account was credited for the erroneously charged deposits, and ordered further evidentiary proceedings. Parties submitted documentation in support of their positions and the parties were given until June 30, 2023 to request a hearing. Neither party requested a hearing, and on August 1, 2023, a proposed order was issued that granted BGE's reconsideration in part and directed BGE to credit the accrued interest from the two deposits to Mr. Wright's account. The proposed order became final on September 5, 2023 by Order No. 90784.

Formal Complaint of Alfred C. Carr v. Potomac Electric Power Company—Case No. 9706

ON OCTOBER 21, 2022, **Alfred C. Carr, Jr.** (Complainant) filed a formal complaint with the Commission against Pepco claiming broadly that Pepco has failed to provide street lighting services in a manner that is safe, adequate, just, reasonable, economical, and efficient. On

November 21, 2022, Pepco filed its Answer to the Complaint, Motion to Dismiss, and, in the Alternative, Request for Mediation.

On January 4, 2023, Mr. Carr filed a response to Pepco's motion to dismiss which amended the complaint. On January 23, 2023, Pepco filed a reply denying the additional allegations and renewing its motion to dismiss. The complaint includes a request that the Commission open an investigation into Pepco's street lighting practices, both its provision of service and its billing.

After a preliminary hearing on June 22, 2023 Pepco's motion to dismiss was denied for the reasons set forth in the ruling on the motion and the procedural schedule notice. Because Pepco's motion to dismiss contained numerous factual allegations, Staff was directed to conduct a preliminary investigation in order to find support for, and verify, such allegations, obtain more specific details where possible and appropriate, and to review Pepco's (standard) procedures and practices. Staff filed its preliminary investigation report on Pepco's streetlight operations on September 8, 2023, concluding that "it is clear from this preliminary investigation and the record in this matter to date that there are significant deficiencies in Pepco's streetlight procedures and practices." This matter remains pending.

Petition of the Office of People's Counsel for Near-Term, Priority Actions and Comprehensive, Long-Term Planning for Maryland's Gas Companies-Case No. 9707

ON FEBRUARY 9, 2023, the Maryland Office of People's Counsel filed a petition related to near term priority actions and comprehensive long-term planning for Maryland's gas companies. On June 14, 2023, the Commission issued a notice requesting comments on the proceeding, which were received through December of 2023. This matter remains pending.

Washington Gas Light Company's Application for Approval of a New Gas System Strategic Infrastructure Development and Enhancement (STRIDE) Plan and Accompanying Cost Recovery Mechanism – Case No 9708

ON JUNE 16, 2023, Washington Gas Light (WGL) filed its application for approval of a new STRIDE plan and an accompanying cost recovery mechanism, pursuant to Section 4-210 of the Public Utilities Article. The application called for the plan to be effective for the years 2024 through 2028.

On July 6, 2023, the Commission instituted proceedings to consider the application and delegated those proceedings to the PULJ Division. A virtual public comment hearing was held on September 12, 2023. An evidentiary hearing was held on September 26, 2023. On October 25, 2023, the PULJ issued a proposed order, approving WGL's plan with modifications.

The proposed order modified and approved WGL's application, providing for a reduced number of replacement projects equal to a reduction to the five-year budget by at least one-third, pending approval by the Commission of actual projects from WGL's November 1, 2023 project list, with an anticipated reduction in the associated STRIDE surcharge of at least one-third over the five-year term. Additionally, the proposed order directed WGL to serve notice of the company's request for review and approval of its November 1, 2023 project list to owners of the properties where services are proposed to be replaced, providing in the notice contact information for both OPC and Staff counsel whose appearances were entered in this case.

On November 13, 2023, OPC, the Sierra Club of Maryland and Chesapeake Climate Action Network (CCAN) filed appeals from the proposed order. WGL and Staff filed responsive memoranda on November 20, 2023, urging the Commission to reject the appeals and affirm the proposed order.

On December 13, 2023, the Commission issued its decision in this matter, modifying a directive in the proposed order, but otherwise affirming the rest of the proposed order. Order No. 90941 also stated that a memorandum would follow, explaining the grounds for the Commission's conclusions. The Commission issued a memorandum opinion on January 10, 2024—together with the December 13, 2023 order—they constitute the Commission's complete order on appeal.

On February 9, 2024, OPC filed a request for rehearing of the Commission's decision on appeal. Responsive comments were filed by Staff and Washington Gas. On April 19, 2024, the Commission issued Order No. 91099, denying OPC's request for rehearing.

Columbia Gas Of Maryland Inc.'s Application for Authority to Adopt a New Infrastructure Replacement and Improvement Plan and Surcharge Mechanism – Case No. 9709

On June 23, 2023, Columbia Gas of Maryland, Inc. filed an application for authority to implement a new infrastructure replacement and improvement plan (STRIDE 3 Plan) and an associated infrastructure replacement and improvement surcharge (IRIS) for 2024-2028.

On June 26, 2023, the Commission docketed the case and delegated proceedings to the Public Utility Law Judge Division. Public comment hearings were held September 6, 2023 in Hagerstown, and September 7, 2023 in Cumberland. On October 11, 2023, an evidentiary hearing was held to take testimony and enter exhibits.

On November 15, 2023, the PULJ issued a proposed order approving in part and denying in part Columbia's application. On November 21, 2023, Columbia filed to withdraw its STRIDE 3 application and the accompanying surcharge because it would not be able to compile a project list consistent with the parameters in the proposed order. Columbia stated that in withdrawing its application, it would forego an appeal of the proposed order but planned to amend and refile an application for approval of its STRIDE 3 plan at a later time.

In a separate filing, Columbia sought recovery of its 2023 infrastructure investments to be effective January 1, 2024. After considering the matter at the December 20, 2023 Administrative Meeting, the Commission rejected the company's proposed surcharges. On

December 21, 2023, Columbia filed a revised tariff reflecting a zero surcharge for all rate classes. After considering this matter at the January 10, 2024 Administrative Meeting, the Commission accepted the tariff revisions effective January 1, 2024.

Relocation of Natural Gas Service Regulators in the BGE Service Territory-Case No. 9711

CUSTOMERS IN THE BGE service territory filed numerous complaints with the Commission's Consumer Affairs Division and joined a petition to the Circuit Court for Baltimore City on June 23, 2023, related to ongoing work by BGE to install gas service regulators on the exterior of residences as part of a broader initiative to upgrade low pressure gas systems to high pressure. BGE adopted the default practice of external installation beginning in 2021, and complaints since then related to the aesthetics and safety of external gas service regulators.

On July 7, 2023, the Commission issued a notice initiating a docket to consider the external installation of gas service regulators in BGE's service territory. The Commission accepted comments through August 11, 2023, and held a legislative-style hearing on August 15, 2023. At the hearing, Staff, OPC, BGE, community groups, and the public testified and answered questions from the Commission.

The parties raised specific issues related to public safety, including the applicability of the Flower Branch Act of 2021, as well as good engineering practices in the gas industry. Further, the parties commented on potential violations of customer service regulations, including BGE's communications and response to complaints regarding regulator relocation, the termination of gas service due to lack of access to the company's equipment, and the restoration of private property.

On September 5, 2023, the Commission issued Order No. 90783, directing BGE to allow residential customers to choose whether a gas service pressure regulator is installed inside or outside their home unless: (a) BGE establishes that the customer's choice to only permit indoor installation violates state or federal laws or regulations; or (b) BGE establishes that the customer has made the utility's interior equipment inaccessible through the construction of permanent walls or fixtures, or indoor installation is otherwise impracticable or unsafe based upon accepted good engineering practice, as defined in COMAR 20.55.02.01.

The Commission noted that it preferred regulators be installed outside of dwellings but found that both indoor and outdoor installations are generally permitted by state and federal law if proper engineering standards are followed and determined that both indoor and outdoor installations are generally safe.

In the order, the Commission directed BGE, in consultation with Staff, OPC, and the community groups, to develop a written notice to customers (delivered 14 days in advance) informing them a gas regulator will be installed and that the customer must decide on an internal or external installation.

The Commission also ordered that BGE cannot terminate gas service or threaten to discontinue gas service because a residential customer declined the installation of an exterior gas pressure regulator, unless outdoor installation was required by state or federal law.

On November 1, 2023, the Commission issued Order No. 90868 approving the customer notice developed by the parties.

Formal Complaint of Diana Leyden v. Potomac Electric Power Company—Case No. 9718

DIANA LEYDEN FILED an appeal of her formal complaint on May 19, 2023. Pepco filed a response on June 20, 2023. Ms. Leyden filed a reply to Pepco's response on July 3, 2023. The matter was assigned to the PULJ Division on December 18, 2023. A virtual pre-hearing conference was held on January 29, 2024. An evidentiary hearing is scheduled for April 24, 2024. This matter remains pending.

Rulemakings and Regulations – New and Amended

RM75–Renewable Energy Portfolio Standard: Revisions to COMAR 20.61

ON NOVEMBER 15, 2021, the Commission's Technical Staff submitted a petition for rulemaking for the purpose of revising COMAR provisions associated with offshore wind solicitation regulations and other provisions of the Renewable Energy Portfolio Standard Program. On November 16, 2021, the Commission issued a notice scheduling a rulemaking session for December 21, 2021, at which the Commission and the parties agreed to postpone action on the proposed regulations.

The Commission noted possible new legislative requirements and changes made in Case No. 9666 (*Skipjack Offshore Energy, LLC and US Wind, Inc.'s Offshore Wind Applications Under the Clean Energy Jobs Act of 2019*) that may impact the regulations and that the utilities—who did not participate in the rulemaking—needed to be engaged in the discussion. Staff was directed to make a new filing on May 2, 2022, reflecting the results of this discussion and the Commission's directives in Case No. 9666. The Commission's December 17, 2021 order in that case awarded ORECs to both companies and effectively exhausted the capacity for subsequent offshore wind solicitations under the Clean Energy Jobs Act.

On August 15, 2022, the Commission held a hearing to review the Staff's proposed regulations and then subsequently voted to publish the draft regulations in the *Maryland Register*. The proposal was published in the *Maryland Register* on March 24, 2023, seeking public comment, with a comment deadline of April 24, 2023. No comments were filed.

A rulemaking session was scheduled for May 24, 2023, but had to be postponed a week due to a power outage in the building. In a rulemaking session on May 31, 2023, the Commission voted to finally adopt the proposed regulations.

RM76–Cybersecurity Regulations

DURING THE 2023 legislative session, the General Assembly enacted House Bill 969—Public Service Commission–Cybersecurity Staffing and Assessments (Critical Infrastructure Cybersecurity Act of 2023). Specifically, the Act sought to: (1) require the Commission to include one or more cybersecurity experts on its Staff to advise the Commission and perform certain duties; (2) require the Commission to establish minimum cybersecurity standards and best practices for regulated entities and share cybersecurity-related information / best practices with municipal electric utilities; (3) require the Commission to conduct and submit an evaluation of the public service companies' assessments to Maryland Department of Information Technology (DoIT) Office of Security Management and the Maryland Department of Emergency Management (MDEM); and (4) require public service companies to adopt and implement cybersecurity standards and conduct assessments, and report cyber security incidents.

HB 969 was codified in PUA § 2-108 and § 5-306 which was enacted July 1, 2023. To implement HB 969 and conduct compliance and enforcement, among other things, the Commission continues to build its Office of Cybersecurity with two of three staff members hired at the time of this report. In addition, since HB 969 was enacted, the Cybersecurity Reporting Work Group (CSRWG) has met several times to discuss implementation. Accordingly, the CSRWG leader submitted a petition for rulemaking on February 14, 2024. A rulemaking session was held on March 27, 2024.

RM78/PC55–Retail Gas and Electric Supply Offers to Low Income Customers

Public Utilities Article § 4-308 (Senate Bill 31 from the 2021 legislative session) went into effect on July 1, 2023, and prohibits retail suppliers from providing electricity or gas supply services to residential customers approved to receive energy assistance from the Office of Home Energy Programs during the prior two years, unless the supplier offers a Commission-approved product with a rate at or below a utility's default SOS rate (electric) or default Sales Service rate (natural gas).

In anticipation of this new legal requirement, the Commission initiated RM78 and issued proposed rules on September 2, 2022. The Commission received comments and input from numerous parties and retail suppliers on implementing this statutory protection. The Commission held hearings to consider the rules on October 27, and November 2 and 9, 2022. The Commission voted to publish the proposed rules at the conclusion of the hearing. The rules were published in the *Maryland Register* in March 2023. The Commission adopted the proposed rules as final on May 31, 2023.

So far no suppliers have applied for permission to offer services to customers under the legislation and associated regulations. The Commission issued a data request to the retail supply community and utilities to satisfy reporting requirements and to monitor compliance with the enacted regulations under RM78. The Commission is currently awaiting a report from the Technical Staff based on this data.

RM79 - Electric Reliability Standards

UNDER THE LEADERSHIP of PSC Technical Staff, a work group was launched to consider revisions to various reliability regulations with its first meeting on September 28, 2021, in response to the Commission Order No. 89908. Following a series of discussions, the work group proposed revisions to various COMAR reliability regulations and subsequently filed a Petition for Rulemaking to revise regulations for the electric companies' next cycle reliability metrics for the years 2024-2027, and to revise the relevant sections of COMAR 20.50.01, .02, .03, .11, .12 and 20.85.03 related to electric company service quality and reliability standards. Accordingly, the Commission initiated an Administrative Docket, RM79, to consider these revisions to COMAR.

These changes included revised and new COMAR definitions, updates to acceptable standards incorporated by reference in regulations and revisions to requirements for information required to be filed with the Commission. Other revisions were made to contact voltage standards, utility system-wide SAIFI and SAIDI Reliability Standards for 2024-2027, multiple device activation requirements, reliability indices reporting, customer communication information reporting, vegetation management requirements, periodic equipment inspection requirements, annual performance reporting, Major Outage Event response plans, major outage event reporting, and customer perception survey requirements. These changes also included the addition of new reliability planning requirements, resilience plans requirements, specific information request requirements, electric underground location services requirements and the addition of estimated time of restoration and associated messaging requirements. These changes also included the removal of an underground electric distribution system reporting requirement.

Following a rulemaking session on January 19, 2023, the Commission moved to publish Staff's proposed draft regulations in the *Maryland Register* for notice and public comment. The Proposed Action on Regulations was published in the May 19, 2023 issue of the *Maryland Register*. The Commission approved the new regulations on July 19, 2023. The final regulations were published on August 11, 2023, with an effective date of August 21, 2023.

Public Conferences

PC44–Transforming Maryland's Electric Distribution Systems (Grid Modernization)

ON SEPTEMBER 26, 2016, the Commission convened PC44—a proceeding which built on two Commission technical conferences that examined rate-related issues affecting the deployment of distributed energy resources (PC40) and electric vehicles (PC43). It also followed up on a condition of the Commission's May 2015 approval of the merger of Exelon Corporation and Pepco Holdings, Inc. (PHI), which required PHI to file a plan for transforming its distribution system and fund up to $500,000 to retain a consultant to the Commission on the matter.

Key topics of exploration would include enhancing rate design options, particularly for electric vehicles; calculating benefits and costs of distributed energy resources, including solar energy; maximizing advanced metering infrastructure (smart meters) benefits; valuing energy storage properly; streamlining the interconnection process for distributed energy resources; evaluating distribution system planning; and assessing impacts on limited-income Marylanders.

On January 31, 2017, the Commission issued a notice outlining the proceeding's next steps. The notice directed PHI to seek bids for a consultant to study the benefits and costs of distributed solar and also contained a statement of guiding principles, revised the scope/topics of the proceeding, and detailed a proposed timeline. The revised topics of exploration include rate design, electric vehicles, competitive markets and customer choice, interconnection process, energy storage, and distribution system planning (if sufficient funding is available). 2023 activities are described below.

EV Work Group/Case No. 9478–In the Matter of the Petition of the Electric Vehicle Work Group for Implementation of a Statewide Electric Vehicle Portfolio

ON JANUARY 14, 2019, the Commission issued Order No. 88997, approving a modified EV charging portfolio across four investor-owned utility service territories—BGE, Delmarva Power & Light, Pepco and Potomac Edison. Summarized briefly, the Commission approved a total of 5,046 smart and DC fast chargers (combined):

- Rebate incentives for 3,137 residential smart chargers via rebate incentives;
- Rebate incentives for 1,000 non-residential smart chargers at multi-unit dwelling locations; and
- 909 utility-owned and operated public chargers.

Order No. 88997 also approved time-of-use residential rate offerings (both whole house and EV-specific), demand charge credit programs for non-residential applications, and BGE's managed charging program to control the level of EV charging during peak demand periods. The Commission further directed the utilities to file detailed, semi-annual reports addressing specific metrics designed to inform the Commission and the public regarding program implementation and impacts on the distribution grid.

SMECO filed an application on May 14, 2019, to install up to 60 utility-owned and operated public chargers in a program similar to those approved for the four investor-owned utilities. On July 31, 2019, the Commission approved a modified version of SMECO's request, adding an additional 60 public-facing chargers to the state portfolio and raising the total number of approved public chargers to 5,106. BGE and PHI officially launched their programs in July 2019. PE and SMECO began their programs in 2020.

On August 17, 2021, the Commission published a notice for a virtual mid-course EV pilot evaluation hearing and request for comments. The Commission reviewed proposals to modify the pilot from the utilities and comments from other parties at the October 13, 2021 hearing. On January 11, 2022, the Commission issued Order No. 90036 approving, in part, and denying, in part, the residential, multifamily, utility-owned, fleet and workplace, and other modifications proposed by the utilities. The Commission also included several directives for the PC44 EV Work Group with various deadlines and deliverables. The leader of the PC44 EV Work Group made a number of filings in 2022 pursuant to the order, which are listed below:

Deliverable	**Date Filed**	**PSC Action**
Fleet Subgroup Summary Report	6/30/2022	Approved
Interim Reliability Summary Report	7/20/2022	Approved
Make-Ready, Carshare, EV Charging Paired with Other Technologies, and Education and Outreach Budget Summary Report	7/29/2022	Noted
Supplemental Reliability Summary Report	12/1/2022	Approved
EV Metering Subgroup Report	12/22/2022	Approved

The EV Work Group's June 30 Fleet Subgroup Summary Report recommended certain fleet proposals by BGE, Pepco, and Delmarva Power, which included a combination of fleet assessments, fleet make-ready incentives, and EV charging equipment (EVSE) rebates. The Commission approved the fleet proposals on September 14, 2022.

Although Order No. 90036 directed Staff to work with the pilot utilities to develop and propose EV metering regulations by the end of 2023, the EV Metering Subgroup recommended in its December 22 report to defer the promulgation of EV metering regulations until universal EVSE metering rules could be developed in coordination with the Maryland Department of Agriculture. The Subgroup also recommended the Commission establish annual EVSE reporting requirements prior to the conclusion of the pilot. The Commission adopted the Subgroup's recommendations on April 13, 2023.

On December 1, 2021, the leader of the PC44 EV Work Group filed a consensus benefit-cost analysis (BCA) framework for the EV pilot in compliance with Order No. 89678. The Maryland EV-BCA Framework was approved by the Commission via a January 12, 2022 letter order. On September 23, 2022, SMECO filed an application for a three-year residential and multi-unit dwelling EV charging program, and later revised its application on December 20, 2022, to incorporate the current residential and multi-unit dwelling offerings of the other pilot utilities, including a yearly incentive for sharing residential EV charging data, a number of utility-owned Level 2 chargers at multi-unit dwelling locations, and a managed charging program. The Commission approved SMECO's revised application on February 8, 2023.

2023 was the final year of the initial phase of the utility programs, on which the utilities filed their initial reports for the first five years of the pilot on March 1, 2024. Additionally, the Maryland General Assembly passed HB 834 in 2023, which required the Commission to establish minimum uptime requirements and reporting standards for utility-owned EV charging stations. The EV Work Group deliberated and proposed non-consensus standards in compliance with HB 834 on July 28, 2023, and a supplemental report on September 29, 2023, that attempted to resolve some non-consensus issues. After receiving comments, the Commission held a hearing on October 11, 2023, and issued an order on January 11, 2024 establishing the procedures the utilities will use to measure and report uptime for EV charging stations. It is anticipated that the utilities will improve their processes for measuring EV charging station uptime over time and are required to file annual business plans describing their processes. Additionally, HB 834 required that the utilities expand their current pilot offerings to include multifamily unit dwelling (MUD) programs that would be in effect until December 31, 2025. The Commission required the utilities to file by August 15, 2023, how their current pilot offerings complied with the new law or to modify their offerings to align with the new law.

In 2023, the Commission also considered a proposed rate design that would subsidize privately-owned low utilization charging stations by modifying how much the charging station was assessed in demand charges (kilowatt) vs energy charges (kilowatt-hours). On January 17, 2024, the Commission denied the proposal without prejudice because it questioned whether the proposal would help the State meet its EV deployment goals, if it was the most effective and fair approach, and concerns that it deviates from cost causation principles. The Commission provided guidance on issues that should be addressed before such a proposal is resubmitted. When considering the demand charge modification rate design, the Commission also received comments requesting that a specific rate design be developed for multifamily unit dwellings that is tailored to residential customers. The Commission directed the utilities to develop and submit the MUD rate designs that are more appropriately tailored for residential customers within six months of the Commission's order.

As of the February 1, 2024 utility filings, approximately 5,100 residential EV chargers were rebated, 400 commercial EV charging ports (inclusive of multifamily) were rebated and installed, and approximately 700 utility-owned chargers were installed and are operational across the state. **Figure 1** illustrates the total chargers installed and/or rebated through the pilot by ZIP code through February 2024; **Figure 2** illustrates the total utility public EV chargers installed through the same period.

Figure 1: Total EV Chargers Incentivized by Utility Pilot Program

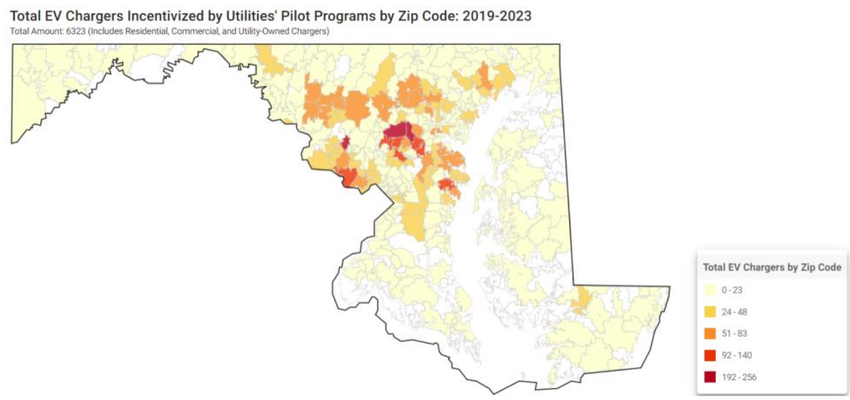
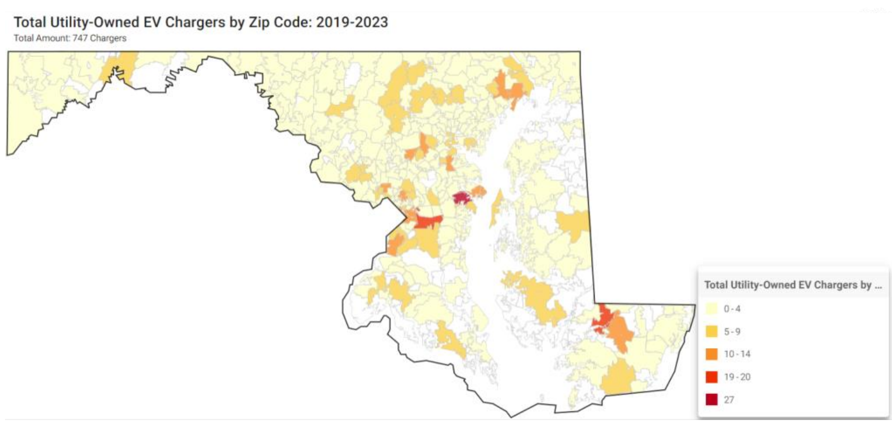


Figure 2: Total EV Chargers Owned by Utilities



Rate Design Work Group

AFTER CONSIDERATION AT the December 12, 2018 Administrative Meeting, the Commission directed the Joint Utilities to proceed with implementation of residential time-of-use (TOU) pilots. Recruitment for the pilot program began in early 2019. The TOU rates went into effect in the utilities' service territories on April 1, 2019, and remained open to customers for the duration of the pilot (May 31, 2021) and through the evaluation period (end of 2021). Following the Administrative Meeting on November 18, 2020, the Commission received an update from the Brattle Group, which provided evaluation, measurement and verification to the utilities for the pilot results. The update provided preliminary results for the first year of the pilot showing statistically valid findings for the majority of the pilot metrics.

The TOU pilots concluded in April 2021, and the participating utilities provided their Final Pilot Evaluation Report in October 2021. The PC44 TOU Pilot ran from June 2019 through May 31, 2021, and included approximately 3,800 customers across three service territories (BGE, Pepco and Delmarva Power). The Pilot also established a separate sampling group to determine the specific response of low- and moderate-income (LMI) customers, defined as those making 80 percent or less of the area median income. The results of the pilot were generally encouraging:

- Customers reduced summer peaks between 9.3 to 13.7 percent and non-summer peaks between 4.9 and 5.4 percent;
- LMI customers responded to the rate with statistical significance in the majority of the analyses in a manner similar to the non-LMI customers;
- Customers experienced bill savings averaging 5.3 to 9.7 percent in year one and 2.3 percent to 7.5 percent in year two;
- Customer satisfaction rates were very high (90 percent for both BGE and Pepco, 95 percent for Delmarva).

The pilot rates remain available for participating customers, and the Rate Design Work Group is developing recommendations for transitioning the pilot rate to a permanent rate offering. In an effort to increase enrollment, the Commission, in Order No. 90298, authorized the expansion of the pilot TOU rates to a full-scale, opt-in rollout of the rates. The participating utilities launched an outreach and recruitment plan to highlight and educate customers on the TOU rate which ran from May 2023–November 2023 for BGE, and July 2023–November 2023 for Pepco and DPL. In Commission Order No. 91080, the Commission directed the work group to provide an assessment and recommended next steps on the success of the utilities' initial outreach and recruitment efforts, and the work group continues to monitor the success of customer enrollment in the TOU rate class.

The work group has additionally monitored an implementation issue related to net metering customers and their participation TOU rates which was raised by Commission Staff and OPC. In Commission Order No. 90673, the Commission determined that this implementation issue should be reconciled through a rulemaking process and directed the work group to develop and present, for Commission consideration, proposed regulations that would resolve this issue. In a report, the work group presented consensus proposed regulations as a resolution to the issue, and in Commission Order No. 91080, the Commission directed the work group to submit the proposed regulations for consideration in a rulemaking proceeding.

The Commission also directed BGE and Pepco to issue a request for proposals from the supplier community to undertake innovative load-shaping pilots. After receiving the results of the solicitation and party comments, the Commission directed Pepco and BGE to partner with the selected suppliers in offering two innovative rate offerings designed to shift and shape residential customer load. In light of the COVID-19 pandemic, the supplier pilots were delayed until door-to-door sales could resume and the pilot could take place during a period with retail conditions more likely to be repeated in the future.

During 2020, one of the selected suppliers launched its pilot while the second supplier notified the Commission that it no longer intended to pursue the pilot offering. In May 2023, BGE contacted the work group stating that their selected supplier's load-shaping pilot had officially ended. BGE sought further guidance from the work group regarding the evaluation, measurement, and verification (EM&V) results to be provided to the Commission at the conclusion of the load-shaping pilot. The work group's report submitted on September 29, 2023 recommended that the Commission direct BGE's selected supplier to provide a report on the final results of their load-shaping pilot and direct the consultant group involved in the load-shaping pilot to be disengaged from providing the final EM&V results. The Commission issued Order No. 91080 directing BGE's selected supplier to provide a report on the final results of its load-shaping pilot, and relieved the consultant group from providing the final EM&V results.

The work group continues activity in the following areas: 1) monitoring enrollment in TOU rate class with consideration of separately soliciting an SOS rate for TOU customers, 2) studying the feasibility and value of reporting on estimated reductions in energy capacity and transmission costs associated with the TOU rate, 3) monitoring utility TOU rate recruitment efforts, and 4) reviewing the existing "legacy" TOU tariff offerings with consideration of the feasibility of transitioning to the TOU pilot rate.

Interconnection Work Group and RM81

THE PC44 INTERCONNECTION Work Group concluded its Phase V efforts and submitted a petition for rulemaking in the PC44 docket on September 28, 2023. The petition proposed to amend Regulations .02 Definitions, .06 General Requirements, .07 Certified and Approved Equipment, .09 Level 1 Review, .10 Level 2 Review, .12 Level 4 Study Review, .13 Dispute Resolution and .14 Record Retention and Reporting Requirements under COMAR 20.50.09, Small Generator Interconnection Standards. This petition was docketed as RM81 and considered by the Commission at rulemaking sessions held on December 5, 2023 and January 9, 2024.

The purpose of **Regulation .02** is to establish definitions applicable to Maryland small generator interconnection regulations. This proposed action establishes a modified definition for a "Hosting capacity upgrade plan" and new definitions for the following: "Limited export interconnection customer agreement," "Meter collar adapter," "Primary voltage hosting capacity upgrade cost," "Primary voltage interconnection customer," "Rightsizing," "Secondary voltage hosting capacity upgrade cost," and "Secondary voltage interconnection customer."

The purpose of **Regulation .06** is for general interconnection requirements. This proposed action for Regulation .06P is to expand flexible interconnection options for interconnection customers. This proposed action for Regulation .06Q is to establish new requirements for hosting capacity upgrade plans. This proposed action for Regulation .06R is to propose a new cost allocation methodology for interconnection upgrades for primary voltage (i.e., greater than 600 volts) interconnection customers secondary voltage (i.e., 600 volts or less) interconnection.

The purpose of **Regulation .07** is to establish requirements for certified and approved equipment. This proposed action for Regulation .07 is to eliminate and update regulations that have become outdated with the establishment of certified smart inverter requirements which became effective January 1, 2024, and to establish new requirements related to public service company approval of meter collar adapter devices for small generator facility interconnection, among other things.

The purpose of **Regulations .09, .10 and .12** is to establish requirements for interconnection studies. This proposed action for Regulations .09 and .10 establishes new requirements for the use of power flow analysis associated with Level 1 and Level 2 small generator interconnection studies. This proposed action for Regulation .12 removes financial requirements for interconnection customers associated with delays in electric distribution system upgrades for Level 4 small generator interconnection projects to be compatible with the proposed action for Regulation .06R.

The purpose of **Regulation .13** is to establish requirements for dispute resolution between interconnection customers and public service companies. This proposed action for Regulation .13 will improve the dispute resolution process.

The purpose of **Regulation .14** is to establish record retention and reporting requirements. This proposed action for Regulation .14 will include additional reporting requirements for public service companies beginning on April 1, 2025, that are associated with the proposed action for Regulation .06R and will also remove one outdated reporting requirement associated with solar renewable energy credits (SRECs).

These proposed regulations are expected to become effective in the second quarter of 2024, once they are published in the *Maryland Register* and a final rulemaking proceeding is conducted.

PC53–Impacts of COVID-19 Pandemic on Maryland's Gas and Electric Utility Operations and Customer Experiences

AS NOTED IN the 2021 annual report, in response to the COVID-19 pandemic, Governor Hogan issued a moratorium on utility disconnections in early 2020, set to expire on September 1, 2020. On August 31, 2020, the Commission took action from the bench to protect residential customers by extending the Governor's moratorium through October 1, 2020. This action was later memorialized in Order No. 89636 on September 22, 2020. In addition, the Commission enacted additional customer protections, including extending the disconnection notice period to 45 days, creating more favorable terms, and prohibiting deposit requirements for payment plans.

Throughout 2022, the Maryland utilities made filings requesting the return to normal collection practices. In Order No. 90333, on August 25, 2022, the Commission began a gradual return to normal practices by shortening utility disconnection notices from 45 to 30 days and lifting the requirement that utilities continue to offer payment plans after a customer's failure to pay. On December 28, 2022, in Order No. 90455, the Commission indicated that the remaining COVID-related protections should be lifted on April 1, 2023. The timing allows utilities to prepare their systems and customers for the return to normal collections activities.

Following the order, the Commission established a work group with the goal of improving data reporting, recommending useful metrics, and creating a uniform data template so that utilities can continue to provide valuable data on arrearages, terminations, etc. that were required under the August 2020 orders.

The work group met throughout 2023, and filed a report with the Commission on June 7, 2023. The report outlined 23 different data metrics that were developed to be reported monthly by the utilities. Additionally, the report established uniform definitions of the data metrics, developed a uniform data reporting template to be used by the utilities, and discussed the arrearage and collection timelines across the various Maryland utilities.

On August 4, 2023, the Commission issued Order No. 90728 which approved various items outlined in the work group's report; however, before accepting the data metrics developed by the work group, the Commission directed relevant utilities to file comments detailing the specific cost estimates for compliance with filing all 23 different data metrics, noting some of the utilities' reservations about the costs related to the data reporting requirements. The utilities and other relevant parties filed comments on September 18, 2023 and October 2, 2023, respectively, as outlined in the Order.

On February 20, 2024, the Commission issued Order No. 91031, directing all Maryland electric and gas utilities to begin submitting monthly data reports (in the PC53 docket) on all 23 of the data metrics by July 1, 2024. The work group expects to meet in the future to discuss any logistical reporting questions that arise.

PC56–Federal Grant Opportunities for Utilities Under the Infrastructure Investment and Jobs Act

ON JUNE 29, 2022, the Commission issued Order No. 90272 in response to the Infrastructure Investment and Jobs Act (IIJA, also commonly known as the Bipartisan Infrastructure Law) and the Maryland Climate Solutions Now Act, initiating PC56 for the purpose of having Maryland utilities inform the public of those federal opportunities under the IIJA for which they have sought funding. PC56 serves as a central forum and repository for utilities, government agencies, and other interested persons to file comments identifying IIJA and other federal program opportunities, such as those under the subsequently passed Inflation Reduction Act (IRA), available to Maryland utilities that may align with state policy goals.

In the order, the Commission directed Maryland utilities to fully and carefully consider applying for available federal funds and financial assistance as well as submit monthly reports describing any funding for which the utility has already applied. The Commission also encouraged utilities to review and fully consider any written comments when pursuing federal funding.

The Commission started receiving the utilities' monthly reports beginning August 1, 2022. That same month, the Commission issued Order No. 90336, which recognized the potential for these new funding programs to support the fortification of Maryland's utility infrastructure and directed its Advisory Staff to develop a series of educational sessions with the Maryland Energy Administration and the U.S. Department of Energy to help facilitate a broader understanding of federal funding opportunities.

On December 12, 2022, the Commission hosted a virtual educational session on funding opportunities available to Maryland utilities, implementation guidelines, and application requirements under the IIJA and the Inflation Reduction Act. The Commission's Advisory Staff held another educational session on May 23, 2023.[16]

During 2023, Exelon, on behalf of Potomac Electric Power Company (Pepco), Delmarva Power & Light Company (DPL), and Baltimore Gas and Electric Company (BGE); FirstEnergy on behalf of Potomac Edison; and Southern Maryland Electric Cooperative, Inc. (SMECO) applied to the United States Department of Energy (DOE) Grid Deployment Office (GDO) for Grid Resilience and Innovation Partnerships grant funding under the IIJA. From these applications, DOE recommended SMECO for a final award, and as of the end of 2023, the two remain in negotiation for a final award contract. During 2023, Pepco also applied to the DOE-U.S. Department of Transportation Joint Office of Energy & Transportation as part of the Ride & Drive Electric grant program under the IIJA but was not selected for an award.

The utilities' monthly reporting requirements under PC56 remain in effect in 2024, and the reports may be viewed in the PC56 docket on the Commission's website.

PC57– Modernizing the Commission's Staffing and Resources

AS HIGHLIGHTED THROUGHOUT this report, the Commission manages or implements many of Maryland's energy and climate policies. This is in addition to its other regulatory responsibilities over public service companies and other regulated entities. In recognition of its need to meet the needs of the State, ratepayers, and the regulated entities, the Commission established Public Conference 57 (PC57)—a broad stakeholder process to review how the Commission should augment and enhance its staffing and resources to meet its statutory charges.

The PC57 Work Group consists of electric and gas utilities, the Office of People's Counsel, retail energy suppliers, environmental advocates, and the Commission's Technical Staff. The issues reviewed and discussed by the PC57 Work Group include:

[16] A recording of the Commission's second educational session on federal funding opportunities may be viewed on the Commission's YouTube channel at https://www.youtube.com/watch?v=AfZWtLZvA_4.

1. Recommendations on the appropriate staffing and resources required for the Commission to meet its current statutory charges;
2. Recommendations on additional information services or technology that could enable the Commission to more easily meet its current statutory charges;
3. The willingness of stakeholders to ensure adequate funding for Commission staff and resources;
4. How a Commission enhanced with additional staff and resources could lead to better public policy outcomes;
5. How the Commission could more effectively fund, attract, and retain staff and resources; and
6. Other staffing and resource issues the Commission should consider as part of any workforce enhancement effort.

On December 22, 2022, the PC57 Work Group filed a summary report including consensus recommendations for the Commission's consideration and other non-consensus ideas for future discussions. All parties support the Commission pursuing all means within its authority to ensure adequate funding for staff and resources.

On June 23, 2023, the Commission issued Order No. 90682 approving the elimination of several reports. The PC57 Work Group filed a summary report on December 19, 2023, requesting a rulemaking to implement the approved changes. The Commission held a rulemaking session on March 6, 2024, in RM82. The Commission voted to adopt the proposed regulations and publish them in the *Maryland Register*. There will be a final rulemaking later in 2024.

PC58-Addressing CPCN Applications for Utility-Scale Solar Energy Siting

A STEEP INCREASE in renewable energy applications, including for utility scale solar projects, has imposed challenges on the Commission regarding how to most effectively and fairly weigh the environmental and economic benefits of proposed renewable projects with the potential burdens imposed on the communities in which they may be built. On November 9, 2023, the Commission initiated PC58 to receive the benefit of public input regarding how the Commission should meet the increasing solar energy requirements of Maryland law while adequately addressing potential adverse effects to local counties, municipalities, and landowners. After receiving comments from numerous stakeholders, the Commission held a public conference hearing on December 15, 2023. Next steps remain pending.

PC59-Limited Income Mechanisms for Utility Customers

UNDER A BILL championed in 2021 by State Treasurer Dereck Davis, then-Chair of the House Economic Matters Committee, sponsored in the Senate by Sen. Malcolm Augustine, and enacted by the Maryland General Assembly, electric and gas utilities were authorized to adopt mechanisms to benefit eligible limited-income customers, as approved by the Commission. According to the law, a limited income mechanism could take the form of a program, tariff provision, credit, rate, rider, or other means to assist an eligible limited income customer to afford a utility service.

The Commission, being aware that inflation and higher utility rates cause a strain on many limited income customers, opened PC59 to explore ways that could provide relief. The Commission requested comments by January 31, 2024, from a broad spectrum of interests including utility customers, consumer advocates, elected officials, utilities and social justice organizations. The comments could also address broader eligibility criteria and impacts related to energy affordability. The Commission noted that after receipt of comments and replies, it would consider the next steps.

PC60-Maryland Energy Advocates Coalition's Petition for Rulemaking

ON JUNE 2, 2023, the Maryland Energy Advocates Coalition (MEAC) filed a petition for rulemaking proposing changes to the Commission's regulations authorizing regulated gas and electric utilities to purchase accounts receivable from licensed retail energy suppliers doing business in Maryland.

The Coalition asserted that the purchase of receivables (POR) construct is no longer needed to "level the playing field" between the retail energy supply services offered by regulated utilities and licensed retail energy suppliers. MEAC further argued that for residential consumers who were promised economic benefits from retail competition, the POR option has provided an incentive for certain retail energy suppliers to engage in deceptive marketing practices that result in residential customers paying excessive rates for retail gas and electric supply.

On August 2, 2023, the Commission issued a notice and request for comments on the petition and other potential energy retail market reforms that would enhance the benefits of retail choice to consumers in Maryland. On February 16, 2024, the Commission initiated PC60 to consider the petition and comments received, and later requested that reply comments be filed by June 11, 2024. A legislative-style hearing will be held on June 27, 2024.

COMMISSION TELECOMMUNICATIONS CASES AND ACTIVITIES

There were no telecommunications cases in 2023.

COMMISSION WATER/SEWER CASES

There were no water/sewer rate cases in 2023.

COMMISSION PARTICIPATION OR INTERVENTIONS IN OTHER REGULATORY COMMISSION MATTERS

BELOW IS A summary of selected matters in which the Commission's Office of General Counsel (OGC) represented the Commission before the Federal Energy Regulatory Commission (FERC) during 2023.

Intra-PJM Extra High Voltage [500 kV and Above] Cost Allocation—FERC Docket EL05-121

ON MARCH 4, 2022, the U.S. Court of Appeals for the D.C. Circuit vacated and remanded FERC's decision requiring Linden to pay Transmission Enhancement Charge (TEC) adjustments. The Court denied LIPA and Linden's Petition for Review of the FERC's decision approving the EL05-121 EHV cost allocation settlement. The parties agreed that Linden need not pay TEC adjustments for 2018 to 2025, but disagreed over whether Linden must pay TEC adjustments for 2016 and 2017. On December 16, 2022, PJM Transmission Owners filed a motion with the FERC to establish procedures on remand. The FERC issued a remand order on July 31, 2023, revising its prior orders and finding that Linden and Hudson no longer bear cost responsibility for the period from January 1, 2016 through December 31, 2017. PJM Transmission Owners were directed to file a revised Schedule 12-C Appendix C for the TEC, excluding an allocation of TEC adjustments to Linden and Hudson for the period January 1, 2016 through December 31, 2017. The revision of Schedule 12-C Appendix C resulted in a modest redistribution of TEC adjustment to the settling parties, including Maryland Transmission owners.

State Policies and Wholesale Capacity Markets

ER18-1314, EL16-49 and EL18-178—Revisions to Address Impacts of State Public Policies on the PJM Capacity Market (Expanded MOPR)

ON FEBRUARY 18, 2021, FERC issued an Order on Rehearing modifying its October 15, 2020 order, in part,—an order establishing a "replacement rate" for PJM's Reliable Pricing Model (RPM), Base Residual Auction (BRA) Minimum Offer Price Rule (MOPR)—by vacating footnote 134 relating to state default service auctions, in light of inconsistency between the language in the footnote and language in the Commission-accepted rate. The Order on Rehearing holds that state default service auctions are not subsidies and capacity resource procurements responsive to such state auctions are not subject to MOPR.Petitions for judicial review challenging FERC's orders pertaining to what is referred to as the PJM "Expanded MOPR" are pending in the U.S. Court of Appeals for the Seventh Circuit. The Seventh Circuit is continuing to hold the petitions for judicial review in abeyance pending further appeals based on the 2023 Third Circuit Court of Appeals Focused MOPR decision, discussed below.

ER21-2582—Revisions to Application of Minimum Offer Price Rule (Focused MOPR)

IN JULY 2021, after an extensive stakeholder process, PJM filed with FERC capacity market mitigation rules—replacing the Expanded MOPR with what is referred to as the Focused MOPR. On August 20, 2021, the Maryland Commission filed in support of the Focused MOPR, noting that the replacement rule would accommodate longstanding state policies. On December 21, 2021, PJM's Focused MOPR tariff provisions went into effect by operation of law, when FERC gave notice of a two-two split among the FERC commissioners; two favoring adoption of PJM's proposed tariff revisions and two opposing.

Subsequently, PJM Power Providers Group (P3) filed a petition for judicial review in the 3rd Circuit, seeking reversal of FERC's December 21 notice of decision. Docket Nos. 21-3068, 21-3205, and 21-3243. The Maryland PSC and the New Jersey Board of Public Utilities intervened in support of FERC, and numerous other parties have either filed additional petitions for review or motions to intervene. The Maryland PSC joined the NJ BPU and other state agencies in an appellate brief filed on August 12, 2022. Oral argument was heard in the 3rd Circuit on January 9, 2023. On December 1, 2023, the Court rendered its opinion denying P3's petition for judicial review, and affirming FERC's acceptance of PJM's Focused MOPR.

On March 28, 2024, the Public Utilities Commission of Ohio (PUCO) filed a petition for a writ of certiorari in the U.S. Supreme Court, seeking review of the 3rd Circuit decision. The question presented in PUCO's petition for certiorari asks "Should courts apply the same deferential standard of review that they apply to rules that become effective by order of the Federal Energy Regulatory Commission to rules that lack majority support and instead take effect by operation of law?" The Commission expects to participate in the U.S Supreme Court proceedings.

ER17-419—Transource PA and MD Revisions to OATT to add Attachments H-29 and H-30

TRANSOURCE'S MARYLAND CPCN application was granted on June 30, 2020 by the Maryland Commission in Case No. 9471 (Order No. 89571). The Pennsylvania Public Utility Commission (PAPUC) denied Transource's CPCN application. Transource filed a complaint for declaratory relief before the U.S. District Court for the Middle District of Pennsylvania, as well as an appeal to the Pennsylvania Commonwealth Court. On August 26, 2021, the U.S. District Court denied PAPUC's motion to dismiss Transource's complaint, finding pursuant to the doctrine of abstention that the Pennsylvania Commonwealth Court should first resolve the matter in state court. The PA Commonwealth Court affirmed PAPUC's decision on May 6, 2022, holding that the PAPUC's findings are backed "by substantial evidence and support the commission's conclusion that Transource did not meet its burden of proof" in the matter.

PJM has suspended Transource Project 9A in its transmission planning process, but the project has not been canceled. For planning purposes, the project remains part of PJM's Regional Transmission Expansion Plan (the RTEP); however, since capacity needs have changed on the system, PJM has since opened a new window for reliability proposals for Project 9A in the event the Transource project fails to proceed on its original schedule. Transource has re-submitted its

IEC-East and IEC-West projects in the reopened Project 9A reliability window. Subsets of the project—as indicated in PJM's 2022 Regional Transmission Expansion Plan (RTEP)—have been selected by PJM to address reliability needs. PJM anticipates selecting further subsets of the project to address future reliability needs.

On December 6, 2023, the District Court for the Middle District of Pennsylvania filed a declaratory judgment, finding that the PAPUC's decision violated the Supremacy Clause and the dormant Commerce Clause. PAPUC has filed an appeal of the Middle District Court's opinion in the Third Circuit Court of Appeals. NARUC intends to file an amicus brief, arguing that the judge's finding on declaratory judgment was unnecessarily broad—restricting state regulatory commissions of their legitimate authority to condition siting in matters involving RTO-approved transmission facilities in their states and disregarding the notion of federal-state cooperation in these areas.

RM20-10—Notice of Proposed Rulemaking re Electric Transmission Incentives Policy under Section 2019 of the Federal Power Act – Transmission Incentives

ON JULY 1, 2020, the Maryland Commission filed comments on FERC's proposed rulemaking that would provide incentives to transmission owners for constructing certain transmission projects. The Maryland Commission's comments recommended that any incentives consider project risks, challenges, cost, and benefits. The Maryland Commission also recommended a technical conference to examine incentives for transmission that would facilitate the integration of clean energy resources and promote innovative technologies. In April 2021, FERC issued a supplemental proposed rulemaking addressing the application of a return on equity (ROE) adder for entities joining RTOs. On June 23, 2021, the Commission joined with OPSI in filing comments at FERC recommending that the current practice of applying the ROE adder in perpetuity is not just and reasonable and noting that transmission entities should never have earned bonus returns on assets that would have likely been built regardless of RTO membership. FERC has yet to issue a final rule.

AD20-19—White Paper re Cybersecurity Incentives Policy

ON AUGUST 19, 2020, the Maryland Commission filed comments on a FERC staff white paper that recommended providing incentives to utilities for implementing certain cybersecurity measures. The Commission's comments recommended a more thorough review of FERC's existing requirements against generally accepted cybersecurity frameworks. Comments also cautioned against any incentive payments that would extend federal reach beyond portions of the grid within interstate commerce to systems beyond FERC's jurisdiction, including state jurisdictional matters which, in some cases, may already be reflected in retail rates.

On November 7, 2022, the Maryland Commission joined the Pennsylvania Public Utility Commission (PAPUC) in comments responding to FERC's Notice of Proposed Rulemaking (NOPR) which proposed incentive-based treatments to encourage investments by utilities in advanced cybersecurity technology and participation by utilities in cybersecurity threat information sharing programs, as directed by the Infrastructure Investment and Jobs Act of 2021 (Infrastructure and Jobs Act or IIJA).

The Maryland Commission and PAPUC agreed with FERC staff about the importance of addressing cybersecurity challenges; however, they did not agree that incentives should be necessary to encourage cybersecurity initiatives–noting that cybersecurity is not new and implementation of common-sense measures, such as those outlined in the NOPR, is good cybersecurity practice which public utilities serving the bulk power system should already be implementing. FERC has yet to issue a final rule.

ER21-253—South FirstEnergy Operating Companies Formula Rate

ON OCTOBER 29, 2020, the South FirstEnergy Operating Companies (SFCs), including Monongahela Power Company, The Potomac Edison Company and West Penn Power Company, filed, pursuant to Section 205 of the Federal Power Act, a proposed new formula rate and associated formula rate protocols, proposed to become effective on January 1, 2021. The filing also included transmission revenue requirements for network integration transmission service and a transmission enhancement charge. The Maryland Commission intervened in this proceeding on November 5, 2020. On December 31, 2020, FERC issued an order consolidating this docket with FERC Docket No. ER21-265 (involving the similar proposed formula rate and protocols of Keystone Appalachian Transmission Company), and set the matter for settlement judge procedures.

The Maryland Commission actively participated in the settlement hearings during 2021-2022, which addressed issues such as the utilities' proposed return on equity; regulatory and asset treatment of matters such as vegetation management, amortization of regulatory assets, depreciation rates, rate base adjustments and operations, maintenance, and administrative expenses.

On January 18, 2023, the parties reached and filed a comprehensive settlement agreement that resolved all issues, including capital structure, ROE, and rate base issues. The settlement includes a reduction in recovery for vegetation management, a four-year moratorium on filing a new rate case, and generally provides for settlement rates that will be several million dollars below the as-filed rates originally proposed by the companies. Finally, the settlement contains several protections proposed by the intervenors related to protocols that should provide helpful information to parties in future formula rate litigation involving these companies. On May 24, 2023, FERC approved the settlement.

ER21-2282—PJM Tariff Revisions to Implement Transmission Owners' Funding of Network – Network Upgrades Funding

IN JUNE 2021, PJM filed a proposed plan at FERC that would provide transmission owners the right to fund the capital costs of network upgrades that are necessary to accommodate generator interconnections to the transmission system and to earn a rate of return on those costs. On July 28, 2021, the Maryland Commission joined OPSI in protesting the PJM filing at FERC, demonstrating that the plan would be anticompetitive and calling attention to features of the plan that could place the risk of default or under recovery of revenue requirements on transmission ratepayers. On November 19, 2021, FERC found that the proposed plan may be unjust and unreasonable and established a paper hearing to further inform its decision process.

RM18-9—Notice of Proposed Rulemaking re Electric Storage Participation in Markets Operated by Regional Transmission Organizations and Independent System Operators – Removing Barriers to Distributed Energy Resources

ON APRIL 5, 2018, the Maryland Commission filed comments on FERC's proposed rulemaking to remove barriers to the participation of distributed energy resource (DER) aggregation in regional transmission organizations (RTOs). The Commission identified the benefits of aggregation including the advancement of the State's renewable energy policies and the prospect for lower electricity costs for ratepayers. The Commission cautioned that aggregation rules should respect state jurisdiction over the electric distribution system and the utilities that operate that system. On September 17, 2020, FERC issued Order No. 2222 requiring RTOs to revise their market rules to facilitate the participation of DER aggregations. Order 2222 defines DERs as electric storage resources, distributed generation, demand response, energy efficiency, thermal storage, and electric vehicles and their supply equipment. The RTOs were required to file their revised market rules, including provisions for coordination between RTOs, aggregators, state regulatory commissions and electric distribution companies at FERC by early 2022.

After granting extensions to the RTO/ISOs to submit compliance filings, PJM submitted its compliance filing in Docket No. ER22-962 on February 1, 2022—requesting an effective date of February 2, 2026 for proposed Tariff, Operating Agreement and Reliability Assurance Agreement revisions. On March 16, 2022, the Maryland Commission filed a notice of intervention to ensure that wholesale-related demand response resources interfacing with retail grid operations connect to and/or deliver electric power in PJM is consistent with the public interest and promote adequate, economical and efficient delivery of utility services in the State.

On March 1, 2023, FERC found that PJM's filing partially complies with the requirements of Order No. 2222, and accepted it subject to further compliance filings to be submitted within 30 and 60 days of its order. On March 4, 2024, following two sets of filings, FERC deemed PJM's proposed tariff revisions comply with Order No. 2222.

RM21-17—Transmission Planning, Cost Allocation and Generator Interconnection

IN JULY 2021, FERC issued an advanced notice of proposed rulemaking presenting potential reforms to improve transmission planning, cost allocation and generator interconnection. On October 12, 2021, the Maryland Commission joined with NARUC in filing comments at FERC recommending the exploration of reforms to better align regional planning with state policy needs. The filing also recommended increased transparency in transmission planning, integrating generation interconnection with transmission planning and the consideration of transmission alternatives and methods of cost containment. On November 24, 2021, the Maryland Commission filed reply comments in support of the Maryland Energy Administration's (MEA) comments recommending a hybrid beneficiary pays-participant funding approach to developing transmission upgrades for the purpose of delivering electricity from renewable energy zones, such as offshore wind areas. On August 17, 2022, the Maryland Commission joined with OPSI to file further comments in support of long-term planning initiatives and recommending that regional and local planning processes produce the most cost effective set of transmission projects. FERC's decision on this proceeding is still pending.

AD21-15—Joint Federal-State Task Force on Electric Transmission

IN JUNE 2021, FERC appointed a group of state public service commissioners from across the country to a joint federal-state task force on electric transmission with the purpose of exploring transmission-related issues to identify and realize the benefits that transmission can provide, while ensuring that the costs are allocated efficiently and fairly. Then-Maryland Commission **Chairman Jason Stanek** was selected to co-chair the task force along with then-FERC **Chairman Richard Glick**. On November 10, 2021, the task force held its first meeting to discuss transmission planning principles. The task force has subsequently met periodically to guide FERC's transmission planning, cost allocation and generator interconnection improvement efforts in RM21-17.

The Task Force met on February 16, 2022, July 20, 2022, November 15, 2022 and February 15, 2023, respectively, to discuss: (i) categories of transmission benefits and cost allocations on generator interconnection queue backlogs and cost allocation of interconnection-related transmission enhancements; (ii) interregional transmission planning; (iii) regulatory gaps in oversight of transmission development; and (iv) physical security of the transmission system.

ER22-1539–NRG Power Marketing LLC (NRG) Reliability Must-Run Rate Schedule, Electric Rate Schedule FERC No. 3 NRG Petition for RMR Contract

ON JUNE 29, 2021, NRG Power Marketing LLC (NRG) notified PJM that it intended to retire its 410 MW coal-fired generation unit at Indian River, which was commissioned in 1980 (Unit 4), and that the retirement would be effective on May 31, 2022. PJM responded on July 30, 2021, that reliability violations would result from the proposed deactivation of Unit 4 absent certain upgrades to the transmission system, which will likely take five years to complete. NRG informed PJM that it would be willing to continue operating Unit 4 in the interim subject to a Reliability Must-Run Rate Schedule (RMR) agreement.

On April 1, 2022, NRG filed an application with FERC for acceptance of the RMR, which provides for continued operation of Unit 4 under cost of service ratemaking principles in lieu of market based rates. On May 6, 2022, the Maryland PSC filed a protest of NRG's filing, arguing that the RMR as proposed was not just and reasonable. In particular, the Maryland PSC argued that (i) the cost impacts to ratepayers of NRG's proposed RMR rate schedule would be excessive, especially given that they would be imposed exclusively within the Delmarva Zone's relatively small customer base; (ii) NRG provided insufficient information to justify its proposed operational expenditures; (iii) NRG's proposal to make project investments below a certain threshold unreviewable was unreasonable; and (iv) NRG's proposal to relieve it of liability for nonperformance improperly imposed the risk of nonperformance on ratepayers.

On May 31, 2022, FERC issued an order establishing settlement judge proceedings. The Maryland Commission participated in those settlement negotiations. On April 2, 2024, a settlement agreement was filed at FERC including a $20 million annual cost saving for ratepayers compared to NRG's proposed cost recovery and a novel package of conditions that provides for both performance certainty and a path towards reducing the amount of time ratepayers will need to pay to keep the generator available to support system reliability. Such conditions go beyond the limited provisions in PJM's Tariff and would not have been considered had this case gone to trial. The Maryland Commission did not oppose the settlement.

ER22-703, EL22-32, ER22-2029—Revisions to PJM's Financial Transmission Rights (FTR) Credit Requirement

ON DECEMBER 21 and 30, 2021, PJM filed original and amended filings, proposing to revise the calculation of the Financial Transmission Right (FTR) Credit Requirement, which sets the collateral market participants must provide in order to participate in PJM's FTR market. On January 13, 2022, the Maryland Commission joined OPSI in requesting FERC find the PJM filing deficient in meeting generally recognized collateral requirements necessary to protect ratepayers from default risk. The Maryland Commission also joined OPSI in all subsequent filings regarding this matter.

On February 28, 2022, FERC rejected PJM's proposal and opened Docket No. EL22-32 to investigate this issue. On April 12, OPSI filed answers to PJM's request for hearing and supporting FERC's decision. On June 3, 2022, PJM filed a similar proposal to the one it filed in ER22-703, indicating that it was providing the supporting evidence lacking in its December 2021 filings. On June 24, 2022, OPSI protested PJM's filing, indicating that PJM's proposal remains unjust and unreasonable and requesting FERC lodge OPSI's comments and the expert testimony filed in ER22-703 into the record. On September 21, 2023, FERC issued an order requiring PJM to adopt increased collateral requirements recommended by OPSI that would protect ratepayers from default risk.

RM22-14—Notice of Proposed Rulemaking re Improvements to Generator Interconnection Procedures and Agreements – FERC Interconnection Queue Reform NOPR

ON JUNE 16, 2022, FERC issued a Notice of Proposed Rulemaking proposing reforms to its pro forma generator interconnection procedures and pro forma interconnection agreements to address interconnection queue backlogs, improve certainty, and prevent undue discrimination for new technologies. The Maryland Commission intervened in the case and submitted comments with NARUC. Those comments focused on methods for working collaboratively with FERC on generator interconnection reforms that would improve efficiency, reduce cost, and reduce the backlog of interconnection applications. The comments discussed reforms to implement a "first-ready, first-served" cluster study process; reforms to increase the speed of interconnection queue processing; and reforms to incorporate technological advancements into the interconnection process.

On October 13, 2022, the Maryland Commission joined OPSI in filing comments specifically addressing interconnection in PJM—noting PJM's filing in ER22-2110 to improve its interconnection process, and recommending that any rulemaking not impede PJM's proposal to accelerate interconnection reviews and approvals. OPSI's filing also stressed many of the comments it filed in ER22-2110. On July 28, 2023, FERC issued Order No. 2023, setting forth rules that would improve the interconnection process. The rule is aimed to ensure that interconnection queues include only projects that are likely to be built and imposes firm deadlines and penalties if transmission providers fail to complete interconnection studies on time. On March 31, 2024, FERC affirmed the interconnection order.

EL22-80—Complaint of American Municipal Power, Inc., Office of the People's Counsel for the District of Columbia, et al. v. PJM - PJM Transmission Projects

ON JULY 22, 2022, several PJM stakeholders filed a complaint at FERC alleging that PJM was not properly following its operating rules that require it to reevaluate projects, and potentially identify other projects, in cases where the approved projects are not completed timely or economically. On August 19, 2022, the Maryland Commission joined OPSI in filing at FERC in support of the complaint. A FERC decision on the complaint is pending.

ER22-2984—Periodic Review of Variable Resource Requirement Curve Shape and Key Parameters

ON SEPTEMBER 30, 2022, PJM filed at FERC revisions to its demand curve used in the capacity market. On October 21, 2022, the Commission joined with OPSI in filing comments at FERC, noting that while it was an improvement to the existing curve, the proposed curve would continue to procure more capacity than needed to address grid reliability, at a cost to ratepayers. On February 14, 2023, FERC approved PJM's proposal.

RM22-7—FERC NOPR on Backstop Siting Authority in Conjunction with IIJA ER22-2984 - PJM Capacity Market

ON DECEMBER 15, 2022, FERC issued a notice of proposed rulemaking to implement certain electric transmission backstop siting authority that was provided to it through the Infrastructure Investment and Jobs Act (November 15, 2021). The proposed regulations would enable FERC to exercise transmission siting authority contemporaneously with state public utility commissions like the Maryland Commission under certain circumstances, and to overrule state commission denials of CPCN applications in other circumstances. The proposed rules would also authorize FERC to exercise jurisdiction where state commissions have imposed conditions that are not economically feasible, or that result in transmission facilities that would not significantly reduce transmission constraints or congestion in interstate commerce.

On May 17, 2024, the Maryland Commission filed comments generally supporting the construction of transmission to meet regional reliability needs and to achieve renewable goals. However, the Maryland Commission cautioned FERC against using its backstop authority to invade state transmission siting jurisdiction in states like Maryland that have a comprehensive process for efficiently siting electric transmission facilities. The Maryland Commission also worked with NARUC on its response to FERC's NOPR, which urged FERC to respect the primacy and history of state commission decision-making in transmission siting proceedings.

ER23-729—PJM Proposed Amendment to the Locational Deliverability Area Reliability Requirement – Federal Power Act § § 205 and 206 Filing re DPL-South

ON DECEMBER 23, 2022, PJM made Federal Power Act (FPA) Section 205 and Section 206 filings proposing to amend the Locational Deliverability Area reliability requirements in the Delmarva Power and Light-South (DPL-S) Zone alleging that the 2024/2025 Base Residual Auction results produced anomalously high, and unjust and unreasonable prices. Specifically, PJM stated that application of the existing rules would result in an "aberrant auction outcome," with prices not reflecting the actual reliability requirements of the DPL-S Zone, resulting in severe price impacts to DPL customers. The Maryland Commission joined with state commissions and consumer advocate organizations from Delaware and Virginia to support PJM's filing and to advocate for a resolution that protected Delmarva ratepayers, filing supporting comments on January 20, 2023. On February 21, 2023, FERC issued an order accepting PJM's tariff revisions to ameliorate anomalous capacity price spike in DPL-S.

On March 12, 2024, the Third Circuit Court of Appeals filed its opinion in the case, vacating FERC's decision in part, concluding that as to the 2024/2025 capacity auction, FERC's acceptance of PJM's RPM Tariff amendment violated the filed rate doctrine. The mandate was issued by the Court on March 28, 2024, placing the matter back at the FERC for subsequent action by PJM. On March 29, 2024, PJM filed at FERC seeking approval to re-run the Base Residual Auction in accordance with its pre-amended reliability requirements. The filing also seeks to re-run an incremental auction PJM had conducted that is reliant upon the results of the Base Residual Auction.

On April 11, 2024, the Maryland Commission filed a protest of PJM's filing, requesting that FERC retain the results of the Base Residual Auction and the Third Incremental Auction for the 2024/2025 Delivery Year, in lieu of adopting rates that may be unjust and unreasonable. Additionally, the Maryland Commission moved FERC to reinstate the FPA Section 206 proceeding PJM had filed in Docket No. EL23-19, to further ensure just and reasonable rates in DPL-South.

ER21-2965—Atlantic City Electric Company, Delmarva Power & Light Company, PECO Energy Company, PJM Interconnection, L.L.C. – FPA § 205 Rate Filing

ON SEPTEMBER 29, 2021, Atlantic City Electric Company (ACE), Delmarva Power & Light Company (DPL), and PECO Energy Company filed proposed changes in formula rates to reflect revisions to each utility's wages and salaries (W&S) allocator to include labor they receive and will receive from their affiliated Exelon utility services companies. The revisions are associated with the operating companies' consolidation of transmission control center operations. The Maryland Commission intervened in the docket to ensure that the interests of Maryland ratepayers are protected. Based on protests, FERC established evidentiary proceedings, preceded by settlement judge procedures.

In December 2023, the parties reached a settlement agreement involving modifications to the companies' formula rates, revising the transmission W&S allocators for the companies to include labor they receive from their affiliated Exelon utility services companies. The case was protested by the Maryland Office of People's Counsel (OPC), the New Jersey Rate Counsel, ODEC, and the Philadelphia Area Industrial Energy Users Group. Among other things, the settlement agreement requires a refund of $250,000 back to Delmarva's transmission customers, and subjected ACE, Delmarva and PECO's W&S allocator to a 200 basis points cap above each company's respective 2022 baselines, effective beginning rate year 2023 and ending rate year 2026. Each year, the cap will be compared to each company's actual annual service company transmission non-TSO labor percentage. If the cap is exceeded, the transmission W&S allocator for that company, in that year, will be reduced by the number of basis points by which the cap is exceeded. The 2022 baselines shall be subject to review and challenge in the 2022 rate year true-up. The Maryland Commission joined as a non-opposing settling party.

ER21-2020/2023—Potomac Electric Power Company and Baltimore Gas and Electric – FPA § 205 Rate Filing

ON MAY 27, 2021, Potomac Electric Power Company (Pepco) and Baltimore Gas and Electric Company (BGE) filed proposed formula rate changes to reflect revisions to each utility's wages and salaries (W&S) allocator to include labor they receive and will receive from their affiliated Exelon utility services companies. The revisions are associated with the operating companies' consolidation of transmission control center operations. The Maryland Commission intervened in the docket to ensure that the interests of Maryland ratepayers are protected. Based on protests, FERC established evidentiary proceedings, preceded by settlement judge procedures.

In June 2023, the parties reached a settlement agreement involving a black box monetary settlement, in which the companies have agreed to make one-time payments in the form of credits to network integration transmission service customers in the next annual update following the date of FERC's approval of the settlement: $700,000 to BGE's transmission customers and $200,000 to Pepco's transmission customers. In addition, Pepco agreed to a payment of $200,000 to SMECO.

With respect to symmetrical recovery of common costs in transmission and distribution rates, under the settlement agreement, the parties agree that the Maryland and District of Columbia's multi-year plan (MYP) reconciliation processes would address the final W&S allocators' impact on distribution rates. This ensures appropriate alignment of the W&S allocators used respectively by transmission and distribution such that recovery of common costs is aligned for the same cost recovery period in both transmission and distribution rates for periods in which MYP reconciliations are applicable and ensures that FERC's approval of the companies' transmission rates does not infringe upon state commission ratemaking authority regarding distribution rates.

Finally, with respect to transparency regarding data, under the settlement agreement, the parties agreed on a cap on the W&S allocator through 2026 to ensure the companies are not shifting dollars to transmission to earn a higher return and recording of the TSO as general plant to ensure consistent treatment of all buildings (*i.e.,* not functionalizing some buildings and not others). On November 30, 2023, FERC approved the settlement.

ER22-2201—Delmarva Power & Light Company; Single Issue Depreciation Rate Filing – Depreciation Rate Filing

ON JUNE 27, 2022, Delmarva Power & Light Company (DPL) filed proposed revisions to the stated transmission depreciation rates contained in its formula transmission rate at Attachment H-3D of the PJM Open Access Transmission Tariff (OATT). The Maryland Commission intervened in the docket to protect Maryland ratepayer interests. Based on protests, FERC established evidentiary proceedings, preceded by settlement judge procedures.

In October 2023, the parties reached a settlement agreement reducing Delmarva's depreciation expense from $63 million to $51 million, a savings of $12 million in annual depreciation expense to customers. On January 25, 2024, FERC approved the settlement.

EL23-45—Complaint of West Virginia Public Service Commission v. PJM

ON MARCH 8, 2023, the Public Service Commission of West Virginia (PSC WV) filed a complaint against PJM, requesting relief from FERC, and requesting that FERC direct PJM to allow all PJM states—and the District of Columbia—to observe and attend the meetings between the PJM Liaison Committee and the PJM Board of Managers. PSC WV contends that PJM is required to permit state commissions to observe and attend these meetings pursuant to PJM's Operating Agreement, its business practices manual, FERC orders, rules, regulations and policies. The Maryland Commission intervened in the docket with the intention to join in OPSI's comments. On March 31, 2024, FERC denied the complaint, explaining that the Liaison Committee is not designated a Standing Committee in PJM's Operating Agreement and does not have the authority to vote on or to decide any matters or to act as a substitute for the normal decision-making processes of the Members Committee or the Board of Managers.

EC23-59—Joint Application for Authorization for Proposed Internal Reorganization

ON MARCH 6, 2023, FirstEnergy filed a joint application with its affiliates proposing internal reorganizations among the affiliates, with associated transition costs and cost to achieve. One of the FirstEnergy affiliates is Potomac Edison–Maryland, which has a five percent ownership share in PATH-Allegheny Maryland Transmission Company, LLC. The Maryland Commission intervened in the docket to protect Maryland ratepayer interests. On August 14, 2023, FERC approved the internal reorganization that was subsequently consummated on January 1, 2024.

ER23-1609—Base Residual Auction Delays

ON APRIL 11, 2023, PJM filed at FERC to delay its Base Residual Auction schedule for auctions that would secure capacity for Delivery Years 2025/2026 through 2028/2029, citing the need to address concerns attributed to a transition in the energy supply mix. On May 2, 2023, the Maryland Commission joined OPSI in protesting the filing since PJM had not appropriately explained the concerns in light of the benefits of a sufficiently forward auction. On June 9, 2023, FERC accepted the delays and found that the potential scope and magnitude of capacity market reforms PJM is considering in its stakeholder process was sufficient to justify the delays.

ER23-2619—Brandon Shores Replacement Transmission

ON AUGUST 11, 2023 and August 14, 2023, PJM filed cost responsibility assignments for transmission upgrades approved by the PJM Board associated with the planned retirement of the Brandon Shores plant on June 1, 2025. On September 19, 2023, the Maryland Commission protested the filing, asserting that PJM did not consider non-transmission alternatives to address the regional reliability implications of the plant's deactivation. The Maryland Commission's filing reasoned that PJM was required to consider load and capacity forecasts and reductions in demand, provide alternative means for meeting transmission needs in the region, and avoid the imposition of unreasonable costs to ratepayers. However, PJM never considered the possibility that states, within their jurisdiction, can approve the placement of energy storage on the electric distribution system in a manner that could reduce demand and negate the need for costly transmission.

Furthermore, PJM never sought to avoid unnecessary and costly Reliability Must Run arrangements since it would need to rely on Brandon Shores to continue operating through 2028, while the transmission upgrades are being constructed. On November 8, 2023, FERC denied the protest, finding it to be beyond the scope of the proceeding. However, FERC remarked on PJM's efforts to examine PJM's existing generation retirement and transmission planning processes in order to more timely address potential reliability issues associated with resource retirements.

ER24-99—Capacity Performance

ON OCTOBER 13, 2023, PJM filed at FERC capacity market reforms to reflect performance risk attributed to resource types and under expected operating conditions. On November 9, 2023, the Maryland Commission joined OPSI in supporting PJM's proposed use of risk-based modeling and to require an enhanced generator testing framework to ensure availability when expected to operate. On January 30, 2024, FERC approved implementation of these improvements.

PJM INTERCONNECTION, INC. — THE RELIABILITY PRICING MODEL

2024/2025 Delivery Year Base Residual Auction Results

PJM CONDUCTED THE auction for the 2024/2025 Delivery Year in December 2022. Due to the delay requested by PJM in Docket No. ER23-729, the auction for the 2024/2025 Delivery Year was not completed until February 2023.

The resource clearing prices (RCPs) for the 2024/2025 Delivery Year were $49.49/MW-day, $73/MW-day and $90.64/MW-day in PEPCO, BGE and DPL-South, respectively. The clearing price for the unconstrained portion of the RTO, including the Allegheny zone (APS), was $28.92/MW-day. Clearing prices remained the same in Pepco and increased four percent in BGE and 30 percent in DPL-South compared to resources that cleared in the previous auction. The capacity price decrease in Allegheny was approximately 15 percent.

Regarding renewables in PJM, almost 1,275 MW cleared from wind resources, at two percent less than in the previous auction. This amount includes an estimated 600 MW of winter wind that was aggregated with summer resources. Additionally, approximately 2,765 MW of solar resources cleared the market, representing almost 48 percent more than the amount that cleared in the 2023/2024 BRA. Slight increases in cleared natural gas effectively netted out decreases in coal capacity compared to the previous auction while cleared capacity from nuclear units decreased two percent. Whether or not the auction results will be applied is contingent upon FERC's determination in ER23-729, as outlined above.

BROADENED OWNERSHIP ACT

IN COMPLIANCE WITH § 14-102 of the Economic Development Article, *Annotated Code of Maryland*, entitled the "Broadened Ownership Act," the Commission communicated with the largest gas, electric, and telephone companies in Maryland to ensure that they were aware of this law. The law establishes the need for affected companies to institute programs and campaigns encouraging the public and employees to purchase stocks and bonds in these companies, thus benefiting the community, the economy, the companies, and the general welfare of the State.

The following companies submitted reports outlining various efforts to encourage public and employee participation in the stock purchase program:

NiSource, Inc. owns all the common stock of the NiSource Gas Distribution Group, Inc., which in turn owns all of the common stock of **Columbia Gas of Maryland, Inc**. NiSource, Inc. has two plans to encourage broadened employee stock ownership: the Employee Stock Purchase (ESP) Plan and the NiSource Retirement Savings Plan. In addition, NiSource, Inc. maintains a Dividend Reinvestment and Stock Purchase Plan that broadens stock capital ownership by all stockholders, including employees, by enabling them to reinvest their dividends to acquire additional shares of common stock.

On August 31, 2023, NiSource, Inc. had 413,293,643 shares of its common stock outstanding of which 213,236 were acquired by employees during the previous 12 months through the ESP Plan, and 361,972 through the NiSource Inc. Retirement Savings Plan. As of August 31, 2023, NiSource, Inc. had approximately 306 registered stockholders with Maryland addresses, holding approximately 108,596 shares of NiSource, Inc. common stock.

As of September 30, 2023, **Exelon Corporation**, the parent company of **Baltimore Gas and Electric Company**, **Potomac Electric Power Company**, and **Delmarva Power & Light Company** reported that 9,330 Maryland residents, representing approximately 12 percent of Exelon's total registered shareholders, owned 3,941,471 (approximately 0.4 percent) of the outstanding shares of common stock. Of these Maryland shareholders, 4,691 (approximately six percent of Exelon's total registered shareholders owning 1,783,152 or 0.2 percent of the legal outstanding shares of common stock) were participants in the Direct Stock Purchase Plan. As of September 30, 2023, 1,243 current or former employees, who are Maryland residents, held an aggregate of 972,174 equivalent shares of Exelon common stock in their 401(k) accounts in the Employee Savings Plan. In addition, 341,859 shares were held by 2,185 current or former employees who are Maryland residents and participate in the Exelon Employee Stock Purchase Plan.

The **Potomac Edison Company** was a wholly-owned subsidiary of Allegheny Energy, Inc. (AE) through February 25, 2011, at which point it became a subsidiary of **FirstEnergy Corporation** (FE). In April 2012, the Allegheny Employee Stock Purchase Plan was merged into the FE Employee Savings Plan (FE Plan). Approximately 94 percent of FE's employees were contributing to the FE Plan as of December 31, 2022 and 15,117 participants had FE stock as part of their account balance within the FE Plan. As of December 31, 2022, 1,356 Maryland residents held approximately 444,482 shares of FE stock as stockholders of record, which represents approximately 2.24 percent of all FE registered stockholders and approximately 0.08 percent of all shares. In addition, as of December 31, 2022, three AE stockholders living in Maryland, owning the equivalent of 17 FE shares, had not yet exchanged their AE shares for FE shares.

Verizon Maryland, LLC is a wholly owned subsidiary of Verizon Communications Inc. Public stockholder ownership in the Maryland company is obtained through the purchase of Verizon Capital Stock. The Verizon Savings Plan enables employees to purchase stock in Verizon Communications, Inc. As of September 30, 2023, 12,813 Maryland residents held Verizon stock.

REPORTS OF THE AGENCY'S DEPARTMENTS/DIVISIONS

Office of Executive Secretary (*Andrew S. Johnston, Executive Secretary*)

THE EXECUTIVE SECRETARY is responsible for the daily operations of the Commission and for keeping the records of the Commission, including a record of all proceedings, filed documents, orders, regulation decisions, dockets, and files. The Executive Secretary is an author of, and the official signatory to, minutes, decisions and orders of the Commission that are not signed by the Commission directly. The Executive Secretary is also a member of a team of policy advisors to the Commission.

The Office of Executive Secretary (OES) is responsible for the Commission's case management, expert services procurement, order preparation, purchasing and procurement, regulation development and coordination, tariff maintenance, the Equal Employment Opportunity Program, operations, fiscal and budget management, the Commission's information technology system, including databases and the official website and intranet website. The OES contains the following divisions:

Administrative Division

- Case Management Unit

The Case Management Unit creates and maintains formal dockets associated with proceedings before the Commission. In maintaining the Commission's formal docket, this unit must ensure the security and integrity of the materials on file, while permitting access to the general public. Included within this security function is the maintenance of confidential/proprietary information relating to the conduct of utility regulation and required compliance with detailed access procedures. During 2023, this unit established 30 new non-transportation-related dockets and processed 2,677 non-transportation-related case items. This unit is also responsible for archiving the formal dockets based on the record retention policies of the Commission.

- Document Management Unit

The Document Management Unit is responsible for developing the Commission's Administrative Meeting Agenda, the official open meeting action agenda mandated by law. During 2023, this unit scheduled 36 Commission administrative meetings at which 737 administrative items were considered and decided upon pursuant to the Commission's authority. Additionally, this unit is responsible for docketing public conferences held by the Commission. Two administrative docket public conferences were initiated in 2023. This unit also processed 5,863 filings, including 2,106 memoranda.

- Regulation Management Unit

This unit is responsible for providing expert drafting consultation, establishing, and managing the Commission's rulemaking docket, and coordinating the adoption process with the Secretary of State's Division of State Documents. During 2023, this unit managed four rulemaking dockets that resulted in final adoption of regulation changes to COMAR Title 20–Public Service Commission and two additional rulemaking dockets that remained active at the end of 2023.

- Operations Unit

This unit is responsible for managing the Commission's telecommunications needs and its motor vehicle fleet, as well as being the liaison for building maintenance, repairs and construction needs of the Commission. In addition, this unit is responsible for the Equal Employment Opportunity Program. The Commission purchased its second electric vehicle for its fleet in 2023.

Fiscal Division

- Fiscal and Budget Management Unit

This unit manages the financial aspects of the daily operations of the Commission. The operating budget totaled $22,804,468 for the fiscal year ending June 30, 2023. This budget consisted of $21,955,957 in special funds and $848,511 in federal funds. Included within the normal State functions are two unique governmental accounting responsibilities. The first function allocates the Commission's cost of operation to the various public service companies subject to the Commission's jurisdiction. The second function allocates the budget associated with the Department of Natural Resources' Power Plant Research Program to electric companies distributing electricity to retail customers within Maryland. This unit also administers the financial accountability of the Pipeline Safety Program and the Hazardous Liquid Pipeline Safety Program, which are partially reimbursed by the federal Department of Transportation, by maintaining all associated financial records consistent with federal program rules, regulations, and guidelines requiring additional record keeping.

- Purchasing and Procurement Management

This section is responsible for expert services procurement and all other procurements required by the Commission as well as the overall control of supplies and equipment. This section is also responsible for agency forms management and record retention management. This section's staff maintained and distributed the fixed and disposable assets, maintained all related records, purchased all necessary supplies and equipment, and coordinated all equipment maintenance. As of June 30, 2023, this section maintained approximately 88 items of disposable supplies and materials totaling $25,024 and fixed assets totaling $2,630,279.

Information Technology Division

The IT Division functions as the technical staff for the Commission's network and computer systems. IT is responsible for computer hardware and software selection, installation, administration, training, and maintenance. IT manages and maintains the content and technical components of the Commission's internal and external websites.

In 2023, IT: (a) a new Electronic Underground Exemption Portal was developed and launched for the Engineering Division; (b) a new Secure DMS intranet portal was designed and implemented for PSC Staff use; (c) FMIS Terminal Emulation Software was upgraded for PSC FMIS users; (d) Closed captioning was implemented for all PSC YouTube livestreams; (e) new on-premise applications (SQL Server) were developed and launched for PV Solar applications (Engineering Division) as well as PSC Carrier (Transportation Division) applications replacing legacy systems (in Access database); (f) Developed and presented procedures for complete migration of the PSC network/domain from on-premise to the cloud (in preparation for impending building renovations).

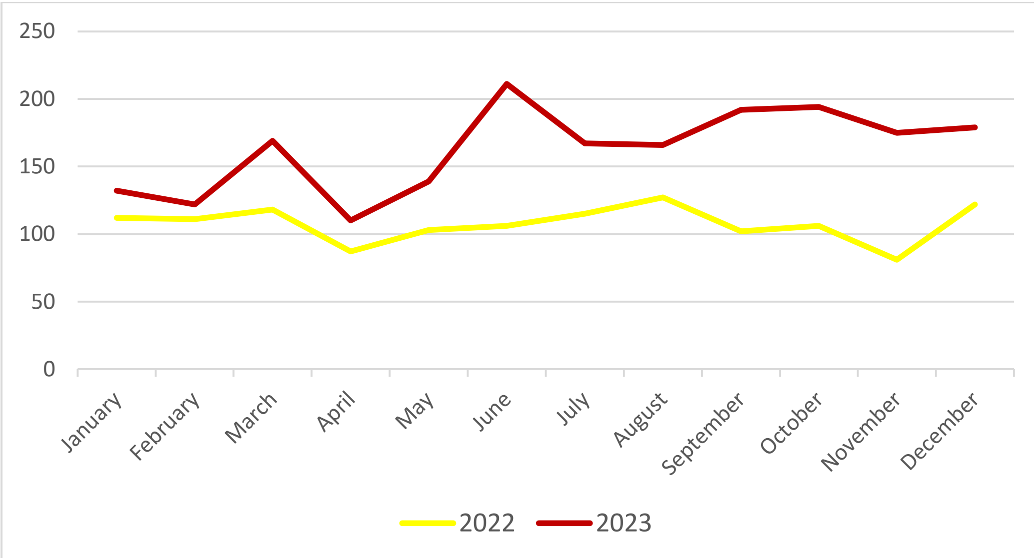
Consumer Affairs Division (*Stephanie A. Bolton, Director*)

THE CONSUMER AFFAIRS DIVISION (CAD) investigates and resolves complaints made by Maryland ratepayers against utilities and other regulated entities in accordance with applicable laws, regulations, and utility tariffs. CAD collects and tracks information regarding complaints received to identify potential patterns of regulatory noncompliance.

In 2023, CAD received 2,476 total complaints. This reflects a 43.45% increase in complaints received compared to 2022. Of the complaints received, 1,812 were against gas and electric utilities, 62 were telecommunication complaints, 56 were complaints against water utility companies, and 32 complaints involved other issues. The most frequently cited issues with gas and electric, telephone, and water utilities concerned billing disputes (717), termination of service issues (422), other or miscellaneous issues with electric utility service (126), payment disputes (99), unable to start/stop service (94), security deposit issues (92), other or miscellaneous issues with gas utility service (87), meter concerns (86), reporting of safety concerns (61), and outages (53).

Utility complaint drivers include affordability issues, with a 74.88% increase in billing disputes and a 117.53% increase in termination of service complaints over last year. In addition, throughout 2023, customers in the Baltimore Gas and Electric Company's (BGE) service territory filed numerous complaints with CAD related to BGE's relocation of gas service regulators from the interior to the exterior of homes, leading to the commencement of Case No. 9711. The remaining 514 complaints received by CAD in 2023 were made by consumers against third-party retail energy suppliers.

COMPLAINTS – ALL UTILITY (NON-SUPPLIER), 2022-2023



The most frequently cited issues with suppliers concerned unauthorized enrollment/slamming (265), billing disputes (126), misrepresentation by supplier (59), and start/stop service issues (35). CAD utilizes its complaint data management system to monitor supplier compliance by identifying patterns of violations and potential violations throughout multiple complaints. When, in CAD's assessment, a company demonstrates a pattern of noncompliance, CAD makes a recommendation to initiate an enforcement action. In response to a concerning influx of complaints against suppliers, on February 1, 2023, the Commission launched its Maximum Enforcement initiative. As a result of the multi-division collaboration on Maximum Enforcement, CAD's supplier complaint intake numbers returned to levels at or below its historic average. Comparing the first quarter of the 2023 calendar year to the third quarter, complaints against suppliers decreased by 61%. Among the three suppliers incurring the most complaints in 1Q23, complaints against those suppliers dropped from 79 in the first quarter, to 14 in the third quarter, a decrease of 82%.

In addition to its investigatory activities, CAD is a trusted source of utility-related information to the public. Its staff participated in a variety of events in the community, such as town halls and neighborhood association meetings, conferences and webinars, as well as "Power in the Park" events and other resource fairs sponsored by local elected officials and nonprofit organizations. Throughout 2023, the CAD team had meetings with utility and supplier representatives to share information, learn more about company operations, answer questions, and discuss concerns. CAD supports the Commission's endeavors to foster competition in the energy market to offer Maryland customers alternatives to utility standard offer service, including additional renewable energy options. To that end, CAD worked with companies at all stages of the regulatory process, from companies endeavoring to expand their business in Maryland, to long-time operators seeking to better understand the growing body of law in this field.

Office of General Counsel (*H. Robert Erwin, General Counsel*)

THE OFFICE OF General Counsel (OGC) provides legal advice and assistance to the Commission on questions concerning the jurisdiction, rights, duties or powers of the Commission, defends Commission orders in court, represents the Commission in federal and state administrative proceedings, and initiates and defends other legal actions on the Commission's behalf as needed. OGC also supervises enforcement of the Commission's rules, regulations, and filing requirements as applied to utilities, common carriers, retail suppliers, and other entities subject to the Commission's jurisdiction, and leads or participates in special projects as directed by the Commission.

During 2023, OGC assisted the Commission in numerous matters, including the evaluation and decision of traditional rate case proceedings filed by Potomac Electric Power Company (Pepco) and Washington Gas Light Company (WGL), as well as multi-year rate plans (MRPs) filed by Baltimore Gas and Electric Company (BGE) and Potomac Electric Power Company (Pepco). OGC assisted the Commission in addressing new EmPOWER Maryland energy efficiency, conservation, and demand response goals and plans for the 2024-2026 program cycle; evaluating the location of BGE gas regulators; considering Montgomery County's Community Choice Aggregation plan; 2024 General Assembly legislative initiatives; and addressing utility electric service reliability. OGC also assisted the Commission in addressing applications for development of new electricity generation plants and cyber security reporting. Additionally, OGC routinely provides legal support to the Commission by responding to requests for information pursuant to the Maryland Public Information Act and by addressing customer complaints related to public service companies.

Bob Erwin retired as the Commission's General Counsel as of May 1, 2024; Deputy General Counsel **Miles H. Mitchell** was appointed to succeed him, with **Ransom E. 'Ted' Davis** named as Deputy General Counsel.

Below is a summary of selected federal and state cases litigated by OGC in 2023:

In the Matter of Petition for Judicial Review by Maryland Office of People's Counsel, **Circuit Court for Baltimore City—Case No. 24C21003749 (PSC Case No. 9651)**

ON APRIL 9, 2021, the Commission issued Order No. 89799, affirming the proposed order of the Public Utility Law Judge authorizing an increase in rates by Washington Gas Light Company. Maryland Office of People's Counsel requested rehearing, arguing that Washington Gas failed to meet its burden in this case as to (i) the prudency of the projects that OPC challenged and (ii) the synergy savings that Commitment 44 of the Commission's order in Case No. 9449 (the merger of Washington Gas and AltaGas) requires. After denying rehearing, OPC filed a petition for judicial review of the Commission's decision in the Circuit Court for Baltimore City.

Circuit Court Judge Kendra Ausby reversed the Commission, concluding that the Commission wrongly interpreted Commitment 44 in its order approving AltaGas's acquisition of WGL Holdings, Inc. The Court also held that the Commission must do a full prudency review before accepting WGL's costs related to 14 capital projects.

On March 10, 2022, the Commission filed a Motion to Alter or Amend the Judgment. The Court granted the Commission's motion to alter on May 27, 2022. OPC filed a notice of appeal and the case was heard by the Appellate Court of Maryland (formerly, the Maryland Court of Special Appeals) for oral argument on March 6, 2023. The Appellate Court of Maryland affirmed the Commission and OPC filed a petition for certiorari to the Maryland Supreme Court. On March 21, 2024, the Maryland Supreme Court issued a published decision, affirming the decision of the Commission. In particular, the Court found that the Commission's interpretation of its own merger order and conditions was entitled to deference and that the Commission's interpretation of its merger order was not arbitrary or capricious.

***In the Matter of SmartEnergy Holdings, LLC d/b/a SmartEnergy,* Circuit Court for Montgomery County—Case No. 485338V (PSC Case No. 9613)**

ON MARCH 31, 2021, the Commission issued Order No. 89795, affirming the PULJ's findings that SmartEnergy violated PUA § 7-507(b)(7) by engaging in unfair, false, misleading and deceptive marketing, advertising and trade practices, and associated COMAR Title 20, Subsection 53 provisions. The Commission reversed the PULJ's finding that Com. Law § 14-2203(b) (the Maryland Telephone Solicitation Act—MTSA, which requires that a contract made pursuant to a telephone solicitation be reduced to writing and be signed by the consumer) does not apply to SmartEnergy's contracting with its Maryland customers under the facts in this case.

SmartEnergy objected to the Commission's finding that the MTSA applies to its enrollments, and filed a petition for judicial review of the Commission's Order in the Circuit Court for Montgomery County. Along with the Commission, the Maryland Office of People's Counsel and the Attorney General's Consumer Protection Division also filed memoranda supporting the Commission's findings in Order No. 89795.

On November 29, 2021, the Court entered an order affirming the Commission's Order in all respects, except the Commission's finding that SmartEnergy's access to and ability to edit call recordings violated the Commission's regulations. SmartEnergy filed a Notice of Appeal to the Appellate Court of Maryland.

In a published opinion issued on October 31, 2022, the Appellate Court of Maryland affirmed the Commission's Order, holding that: (1) PUA § 7-507(k) expressly authorizes the Commission to impose penalties on licensed retail suppliers for violating a provision of the PUA or any other applicable consumer protection laws of the State; (2) SmartEnegy violated the MTSA; and (3) SmartEnergy's inbound telephone call customer enrollments were not exempt pursuant to either the MTSA's "marketing materials" or "preexisting customer" exemption.

SmartEnergy filed a petition for a writ of certiorari in the Supreme Court of Maryland. The petition was supported by amicus curiae briefs filed by the Maryland Chamber of Commerce and Maryland Retailers Association, Retail Energy Suppliers Association and Vistra Corp. On February 8, 2023, the Commission and OPC filed answering briefs opposing the petition. The Supreme Court of Maryland granted SmartEnergy's petition for certiorari on March 7, 2023 and, after briefing and oral argument, rendered a decision affirming the Commission's decision on February 22, 2024. The Court held that the Commission correctly concluded that the MTSA applies to SmartEnergy's business practices, that SmartEnergy's business practices violated the PUA and the Commission's regulations, and that the remedies imposed by the Commission were within its discretion and were not arbitrary or capricious.

SmartEnergy filed a motion for reconsideration on March 25, 2024. Counsel for SmartEnergy also proposed an amendment to HB 1228 (2024) in the Senate Finance Committee on March 27, 2024 proposing to amend the MTSA to explicitly exempt consumer calls to merchants. On April 18, 2024 the Supreme Court of Maryland denied SmartEnergy's motion for reconsideration, and issued the mandate with regard to the Court's February 22, 2024 opinion.

***In the Matter of Direct Energy Services, LLC,* Circuit Court for Anne Arundel County—Case No. C-02-CV-22-000856 (PSC Case No. 9614)**

ON MAY 4, 2022, the Commission issued Order No. 90208, affirming in part and reversing in part the PULJ's decision. In particular, the Commission affirmed the PULJ's finding that Direct Energy violated the MTSA, and alternatively, COMAR 20.53.07.08(C)(4) and COMAR 20.59.07.08(C)(4) by engaging in marketing, advertising, or trade practices that are unfair, false, misleading or deceptive. The Commission reversed the PULJ's remedy related to requiring signatures for all future telephone enrollments regardless of the MTSA's statutory exemptions, but did not order any additional monetary remedy against Direct Energy, finding that the $125,000 penalty previously assessed was sufficient. Direct Energy and OPC filed petitions for judicial review; Direct Energy filed in the Circuit Court for Anne Arundel County and OPC filed in the Circuit Court for Baltimore City.

The Commission and OPC both filed motions in the Circuit Court for Anne Arundel County, requesting the court transfer Direct Energy's petition to Baltimore City, pursuant to PUA § 3-204. Although Direct Energy is a retail supplier and not a "public service company" which can select as its venue a circuit court in a county in which it operates or the Circuit Court for Baltimore City, the Court denied the motions to transfer—without comment. The Court did, however, grant the Commission's motion to bifurcate the schedule for filing memoranda regarding Direct Energy's MTSA-related issues, deferring memoranda until after the Appellate Court of Maryland issued its decision in *SmartEnergy*.

At the conclusion of the April 24, 2023 hearing at the Circuit Court for Anne Arundel County, the judge decided to take all issues—except for contract formation—under advisement pending the SmartEnergy ruling, with the intention of promptly issuing a ruling on the contract issue. On

May 10, 2023, the court issued an order reversing the Commission's ruling regarding Direct Energy's compliance with the regulations governing contract formation.

***In the Matter of U.S. Gas & Electric, Inc. and Energy Service Providers, Inc. d/b/a Maryland Gas & Electric,* Circuit Court for Baltimore City—Case Nos. 24-C-22-004651 and 24-22-C-003561 (PSC Case No. 9615)**

ON AUGUST 16, 2022, the Commission issued Order No. 90311, affirming in part and reversing in part the PULJ's decision. The Commission affirmed the PULJ's finding that U.S. Gas & Electric, Inc. and Energy Service Providers, Inc. d/b/a Maryland Gas & Electric (MDG&E) violated the MTSA, and alternatively, COMAR 20.53.07.08(C)(4) and COMAR 20.59.07.08(C)(4) by engaging in marketing, advertising, or trade practices that are unfair, false, misleading or deceptive. The Commission reversed the PULJ's remedy related to requiring signatures for all future telephone enrollments regardless of the MTSA's statutory exemptions, but did not order any additional monetary remedy against MDG&E, finding that the $150,000 penalty previously assessed was sufficient. MDG&E and OPC filed petitions for judicial review; OPC filed a petition for judicial review in the Circuit Court for Baltimore City, and MDG&E filed in the Circuit Court for Anne Arundel County.

MDG&E filed a motion in the Circuit Court for Baltimore City, requesting the court transfer OPC's petition to Anne Arundel County. However, with OPC being the first to file its petition in Baltimore City, the Court denied MDG&E's motion. Both OPC and MDG&E filed their initial memoranda on February 2, 2023. MDG&E later filed a motion to stay the matter pending the outcome of SmartEnergy's petition for a writ of certiorari in the Supreme Court of Maryland. On February 28, 2023, the Motion to Stay was denied. However, on April 25, 2023, the Court ordered that the two petitions be consolidated, and that the matter be stayed pending the completion of the SmartEnergy appeal. OGC is awaiting issuance of the SmartEnergy mandate before filing a motion to lodge the SmartEnergy decision in this matter.

***In the Matter of Maryland Office of People's Counsel v. Maryland Public Service Commission,* Circuit Court for Montgomery County - Case No. C-15-CV-22-001977 (PSC Case No. 9673)**

ON FEBRUARY 7, 2022, the Commission issued Order No. 90057, which dismissed the complaint filed by OPC that alleged that certain marketing statements made by Washington Gas Light Company (WGL) and included in its billing statements were deceptive and misleading in violation of the PUA and COMAR. Order No. 90175 denied OPC's request for a rehearing on the dismissal of the complaint. On May 20, 2022, OPC and Sierra Club filed petitions for judicial review of the Commission's decision to refrain from initiating a complaint proceeding regarding these marketing materials. On December 22, 2022, the Circuit Court for Montgomery County (Lease J.) affirmed that the Commission has discretion to open or deny a requested proceeding, reasoning that the issues involved broadly affected national gas issues that were inappropriate for a complaint against only one company. On January 25, 2023, OPC filed a notice of appeal of the Circuit Court's decision to the Appellate Court of Maryland.

On December 20, 2023, the Appellate Court of Maryland reversed the Circuit Court for Montgomery County's decision and ruled that the Commission had improperly refused to open a proceeding regarding WGL's marketing of natural gas. On February 21, 2024, WGL requested certiorari to the Maryland Supreme Court. The Maryland Supreme Court has not yet ruled on that petition.

***Petition of John-Alexander Dix for Judicial Review of the Decision of the State of Maryland Public Service Commission In the Case of John-Alexander Dix v. The Potomac Edison Company*, Circuit Court for Frederick County - Case No. C-10-CV-23-000736 (MPSC Complaint No. 00038341)**

ON NOVEMBER 3, 2023, **John-Alexander Dix** filed a Petition for Judicial Review in the Circuit Court of Maryland for Frederick County, appealing the Commission's November 5, 2023 decision on his Formal Complaint No. 00038341. On February 5, 2024, Mr. Dix filed a Notice of Voluntary Dismissal, which the Court granted on February 22, 2024.

***Petition of SunSea Energy, LLC for Judicial Review of the Decision of the Maryland Public Service Commission*, Case No. 24-C-23-002289 (PSC Case No. 9647)**

ON JANUARY 30, 2023, the Commission's Consumer Affairs Division (CAD) provided the Commission with a memorandum summarizing the findings of CAD's Compliance and Enforcement Unit (CEU) relating to its investigation of SunSea. The memorandum provided that after SunSea paid a $400,000 penalty for previous violations in separate complaint proceedings, and after SunSea's sales moratorium was lifted, SunSea resumed soliciting Maryland customers door-to-door on or about June 19, 2022. CAD subsequently received 41 customer complaints against SunSea from July 1, 2022 through January 27, 2023 (the "complaint period") with 27 disputes involving unauthorized enrollment/slamming, 11 involving agent misrepresentation, two involving billing disputes, and one pertaining to an issue with starting or stopping service.

CAD resolved 30 complaints in favor of the customer and two in favor of SunSea, with nine complaints unresolved as of the date of CAD's memorandum. The resulting CEU review of the consumer complaints found violations related to defective contracting practices, unauthorized enrollments, supplier misrepresentation, and inaccessibility. CAD recommended that the Commission initiate proceedings and consider a number of actions against SunSea, including reinstatement of the sales moratorium and additional penalties.

The Commission held a probable cause hearing on April 5-6, 2023, and issued an order finding evidence of violation of several regulations and the Public Utilities Article. The Commission also delegated the matter to the PULJ for further, expedited evidentiary proceedings. On April 11, 2023, the Commission issued Order No. 90581, which directed the following immediate interim protections to be implemented: (i) that SunSea's electric and gas supply licenses were suspended as of 5 p.m., April 6, 2023; (ii) that SunSea return all of its current Maryland customers to default utility standard offer service (SOS) by 5 p.m., April 10, 2023; (iii) that

SunSea cease all current and future marketing and enrollments of its electric and gas services in Maryland during the remainder of the proceeding; and (iv) that SunSea, by 5 p.m. on April 20, 2023, double the amount of its current surety bonds with the Commission—from $250,000 for both its electric and gas licenses to $500,000—totaling $1 million in bonds to be filed with the Commission.

On May 4, 2023, the Commission issued a second order—Order No. 90614—detailing its findings from the Probable Cause Hearing and responding to Staff's Motion for Clarification. The Commission found that CAD met its burden of proof that SunSea violated several consumer protection laws and Commission regulations. The Commission directed SunSea to file evidence that it has secured a bond or bonds with a total face value of $1 million by 5 p.m. on May 10, 2023, or face a penalty assessment pursuant to PUA § 7-507(l) of $10,000 per day for every day that the bonding requirement is not met, beginning on May 11, 2023.

On May 10, 2023, SunSea filed with the Commission a status update on the bond increase, explaining that SunSea paid for the increased bond and the bond surety company approved the increase, then requested to speak with Commission representatives to confirm the form of the bond and the amount. To date, SunSea has not filed evidence of the $1 million bond.

On May 11, 2023, SunSea filed a Petition for Judicial Review of the Commission Orders in the Circuit Court for Baltimore City. All briefs have been filed with the exception of SunSea's reply brief, due shortly before the April 25, 2024 hearing. The PULJ Division has stayed its proceedings pending a decision by this Court in this matter.

***Petition of OPC for Judicial Review of the Decision of the Maryland Public Service Commission*, Case No. 24-C-23-00316**

ON APRIL 13, 2023, OPC filed a petition for rulemaking, which asked that the Commission initiate a proceeding to establish formal regulations governing the Commission's response to actions filed by OPC. The Commission denied OPC's petition for rulemaking on May 15, 2023 through Order No. 90626. On June 14, 2023, OPC filed a request for rehearing, which the Commission denied on June 27, 2023, through the issuance of Order No. 90685. On July 19, 2023, OPC filed a petition for judicial review in the Circuit Court of Maryland for Baltimore City. After issuance of Order No. 90685, the Commission determined that the matter should be remanded for its further consideration. On February 5, 2024, the Circuit Court granted the Consent Motion for Voluntary Remand filed by the Commission with the consent of OPC and remanded the matter to the Commission for further consideration.

***In the Matter of the Petition of The Maryland Office of People's Counsel, Case No. 24-C-23-003077, regarding the Petition of the Maryland Office of People's Counsel to Investigate the Future of FirstEnergy's Relationship With Potomac Edison in Light of Recent Events* (Case No. 9667)**

ON JULY 26, 2021, the Commission granted a petition by OPC to initiate an investigation into the relationship between FirstEnergy Corp. and The Potomac Edison Company following allegations and subsequent findings of misconduct related to lobbying activities that occurred in Ohio. In granting OPC's petition, the Commission authorized discovery into three subject areas: (1) the effect this misconduct may have had on Potomac Edison's cost to access FirstEnergy's 'money pool'; (2) whether and to what extent FirstEnergy may have used any funds from Potomac Edison to pay for any costs associated with FirstEnergy's misconduct; and (3) the extent to which the "Icahn Agreement" may cause Icahn-appointed directors to exercise "substantial influence" over Potomac Edison pursuant to Annotated Code of Maryland, Public Utilities Article (PUA) § 6-105.

On October 15, 2021, OPC filed a motion to compel discovery regarding Potomac Edison's responses to six questions contained within its data request, in particular, requesting that Potomac Edison produce all documentation regarding the internal investigation conducted by FirstEnergy shortly after its misconduct became public. Potomac Edison responded that some of the documents OPC sought were protected by attorney-client privilege.

On October 22, 2021, the Commission delegated the hearing on OPC's discovery motion to **Commissioner Odogwu Obi Linton**. Commissioner Linton conducted a hearing on November 4, 2021, at which he addressed each of OPC's six questions. Commissioner Linton issued a ruling from the bench and subsequently issued a proposed order granting OPC's motion to compel. Commissioner Linton also concluded that Potomac Edison had waived any attorney-client privilege by describing the contents of the investigation, and FirstEnergy had also done so by speaking to Potomac Edison regarding whether FirstEnergy's internal investigation involved information related to Potomac Edison.

On November 29, 2021, Potomac Edison appealed the provision of the proposed order that granted the motion to compel the investigation report. On January 6, 2022, the Commission granted Potomac Edison's appeal and denied OPC's motion to compel the internal investigation documents, finding that the internal investigation conducted by FirstEnergy's outside counsel constituted attorney-client privilege. The Commission affirmed Commissioner Linton's decision on the five other discovery disputes.

On January 13, 2022, OPC filed a motion for reconsideration, asserting that the Commission's order on appeal entitled OPC to Potomac Edison's audit documents. On March 2, 2022, the Commission denied OPC's motion, ruling that the motion contained a procedural deficiency because it was not germane to the Commission's order. On March 28, 2022, OPC filed an additional post-discovery reply brief. On April 7, 2022, Potomac Edison filed a reply to OPC's brief, arguing that OPC did not raise any new facts or arguments that warranted expanding or continuing this proceeding. On May 5, 2023, the Commission issued Order No. 90615, which found that insufficient evidence existed to establish that Potomac Edison's customers had been harmed by FirstEnergy's misconduct in Ohio beyond those issues already acknowledged by the Company, and that therefore, no basis existed to continue the investigation. (The Commission determined, however, that it would address all charges that were wrongly allocated to Potomac Edison in the company's rate case, Case No. 9695.)

On June 5, 2023, OPC filed a Motion for Rehearing of Commission Order No. 90615, which the Commission denied on June 23, 2023 in Order No. 90681. On July 13, 2023, OPC filed a Petition for Judicial Review of Commission Order Nos. 90615 and 90681 in the Circuit Court of Maryland for Baltimore City. On February 13, 2024, the Court dismissed the Petition for Judicial Review as moot.

Office of the Executive Director (*Anthony Myers, Executive Director*):

THE EXECUTIVE DIRECTOR and an Assistant Executive Director manage the Commission's Technical Staff. The Executive Director's major managerial responsibility consists of directing and coordinating the work of the Technical Staff relating to the analysis of utility filings and operations, the presentation of testimony in Commission proceedings, support of the Commission's regulatory oversight activities.

The Executive Director administers the formulation of Staff policy positions and legislative reviews and serves as the liaison between Staff and the Commission. The Executive Director is also the principal contact between the Staff and other state agencies, commissions and utilities. Reports of the Technical Staff divisions:

Accounting Investigations Division (*Jamie Smith, Director*)

THE ACCOUNTING INVESTIGATIONS Division is responsible for auditing utility books and records and providing expertise on a variety of accounting, taxation, and financial issues. The Division's primary function includes developing utility revenue requirements, auditing fuel costs, auditing the application of rates and charges assessed by utilities, monitoring utility earnings, examining the effectiveness of cost allocations, analyzing the financial integrity of alternative suppliers seeking licenses to provide services, and assisting other divisions and State agencies.

Historically, Accounting Investigations has also been responsible for project management of Commission-ordered utility management audits. Accounting Investigations personnel provide expertise and guidance in the form of expert testimony, formal comments on utility filings, independent analyses on specific topics, advisory services, and responses to surveys or other communication with the Commission. Accounting Investigations keeps up to date with the most recent changes in accounting pronouncements and tax law, and applies its expertise to electric, gas, telecommunications, water, wastewater, taxicabs, maritime pilots, and toll bridge matters.

During 2023, the Accounting Investigations Division's work responsibilities included assisting other divisions, conducting audits of utility fuel programs and other rate adjustments, ongoing evaluation of utility base rates, STRIDE rates, and providing appropriate analysis of utility filings and rate initiatives. Division personnel provided expert testimony and recommendations relating to the performance of ongoing audits of 14 utility fuel programs and 11 other rate adjustments, and provided appropriate analyses and comments with respect to 91 filings submitted by utilities.

In addition, Division personnel participated in 10 formal proceedings, including two multi-year rate plan cases, and a number of special assignments. The Division also provided analyses for a variety of legislative bills that have the potential to impact the utility industry including actions involving climate change and the feasibility of granting incentives on solar energy to assist the State in meeting green energy goals.

Electricity Division (*Drew M. McAuliffe, Director*)

THE ELECTRICITY DIVISION conducts economic, financial and policy analyses relevant to the regulation of electric utilities, electricity retail markets, low income concerns, and other related issues. The Division prepares the results of these analyses in written testimony, recommendations to the Commission, and various reports. This work includes: retail competition policy and implementation related to restructuring in the electric utility industry, rate of return on equity and capital structure, pricing structure and design, load forecasting, low-income customer policy and statistical analysis, consumer protection regulations, consumer education, codes of conduct, mergers, and jurisdictional and customer class cost-of-service determinations. The Division's analyses and recommendations may appear as expert testimony in formal proceedings, special topical studies requested by the Commission, leadership of or participation in work group processes established by the Commission, or formal comments on other filings made with the Commission.

As part of rate proceedings, the Division's work lies in three main areas: (1) rate design, the setting of electricity prices to recover the cost (as annual revenue) of providing service to a specific class of customers (*e.g*., residential); (2) cost of service studies, the classification of utility operating costs and plant investments and the allocation of those costs to the customer classes that cause them; and (3) cost of capital, the financial analysis that determines the appropriate return to allow on a utility's plant investment given the returns observed from the utility industry regionally and nationally. In multi-year rate plan proceedings, the Division also reviews, validates and submits testimony regarding utility projections of customers, sales, and billed maximum demand.

In addition to traditional rate-of-return expertise, the Electricity Division's technical and analytical professionals also identify and analyze emerging issues in Maryland's retail energy market. Division analysts research methods of electricity procurement, retail energy market models, energy and natural resource price trends, annual electricity cost data, renewable energy issues, economic modeling of electricity usage, and other areas that reflect characteristics of electricity costs.

During 2023, the Electricity Division's work included expert testimony and/or policy recommendations in approximately 74 administrative proceedings, five formal proceedings, three rate cases including the fourth multi-year rate plan case filed with the Commission.

In addition to traditional regulatory analysis, Electricity Division personnel facilitated and participated in several stakeholder work groups covering net energy metering, community solar, retail market electronic data exchange, retail market supplier coordination, electric vehicles, electric rates, electrification, and Montgomery County Community Choice Aggregation. The Electricity Division also evaluated legislation on community solar, net metering, and electric vehicle infrastructure.

Energy Analysis and Planning Division *(Daniel Hurley, Director)*

THE ENERGY ANALYSIS and Planning Division (EAP) is primarily responsible for evaluating and reporting to the Commission on the results of the EmPOWER Maryland energy efficiency and demand response programs, which are operated by the electric utilities in accordance with the EmPOWER Maryland legislation. EAP reviews the annual compliance of electricity suppliers and electric utilities to the Renewable Portfolio Standard requirements. Finally, EAP will assess the environmental impact, in accordance with the Climate Solutions Now Act of 2022, on all filings that fall under the division's responsibility.

Division members have analytical and/or oversight responsibilities on a wide range of subjects: energy efficiency and demand response programs, regional power supply and transmission planning through participation in PJM work groups and committees, advanced metering infrastructure and smart grid implementation, the SOS competitive solicitations, the wholesale energy markets focusing on prices and availability, Maryland's renewable energy portfolio standard, wholesale market demand response programs, applications for retail natural gas and electricity suppliers, applications for community solar projects and applications for small generator exemptions to the CPCN process.

During 2023, EAP was directly responsible for, or involved in, several significant initiatives including:

- EmPOWER Maryland—
    - Preparing semi-annual reports for the utilities' energy efficiency and demand response programs;
    - Preparing the 2024-2026 EmPOWER Maryland plans report for the utilities' energy efficiency and demand response programs;
    - Assisting in the development of the Commission's annual report to the General Assembly;
    - Direct oversight of the evaluation, measurement and verification process of an independent evaluator producing annual impact and cost-effectiveness evaluation;
    - Conducting work groups related to the 2021-2023 EmPOWER Maryland energy efficiency and demand response plans;
    - Reviewing the annual EmPOWER Maryland surcharge filings for cost recovery of the EmPOWER Maryland programs;
- Preparing the Ten-Year Plan (2023-2032) of Electric Companies in Maryland;

- Preparing the Renewable Energy Portfolio Standard Report of 2022;
- Monitoring several PJM committees and work groups;
- Monitoring the SOS procurement processes to ensure they were conducted according to codified procedures consistent with the Maryland restructuring law;
- Processing applications for the Community Solar Pilot program;
- Continuing to work with electricity and natural gas suppliers to bring retail choice to the residential and small commercial markets; and
- Participating in NARUC activities.

Engineering Division (*John Clementson, Assistant Chief Engineer* and *Samrawit Dererie, Manager of Grid Reliability and Modernization*)

THE COMMISSION'S ENGINEERING Division monitors the operations of public service companies for safety, efficiency, reliability, and quality of service. The Division's primary areas of responsibility include electric distribution and transmission, gas and electric metering, private water and sewer distribution systems, certification of solar renewable energy facilities, and natural gas and hazardous liquid pipeline safety.

The Engineering Division continued to lead the **PC44 Interconnection Work Group** for most of 2023.[17] Phase IV of the Interconnection Work Group's efforts culminated in a filing of the Phase IV Final Report on June 28, 2022, which recommended a Maryland smart inverter requirement, among other things. A RM77 rulemaking session was held on August 2, 2022, with a final rulemaking session held on February 22, 2023, with the regulations becoming effective March 20, 2023. Notably, the regulation implements a Maryland smart inverter requirement compliant with the Institute of Electrical and Electronic Engineers (IEEE) 1547-2018 Standard, effective January 1, 2024. All subject electric utilities in Maryland filed their smart inverter setting profiles by October 10, 2023, and parties including the Office of People's Counsel and the Interstate Renewable Energy Council provided comments on the utilities' filings. Staff reviewed the smart inverter setting profiles filed by each utility and after working with the utilities, recommended approval of their filings meeting the January 1, 2024 compliance date. The Commission approved proposed smart inverter setting profiles on November 21, 2023 for PE, Pepco, BGE, Delmarva, and SMECO. Maryland became one of the first states to act on the NARUC Board of Directors' February 12, 2020 resolution that recommended state commissions adopt and implement IEEE 1547-2018.

In addition, the leader of the Interconnection Work Group filed the Phase V Final Report and Petition for Rulemaking Proceeding on September 28, 2023. On December 5, 2023, the Commission held a RM81 rulemaking session and reviewed the Interconnection Work Group's Phase V report and regulations proposals. At the conclusion of the rulemaking session, the Commission remanded several issues back to the work group encouraging all parties to reach consensus on the outstanding issues raised at the RM81 hearing. On January 5, 2024, the work

[17] **John Borkoski** led the Interconnection Work Group as Chief Engineer until August 2023. He continues to lead this work group in his new role as a Senior Commission Advisor.

group leader submitted a Phase V Supplemental Report in which he indicated that the work group had reached consensus on the outstanding issues raised at the RM81 hearing. The Commission held a supplemental RM81 hearing on January 9, 2024 to discuss the changes included in the supplemental report.

In March 2021, the Commission held a legislative-style hearing to discuss the application to Maryland of the recommendations contained in the NARUC and NASEO-founded Task Force on Comprehensive Electricity Planning. On June 23, 2021, the Commission issued Order No, 89865 that initiated a **Distribution System Planning Work Group** (DSPWG), docketed in Case No. 9665 and PC44, with a goal of exploring and developing a Maryland-specific Distribution System Planning process to increase opportunities for early, meaningful stakeholder engagement through increased transparency and coordination.[18]

The Commission contracted with Silver Point LLC at the beginning of 2022 to facilitate the DSP Work Group. Several parties including Staff, Office of People's Counsel, the Maryland Energy Administration, Maryland utilities, industry representatives, environmental groups and concerned citizens participated in the effort. In February 2023, Silverpoint filed a status report[19] with the Commission and on February 9, 2023, the Commission issued a notice of opportunity to comment, in which several parties including Staff provided comments. On August 24, 2024, the Commission issued Order No. 90777 in which it directed the DSP Work Group to continue work with an eye towards developing a consensus set of Maryland DSP practices. The Commission also stated that the DSP Work Group would later be tasked with developing proposed regulations as necessary.[20] Engineering Staff has been participating in the reconvened work group and providing input. The final DSP Work Group report to the Commission is due April 30, 2024.

On May 13, 2019, **Governor Larry Hogan** signed Senate Bill 573 (Energy Storage Pilot Project Act) into law. The Act required the Commission to establish an **energy storage pilot program**, which the Commission did on August 23, 2019, and docketed in Case No. 9619. Each Maryland investor-owned electric company was ordered to solicit offers to develop energy storage projects and submit applications for those projects to the Commission for approval. The Engineering Division continues to monitor the progress of these pilot projects and submit filings to the Commission associated with requested changes by the utilities. In 2022, Engineering submitted recommendations to the Commission associated with changing the Potomac Edison Urbana Project location to the Myersville Park-and-Ride and extending its commercial operations date (COD), extending the CODs for the Town Hill, Elk Neck, National Harbor/Livingston Road, Chesapeake and Fairhaven energy storage projects, in addition to a petition by SMECO to establish an energy storage pilot project.

To date, the Commission has approved 29.3 MWh of energy storage capacity:

[18] Maillog No. 235860.
[19] Maillog No. 301185.
[20] Commission Order No. 90777 at Page 8.

- Potomac Edison's Myersville 1.328 MWh park-and-ride facility is operational.
- Potomac Edison's Town Hill 8.4 MWh project is expected to be operational by the end of September 2025. PE filed several requests to extend the operational date of this Town Hill Project. The last request was filed on March 8, 2024 to extend the operational deadline by 90 days.[21]
- BGE's 2.0 MWh Chesapeake project was energized on January 25, 2023.
- BGE's 7.1 MWh Fairhaven project, which the company will own and operate, was energized on January 25, 2023.
- Pepco's 3.0 MWh Montgomery County Electric Bus Depot project was placed into service on October 18, 2022.
- Pepco's 3.0 MWh National Harbor/Livingston Road project in Prince George's County was expected to be operational by June 30, 2024, but on September 11, 2023, Pepco filed a request to amend Commission Order No. 89664, to reject its Livingston Road Energy Storage Pilot Project and allow Pepco to file an application for an alternative energy storage project by the fourth quarter of 2023. On October 17, 2023, Pepco filed the Fairmount Heights Microgrid project as an alternative to the Livingston Road project. The project is currently under evaluation for acceptance into the Energy Storage Pilot Program.
- Delmarva's 1.5 MWh Elk Neck Virtual Power Plant met its operational deadline of 1 MW of in-service capacity on October 13, 2023.
- Delmarva's 3.6 MWh Ocean City project has an approved operational date no later than December 2023. The Ocean City project has encountered issues that will likely delay the operational date of the battery, and their current estimation is that the project may not become operational until December 2024. Delmarva plans to submit an extension request to the Commission for this project once there is a firmer estimate for the operational date.
- SMECO was approved by the Commission on October 26, 2022 to pursue an energy storage project, with specifics yet to be determined.

On May 8, 2023, the Maryland General Assembly enacted HB910, amending § 7-216 and promulgating § 7-216.1 of the Public Utilities Article of the Annotated Code of Maryland. Those changes directed the Commission to establish a **Maryland Energy Storage Program** that provides a competitive energy storage procurement program, with annual deployment targets for energy storage devices in Maryland. The Commission, in Order No, 90823, initiated a work group to develop a Maryland energy storage program and also established Case No. 9715 to serve as repository for all filings related to the Maryland Energy Storage Program (MESP).[22]

As directed by the Commission in Order No, 90823, the work group leader filed an interim report on December 15, 2023 that discussed its progress and identified areas of non-consensus on issues including, long-term objectives and priorities, key design principles, program scope and prioritization, program architecture and deployment mechanisms, safety, environmental

[21] Maillog No. 308146.
[22] Maillog No. 305375.

impact and community engagement, connections and other proceedings and work groups, funding needs, and list of existing statutes that may require future modifications to the Maryland Energy Storage Program. On March 18, 2024, the Commission issued Order No. 91064 on the work group report and directed the work group to continue its activity and provided guidance on the non-consensus items.

In addition to the MESP Work Group, on May 13, 2022, the Commission issued Order No. 90212 establishing a work group to develop a unified benefit-to-cost analysis (UBCA) framework docketed in Case No. 9674. On July 5, 2023, the Commission issued a Notice to Convene a Work Group to Address the Development of a Maryland Specific UBCA. The work group is tasked with establishing a uniform framework to measure the cost-effectiveness and potential rate impacts across all distributed energy resources (DERs) within Maryland to ensure that future projects can be reviewed adequately, in support of meeting Maryland's climate and energy policies. Engineering Staff has been participating in this work group and providing input.

In 2023, the Engineering Division, for most of the year, continued leading the **Electrification Study Work Group** (ESWG) to meet the requirements of Senate Bill 528 (also known as the Climate Solutions Now Act of 2022, or CSNA) passed by the General Assembly in 2022.[23] The CSNA requires Maryland to reduce greenhouse gas (GHG) emissions by 60 percent from 2006 levels by 2031 and achieve net-zero GHG emissions by 2045. SB528 directed the Commission to assess, through 2031, the capacity of each company's gas and electric distribution systems to successfully serve customers under a managed transition to a highly electrified building sector. Following the passage of the CSNA, on July 19, 2022, the Commission issued a notice initiating ESWG under the PSC leadership.

The ESWG, which included several stakeholders, including in-scope utilities, several state agencies, local governments, environmental advocates, industry associations and other interested parties held its first meeting on August 15, 2022. The ESWG supported the development of the Electrification Study RFP. The Commission selected the Brattle Group and issued a Notice to Proceed on April 24, 2023. The Brattle kick-off meeting with the ESWG was held on May 1, 2023. Brattle and the ESWG had several meetings to vet scenarios and assumptions. The ESWG reviewed multiple scenarios including a low electrification scenario, a mid-electrification scenario, a high-electrification with fuel backup scenario, a high-electrification with best-in-class-technologies scenario, and a high-electrification with legacy technologies scenario; the Electrification Study focused on the three high electrification scenarios as they allow GHG reductions sufficient to meet Maryland's climate goals.

The ESWG sent the Electrification Study Report to the Maryland General Assembly on December 29, 2023. The Electrification Study concluded that the aggregate Maryland electric systems would see growth rates in the range of 0.6–2.1% per year through 2031 with high electrification assuming utility energy efficiency plans consistent with the CSNA and existing

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[23] **John Borkoski** led the ESWG as Chief Engineer until August 2023, then continued to lead this work group in his new role as a Senior Commission Advisor.

utility demand response plans. This increase in load growth is accompanied by a reduction in gas demand by about 20% by 2031 for high electrification scenarios. The Electrification Study also concluded that the Maryland electric distribution system, which is currently summer peaking, would switch to winter peaking around 2026–2027. Furthermore, additional energy efficiency and load flexibility measures could result in significant mitigation of load growth by 2031 to −0.2-1.2% compound annual growth per year.

Staff continues to review filings associated with BGE's first **multi-year rate plan** (Case No. 9645), Pepco's first multi-year rate plan (Case No. 9655), and Delmarva Power's first multi-year rate plan (Case No. 9681). Both BGE and Pepco also filed their second multi-year rate plans in 2023 in which Staff reviewed and provided written and oral testimony on the cases. Overall, the Engineering Division participated as witnesses in the following rate cases that were either completed or initiated in 2023:

- Case No. 9692 – Baltimore Gas and Electric Company (second multi-year plan)
- Case No. 9701 – Columbia Gas of Maryland
- Case No. 9702 – Pepco's second multi-year rate plan
- Case No. 9704 – Washington Gas Light Co.
- Case No. 9695 – PE's Rate Case
- Case No. 9712 - Oldtown Bridge Case

The Engineering Division provides testimony on applications for **CPCNs**. Significant non-solar Engineering Division CPCN activities in 2023:

- Case No. 9699 – Pepco's Oak Groove to Talbert Rebuild
- Case No. 9698 – DPL's Vienna to Nelson CPCN
- Case No. 9713 – BGE's Fitzel Third and Fourth Circuits Configuration

PJM lists utility-scale **solar CPCN projects** in Maryland for sales into PJM capacity and energy markets. The Engineering Division worked on several solar CPCN cases for 2023:

- Solar CPCNs approved:
    - Case No. 9682 – Temo Renewables
    - Case No. 9684 - Rosehip Solar
    - Case No. 9685 – Community Power Group (Hidden Meadows)
    - Case No. 9710 – Porter Mills LLC
- Solar CPCNs Suspended:
    - Case No. 9694 – Kumquat and Citron Cleantech, LLC Solar
- Solar CPCNs in progress (as of December, 2022):
    - Case No. 9685 – Community Power Group, LLC
    - Case No. 9714 – Chaberton Solar Snow LLC
    - Case No. 9716 – Chaberton Solar Bonneville LLC
    - Case No. 9717 – Chaberton Solar Wild Turkey LLC

In 2023, Engineering Staff continued to work on the formal complaint by **Al Carr** against Pepco, filed on October 21, 2022 and docketed as Case No. 9706. On June 23, 2023, the PULJ directed

Staff to provide a preliminary report on allegations outlined in the **formal complaint concerning Pepco's streetlight operations**, procedures and practices. On September 8, 2023, Staff filed its preliminary investigation report in which it requested the PULJ to schedule an evidentiary hearing to further investigate Pepco's streetlight operations. On September 8, 2023, the PULJ issued a procedural schedule under which Staff filed direct testimony regarding streetlight repair and maintenance practices and the outage reporting system in which Staff determined that there were deficiencies in the streetlight outage reporting map and that Pepco did not meet its internal goal of completing 90% of streetlight repairs within five business days.

Staff also determined that Pepco followed its tariff obligations regarding corrective and preventive maintenance. On February 9, 2024, Pepco filed rebuttal testimony in which the company generally agreed with the proposed recommendations by Staff. On February 28, 2024 Staff filed a Joint Motion for Approval of Agreement of Unanimous Stipulation and Settlement.[24]

The Commission received approximately 9,964 applications for in-state photovoltaic (PV) **solar renewable energy credits** (SRECs) in 2023, up from 6,320 applications in 2022. Approximately 225 MWs were approved in 2023, compared to 263 MWs the previous year. These application numbers are for new systems, amendments to existing systems, ownership changes, and de-certifications. Electric utilities in Maryland purchase SRECs generated in Maryland to comply with the Renewable Portfolio Standard (RPS). A registry of RECs is also maintained in the PJM Interconnection, LLC Generator Attribute Tracking System Environmental Information Service (GATS-EIS)[25]. Revenue from RECs is in addition to power sales into the wholesale market or by power purchase agreements. Aggregators combine the resources of smaller residential systems as explained on the GATS-EIS website. The weighted average price per Maryland REC was about $56.57 in 2023.

PV solar is complemented by power from other renewable sources like wind, landfill gas, geothermal, and heat recovery in Maryland to meet State policy goals. House Bill 1007 (passed in 2021) created a carve-out in RPS Tier 1 for post-2022 **residential and commercial geothermal heating and cooling systems**:

- 0.05 % - 2023,
- 0.15 % - 2024,
- 0.25 % - 2025,
- 0.5 % - 2026,
- 0.75 % - 2027,
- 0.1 % - 2028 and later.

[24] Maillog No. 307871.
[25] Note: PJM Environmental Information Services, Inc. will provide hourly, time-stamped certificates for PJM generation starting in March 2023, answering the growing demand for procuring and tracking carbon-free energy around the clock.

It also sets alternative compliance payment (ACP) amounts and alters the methods by which the PSC must measure energy savings. At least 25 percent of the post–2022 geothermal carve-out must come from systems installed to serve low-income customers.

In 2022, the Engineering Division contracted with Envirosys Technologies, LLC to develop a calculator for **non-residential geothermal heating and cooling systems** (GHC) pursuant to House Bill 1007 requirements. By August 26, 2022, Envirosys had developed a template for calculating geothermal RECs (GRECs) designed for non-residential GHC systems. In December 2022, the Engineering Division implemented the non-residential geothermal application process and modified the Commission's website to accommodate the new application process. Starting January 1, 2023, an applicant can receive GRECs for non-residential GHC systems based on the amount of thermal energy saved by the GHC system if the applicant: i) owns and operates the systems; ii) leases and operates the systems; or iii) contracts with a third party who owns and operates the systems. In September 2023, Staff reviewed its first commercial geothermal application, and the project was approved.

In 2019, the General Assembly enacted the Clean Energy Jobs Act (CEJA) which amended Maryland's RPS to 50 percent by 2030 and increased the carve-out for **offshore wind** to 10 percent of all electricity sales within Maryland. Each of the Round 2 application periods for the years 2020, 2021, and 2022 was to begin on January 1 with the total award of all ORECs corresponding to OSW project capacity of at least 1,200 MW. CEJA required Round 2 applications in 2020 to be for OSW projects to begin creating ORECs not later than 2026, for those in 2021 to begin creating ORECs not later than 2028, and for those in 2022 to begin creating ORECs not later than 2030, among other things.

Pursuant to the CEJA, the Commission issued a solicitation to fulfill this requirement. On July 27, 2021, US Wind, Inc. and Skipjack Offshore Energy, LLC filed applications with the Commission that included offshore wind project proposals in Case No. 9666 for which the Engineering Division provided testimony.

On December 17, 2021, the Commission issued Order No. 90011 granting ORECs to Skipjack and US Wind. Under COMAR 20.61.06.18A, US Wind and Skipjack are required to file an annual report updating the Commission on the project's commercial operation date (COD), proposed timeline for development, and critical path schedule, including milestones for certain achievements, such as site assessment, engineering, permitting, and turbine certification. Following the Commission's issuance of the OREC order, US Wind and Skipjack had made project advancements and achieved key milestones for the overall project development progress. The projects continued to progress regarding several aspects of development, including ongoing studies to support development of the construction and operations plan, development and analysis of the cable landfall and onshore transmission cable routes, tracking progress of and providing comments on the PJM interconnection reform process, discussions with agency stakeholders, and turbine design and layout. US Wind commits that its 808.5 MW project will be constructed and operational on or before December 31, 2026; Skipjack's project COD was projected to be in Q4 of 2026. However, on January 25, 2024, Skipjack notified the

Commission that the company will no longer develop the Skipjack wind projects under the terms of the existing OREC orders and that its project will not move forward.

On December 21, 2021, the Commission postponed a rulemaking session in RM75 (which was to consider changes to the **OSW regulations** at COMAR 20.61 resulting from CEJA) to allow consideration of additional changes resulting from new requirements from the 2022 legislative session,[26] among other things. On August 1, 2022, Staff made a new filing regarding proposed changes to the regulations. The Commission moved to publish the revised regulations as amended at the rulemaking hearing, in the *Maryland Register*, for notice and comment on August 15, 2022. The proposed action on regulations was subsequently published in the March 24, 2023 issue of the *Maryland Register*.

On April 21, 2023, the Promoting Offshore Wind Energy Resources Act (**POWER Act**) was signed into law, committing the state to develop 8.5 gigawatts (GW) of offshore wind by 2031. The POWER Act requires State agencies to work with PJM Interconnection to build the necessary transmission lines to bring offshore wind energy generation to where it is needed onshore. The POWER Act also requires the Commission to request PJM to conduct an analysis of transmission upgrade and expansion for both onshore and offshore infrastructure. Staff has been working with PJM to discuss the approach to conduct this analysis in order to advance the State's OSW policy and objectives.

The Engineering Division participates in the Maryland Department of Emergency Management (MDEM) **emergency preparedness and response** efforts. The Power Infrastructure Strategic Coordinating Function (SCF) supports the MDEM emergency preparedness and response efforts. Engineering and MEA are jointly responsible for leading the SCF for utility coordination related to electric service outages and fuel supply coordination during fuel disruptions. The Power Infrastructure SCF participates in training, drills, coordination meetings and statewide emergency management conference calls for establishing situational awareness and management of state emergencies.

Large customer outage events in 2023 required Power Infrastructure SCF roster activation, or special monitoring, including: severe thunderstorms on July 29, with almost 144,000 customer outages statewide; and severe thunderstorms on August 7, with approximately 149,500 electric customer outages statewide. Under COMAR 20.50.12.13, Pepco was required to file a major outage event report for the July 28 storm, SMECO was required to file a major outage event report for the July 29 storm, and BGE was required to file major outage event reports for the August 7 storm. The Engineering Division routinely analyzes major outage event reports and makes recommendations to the Commission, where appropriate.

[26] On April 11, 2022, the General Assembly passed HB 622/SB 526, Renewable Energy Portfolio Standard and Renewable Energy Credits - Offshore Wind which revises the funding mechanism for OSW projects through the Renewable Portfolio Standard to apply only to distribution sales of electric companies, alters the way an electric company may reflect and recover OSW OREC costs, and changes compliance fees for shortfalls.

In addition to responding to actual emergency events, the Engineering Division also participated in **emergency response exercises and drills**. On November 14-15, 2023, the Engineering Division participated in the GridEx VII exercise. GridEx is a biennial, national grid security exercise that allows the electric industry, government agencies, and other relevant stakeholders to simulate, drill, and coordinate emergency response and recovery plans in the event of cyber and physical security attacks and other contingencies that may affect the North American electric system. As in years past, PJM took the lead on helping member organizations and some PJM member states to develop scenarios and inputs and served as the simulation coordinator.

The Engineering Division continues to advise the Commission through written comments (**bucksheets**) for Administrative Meetings on various engineering matters filed with the Commission, or in Commissioners' Meetings for various compliance filings. In 2023, the Engineering Division completed 10 (gas and water) and 53 (electric) bucksheets and supported 13 bucksheets assigned to other Staff divisions.

Eight **electrical accident reports** were filed with the Engineering Division in 2023 as compared to 16 the previous year. Staff reviews these reports for possible code violations and operation improvements.

As a result of the mid-cycle **electric vehicle (EV) pilot program** hearing in October 2021 (Case No. 9478), the Commission issued Order No. 90036 on January 11, 2022, which granted the EV pilot utilities additional COMAR sub-metering waivers and directed Staff to work with utilities to develop and propose EV metering regulations before December 31, 2023. An EV subgroup was formed and on December 22, 2022, recommended: (1) that the Commission defer promulgation of EV metering regulations until electric vehicle supply equipment (EVSE) metering rules can be implemented in Maryland that are universal between utilities and non-utilities; (2) that the Commission adopt the EV Subgroup's proposed annual EVSE report requirements to go into effect the first quarter of 2025; and (3) that each electric utility EVSE owner should establish a procedure for handling complaints about EVSE meter accuracy and that such complaints may be escalated for resolution to the Commission through the Commission's website.

On April 13, 2023, the Commission issued Order No. 90587 granting the EV Work Group request to postpone metering regulations. The Commission ordered: (1) the Electric Vehicle Work Group to file a status report by October 1, 2023 on the topics raised in the report, and every six months thereafter, providing recommendations for further Commission action if necessary; (2) that the COMAR waivers extended and additional waivers granted in Order No. 90036 remain in effect until further direction of the Commission; and (3) the EV Pilot Utilities to file tariff revisions within 90 days (by July 13, 2023) with procedures for handling complaints about EV meter accuracy. The pilot utilities filed their tariff revisions and the Commission issued letter orders on November 1, 2023 granting the tariff revisions effective November 6, 2023.

In 2018, BGE, Columbia Gas of Maryland, and Washington Gas Light reapplied for their second Strategic Infrastructure Development and Enhancement Plan (**STRIDE**) plans, also known as STRIDE 2. All three companies were approved to continue with STRIDE 2 programs from 2019–2023, subject to certain conditions.

In 2021, Elkton Gas Company filed for authority to implement a STRIDE 1 plan and cost recovery mechanism in Case No. 9660. Elkton Gas proposed to replace 6.1 miles of Aldyl-A pipe (vintage plastic pipe susceptible to brittle-like cracking) in its distribution system by the end of 2023. On August 20, 2021, the Commission approved the Elkton Gas STRIDE 1 Plan and recovery mechanism. In 2023, the Engineering Division's Pipeline Safety Group participated in the review of the related STRIDE filings for the Commission and is currently monitoring the companies' progress in the implementation of each STRIDE 1 and STRIDE 2 plan.

In 2023, Columbia Gas and Washington Gas reapplied for their third Strategic Infrastructure Development and Enhancement Plan (STRIDE) plans, also known as STRIDE 3. The Commission approved Washington Gas's STRIDE 3 plan, but denied the STRIDE 3 plan of Columbia Gas of Maryland.

In 2023, the **Commission's Pipeline Safety Group** continued inspection of jurisdictional gas and hazardous liquid pipeline operators to ensure compliance with applicable pipeline safety regulations. The Pipeline Safety Group conducted four pipeline incident investigations in 2023, one of which was determined to be non-jurisdictional. The three jurisdictional incident investigations conducted in 2023 include:

- **October 12, 2023 (Washington Gas)** - At approximately 5:15 p.m. Washington Gas was notified of a possible gas leak at 11301 Mapleview Drive in Silver Spring. Washington Gas dispatched crews to the location. Upon arrival, the crews performed an assessment of the situation which resulted in the identification of a four-inch steel gas main that was leaking. Washington Suburban Sanitary Commission (WSSC) was working on a leaking water main in the area that eventually impinged on the gas main resulting in a leak. The cause of the leak on the four-inch gas main was a leak emanating from a 30-inch water main operating at 100 pounds per square inch (psi). The water leak created an approximately three-inch diameter hole on the bottom of the four-inch gas main. As a result of the water leak, the gas main was submerged in the excavation. On October 14th, at approximately 12:20 a.m., the gas was turned off utilizing valves, a stopple fitting and by squeeze off.
- **November 20, 2023 (BGE)** - At approximately 11:00 a.m., during a routine inspection of a district regulator station located at 1410 Coventry-Meadows Drive in Sykesville, an over pressurization was discovered on the gas system. During the inspection of the regulator, a control valve failed to close resulting in an over pressurization situation. This resulted in high pressure gas (250 psi) flowing into the gas main. The gas main had a maximum allowable operating pressure (MAOP) of 99 psi. The crew recognized the problem and started venting gas into the atmosphere to reduce pressure immediately. This event lasted less

than 15 minutes before the crew was able to close the control valve. A leak survey of the impacted area was performed and crews checked all houses in the area to verify pressure and turn services off for safety. Fifteen services were impacted in total, but were turned back on later that day after inspections were performed. BGE continues to operate this gas main at a reduced pressure until it can replace it this spring. As of April 1, 2024, the operator has not completed its root cause analysis.

- **December 21, 2023 (BGE)** - At 2:00 p.m., a third-party contractor struck a four-inch plastic high pressure gas main on National Security Agency property. The main was not shut off until midnight, resulting in the release of 5900 mcf of natural gas into the atmosphere. The main was repaired and service was restored to the customer on December 22nd. The One Call Center was notified by the third party excavator prior to start of work, and the gas main was marked within the tolerance zone prior to the excavation by the third-party contractor.

On August 16, 2016, Washington Gas was involved in an apartment building explosion at the **Flower Branch Apartments** in Silver Spring. As a result of the explosion and subsequent deaths and injuries, the Commission initiated Case 9622 to investigate the incident and the company's actions. As a result of the investigation, Washington Gas proposed a program to replace **mercury service regulators**. The Commission approved the company's plan, and required Washington Gas to file annual reports detailing progress made in the previous calendar year.

On February 12, 2024, Washington Gas filed its annual report, in which it indicated that in its first four years of implementing the plan it has replaced 8,837 mercury regulators, of which 5,413 were through the company's replacement program. The remainder of the mercury regulators were replaced through routine maintenance work and other programs. In 2021, House Bill 345 (the Flower Branch Act) was passed which required operators with regulators located inside multi-family structures to relocate those regulators to an outside location. The Flower Branch Act required those operators to file a plan for approval by the Commission detailing the estimated number of regulators located inside multi-family structures and the relocation plan.

Three of Maryland's eight jurisdictional natural gas companies had regulators within multi-family structures–Easton Utilities (one location), BGE (approximately 11,200 locations), and Washington Gas (approximately 7,200 locations). In 2022, Easton completed its one relocation. In 2023, BGE relocated 785 regulators and Washington Gas relocated 122 regulators.

Every year, the Engineering Division's Pipeline Safety Program is audited by the **Pipeline and Hazardous Materials Safety Administration (PHMSA)** of the U.S. Department of Transportation as part of its agreement with PHMSA. The Commission's senior pipeline and hazardous liquid safety engineers must be fully trained for their roles by PHMSA for enforcement of federal pipeline safety regulations within the State. The PHMSA audit ensures that the Pipeline Safety Group conducts inspections of its jurisdictional operators according to PHMSA's State Guidelines and the Pipeline Safety Group's own procedures. In 2023, the Pipeline Safety Group was audited on its 2022 inspections—the group received a score of 98.6 percent for its State Gas Program and 99.3 percent for its State Hazardous Liquids Program.

The Pipeline Safety Group was active throughout the state conducting routine pipeline safety inspections and continues to evaluate the progress of mitigation of leaks caused by failed mechanical gas couplings in Prince George's County.

Meter referee tests are performed at a customer's request to verify meter accuracy. In 2022, Engineering performed referee tests for 10 electric meters and eight gas meters.

The Engineering Division performs **annual inspections** of the operations and maintenance records of Maryland public service companies to ensure their compliance with applicable Commission regulations. Engineering Division inspections performed in 2023:

- Meter shop – 20
- Gas meter referee tests - 6
- Private water systems – 34
- Sewerage collection systems – 1
- LPG/Propane Operator meter testing – 9
- Electric companies – 6
- Gas system inspection days – 699
- Hazardous liquid system inspection days – 19.5

Staff Counsel Division (*Lloyd J. Spivak, Staff Counsel*)

THE STAFF COUNSEL Division directs and coordinates the preparation and presentation of the Technical Staff's position in matters pending before the Commission under the supervision of the Executive Director. In performing its duties, the Staff Counsel Division identifies issues in public service company applications and evaluates the applications for legal sufficiency and compliance with the Public Utilities Article, the Code of Maryland Regulations, utility tariffs, and other applicable law. In addition, the Staff Counsel may support Staff in initiating investigations or complaints. The Staff Counsel Division attorneys are the final reviewers of the Technical Staff's testimony, reports, proposed legislation analysis, and comments before submission to the Executive Director. Additionally, the attorneys draft and coordinate the promulgation and issuance of regulations, review and comment on items handled administratively, provide legal services to each division under the Office of Executive Director, and handle inquiries from utilities, legislators, regulators and consumers.

During 2023, Staff Counsel attorneys participated in a wide variety of matters involving all types of public service companies. The Staff Counsel Division's work included review of rates charged by public service companies, consideration of numerous requests for CPCNs, review of SOS matters, telecommunications filings, supplier regulatory and enforcement issues, transportation matters, and electric reliability matters. The Staff Counsel Division also was involved in a variety of efforts intended to address the EmPOWER Maryland Act of 2008, climate change issues, and the continued implementation of the Maryland RPS Program.

Telecommunications, Gas, and Water Division *(Pamela Coates, Assistant Director)*

THE TELECOMMUNICATIONS, GAS, and Water Division assists the Commission in regulating the delivery of wholesale and retail telecommunications services, retail natural gas services, and water services in the state of Maryland. The Division's output generally constitutes recommendations to the Commission, but also includes publication of industry status reports and responses to inquiries from elected officials, media representatives, members of the public, and industry stakeholders. In addition, similar to other Technical Staff divisions, this Division assists the Commission's Consumer Affairs Division in the resolution of consumer complaints, on an as-needed basis, and leads or participates in industry work groups. The Division's analyses and recommendations to the Commission may appear as written comments, expert testimony in formal proceedings, special topical studies requested by the Commission, formal comments on filings submitted by the utilities or by other parties, comments on proposed legislation, proposed regulations, and public presentations. Finally, the Division aids other divisions as needed.

In 2023, the Division received approximately 95 administrative filings of which 57 were tariff filings, including changes to toll free calling rates, as required by the Federal Communications Commission (FCC); compliance filings from rate cases; annual revisions; and related matters.

Of the administrative filings received, 67 were telecommunications, 27 were natural gas, and one was water. The Division also developed or presented testimony in 15 cases, rulemakings, and public conferences before the Commission. These included three natural gas base rate proceedings, including one multi-year rate plan, eight natural gas purchased gas adjustment charge proceedings, two STRIDE cases, one case regarding the future of natural gas in Maryland, and one public conference regarding an income mechanism to assist low-and-moderate-income customers.

In **telecommunications**, the Division reviews applications for authority to provide telephone services from local and intrastate toll service providers, reviews tariff filings from such providers, monitors the administration of telephone numbering resources for the State, is responsible for reviewing FCC compliance filings by carriers, administers the certification of all payphone providers in the State, and monitors the provision of low income services, E911 (Enhanced 9-1-1) and telecommunications relay services. In 2023, a new FCC rule on toll-free calling went into effect, resulting in 28 local exchange carriers filing tariff changes within a period of approximately one month.

The state's new 227 area code, which the Commission authorized in 2022, went into effect in June 2023, with the first phone number using the new area code assigned in July 2023. Division Staff worked closely with the North American Numbering Plan Administrator, on the back end, and the Commission's Communications Director, in an outward-facing role, to help insure a smooth transition. Staff was also interviewed live about the new area code on Fox45's Morning News.

In the **natural gas industry**, the Division focuses on retail natural gas competition policy and implementation of customer choice. The Division participates as a party in contested cases before the Commission to ensure that safe, reliable and economical gas service is provided throughout the State. Staff contributes to formal cases by providing testimony on rate of return, capital structure, rate design, and cost of service. In addition, the Division provides recommendations to the Commission on consumer protections, consumer education, codes of conduct, mergers, debt and equity issuances, and other issues related to natural gas. The Division also conducts research and analysis on the procurement of natural gas for distribution to retail customers.

In 2023, the Division participated in three base rate cases (Columbia Gas, Washington Gas, and Baltimore Gas and Electric Company), eight Purchased Gas Adjustment rate cases,[27] and two cases for utilities seeking new five-year STRIDE Plans (Columbia and Washington Gas).

Division Staff presented written and oral comments to the Commission on Columbia, Washington Gas, and BGE's gas capacity plans. Staff provided the Commission with up-to-date information on the force majeure incident on the TCO pipeline in Virginia, which created supply constraints for the State's two largest gas utilities and closely monitored the situation, providing written follow-up comments to keep the Commission abreast of the effects of the force majeure during the coldest part of the heating season.

In the **water industry**, the Division focuses on retail prices and other retail issues arising in the provision of safe and economical water services in the State. While only one water company made a filing with the Commission in 2023, Staff was actively engaged with the State's regulated water companies and related issues. One water company met with staff to discuss possible billing changes, and Staff participated in training sessions on PFAS contamination and on current issues in water company rate cases.

Division staff prepared comments on a petition by the Office of People's Council on the future of gas. Staff also prepared comments on Washington Gas's compliance with a number of commitments it made during its 2018 merger with AltaGas Ltd. and participated in discussions with Washington Gas on the completion of those merger commitments, a condition of the Commission's approval of the merger. Staff continues to monitor the Company's progress on its committments, works with Washington Gas to ensure the commitments are fulfilled, and makes reports to the Commission.

Finally, Division Staff supported the Commission with comments on various pending legislation, as requested.

Transportation Division (*Mark C. Gorman, Director*)

[27] BGE, Columbia, Easton, Elkton, Chesapeake, Sandpiper, Washington Gas, and UGI.

THE TRANSPORTATION DIVISION enforces the laws and regulations of the Commission pertaining to the safety, rates, and service of transportation companies operating in intrastate commerce in Maryland. The Commission's jurisdiction extends to most intrastate for-hire passenger carriers by motor vehicle (total 1,149); intrastate for-hire railroads; and taxicabs in Baltimore City, Baltimore County, Charles County, Cumberland, and Hagerstown (total 1,043). The Commission is also responsible for licensing drivers of taxicabs in Baltimore City, Charles County, Cumberland, Hagerstown, and other passenger-for-hire vehicles that carry 15 or fewer passengers (total 3,928). The Commission is also responsible for regulating TNOs, who provide transportation network services (total 173,873).

The Transportation Division monitors the safety of vehicles operated (total 4,903 non-TNO vehicles, including taxicabs, and 219,664 TNO vehicles), limits of liability insurance, schedules of operation, rates, and service provided for all regulated carriers, except railroads (only entry, exit, service and rates are regulated for railroads that provide intrastate service). If problems arise in any of these areas that cannot be resolved at the staff level, the Division requests proceedings by the Commission, which may result in the suspension or revocation of operating authority or permits, or the institution of civil penalties.

During 2023, the Transportation Division continued to conduct vehicle inspections and report results via on-site recording of inspection data and electronic transmission of information to the Commission's databases and to the Federal Motor Carrier Safety Administration's Safety and Fitness Electronic Records (SAFER) System. SAFER provides carrier safety data and related services to the industry and the public via the Internet.

Additionally, the Division maintained its regular enforcement in 2023 through field investigations and joint enforcement projects with local law enforcement officials and regulators in other jurisdictions.

Administratively, the Division continued its communication with the Commission's IT staff to plan future projects designed to streamline and update processes through automation, accept electronic filings by the industry, and allow for better intra-agency communication among the Commission's internal databases.

The Division submitted an RFP to completely overhaul its current databases and systems with a new system capable of accepting electronic filings, communicating with systems within the agency as well as inter-agency communications and capable of accepting electronic payments. The Division met with the Commission's IT staff and DoIT to discuss the Division's needs and to begin the solicitation process.

Public Utility Law Judge Division (*Ryan C. "Chuck" McLean, Chief Public Utility Law Judge*)

AS REQUIRED BY the Public Utilities Article, the Division is a separate organizational unit reporting directly to the Commission and includes four attorney Public Utility Law Judges (PULJs), including the Chief Public Utility Law Judge. Typically, the Commission delegates to the

Division proceedings pertaining to the following: applications for construction of power plants and high-voltage transmission lines; rates and other matters for gas, electric, and telephone companies; purchased gas and electric fuel rate adjustments reviews; bus, passenger common carrier, water, and sewage disposal company proceedings; plant and equipment depreciation proceedings; and consumer complaints, as well as other complaints not resolved at the administrative level. In addition, the Division hears matters pertaining to certain taxicab permit holders and matters regarding Baltimore City, Cumberland, and Hagerstown taxicab drivers, as well as passenger-for-hire drivers, including transportation network operators (TNO).

While most of the Division's activities concern delegated cases from the Commission, the Commission also may conduct its proceedings in three-member panels, which may include one PULJ. As a panel member, a PULJ participates as a voting member in the hearings and in the panel's final decision. The decision of a three-member panel constitutes the final order of the Commission.

In delegated cases, the PULJs conduct formal proceedings in the matters referred to the Division and file proposed orders, which contain findings of fact and conclusions of law. During 2023, the Commission delegated 68 cases to the Division: 31 non-transportation-related matters and 37 transportation matters of which 13 were taxicab-related and 24 were for-hire related; none were TNO-related. These transportation matters include license applications and disciplinary proceedings involving requests for imposition of fines or civil penalties against carriers for violations of applicable statutes or regulations.

The PULJ Division held 89 hearings and issued 60 proposed orders in 2023. Unless an appeal is noted with the Commission or the Commission takes action on its own motion, a proposed order becomes the final order of the Commission after the specified time period for appeal as noted in the proposed order, which may be no less than seven days and no more than 30 days. There were 5 appeals/requests for reconsideration filed with the Commission resulting from a proposed order: 3 related to non-transportation matters, one related to a for-hire matter, and one related to a taxicab matter. The Commission issued two orders reversing a proposed order with one related to non-transportation matters and one related to for-hire matters. The Commission did not issue any orders remanding a matter back to the PULJs for further proceedings.

Work Groups led by Public Utility Law Judges:

The 2021-2023 EmPOWER Maryland Program—Case No. 9648

ON DECEMBER 18, 2020, the Commission issued Order No. 89679 which, in part, established the Future Programming Work Group (FPWG) to ensure that future EmPOWER cycles are well-informed and fully developed. The FPWG began meeting in April 2021 to address 14 different topics. The FPWG filed a report on April 15, 2022.

Following a May 5, 2022 legislative-style hearing, the Commission issued Order No. 90261 on June 15, 2022. As part of that order, the Commission directed the FPWG to meet and provide recommendations for goal percentages related to the utilities' greenhouse gas (GHG) abatement goal, to include a GHG abatement goal for the Maryland Department of Housing and Community Development. After several meetings and the filing of stakeholder comments on December 30, 2022, the FPWG filed its Phase II Report on January 13, 2023. This matter remains pending.

Montgomery County Community Choice Aggregation Pilot Program–Public Conference 54

PUA § 7-510.3 created a Community Choice Aggregation Pilot Program and required the Commission to establish a work group, adopt regulations on or before December 31, 2023, and create a pilot program to begin on the earlier of the date that a county gives notice to the Commission of its intention to initiate a process to form a community choice aggregator or April 1, 2024. The Commission initiated PC54 on July 22, 2021, to establish a Community Choice Aggregation Work Group and to receive comments and inquiries. The work group began meeting on September 20, 2021.

The work group filed a report on January 24, 2023, with draft regulations. On January 25, 2023, the Commission initiated a rulemaking, RM80, and held a session on February 23, 2023. On March 15, 2023, the Commission issued an order directing the work group to revise the proposed regulations to be filed by April 25, 2023.

The work group filed revised draft regulations on April 25, 2023, and then filed proposed regulations on June 30, 2023. The Commission conducted a hearing on August 8, 2023. The proposed regulations were published for notice and comment in the *Maryland Register* dated November 17, 2023. The Commission conducted a rulemaking session on January 10, 2024, adopting the proposed regulations.

Battery Energy Storage–Case No. 9619

THE ENERGY STORAGE Work Group was one of the six work groups established under PC44, and began meeting in 2017. The Commission directed the Energy Storage Work Group to facilitate increased understanding of energy storage and specifically explore considerations for energy storage as a resource for individual customers and as a distribution grid asset, and to consider the appropriate criteria for evaluating whether a utility should invest in energy storage as a distribution grid asset, and if so, how the utility should be compensated.

The work group produced a memorandum on key energy storage issues to support the study of energy storage in Maryland that was conducted through PPRP as required under HB 733/SB 715 (2017). Additionally, the work group participants developed a short-term proof of regulatory concept program to test innovative regulatory and business models for energy storage that had the potential to reduce ratepayer costs and provide benefits to customers, utilities, competitive storage providers, and the electric grid.

On January 14, 2019, the Energy Storage Work Group filed the proof of concept proposal with comments from BGE, Pepco and Delmarva, and MEA. The proposal requested that the Commission approve the program design and general framework. Parties submitted comments on the proposal and the Commission held a legislative-style hearing on March 13, 2019. Within the regulatory proof of concept, the work group proposed four models: (1) a utility-only model, (2) a utility and third-party model, (3) a third-party ownership model, and (4) a virtual power plant. Additionally, the work group suggested that other models, such as customer- or third-party owned energy storage, providing wholesale market services to the grid operator could be considered. At the hearing, the work group agreed to revise and resubmit the proposal to reflect the outcomes of the discussions during the hearing.

On May 13, 2019, SB573—the Energy Storage Pilot Project Act—was signed into law. The act required the Commission, under PUA § 7-216, to establish an energy storage pilot program. In Order No. 89240, the Commission initiated Case No. 9619, and directed each Maryland investor-owned electric company to solicit offers to develop energy storage projects and submit applications for those projects to the Commission for approval.

The work group's revised proposal was filed on May 15, 2019. Within the next week, the Commission received additional comments from the Office of People's Counsel and MEA. On August 1, 2019, the work group filed a proposed timeline stating that the utilities within the work group had agreed to file certain project proposals earlier than the statutory deadlines contained in PUA § 7-216 in order to facilitate earlier decisions by the Commission. The filing also requested that the Commission make its determinations to accept or reject utility proposals by December 15, 2020, in order to permit time for resubmission and consideration before the statutory deadline of April 15, 2021. The filing also proposed a July 2020 hearing to review project proposals with stakeholders and the Commission.

In Order No. 89240, issued August 23, 2019, the Commission found that the enactment of SB573 obviated the need to address comments regarding the legality of allowing Maryland's distribution utilities to own and operate storage in the wholesale markets under PUA § 7-504, *et seq*. Also, the Commission deferred consideration of the cost recovery mechanisms and the appropriateness of a need for utility incentives.

The Commission noted that the second draft proposal recommended and the Energy Storage Pilot Project act required, that project applications for Commission approval must contain, among other items, information concerning: (1) best estimates of costs and savings for the project; (2) project location; (3) project size (in watts) and duration (in watt-hours); (4) primary and secondary applications; (5) business model selected for the project; (6) project developer, engineering, procurement and construction firm information; (7) type of energy storage technology; (8) the process used by the investor-owned electric company to solicit offers for the project; and (9) any other information required by the Commission (PUA § 7-216(e)(1-9)).

The Commission also directed that project applications address the impact of each project on other State policy goals, including environmental and clean energy objectives and the development of the state's retail energy markets, as identified in State law. The Energy Storage Work Group was directed to develop and propose, by December 31, 2019, metrics on environmental and clean energy objectives and impacts on the retail energy market for use in evaluating any project proposal. Additionally, the Commission directed the work group to submit a more detailed list of the types of value streams each project application should consider; the work group submitted this information on December 31, 2019.

On November 6, 2020, the Commission issued Order No. 89664 (errata November 9, 2020) in Case No. 9619 approving six pilot projects. In that order, the Commission also directed the work group to reconvene to develop updated recommendations on data collection, metrics, and related pilot parameters for each project approved. The Commission further directed that for presently unquantified value streams, the work group should propose realistic metrics in anticipation of improved valuation methods in the future. The Energy Storage Work Group made its submission on March 31, 2021, and the Commission issued a notice of opportunity to comment.

On December 27, 2022, the Commission issued Order No. 90454 finding that the work group's recommendations were reasonable and would help achieve the goals of PUA § 7-216. The Commission directed the piloting utilities to begin data collection and reporting in accordance with the work group's recommendations. The Commission also directed that, as recommended by Staff, utilities install power quality measurement equipment for each storage project and work with the other work group members to agree on data reporting templates. Lastly, the Commission directed that, at least 90 days before July 1, 2026, the work group file a report addressing whether the projects altered the quality and availability of electricity supply.

Distribution System Planning – Case No. 9665/PC44

AS PART OF PC44 and Case No. 9665, on August 24, 2023, the Commission issued Order No. 90777 which directed the work group to continue to work towards developing a consensus set of Maryland Distribution System Planning practices. On January 14, 2024, the work group filed an interim report and provided a status update. The work group's final report is due to be filed on April 30, 2024.

RECEIPTS AND DISBURSEMENTS FISCAL YEAR 2023			
C90G001 – General Administration and Hearings			
Salaries and Wages			$9,255,020
	Public Utility Regulation Fund	$9,255,020	
Technical and Special Fees			$100,092
	Public Utility Regulation Fund	$100,092	
Operating Expenses			$3,742,464
	Public Utility Regulation Fund	$3,442,464	
	Retail Choice Customer Education and Protection Fund	$400,000	
Total Disbursements for FY 2023			**$13,097,576**
	Public Utility Regulation Fund	$12,697,576	
	Retail Choice Customer Education and Protection Fund	$400,000	
Reverted Appropriation			$316,047
	Public Utility Regulation Fund	$316,047	
Total Appropriation for FY 2023			**$13,413,623**
	Public Utility Regulation Fund	$13,013,623	
	Retail Choice Customer Education and Protection Fund	$400,000	
C90G002 – Telecommunications, Gas and Water Division			
Salaries and Wages			$319,062

	Public Utility Regulation Fund	$319,062	
Operating Expenses			$3,737
	Public Utility Regulation Fund	$3,737	
Total Disbursements for FY 2023			**$322,798**
	Public Utility Regulation Fund	$322,798	
Reverted Appropriation			$209,319
	Public Utility Regulation Fund	$209,319	
Total Appropriation for FY 2023			**$532,117**
	Public Utility Regulation Fund	$532,117	
C90G003 – Engineering Division			
Salaries and Wages			$2,678,320
	Public Utility Regulation Fund	$1,967,556	
	Federal Fund	$710,765	
Operating Expenses			$203,419
	Public Utility Regulation Fund	$65,673	
	Federal Fund	$137,746	
Total Disbursements for FY 2023			**$2,881,739**
	Public Utility Regulation Fund	$2,033,229	
	Federal Fund	$848,511	

Reverted Appropriation			$22,770
	Public Utility Regulation Fund	$5,677	
	Federal Fund	$17,093	
Total Appropriation for FY 2023			**$2,904,510**
	Public Utility Regulation Fund	$2,038,906	
	Federal Fund	$865,604	
C90G004 – Accounting Investigations Division			
Salaries and Wages			$906,046
	Public Utility Regulation Fund	$906,046	
Operating Expenses			$5,186
	Public Utility Regulation Fund	$5,186	
Total Disbursements for FY 2023			**$911,232**
	Public Utility Regulation Fund	$911,232	
Reverted Appropriation			$4,824
	Public Utility Regulation Fund	$4,824	
Total Appropriation for FY 2023			**$916,056**
	Public Utility Regulation Fund	$916,056	
C90G005 – Common Carrier Investigations Division (Transportation)			
Salaries and Wages			$1,383,227
	Public Utility Regulation Fund	$1,292,027	

	For-Hire Driving Services Enforcement Fund	$91,200	
Technical and Special Fees			$201,546
	Public Utility Regulation Fund	$60,394	
	For-Hire Driving Services Enforcement Fund	$141,153	
Operating Expenses			$61,863
	Public Utility Regulation Fund	$52,214	
	For-Hire Driving Services Enforcement Fund	$9,649	
Total Disbursements for FY 2023			**$1,646,636**
	Public Utility Regulation Fund	$1,404,634	
	For-Hire Driving Services Enforcement Fund	$242,002	
Reverted Appropriation			$428,042
	Public Utility Regulation Fund	$428,042	
Total Appropriation for FY 2023			**$2,074,678**
	Public Utility Regulation Fund	$1,832,676	
	For-Hire Driving Services Enforcement Fund	$242,002	
C90G006 – Washington Metropolitan Area Transit Commission			
Operating Expenses			$270,062
	Public Utility Regulation Fund	$270,062	

Total Disbursements for FY 2023			**$270,062**
	Public Utility Regulation Fund	$270,062	
Reverted Appropriation			$212,509
	Public Utility Regulation Fund	$212,509	
Total Appropriation for FY 2023			**$482,571**
	Public Utility Regulation Fund	$482,571	
C90G007 – Electricity Division			
Salaries and Wages			$449,299
	Public Utility Regulation Fund	$449,299	
Operating Expenses			$6,046
	Public Utility Regulation Fund	$6,046	
Total Disbursements for FY 2023			**$455,345**
	Public Utility Regulation Fund	$444,345	
Reverted Appropriation			$73,572
	Public Utility Regulation Fund	$73,572	
Total Appropriation for FY 2023			**$528,917**
	Public Utility Regulation Fund	$528,917	
C90G008 – Public Utility Law Judge Division			
Salaries and Wages			$1,034,509

	Public Utility Regulation Fund	$945,206	
	For-Hire Driving Services Enforcement Fund	$89,303	
Operating Expenses			$13,070
	Public Utility Regulation Fund	$13,070	
Total Disbursements for FY 2023			**$1,047,579**
	Public Utility Regulation Fund	$968,276	
	For-Hire Driving Services Enforcement Fund	$89,303	
Reverted Appropriation			$6,772
	Public Utility Regulation Fund	$6,772	
Total Appropriation for FY 2023			**$1,054,351**
	Public Utility Regulation Fund	$965,048	
	For-Hire Driving Services Enforcement Fund	$89,303	
C90G009 – Staff Counsel Division			
Salaries and Wages			$1,317,599
	Public Utility Regulation Fund	$1,317,599	
Operating Expenses			$1,475
	Public Utility Regulation Fund	$1,475	
Total Disbursements for FY 2023			**$1,319,074**
	Public Utility Regulation Fund	$1,319,074	

Reverted Appropriation			$34,228
	Public Utility Regulation Fund	$34,228	
Total Appropriation for FY 2023			**$1,353,302**
	Public Utility Regulation Fund	$1,353,302	
C90G0010 – Energy Analysis and Planning Division			
Salaries and Wages			$845,224
	Public Utility Regulation Fund	$845,224	
Operating Expenses			$7,201
	Public Utility Regulation Fund	$7,201	
Total Disbursements for FY 2023			**$852,425**
	Public Utility Regulation Fund	$852,425	
Reverted Appropriation			$5,054
	Public Utility Regulation Fund	$5,045	
Total Appropriation for FY 2023			**$857,479**
	Public Utility Regulation Fund	$857,479	
SUMMARY OF PUBLIC SERVICE COMMISSION			
FISCAL YEAR ENDED JUNE 30, 2023:			
Salaries and Wages			$18,188,305
	Public Utility Regulation	$17,297,037	

	Fund		
	For-Hire Driving Services Enforcement Fund	$180,503	
	Federal Fund	$710,765	
Technical and Special Fees			$301,639
	Public Utility Regulation Fund	$160,486	
	For-Hire Driving Services Enforcement Fund	$141,153	
Operating Expenses			$4,314,524
	Public Utility Regulation Fund	$3,767,129	
	For-Hire Driving Services Enforcement Fund	$9,649	
	Retail Choice Customer Education and Protection Fund	$400,000	
	Federal Fund	$137,746	
Total Disbursements for FY 2023			**$22,804,468**
	Public Utility Regulation Fund	$21,224,652	
	For-Hire Driving Services Enforcement Fund	$331,305	
	Retail Choice Customer Education and Protection Fund	$400,000	
	Federal Fund	$848,511	
Reverted Appropriation			$1,313,136
	Public Utility Regulation Fund	$1,296,043	
	Federal Fund	$17,093	

Total Appropriations for FY 2023			**$24,117,604**
	Public Utility Regulation Fund	$22,520,695	
	For-Hire Driving Services Enforcement Fund	$331,305	
	Retail Choice Customer Education and Protection Fund	$400,000	
	Federal Fund	$865,604	
Assessments collected during Fiscal Year 2023:			$28,521,296
Other Fees and Revenues collected during Fiscal Year 2023:			
	1) Fines and Citations		
	General Fund		$278,214
	Retail Choice Customer Education & Protection Fund		$0
	2) For-Hire Driving Services Permit Fees		$480
	3) Meter Test		$300
	4) Filing Fees		$191,703
	5) Miscellaneous Fees		$3,815
	Total other fees and revenues:		$474,513
Interest Earned on Customer Investment Fund balance			$8,129
Interest Earned on Offshore Wind Energy Fund balance			$17,057
Assessments collected that were remitted to other state agencies during Fiscal Year 2022 from the Public Utility Regulation Fund:			
	1) Office of People's Counsel		$6,299,033
	2) Railroad Safety Program		$605,676