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Maryland PSC Orders Utilities to Scale Up DRIVE Act Proposals

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(Baltimore, MD) - In an order issued today on the 2024 Distributed Renewable Integration and Vehicle Electrification (DRIVE) Act, the Maryland Public Service Commission directed Maryland's investor-owned utilities to be more ambitious in implementing elements of the DRIVE Act to accelerate the clean energy transition, strengthen grid resiliency, and reduce consumer costs. The Commission reviewed proposals from Baltimore Gas and Electric, Delmarva Power & Light, Potomac Electric Power (Pepco) and Potomac Edison.

The DRIVE Act seeks to prepare Maryland's electric grid for the increase in electricity demand from electric vehicles (EVs) and other clean energy technologies. The legislation requires that Maryland's investor-owned electric companies: (1) develop Time of Use (TOU) rates aimed at incentivizing EV charging and other electricity use during off-peak hours (which can help save customers money and also benefit the electric grid); and (2) propose pilot programs to pay customers and third-party aggregators for the use of distributed energy resources (DERs), such as battery storage systems and bi-directional EV battery charging, in providing distribution grid services such as reducing demand or injecting power into the grid.

TOU rates provide a price signal (such as a much lower rate for off-peak electricity usage) to encourage customers to not only participate in these rates, but also to shift their load to off-peak periods when electricity demand is lowest and cheapest. Today's order largely approved the time-of-use (TOU) rate proposals by the companies, with some modifications, but ordered the utilities back to the drawing board on grid services such as virtual power plant (VPP) and vehicle-to-grid (V2G) pilot program proposals to align with legislative intent and address material gaps. Revised proposals are to be submitted within 90 days.

In reviewing the pilot program proposals, the Commission agreed with some stakeholders that the proposals only targeted a small percentage of the Act's peak demand reduction goal. While the Commission did not prescribe specific targets, it directed the utilities to provide pilot program solutions with greater scale than those currently proposed, particularly by targeting broader participation. The Commission directed the companies to expand VPP participation beyond the current residential-centric and technology-limited proposals to include commercial and industrial (C&I) customers, and demand reduction participation.

The Commission also determined that third-party aggregators have an important role to play in achieving the goals under the DRIVE Act. Aggregators can allow for broader DER participation while also simplifying utility management of the pilot programs since aggregators typically handle the dispatch, measurement and verification, and billing with individual customers.

“The Commission, in response to concerns about resource adequacy and increased rates, seeks to adopt policies to incorporate new technologies utilizing the grid,” said Frederick H. Hoover, Commission Chair. “By making the grid as efficient as possible, it will lower the overall amount of energy thus reducing costs to customers. An electric system that incorporates multiple sources of generation, storage and energy management simultaneously is essential to a more efficient and cost-effective grid.”

The Commission’s order is the first step in that process. Further proceedings will examine more ambitious scaling (targeting broader participation and higher peak demand reduction), inclusion of third-party aggregators, expansion beyond residential-centric and technology-limited proposals to include C&I and demand reduction, allowing grid export and V2G demonstrations, clearer metrics and compensation, a default two-year pilot duration (with the start defined by customer/aggregator enrollment), better-defined data exchange frameworks, and strategies to promote equitable participation for low- and moderate-income (LMI) households.

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About the Public Service Commission:

The Maryland Public Service Commission regulates electric and gas utilities and suppliers, telephone companies (land lines), private water and sewer companies, passenger motor vehicle carriers for hire, taxicab companies in some jurisdictions and bay pilot rates. The Commission implements the energy policy of the State and also regulates the siting of energy generating facilities and high-voltage transmission lines.

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