

**ORDER NO. 90777**

In the Matter of Transforming Maryland’s  
Electric Distribution Systems to Ensure  
that Electric Service is Customer-  
Centered, Affordable, Reliable and  
Environmentally Sustainable in Maryland

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BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF MARYLAND

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Administrative Docket  
PC44

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Distribution System Planning for  
Maryland Electric Utilities

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Case No. 9665  
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**Issue Date: August 24, 2023**

**ORDER ON RECOMMENDATIONS OF DISTRIBUTION SYSTEM PLANNING  
WORK GROUP**

On June 23, 2021, the Commission initiated the Distribution System Planning (“DSP”) Work Group (the “Work Group”), with direction to undertake a comprehensive examination of distribution system planning in Maryland.<sup>1</sup> On February 6, 2023, the Work Group filed its first Report.<sup>2</sup> Numerous persons filed comments on the Report.

Having considered the Report and the comments of stakeholders, the Commission now directs the Work Group to continue work as discussed below.

**I. Background**

On June 23, 2021, Commission Order No. 89865 established the DSP Work Group and tasked it with beginning a comprehensive examination of distribution system planning

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<sup>1</sup> Order No. 89865.

<sup>2</sup> Maillog No. 301185.

in Maryland. The Work Group’s first task was to review the Jade Process Map<sup>3</sup> and consider its relevance and application to Maryland’s electric distribution utilities. The Work Group was further directed to develop and propose any changes or modifications to the Jade Process Map to best align with Maryland’s public policy goals and existing processes, including interactions with existing dockets concerning electric reliability, EmPOWER, and other PC44 activities. The Work Group was further directed to consider possible processes whereby stakeholders can participate in discussions with utilities regarding Performance Incentive Mechanisms (“PIMs”) that may be proposed by the utilities.<sup>4</sup>

Effective June 1, 2022, Maryland enacted the Climate Solutions Now Act,<sup>5</sup> which among other things adopted the language now codified at Maryland Annotated Code, Public Utilities Article, § 7-801 *et seq.* As relevant to this Order, those sections directed the Commission to adopt regulations or issue orders by July 1, 2025, to implement specific policies for electric distribution system planning and improvements to promote a set of 12 State policy goals:

- (1) measures to decrease greenhouse gas emissions incident to electric distribution, including high levels of distributed energy resources and electric vehicles;
- (2) giving priority to vulnerable communities in the development of distributed energy resources and electric vehicle infrastructure;
- (3) energy efficiency;
- (4) meeting anticipated increases in load;
- (5) incorporation of energy storage technology as appropriate and prudent to:
  - (i) support efficiency and reliability of the electric distribution system; and

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<sup>3</sup> The Jade Process Map describes an idealized electricity distribution planning process for the hypothetical state of Jade, a deregulated state located within a federally regulated market.

<sup>4</sup> The Commission established a pilot for utilities to propose PIMs in Case No. 9618, part of PC51.

<sup>5</sup> Senate Bill 528 (2022).

- (ii) provide additional capacity to accommodate increased distributed renewable electricity generation in connection with electric distribution system modernization;
- (6) efficient management of load variability;
- (7) electric distribution system resiliency and reliability;
- (8) bidirectional power flows;
- (9) demand response and other non-wire and non-capital alternatives;
- (10) increased use of distributed energy resources, including electric vehicles;
- (11) transparent stakeholder participation in ongoing electric distribution system planning processes; and
- (12) any other issues the Commission considers appropriate.

On February 6, 2023, the Work Group filed its initial Report. On March 9 and 10, 2023, the Commission received comments from The Potomac Edison Company (“Potomac Edison”); the Coalition for Community Solar Access, Chesapeake Physicians for Social Responsibility, Earthjustice, Paul Verchinski, and the Sierra Club (together, the “Joint Commenters”); Baltimore Gas and Electric Company, Delmarva Power & Light Company, and Potomac Electric Power Company (the “Exelon Utilities”); the Maryland Office of People’s Counsel (“OPC”); Paul Verchinski; the Maryland Energy Administration (“MEA”); and the Commission’s Technical Staff (“Staff”).

## **II. Work Group Report**

The Work Group Report described its processes, provided a list of general observations, provided commentary on the applicability of the Jade Process Map to Maryland, and provided recommendations to the Commission.

The Report made the following observations about current utility DSP processes:<sup>6</sup> Utility capital planning processes adequately address current Commission regulatory requirements. Distributed Energy Resources (“DERs,” such as rooftop solar and battery

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<sup>6</sup> Report at 11-12.

storage) deployment in Maryland have been on the decline, and participants are unable to fully explain the reasons for that decline. The trend in systemwide seasonal peak load has been relatively flat over the past ten years, reflective of low growth in demand and improvements in energy efficiency. Most utility capital spending is for routine investments like maintenance, reliability, and replacement of aging equipment, with little spending on new capacity. Where capital spending for increased capacity is done, projects are also designed to meet other system needs such as reliability and resiliency. Non-Wires Solutions (“NWS”, such as battery storage) as an alternative to grid investments do not compare favorably to traditional solutions. Utilities are not currently building aggressive assumptions for electric vehicles or electrification into their forecasts.

Ultimately, Work Group participants were unable to reach consensus on modifications of the Jade Process Map to fit Maryland’s needs.<sup>7</sup> The Report explained that the Jade Process Map is not entirely applicable to Maryland and sometimes over-stylized.<sup>8</sup> The Report further explained that most of the major components of the Jade Process Map were already incorporated in current utility processes or could be readily accommodated within them, though there were some exceptions such as hosting capacity analysis. The Report also identified open questions about the value of certain analyses recommended by the Jade Process Map that are most relevant to DERs.

The Report concluded with recommendations to the Commission. First, the Report recommended that the Commission implement a procedural process for ensuring stakeholder transparency into utility DSP processes, requiring utilities to provide regular

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<sup>7</sup> *Id.* at 12-14.

<sup>8</sup> The Report notes that participants described the linear planning process depicted in Jade as “one-dimensional” and “stylized.” *Id.* at 13.

updates for certain categories of information. Second, the Report recommended that the Commission hold a technical conference to allow stakeholders to seek clarification from utilities on new information and then petition for directives to utilities to provide additional depth and breadth of information. The Report noted that a number of stakeholders, including Staff, OPC, and MEA took no position on these recommendations and believe that significantly more information is needed to allow for adequate transparency and participation in utility planning processes.

### **III. Participant Recommendations**

#### **A. Potomac Edison**

Potomac Edison was generally supportive of the conclusions of the Report in its comments. It expressed a desire for a two-way process, wherein stakeholders bring utilities data and suggestions, rather than merely adding additional reporting and discovery burdens on utilities. It also had concerns about requirements that it produce EV and microgrid penetration metrics because it currently does not have any such data. It supported the establishment of an ongoing technical conference to develop coordination for processes and procedures.

#### **B. Exelon Utilities**

The Exelon Utilities were also generally supportive of the conclusions of the Report. They noted that, while the Jade Process Map generally reflects the DSP process used by electric distribution utilities in Maryland, it is inaccurate in its description of the actual process order. They propose that any Maryland roadmap be flexible and collaborative. They also proposed that the level of detail that utilities have produced to the Work Group should not be continued as ongoing reporting requirements and proposed

alternative reporting requirements. They proposed that Work Group members discuss the timing of possible reporting and that reporting be aligned with multi-year rate case filing schedules.

### **C. Joint Commenters**

The Joint Commenters objected to the Report's focus on increased transparency and to its conclusion that existing utility DSP practices are adequate for addressing state policy goals. They request that future meetings of the Work Group be stakeholder driven in terms of setting agenda items and discussion topics.

The Joint Commenters recommended that the Commission convene another stakeholder group with a third-party facilitator and engineer to review and comment on information presented by utilities and to aid the stakeholders in understanding technical issues associated with utility DSP plans. They further recommended that the Commission have working groups review all utility DSP plans annually as part of a planning cycle.

### **D. Maryland Energy Administration**

MEA recommended that the Work Group further explore data availability, develop hosting capacity analyses and locational value assessments, and explore the definition and use of consistent metrics per the Jade map.

### **E. Office of People's Counsel**

OPC stated that the Work Group's processes were flawed and that the Report's final recommendations were a good starting point but not enough.

OPC stated that existing utility DSP plans do not materially reflect the goals and objectives of the Jade Process Map and the policy goals of PUA § 7-801. OPC identified grid needs and locational value analyses as key elements of utility planning and the use of

DER solutions. OPC stated that utilities will also need to forecast the impact of EV adoption on grid needs.

OPC recommended that the Work Group should develop a new DSP docketed proceeding that will govern each electric utility's DSP processes, to be put into regulation per PUA § 7-804. OPC recommended that the regulations set forth a reporting structure and an annual DSP filing from each utility that includes load forecasts and methodologies, assessments of grid needs, and an overview of proposed solutions with alternatives considered. OPC recommended that the Commission accept stakeholder comments and hold an annual hearing on the reasonableness of the utility's DSP plan. OPC recommended that utilities should be required to explain how they did or did not implement stakeholder recommendations and provide detailed rationales as to why. OPC recommended that the process be flexible and permit refinement after each annual cycle. OPC recommended that the process include a process for considering NWS and that the Commission should have the authority to direct utilities to utilize alternative engineering and DER solutions.

OPC also objected to the Report's characterization of OPC's position on several issues in Appendix C.

#### **F. Commission Staff**

Staff noted that the Work Group made certain modifications to the Jade map, which Staff did not object to. Staff expressed concern, however, that the Work Group did not consider stakeholder proposals for modifying the Jade map to account for the State's policy interests.

Staff also expressed concern that the Work Group has not yet identified the best practices in use throughout the industry for forecasting electric load. Staff also expressed

concern that not all electric companies have criteria to evaluate NWS as an alternative to traditional wired solutions.

#### **IV. Commission Decision**

Based on the Report and comments thereon, the Commission understands that the Work Group has only completed its initial review of electric utility DSP practices and has not begun the other work requested by the Commission in Order No. 89865. The Commission now directs the Work Group to continue that work with an eye toward developing a consensus set of Maryland DSP practices. After that work is completed and the Commission has resolved any non-consensus issues, the Work Group will be tasked with developing proposed regulations as necessary.

##### **A. Incorporation of PUA § 7-802 and 7-804 and stakeholder recommendations**

In developing modifications to the Jade Process Map to suit Maryland utilities, the Work Group should ensure that the resulting DSP recommendations address the policy goals set forth in PUA § 7-802. For each of the § 7-802 policy goals, the Work Group should also provide an assessment of how well current utility DSP practices promote those policy goals and develop consensus as to how those policy goals could be further promoted within the utility DSP practices. The Commission's ultimate goal is to develop an integrated DSP<sup>9</sup> process for each utility that incorporates planning for the entire distribution network, including but not limited to wired and non-wired solutions,

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<sup>9</sup> As described by the Regulatory Assistance Project, Integrated DSP "is a process that systematically develops plans for the future of a distribution grid using inputs supplied by the electric utility, the Commission and interested stakeholders. The planning process is integrated in the sense that all possible solutions to distribution system needs are considered. The objective of the final plan is a distribution system that operates for the public good, meeting the objectives set out by stakeholders in a cost-effective manner." Unlike traditional siloed distribution planning, Integrated DSP will look to the interconnected relationships of the § 7-802 policy goals to lead to more effective grid investments.



interconnections, electric vehicles, and demand response. The Commission encourages the Work Group to reach out to leadership of other relevant Commission Work Groups where such outreach would help in the development of Integrated DSP approaches.

To the extent not already covered by the § 7-802 policy goals, the Work Group should also assess the appropriateness of incorporation of issues identified in parties' comments which include forecasts of certain items (DER, EVs, and Electrification), Hosting Capacity analysis, Locational Value analysis, and Incorporation of NWS. Where the goals identified in § 7-802 and those additional topics are already a major subject of existing Commission programs or dockets (such as the EmPOWER program or the Commission's Energy Storage Pilot), the Work Group should offer its recommendation on whether, how, and when those programs are/can be integrated into utility DSP practices.

The Commission appreciates that different utilities have developed their own DSP practices and have different capabilities. Although utilities must be ready to adapt their practices to accommodate the newest and best practices of the industry, the Work Group should give strong consideration to making sure its recommendations are flexible and workable for all utilities without imposing unreasonable transition costs on ratepayers.

#### **B. Stakeholder participation in utility DSP**

The Commission understands that there is disagreement among the Work Group membership regarding the level of supervision that the Commission should take over utility Integrated DSP decision making. The Commission's immediate goal is not to develop a process for periodic, fully-litigated DSP cases with utility DSP plans requiring Commission approval before implementation. The utilities are ultimately responsible for

DSP, bear the risk of cost recovery, and must retain a reasonable amount of flexibility and nimbleness in DSP decision-making.

The Commission is, however, fully committed to the plain intent of PUA § 7-802(11) that stakeholders be given an opportunity for transparent participation, which the Commission understands to mean, at a minimum, an opportunity to view and understand utility DSP plans, to obtain discovery as to the rationales behind those plans, and to offer comment and propose enhancements. Increased participation by stakeholders other than the utilities will assist the Commission in meeting the goals set out for the State under the Climate Solutions Now Act. The Commission also expects it will reduce disputes and improve the outcomes of distribution rate cases by providing an early discovery and negotiation period for DSP issues.

For those utilities that request and obtain Commission approval to utilize the Multi-Year Rate Plan (“MRP”) process, stakeholders should be able to participate in DSP processes in a time and manner such that their comments can be incorporated into the DSP decisions that underlie those MRP case applications. It is important that the utilities provide the information to allow stakeholders to comment on DSP matters.

The Work Group may provide recommendations on what aspects of such a process would benefit from a public proceeding/docket, but the Commission anticipates addressing that issue in the future, after best practices have been identified.<sup>10</sup>

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<sup>10</sup> Any such proposal should be accompanied by an assessment of the Commission resources necessary to administer and review within such a process and provide a recommendation for increasing Commission resources if necessary.

The Commission expects the Work Group members to work toward consensus on such a process that balances the public policy goal of transparency and effective participation with the utilities' operational needs.

### **C. Work Group leadership and timelines**

The Commission appoints Chief Judge McLean as Work Group Leader. The Work Group Leader will contact the members of the Work Group to schedule future meetings.

The Work Group is directed to file its next report on January 12, 2024. That report should contain a status update on the Work Group's progress and identify any non-consensus issues requiring Commission attention. The Work Group is directed to file its final report on April 30, 2024. All recommendations should be made with the expectation that the Commission's next step after receiving the final report will be to resolve any non-consensus issues and direct the Work Group to begin drafting regulations with an eye toward Commission approval of final regulations by July 1, 2025.

With that in mind, the Work Group is encouraged to bring non-consensus issues whose resolution is necessary before the Work Group can consider other downstream issues to the Commission's attention as soon as possible.

In order to aid the Commission and the Work Group members, the Commission will hold a technical conference to address best practices in DSP and will invite experts on Integrated DSP from around the country, at a date to be determined. The Commission invites suggestions for the topics to be addressed at the Technical Conference, with those suggestions to be submitted by November 1, 2023.

**IT IS THEREFORE**, this 24<sup>th</sup> day of August, in the year of Two Thousand Twenty-Three, by the Public Service Commission of Maryland, **ORDERED**:

(1) that the Commission appoints Chief Judge McLean as Work Group Leader, who is directed to file by January 12, 2024, its next report, which should contain a status update on the Work Group’s progress and identify any non-consensus issues requiring Commission attention;

(2) that the Work Group is directed to file its final report on April 30, 2024;

(3) that the Commission will hold a Technical Conference to address best practices in DSP and will invite experts on Integrated DSP from around the country on a date to be determined; and

(4) that the Commission invites suggestions for the topics to be addressed at the Technical Conference, with those suggestions to be filed by November 1, 2023, in Case No. 9665.

/s/ Fredrick H. Hoover, Jr.

/s/ Michael T. Richard

/s/ Anthony J. O’Donnell

/s/ Kumar P. Barve

/s/ Bonnie A. Suchman

Commissioners