

ORDER NO. 91495

Maryland Energy Storage Program

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BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

Case No. 9715

Issue Date: January 22, 2025

**ORDER INITIATING MARYLAND ENERGY STORAGE
PROCUREMENT PROCEEDINGS**

Background

On May 8, 2023, the Maryland General Assembly enacted House Bill (“HB”) 910, directing the Public Service Commission (“Commission”) to establish the Maryland Energy Storage Program (“MESP”).¹ Codified in the *Annotated Code of Maryland*, Public Utilities Article (“PUA”) § 7-216.1, the law prescribes program implementation no later than July 1, 2025, and targets, to the extent cost-effective, deployment of up to:

- (i) 750 megawatts (“MW”) of cumulative energy storage capacity by May 31, 2028;
- (ii) 1,500 MW of cumulative energy storage capacity by May 31, 2031; and
- (iii) 3,000 MW of cumulative energy storage capacity by May 31, 2034.²

At its discretion, the Commission may consider energy storage credits, market-based incentives, and utility installation or contracting, among other initiatives.³

¹ An Act Concerning Energy Storage, HB 910, 443d Md. Gen. Assembly ch. 570 (2023) (codified at Md. Ann. Code, Pub. Util. Art., § 7-216.1).

² PUA § 7-216.1(b); *see also*, PUA § 7-216.1(a) (defining “delivery year” per PJM Interconnection Glossary); *Delivery Year*, PJM Interconnection Glossary (last visited Dec. 10, 2024), https://www.pjm.com/Glossary#index_D.

³ PUA § 7-216.1(c)(4).

On October 2, 2023, the Commission issued Order No. 90823, initiating Case No. 9715 and establishing the Maryland Energy Storage Workgroup (now renamed the “Maryland Energy Storage Initiative Workgroup,” or “MESI WG”) to propose programs for the Commission’s consideration.⁴ The MESI WG filed a non-consensus Phase I Final Report and petition for rulemaking on October 1, 2024.⁵ The MESI WG requested Commission direction on storage allocation targets, as well as factors that should be considered in establishing these targets.⁶ The Exelon Utilities,⁷ State agencies,⁸ developers, and other interested stakeholders⁹ then filed comments on the Phase I Final Report. On December 2, 2024, the Exelon Utilities and the Solar Energy Industries Association (“SEIA”) jointly proposed a competitive procurement of 40 MW of third-party-owned distribution-level energy storage.¹⁰

Maryland Energy Storage Initiative Work Group

The Commission notes the filing of the MESI WG’s Phase I Final Report. The Commission establishes Phase II of the MESI WG and directs the MESI WG as follows:

⁴ Order No. 90823, *In the Matter of Maryland Energy Storage Program*, Case No. 9715 (Oct. 2, 2023) (Maillog No. 305375).

⁵ Maillog No. 312609 (MESI WG Phase I Final Report). The petition for rulemaking is being considered in a separate, parallel proceeding. *See* Maryland Energy Storage Initiative COMAR 20.50.14, RM 85, Maillog No. 312628 (Notice of RM).

⁶ Maillog No. 312609 at 14–17 and 23.

⁷ Maillog No. 313446 (Baltimore Gas and Electric Company (“BGE”), Delmarva Power & Light Company (“Delmarva Power”), and Potomac Electric Power Company (“Pepco”).

⁸ Maillog No. 313426 (Department of Natural Resources (“DNR”) Power Plant Research Program (“PPRP”)); Maillog No. 313441 (Maryland Energy Administration (“MEA”)); Maillog No. 313443 (Office of People’s Counsel (“OPC”)); Maillog No. 313447 (Commission Technical Staff (“Staff”)) (Nov. 7, 2024).

⁹ Maillog No. 313355 (Mid-Atlantic Renewable Energy Coalition (“MAREC”)); Maillog No. 313404 (Nine Dot Energy, New Leaf Energy, & CleanCapital); Maillog No. 313419 (TurningPoint Energy); Maillog No. 313433 (Hydrostor); Maillog No. 313435 (REV Renewables); Maillog No. 313437 (Solar Landscape Comments); Maillog No. 313439 (Solar Energy Industries Association (“SEIA”) and Chesapeake Solar and Storage Association (“CHESSA”)); Maillog No. 313444 (PowerFlex); Maillog No. 313445 (Elevate Renewables); Maillog No. 313448 (Form Energy); Maillog No. 313415 (Advanced Energy United).

¹⁰ Maillog No. 313950 (Exelon Utilities-SEIA Proposal).

- (1) Develop recommendations on energy storage deployment incentives, grid services frameworks and energy storage tariffs to help the State achieve its energy storage goals;¹¹
- (2) Develop recommendations on a cost-benefit analysis framework for energy storage devices in coordination with the Unified Benefit Cost Analysis (“UBCA”) Workgroup;¹²
- (3) Continue engagement with PJM Interconnection on topics related to energy storage as described in the Phase I Final Report;¹³ and
- (4) Develop a scope of work for an energy storage program design study to further examine the role and amount of storage necessary to meet future State policy goals, among other things recommended in the MESI WG Final report.¹⁴

The MESI WG shall file a Phase II Interim Report with the Commission by June 1, 2025, that addresses an energy storage program design study recommendation and any other matter needing Commission direction. The MESI WG shall file a Phase II Final Report with the Commission by December 1, 2025.

Procurement Proceedings

While the statute provides Commission discretion in the initiatives used to reach the State’s 3,000-MW goal, it requires that the MESP include “competitive procurement mechanisms to reach a minimum of 3,000 MW of energy storage, or the maximum cost-effective amount of energy storage that can be deployed, by [May 31, 2034].”¹⁵ Given the

¹¹ See Section III, MESI Program Design Recommendations, in the MESI WG Phase I Final Report.

¹² See Order No. 91424, *UBCA Framework for Distributed Energy Resources*, Case No. 9674 (Maillog No. 313783).

¹³ See MESI WG Final Report, PJM Topics Summary at 66-67.

¹⁴ See GHG Build Margin & Minimum Storage Necessary Study Recommendation and Program Design Study on Benefits and Costs of Energy Storage in Section III.F of the MESI WG Final report. The design study proposal shall be suitable for eventual inclusion in a Commission RFP including schedule and deliverable milestones. The design study proposal shall also clearly articulate both the expected cost to perform the study and the benefits that this study will have to help meet future State policy goals. The Commission will defer a decision to fund the design study pending deliberation on the MESI WG’s detailed proposal.

¹⁵ PUA § 7-216.1(c)(3).

statutory requirement that the MESP include competitive procurements, as well as the pending Exelon Utilities-SEIA proposal, the Commission hereby establishes a narrow-scope proceeding to determine a cost-effective energy storage procurement allocation toward the first MESP goal of 750 MW of energy storage capacity by May 31, 2028. Future proceedings in this docket will expand the scope to consider additional mechanisms and initiatives needed to meet energy storage capacity goals, pending receipt of MESI WG recommendations from its Phase II efforts or as otherwise needed.

The Commission directs investor-owned electric companies to file proposals for an initial set of cost-effective energy storage initiatives.¹⁶ The Commission also invites Southern Maryland Electric Cooperative (“SMECO”) to file a proposal at its discretion. Other stakeholders may also comment on the Exelon Utilities-SEIA proposal and may also offer alternatives for procurement initiatives and administrators.¹⁷ The proposals shall address, at a minimum, the prospective timeline of the procurement through expected commercial operation, the amount of the energy storage procurement, and other factors addressed in the MESI WG Phase I Final Report necessary to inform a Commission decision on an energy storage procurement allocation to meet the first MESP goal of 750 MW of energy storage capacity by May 31, 2028.¹⁸

¹⁶ See PUA §§ 7-216.1(a)(4); 7-216 (defining “investor-owned electric company”).

¹⁷ The MESI WG Final Report defines an “Administrator” as an approved electric company, State agency, or Commission-approved entity responsible for the enrollment in and general administration of an energy storage initiative under the MESP.

¹⁸ These factors may include proposals and potential allocations for behind-the-meter and front-of-the-meter electric distribution and for electric transmission system energy storage device installations; ownership and operating models; and energy storage device technology and characteristics, including but not limited to attributes such as long-duration and multi-day energy storage durations. Other factors that may be addressed include ratepayer impacts; how equity will be applied to the procurements; how procurement contracts should be administered and structured (e.g., tolling, contract lengths, etc.); how cost-effectiveness should be addressed while considering the current UBCA framework status; and cost recovery, including potential performance incentive mechanisms for investor-owned utilities to incentivize goal achievement.

The Commission directs companies and stakeholders to file their proposals with the Commission by February 21, 2025. To the extent that the Exelon Utilities-SEIA proposal does not conform to this Order, the Exelon Utilities and SEIA may re-file their proposal. The Commission thereafter invites public comments on the companies' and stakeholder proposals by March 14, 2025.

All filings in this proceeding shall be e-filed¹⁹ and addressed to Andrew S. Johnston, Executive Secretary, Maryland Public Service Commission, William Donald Schaefer Tower, 6 St. Paul Street, 16th Floor, Baltimore, Maryland 21202 and reference "Case No. 9715" in the subject line of the cover letter.

The Commission further gives notice that it will hold in-person public hearings on this matter on Tuesday, March 25, 2025, beginning at 10:00 a.m.; Wednesday, March 26, 2025, at the conclusion of the 10:00 a.m. Administrative Meeting; and Thursday, March 27, 2025, beginning at 10:00 a.m., in the Frank O. Heintz Hearing Room, 16th Floor, William Donald Schaefer Tower, 6 St. Paul Street, Baltimore Maryland, 21202.

By Direction of the Commission,

/s/ Amanda Best

Amanda Best
Deputy Executive Secretary

¹⁹ Details of the e-File system can be found on the Commission's website, www.psc.state.md.us.