

ORDER NO. 90823

Maryland Energy Storage Program

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BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

Case No. 9715

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Issue Date: October 2, 2023

ORDER INITIATING WORKGROUP TO DEVELOP A MARYLAND ENERGY STORAGE PROGRAM

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 statute as amended also directed the Commission to file a report to the General Assembly by December 31, 2023, on pending designs for the Maryland Energy Storage Program and any additional statutory changes required to fully implement an effective Maryland Energy Storage Program to meet the minimum targets for the deployment of new energy storage devices under § 7-216.1.

The Commission now initiates the Public Conference 44 (“PC44”) Maryland Energy Storage Program Workgroup¹ (the “Workgroup”). Senior Commission Advisor

¹ As distinct from the PC44 Energy Storage Working Group, responsible for the Energy Storage Pilot established in Case No. 9619.

John Borkoski is appointed as Workgroup leader. The Commission also establishes Case No. 9715 to serve as repository for all filings related to the Maryland Energy Storage Program Workgroup. To join the Workgroup, interested stakeholders should contact John Borkoski at john.borkoski@maryland.gov.

The Workgroup is directed to develop a consensus proposal for the establishment of an Energy Storage Program in line with the requirements of § 7-216.1. The Workgroup is further directed to file, by December 15, 2023, an interim report which should contain a status update on the Workgroup's progress, identify any non-consensus issues requiring immediate Commission resolution, and identify any additional statutory changes required to fully implement the Program. The Workgroup is further directed to file its Final Report by October 1, 2024, accompanied by a petition for rulemaking with proposed regulations to implement the Maryland Energy Storage Program no later than July 1, 2025.

Baltimore Gas and Electric Company, Delmarva Power & Light Company, Potomac Electric Power Company, and The Potomac Edison Company (collectively the "Maryland Pilot Utilities" participating in Case No. 9619) are directed to file interim reports on preliminary lessons learned from their approved energy storage pilot projects by November 15, 2023. These interim reports shall address lessons learned regarding the energy storage technology deployed; cost estimation; schedule development; construction; operations; maintenance; environmental impacts; safety; benefit estimation; third-party ownership/operating models; and gaining community and customer acceptance. The Maryland Pilot Utilities should contact the Workgroup leader with any questions on these interim report requirements.

In pursuing the directives of this Order, the Workgroup shall consider and/or address the following:

- a. The Workgroup shall consider the energy storage application (e.g., paired with generation, electric vehicle batteries as part of virtual power plants, etc.) and characteristics (e.g., short-duration storage, long-duration storage, life cycle, efficiency, etc.) in considering the Maryland Energy Storage Program incentive design. The scope of energy storage technology to be included in the Maryland Energy Storage Program are defined in the *Annotated Code of Maryland*, Public Utilities Article (PUA) § 7-216(a)(2).
- b. The Workgroup shall leverage learning from Case No. 9619, "In the Matter of the Maryland Energy Storage Pilot Program" in establishing its Maryland Energy Storage Program recommendations.
- c. The Workgroup shall define how to quantitatively demonstrate that a project is cost effective for utility scale energy storage projects and behind-the meter ("BTM") virtual power plants to be installed or contracted by utilities consistent with benefit/cost methodologies being determined in Case No. 9674, "DER Benefit Cost Analysis (BCA) Framework."
- d. The Workgroup shall consider both utility scale and BTM storage, whether paired with generation or not, in Maryland Energy Storage Program targets.
- e. The Workgroup shall consider energy storage projects in Maryland that are both in the PJM queue under FERC jurisdiction and that are interconnected under Maryland jurisdiction, under COMAR 20.50.09, for the purposes of meeting the Maryland Energy Storage Program targets.
- f. The Workgroup shall consider applicable safety and environmental requirements for utility scale storage, depending on size and technology, that must be met to be considered for the Maryland Energy Storage Program including, but not limited to, plans for risk assessment, emergency response, preventing fires and explosions, safe removal of damaged batteries, and for decommissioning, disposal and the potential salvage of batteries and associated equipment.
- g. The Workgroup shall consider both non-utility and utility ownership and operator models for energy storage in the Maryland Energy Storage

Program.

h. The Workgroup shall consider utility requirements to install or contract for energy storage devices that are consistent with any frameworks and regulations established in Case No. 9665 – PC44 Distribution System Planning for Maryland Electric Utilities by the Distribution System Planning Workgroup.

i. The Workgroup shall investigate and make recommendations regarding suitable incentive methodologies for both utility scale and BTM energy storage and associated processes.

j. The Workgroup shall consider attestations regarding participant's efforts to apply for incentives consistent with the Maryland Annotated Code, Public Utilities Article, § 7-216.1 requirement that Maryland Energy Storage Program participants make reasonable efforts to apply for all applicable State and federal grants, rebates, tax credits, loan guarantees, and other similar benefits as the benefits become available.

k. The Workgroup's proposed regulations establishing an energy storage procurement program for utility scale storage shall require that all applicable prerequisites for approval are satisfied including, but not limited to: suitable energy storage technology type(s), cost effectiveness, interconnection status, CPCN status, public engagement and participation, siting feasibility and whether the proposed project is consistent with the current comprehensive plan and the current zoning ordinances of the county or municipal corporation. In addition, safety standards, emergency response plans, decommissioning, disposal and attestations regarding participant's efforts to apply for incentives shall also be considered. A subset of these utility scale storage requirements may be considered for an energy storage procurement program for customer owned BTM storage.

l. The Workgroup shall review the lessons learned interim reports due by November 15, 2023, from the Maryland Pilot Utilities with an objective to explore possible alternatives and remove future impediments in the development of the Maryland Energy Storage Program.

m. The Workgroup shall identify any additional statutory changes required to fully implement an effective Maryland Energy Storage Program design.

In pursuing the directives of this Order, and consistent with the Commission’s support for integrated approaches, the Workgroup is encouraged to reach out to other Workgroups considering related issues, including the Distribution System Planning Work Group.

IT IS THEREFORE, this 2nd day of October, in the year of Two Thousand Twenty-Three, by the Public Service Commission of Maryland, **ORDERED**:

(1) that the Maryland Pilot Utilities are directed to file an interim report on lessons learned by November 15, 2023;

(2) that the Maryland Energy Storage Program Workgroup is directed to file, by December 15, 2023, an interim report as described herein; and

(3) that the Maryland Energy Storage Program Workgroup is directed to file its Final Report by October 1, 2024, accompanied by a petition for rulemaking with proposed regulations to implement the Maryland Energy Storage Program.

/s/ Fredrick H. Hoover, Jr. _____

/s/ Michael T. Richard _____

/s/ Anthony J. O’Donnell _____

/s/ Kumar P. Barve _____

/s/ Bonnie A. Suchman _____

Commissioners