

**ORDER NO. 91080**

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

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF MARYLAND

Administrative Docket  
PC44

Issue Date: March 28, 2024

**ORDER ON RECOMMENDATIONS OF RATE DESIGN WORKGROUP**

On September 29, 2023,<sup>1</sup> the PC44 Rate Design Workgroup (the “Workgroup”) filed its Report on Time of Use Rate Offerings (the “Report”), concerning the future of the Commission’s Time of Use (“TOU”) programs. The Report provides an update to the Workgroup’s March 31, 2023<sup>2</sup> report and responds to Commission Order No. 90673,<sup>3</sup> dated June 15, 2023. There are currently three participating utilities offering residential TOU rates consistent with the established pilot program: Baltimore Gas & Electric Company (“BGE”); Potomac Electric Power Company (“Pepco”); and Delmarva Power & Light Company (“Delmarva”), (together, the “Participating Utilities”).

The Commission notes the recommendations of the Workgroup and directs the Workgroup to proceed as described below.

<sup>1</sup> Maillog No. 305350

<sup>2</sup> Maillog No. 302176

<sup>3</sup> Maillog No. 303542

## **The Workgroup Recommendations**

In response to Commission direction in Order No. 90673, the Report addressed the Workgroup's progress in addressing issues that had arisen in the expansion of the TOU Pilot authorized in Commission Order 90298.

### **1. Proposed Regulations**

In Order Nos. 90298<sup>4</sup> and 90673<sup>5</sup>, the Commission addressed a disagreement between members of the Workgroup regarding the billing process that occurs for TOU rate classes. The nature of TOU rates (with separate on- and off-peak periods) can lead to the scenario where a customer can be a net generator during off-peak periods, a net consumer during on-peak periods, and an overall net generator, while also incurring volumetric charges in a given month. This scenario raised possible implications for the application of § 7-306(f)(4) of the Public Utilities Article ("PUA"), *Maryland Annotated Code*, which provides that an overall net generator customer "shall be billed only customer charges for that month."

The Commission found that resolution of this concern required a rulemaking and directed the Workgroup to develop proposed regulations.

In its Report, the Workgroup has included proposed consensus regulations. The Report states that the regulations have been provided to the Net Metering Workgroup for additional comment. The Report recommends that the Commission direct the Net Metering Workgroup to review the PC44 Rate Design Workgroup's proposed consensus regulations and submit proposed regulations for consideration in a rulemaking proceeding when it has completed its review.<sup>6</sup>

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<sup>4</sup> Maillog No. 241641

<sup>5</sup> Maillog No. 303542

<sup>6</sup> Report at 3.

### **Commission Decision**

The Commission accepts the recommendation of the PC44 Rate Design Workgroup; however, rather than directing the Net Metering Workgroup to submit proposed regulations, the Commission directs the PC44 Rate Design Workgroup to submit proposed regulations for consideration in a rulemaking proceeding. The Commission further notes that in Order No. 90673 the Commission found that there was no evidence in PUA § 7-306 of intent to exclude net metering customers from TOU offerings. The Commission therefore directs the TOU Workgroup to discuss revisions to the utilities' tariff pages to open the TOU rate class to net-metered customers following the adoption of the COMAR regulations to be filed by the PC44 Rate Design Workgroup as mentioned above.

#### **2. Monitoring the TOU class**

In Order No. 90298, the Commission directed the PC44 Rate Design Workgroup to examine the possibility of separately soliciting a standard offer service (“SOS”) rate for TOU customers. In Order No. 90673, the Commission directed the Workgroup to monitor enrollment in the TOU customer class and notify the Commission when the class reached 50MW.

The Report states that the load of the TOU customer class is still under 50MW, and thus too low to attract time-differentiated bids because a time-differentiated auction adds additional work and risk for bidders.<sup>7</sup>

The Report requests that the Commission direct it to continue monitoring.

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<sup>7</sup> *Id.* at 3-4.

### **Commission Decision**

The Commission notes the recommendations of the PC44 Rate Design Workgroup and directs the Workgroup to continue monitoring enrollment in the TOU customer class and notify the Commission when the TOU class reaches 50MW.

#### **3. Reporting and Metrics**

In Order No. 90298, the Commission directed the PC44 Rate Design Workgroup to continue to study the feasibility and value of reporting on estimated reductions in energy, capacity, and transmission costs associated with TOU. In Order No. 90673, the Commission directed the Workgroup to continue this work.

The Report states that it has had few discussions on this issue and recommends the Commission direct it to continue its work.<sup>8</sup>

### **Commission Decision**

The PC44 Rate Design Workgroup is directed to continue work on this issue and provide an update in its next report.

#### **4. Customer recruitment and outreach**

In Order No. 90298, the Commission directed the PC44 Rate Design Workgroup to monitor utility TOU recruitment efforts and provide an update. In Order No. 90673, the Commission noted the proposed outreach plans of the utilities and directed the Workgroup to provide an update in its next report.

The Report states that the utilities' outreach efforts began, and subsequently ended in November 2023, after the Report was filed. The Report recommends the Commission direct

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<sup>8</sup> *Id.* at 4.

the Workgroup to monitor and assess the success of the utilities' efforts and provide recommendations on next steps.<sup>9</sup>

### **Commission Decision**

The Commission accepts the recommendation of the PC44 Rate Design Workgroup and directs the Workgroup to provide an assessment of the success of the utilities' efforts and recommend next steps in its next report.

#### **5. Review of existing utility tariff offerings**

The utilities have a number of legacy TOU rates with existing customer enrollments. In Order No. 90298, the Commission directed the PC44 Rate Design Workgroup to begin a review of those existing tariff offerings and to consider whether the TOU rate class should become its own cost-of-service class in the future. In Order No. 90673, the Commission directed the Workgroup to continue its review and provide an update.

The Report states that, given the small size noted above, it does not recommend creating a separate cost-of-service class for TOU at this time. It also states that, for existing offerings, it intends to continue its review and provide an update in its next report.<sup>10</sup>

### **Commission Decision**

The Commission notes the recommendations and directs the Workgroup to continue, with a progress update in the Workgroup's next report. The Commission also directs the Workgroup to continue their review of the existing legacy TOU rate class and discuss the future of this rate class in relation to the non-legacy TOU Rate Class, specifically with consideration of whether or not it is feasible for the legacy TOU customers to transition to the non-legacy TOU Rate Class.

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<sup>9</sup> *Id.* at 4-5.

<sup>10</sup> *Id.* at 6.

**6. Load-shaping pilot results**

Constellation’s load-shaping pilot, as administered via a request for proposals (“RFP”) by BGE, began in 2019 and concluded in 2023. The Workgroup thereafter met to discuss the future of the pilot. The Workgroup agreed that no further evaluation, measurement, and verification (EM&V) analysis, which previously was to be done by the Brattle Group, was necessary.

The Workgroup further recommended that the Commission direct Constellation to provide a final report on the results of the pilot instead. Constellation agreed to file this report with the Commission when it is completed.<sup>11</sup>

**Commission Decision**

The Commission accepts the recommendations of the Workgroup and directs Constellation to provide a report on the final results of its load shaping pilot. The Commission further directs that the Brattle Group shall be relieved from providing final EM&V results.

**IT IS THEREFORE**, this 28th day of March, in the year of Two Thousand Twenty-Four, by the Public Service Commission of Maryland, **ORDERED** that the Workgroup is directed to file its next report with the Commission by September 6, 2024, addressing the items identified in this Order for inclusion in that report and any additional issues the Workgroup wishes the Commission to consider.

*/s/ Frederick H. Hoover, Jr.* \_\_\_\_\_

*/s/ Michael T. Richard* \_\_\_\_\_

*/s/ Anthony J. O’Donnell* \_\_\_\_\_

*/s/ Kumar P. Barve* \_\_\_\_\_

*/s/ Bonnie A. Suchman* \_\_\_\_\_

Commissioners

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<sup>11</sup> *Id.* at 6-8.