

# Public Service Commission

## Current Issues

Before the Senate Finance Committee  
September 16, 2019

# Current Activities and Issues

- Rate Cases
- Alternative Forms of Ratemaking
- Grid Modernization (PC 44)
- Certificates of Public Convenience and Necessity
- Supplier Consolidated Billing
- Supplier Enforcement Actions
- Other Show Cause Investigations
- PJM Capacity Markets

# Alternative Forms of Ratemaking

- PC51 Technical Conference on Alternative Rate Methodologies
- Multi-Year Rate Plans can result in just and reasonable rates
- Additional benefits of MRPs:
  - Reduce regulatory lag
  - More predictability
  - More transparency
  - Annual true-up
  - Stay out provision
- Working Group for implementation and to explore integration of performance-based measures

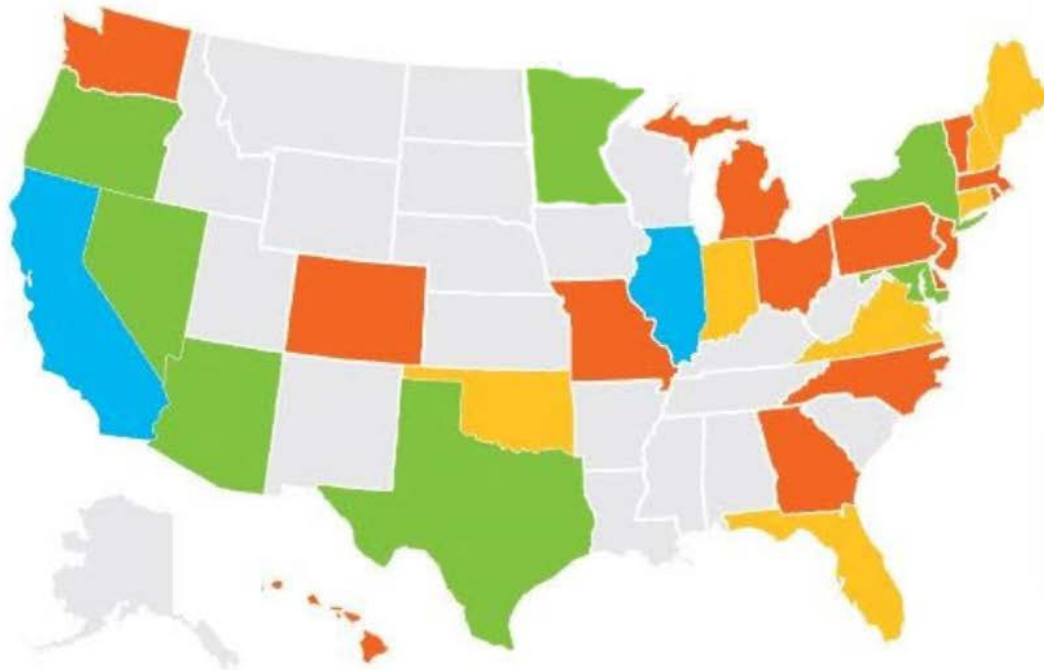
# AFOR Implementation Timeline

Date	Task
August 2019	Commission issue PC51 Order on AFORs which initiates a Work Group Process
December 20, 2019	PC51 Work Group issues detailed implementation report and recommendations addressing each of the areas outlined in this Order
January 1, 2020	Begin Phase 2 Working Group to determine and propose appropriate performance incentive metrics for Maryland utilities
January 30, 2020	Commission issues ruling on next steps based on the Working Group's Implementation Report
February 1, 2020, and thereafter	Subject to the Commission's ruling, utilities may file to implement a multi-year rate for up to three years.
April 1, 2020	Phase 2 Working Group files report and recommendations regarding performance incentive metrics with the Commission.

Appendix B, Order No. 89226 (Aug. 9, 2019)

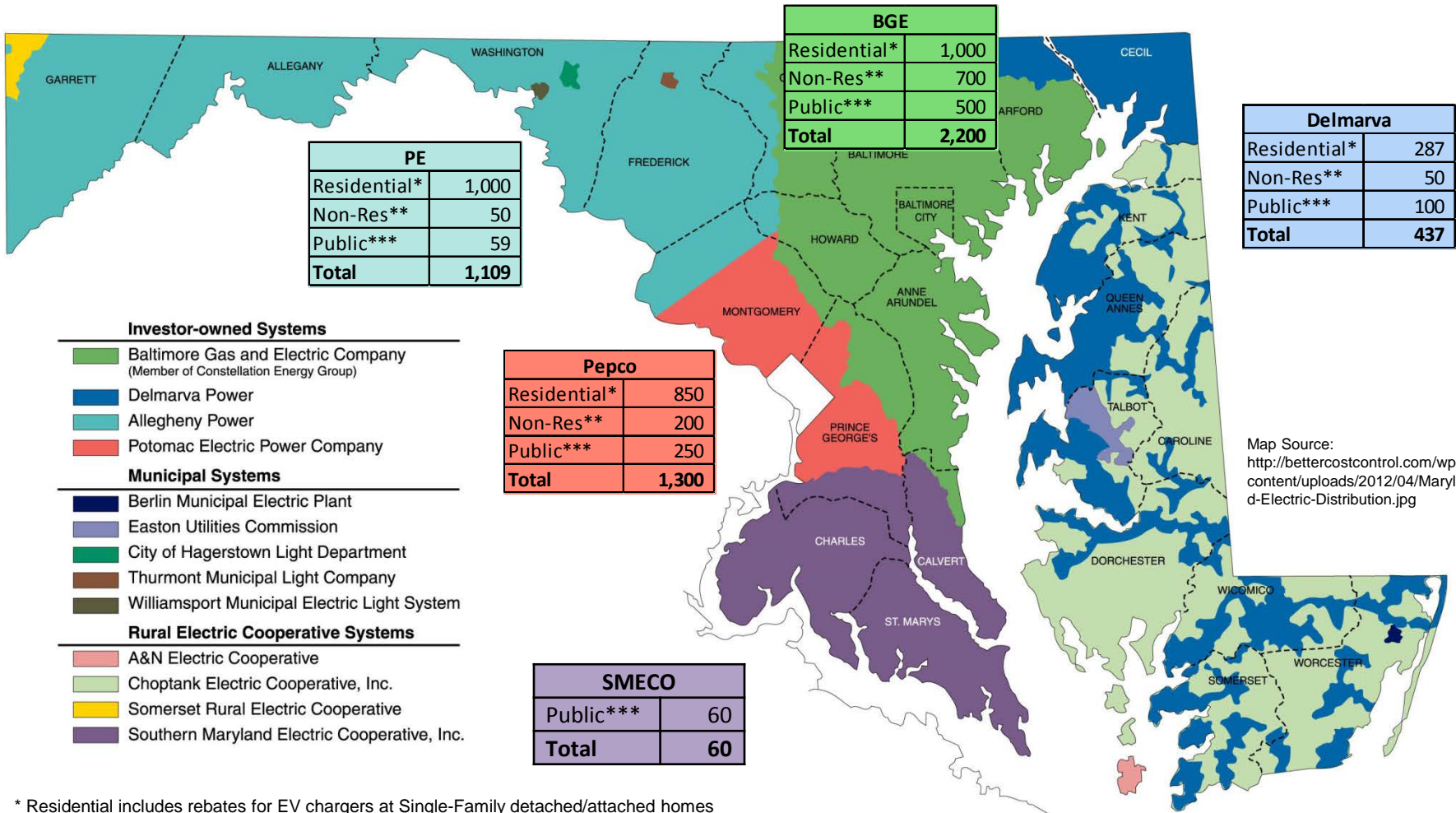


# Grid Modernization Leadership



RANK	STATE		
1	California	82	<b>LEADERS</b>
2	Illinois	77	
3	Maryland	62	
4	Arizona	60	<b>MOVERS</b>
5	Oregon	58	
6	Texas	57	
7	New York	54	
8	Nevada	51	
8	District of Columbia	51	<b>BELIEVERS</b>
10	Minnesota	50	
11	Michigan	48	
11	Massachusetts	48	
11	Georgia	48	
11	Colorado	48	
15	Hawaii	47	
16	Delaware	46	
17	Pennsylvania	45	
18	Ohio	44	
19	Rhode Island	43	
20	Vermont	42	<b>BEGINNERS</b>
20	Missouri	42	
22	Washington	41	
23	North Carolina	40	
24	New Jersey	37	
25	Virginia	32	
26	Maine	29	
26	Oklahoma	29	
26	Connecticut	29	
29	Florida	27	
29	Indiana	27	
29	New Hampshire	27	
32	Louisiana	24	
32	Idaho	24	
34	Arkansas	23	
34	South Carolina	23	
36	Mississippi	21	
36	Alabama	21	

# Electric Vehicle Charging Programs



Map Source:  
<http://bettercostcontrol.com/wp-content/uploads/2012/04/Maryland-Electric-Distribution.jpg>

\* Residential includes rebates for EV chargers at Single-Family detached/attached homes  
 \*\* Non-Residential includes rebates for EV chargers at Apartments/Condominiums  
 \*\*\* Public includes utility-owned/operated EV chargers on publicly-accessible government property

# Energy Storage Pilot Program

- Energy Storage Pilot Project Act signed into law on May 13, 2019
- PSC Order 89240 established storage pilot program
- Utility companies to solicit offers to develop storage under two different business/ownership models
- Utility proposals to be filed by April 15, 2020



# Certificate of Public Convenience and Necessity (CPCN)

- Required prior to constructing or modifying qualifying generating stations or high-voltage transmission lines
- Local zoning issues can arise with solar and wind development
- Commission has pre-emptive authority but must give 'due consideration' to local zoning and planning ordinances



# Supplier Enforcement

- Consumer Affairs Division (CAD) investigates and responds to consumer complaints
  - Gas, electric, water, and telephone services
  - E.g., unauthorized enrollment, misrepresentation of service/contract terms, billing disputes, service quality
- Example: Smart One Energy, LLC
  - License suspended and civil penalty assessed
- Four pending, docketed investigations

# Current Safety Investigations

- Washington Gas Light Company/ Flower Branch Show Cause Order
  - Explosion on August 10, 2016, in Silver Spring apartment building (7 deaths, 65 injuries)
  - PSC Order 89248 directs WGL to respond to NTSB findings and file proposed implementation plan
- BGE/ Gas Explosion in Columbia, MD
  - Explosion on August 25, 2019, in shopping center
  - PSC engineers on site to conduct investigation

# Current Policy Initiatives

- Community Solar
- Offshore Wind
- EmPOWER Maryland
- Maryland RPS Program
- Regional Greenhouse Gas Initiative (RGGI)
- Supplier Diversity (PC 16)

# EmPOWER MARYLAND

- Electric utilities are working towards complying with electric energy efficiency goals established by Senate Bill 184 / House Bill 514 in 2017.
  - Utilities are on track to meet their 2019 targets as of June 30, 2019.
- Program-to-date, the EmPOWER programs have saved nearly 8.5 million MWh and 2,296 MW with an expected savings of approximately \$9.7 billion over the life of the installed measures for the programs.
- Cost-effectiveness for 2017 was 2.07 statewide. The 2018 results will be filed with the Commission in October.

# Regional Greenhouse Gas Initiative

- Cooperative effort among 10 states to reduce GHG through cap and invest
- On June 17, 2019, New Jersey finalized a regulation to establish a market-based GHG reduction program and participate in the RGGI program.
- RGGI Allowance Proceeds
  - RGGI states have received over \$3 billion in auction proceeds since 2005, for investment in strategic programs
  - Maryland has received approximately \$670 million since 2009 for SEIF
  - Auction 45 (Sept. 4, 2019) clearing price: \$5.20/allowance; 100% allowances sold.

Fiscal Year	Maryland Auction Proceeds
2009	\$72,369,609
2010	\$55,750,497
2011	\$38,955,132
2012	\$30,359,256
2013	\$79,256,733
2014	\$87,629,521
2015	\$70,897,428
2016	\$84,293,946
2017	\$40,827,458
2018	\$44,217,148
2019	\$51,391,456
2020 (to-date)	\$13,626,725
Total (to-date)	\$669,574,909

# Supplier Diversity (PC 16)

- Maryland utilities spent over \$944 million in 2018 with diverse suppliers.
- Maryland companies met and exceeded the 25% total diverse spend program goal.
- Program categories now include LGBT- and veteran-owned businesses.



# PJM Issues

- 13 PJM states (and D.C.)
- FERC held PJM capacity market rules unjust and unreasonable
  - Failed to address price suppressing effects of out-of-market payments
  - FERC suspended auction
- PSC proposed competitive carve out alternative

PJM Footprint



Source: Federal Energy Regulatory Commission, <https://www.ferc.gov/market-oversight/mkt-electric/pjm.asp>



[www.psc.state.md.us](http://www.psc.state.md.us)

