

Public Service Commission Agency Briefing

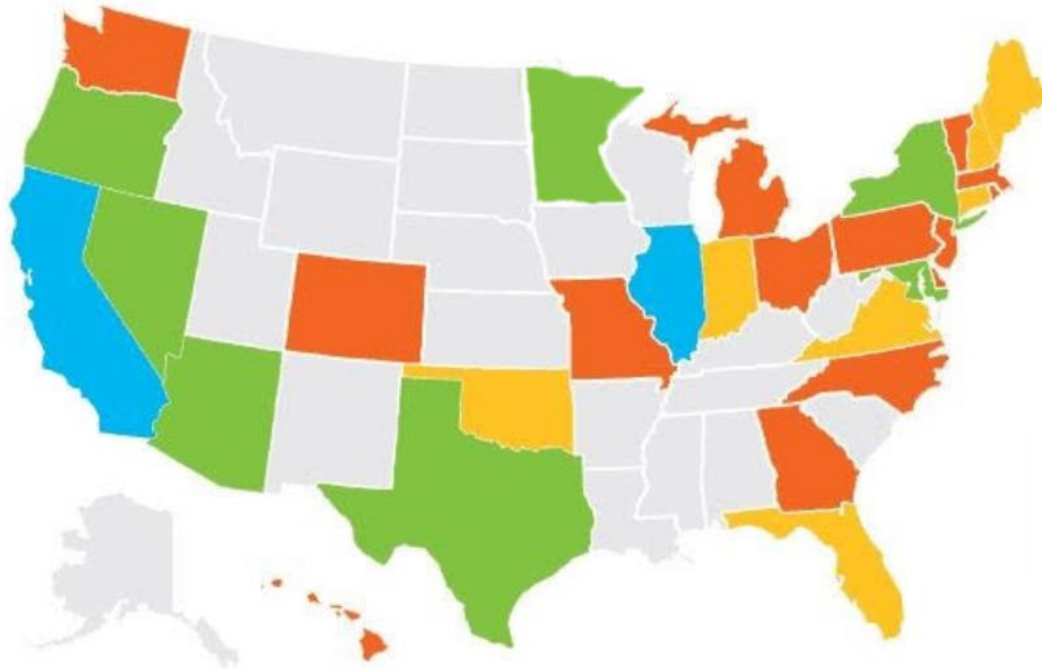
Before the Senate Finance Committee

December 11, 2018

Activities & Current Issues

- Grid Modernization Update (PC 44)
- Community Solar (Pilot Program)
- EmPOWER Maryland
- RPS/RGGI
- Supplier Diversity (PC 16)
- Transource Transmission Line Proceeding
- Pending/Recent Utility Rate Cases
- Impact of Federal Tax Cuts and Jobs Act of 2017
- FERC/PJM Capacity Market Litigation

Grid Modernization Leadership



RANK	STATE		
1	California	82	LEADERS
2	Illinois	77	
3	Maryland	62	
4	Arizona	60	MOVERS
5	Oregon	58	
6	Texas	57	
7	New York	54	
8	Nevada	51	
8	District of Columbia	51	BELIEVERS
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	BEGINNERS
20	Vermont	42	
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	

Targeted Review Areas

- **Rate Design**
 - Time of Use Rates
 - Value of Solar
- **Electric Vehicles**
- **Competitive Markets & Customer Choice**
- **Interconnection Process**
- **Energy Storage**

Time of Use Rates (PC 44)

- TOU Pilots for Supply and Distribution
 - Price Signals
 - Customer understanding and control of energy usage
 - Capitalize on AMI investments
- Plans under development
 - Implementation
 - Marketing and outreach
 - EM&V
- January 2019 – Enrollment open to ~ 4000 customers per service territory (BGE, PEPCO & DPL)
- April 2019 thru March 2021 – Proposed effective period

Value of Solar Study (PC 44)

- Benefit/Cost Analysis of Solar DER in Maryland
 - BTM and utility scale solar
 - Local power distribution
 - Societal and economic
 - Locational initiatives
- Maryland's 1,500 MW Solar Cap (net metering)



Community Solar Pilot Program

- Report to this Committee due on July 1st
- The PSC has granted waivers extending the operation deadline for at least **eight** projects
- Permitting delays in local jurisdictions



Electric Vehicles (PC 44)

- 2018 Petition for Implementation of Statewide EV Portfolio
- Proposals for smart EV charging infrastructure in all IOU territories
- Support Maryland's ZEV goal of 300,000 EVs by 2025
- NREL study for Maryland – existing gaps in charging infrastructure



Competitive Markets & Customer Choice (PC 44)

- Enhancing access to competitive markets and expanding utilization of customer data
- Retail choice suppliers & third-party non-supply providers
- Proposed Rulemaking (RM62)
- Enhancements to existing supplier regulations
- Continued engagement on additional supplier offerings

**Compare electricity
and natural gas
prices for Maryland**



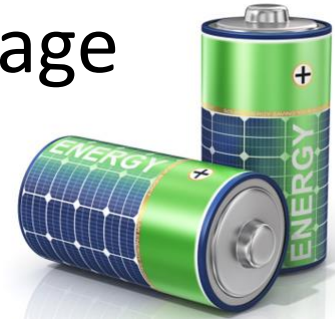
Interconnection Standards (PC 44)

- Phase I (Rulemaking complete)
 - Facilitated interconnection processes for small generators
 - Reduced costs and increased connection certainty for developers
- Phase II (Ongoing)
 - Integrating energy storage and smart inverters
 - Evaluating hosting capacity analysis reporting requirements



Energy Storage (PC 44)

- Department of Natural Resources, Power Plant Research Program Storage Study – Dec. 2018
- Legal and policy implications of storage ownership by utilities and others in deregulated markets
- Stakeholders considering various ownership and project models



EmPOWER Maryland

- The electric utilities are working towards complying with electric energy efficiency goals established by Senate Bill 184 / House Bill 514 in 2017.
 - Most of the utilities are on track to meet their 2018 targets as of June 30, 2018.

	% of Sales 2018 Target		% of Target
BGE	1.06%	2.00%	53%
DPL	1.01%	1.87%	54%
PE	0.47%	1.40%	34%
Pepco	1.57%	1.92%	82%
SMECO	0.83%	1.93%	43%

- A new logo for EmPOWER was approved on July 27, 2018.
 - Designed to improve the branding of the program across the state and reinforce the connection of the program to the funding mechanism on a customer's bill.

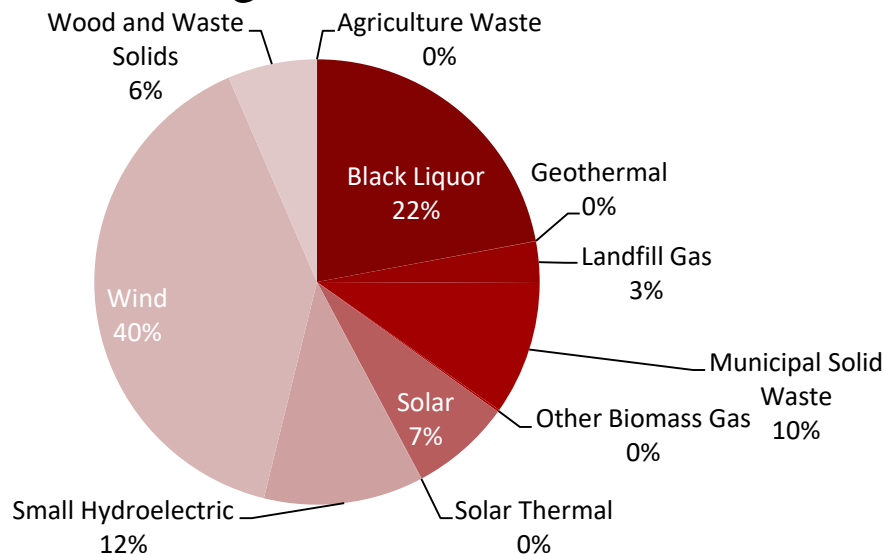


Maryland RPS Program

- Based on the current law, the RPS requirements are scheduled to increase as illustrated below.

Year	Tier 1 Non-Solar	Tier 1 Solar	OSW	Tier 2	Total
2018	14.30%	1.50%	0.0%	2.50%	18.30%
2019	18.45%	1.95%	0.0%	N/A	20.40%
2020	22.50%	2.50%	0.0%	N/A	25.00%
2021+	20.47%- 21.90%	2.50%	0.60% - 2.03%	N/A	25.00%

- Maryland met its RPS requirements for program year 2017 through retired REC's and alternative compliance payments. The majority of Tier 1 REC's retired in 2017 were from wind generation sources.



Regional Greenhouse Gas Initiative

- Over the course of 2018, the nine RGGI states have been working with Virginia and New Jersey on potentially admitting the two states into RGGI.
 - On April 9, 2018, the RGGI States submitted comments on Virginia's proposed regulations for emissions trading.
 - On September 28, 2018, Virginia published revised draft regulations on emissions trading which the nine RGGI states are reviewing.
- RGGI Allowance Proceeds**
 - RGGI states have received over \$3 billion in auction proceeds since 2005, investing \$2.17 billion in strategic programs
 - Maryland has received approximately \$630 million since 2009.
 - Auction 42 (Dec. 5, 2018) clearing price: \$5.35/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 (to-date)	\$25,379,053
Total (to-date)	\$629,935,779

Supplier Diversity (PC 16)

- Maryland utilities spent \$800 million last year with diverse suppliers— the highest spend since the voluntary program began in 2009.
- The 24.8% total diverse spend was the highest ever.
- Offshore wind developers have also committed to supplier diversity goals



Transource Proceeding

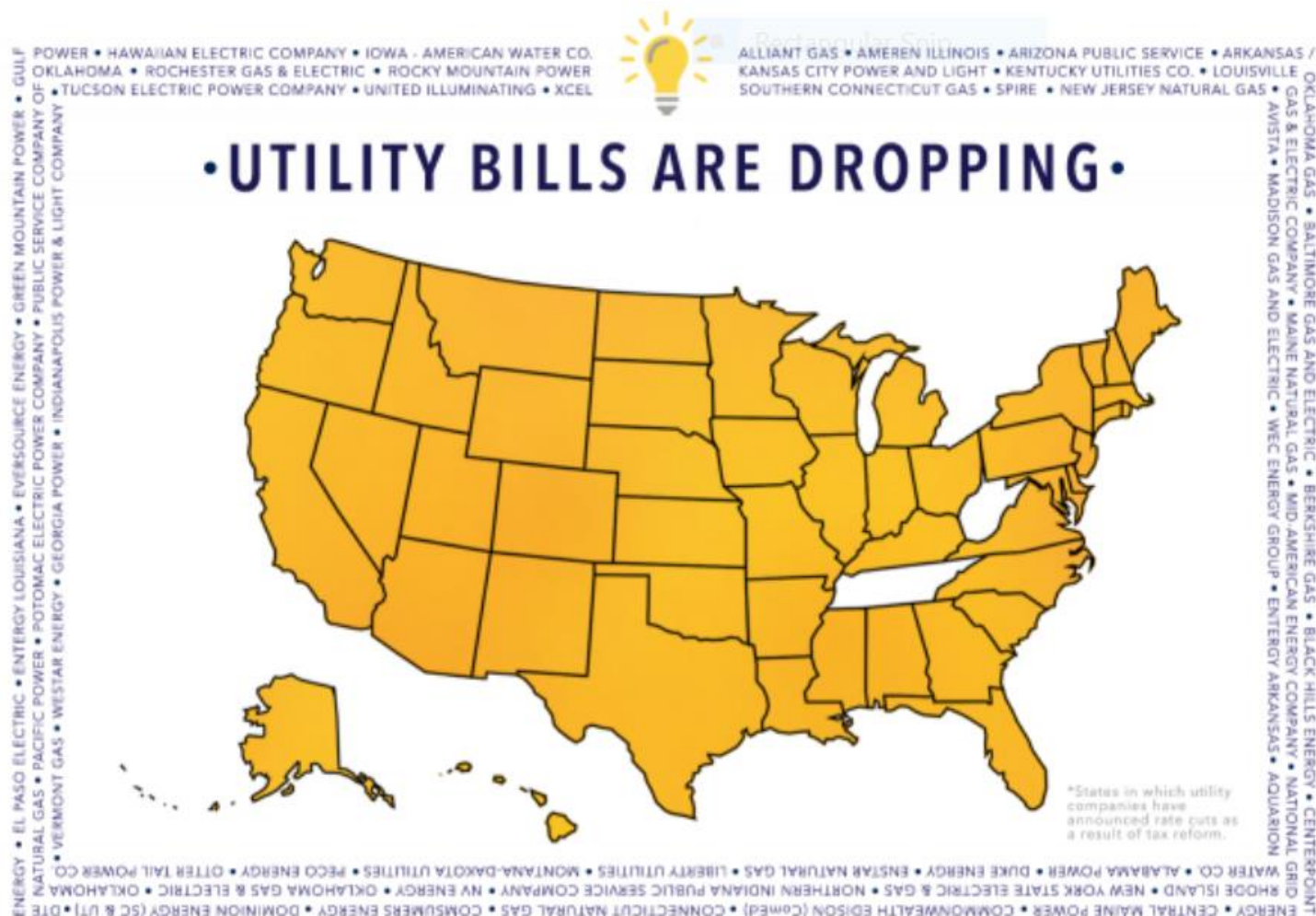
- Case No. 9471, currently pending before the PSC
- Procedural schedule set – public hearings will be held in Washington and Harford counties in March 2019



Pending/ Recent Rate Cases

Utility/Case No.	Requested	Proposed/Approved	Status
Columbia Gas (9480)	\$6 million	\$3.8 million settlement	Order approving settlement issued on Nov. 21
Washington Gas - Base Rates (9481)	\$56.3 million		Pending; decision due by Dec 11
Washington Gas - STRIDE (9486)	\$394 million (5 yrs.)		Pending; decision due by Dec 12
Baltimore Gas & Electric Co. (9484)	\$62 million plus STRIDE		Pending; decision due by Jan 4
Elkton Gas (9488)	\$266,000		Ongoing (Company waived 180-day statutory time requirement)
Maryland-American Water Co (9487)	\$1.8 million		Pending
Potomac Edison (9490)	\$19 million		Public hearings mid-January, followed by 2 wks of evid hearings; due March 23, 2019

Tax Cuts & Jobs Act of 2017



PJM Capacity Market

- PJM's Capacity Market ensures sufficient electric generation is available to meet overall bulk power system reliability needs.
 - ~20% of wholesale electricity costs.
- FERC order in June found that PJM's Capacity Market rules are:
 - unjust and unreasonable,
 - distort market prices, and
 - fail to protect the integrity of market competition from out-of-market support to some generation resources.



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