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BILL NO.: **Senate Bill 1146**
Renewable Energy Portfolio Standard Study

COMMITTEE: **Senate Finance**

HEARING DATE: **March 21, 2017**

SPONSORS: **Senator Middleton**

POSITION: **Informational**

Senate Bill 1146 requires the Maryland Clean Energy Center (MCEC) and the University of Maryland Energy Research Center (UMERC) to conduct a comprehensive study of the renewable energy portfolio standard (RPS), specifically focusing on its implementation and effectiveness “in relation to the energy policies of the State.” The Bill requires certain state and local units to cooperate with MCEC and UMEREC in conducting the study. The Bill contains a detailed list of requirements for the study, including studies of the impact of RPS on the affordability of rates as well as its impact on the environment and the economy. Senate Bill 1146 also requires a study of whether and how energy storage technology should be addressed in State energy policy.

OPC notes that House Bill 1414 (the cross-filed bill), as amended, passed the House of Delegates on third reading, and is scheduled for a hearing before the Senate Finance Committee on March 30, 2017. Among other things, the amendments replaced the Maryland Clean Energy

Center with the Power Plan Research Program. OPC takes no position as to the identity of the administrator of the RPS study.

With regard to SB 1146, each area identified for study is complex. For example, a study of the impacts of energy storage comprises a large part of the Bill. All affected stakeholders could benefit from a full evaluation of how energy storage can be used and integrated into the current transmission and distribution systems, and the different uses and values at both the wholesale and retail levels. Energy storage poses additional complexities because the potential value of its different uses cuts across the generation, transmission and distribution systems.

In its Public Conference, PC 44, proceeding, the Commission solicited comments and held a public comment proceeding on a variety of grid modernization topics, including energy storage. OPC supported the inclusion of further study of energy storage issues. In its January 31, 2017 order in PC44, the Commission established an energy storage work group to develop (1) proposed regulations defining and classifying residential energy storage and addressing related issues, and (2) proposals for energy storage as a utility asset on the distribution grid, including consideration of cost allocation and cost recovery issues. The work group will conduct its activities from May 2017 through June 2018, which partially overlaps with the timeline for the study that is the subject of this Bill.

In addition to the PSC PC44 work group on customer and utility-based storage, in November 2016 the Federal Energy Regulatory Commission issued a proposed rule on how distributed energy and energy storage can operate in competitive wholesale markets. That proposal would require regional transmission organizations like PJM to create rules for energy storage to participate in wholesale markets, and also adjust their rules so that distributed energy

resource (DER) aggregators can compete in wholesale markets. If eventually adopted, these rules would affirmatively impact the ability of storage resources to participate in PJM's wholesale markets. In joint comments filed with the FERC, the American Public Power Association (APPA) and the National Rural Electric Cooperative Association (NRECA) urged FERC "to maintain as its primary focus efforts to allow electric storage and distributed energy resources to participate in organized wholesale markets *for the benefit of end-use consumers.*"¹ Any Maryland State study on energy storage should likewise focus on how it can benefit Maryland individual consumers and utility consumers as a whole in a cost-effective way.

Likewise, the Bill's requirement for a study of environmental and fiscal impacts associated with long term contracts for clean energy projects may provide valuable information on the impact of those contracts on overall customer bills.

OPC believes that a study such as that proposed under Senate Bill 1146 could help guide future RPS planning. OPC notes that the scope of the study presented in the Bill is ambitious, and will require extensive resources to complete, although there is no accompanying funding proposal.

¹ *Comments of the American Public Power Association and the National Rural Electric Cooperative Association on the Notice of Proposed Rulemaking*, February 13, 2017, FERC Dkt. RM16-23, at page 2.