

HOUSE BILL 1256

M5, C5

4lr1718
CF SB 959

By: **Delegate Fraser-Hidalgo**

Introduced and read first time: February 8, 2024

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Electricity – Tariffs, Distributed Energy Resources, and Electric Distribution**
3 **System Support Services**
4 **(Distributed Renewable Integration and Vehicle Electrification (DRIVE) Act)**

5 FOR the purpose of requiring the Public Service Commission, on or before a certain date,
6 to adopt a transition plan requiring each electric company to transition customers to
7 a certain time-of-use tariff on or before a certain date; requiring the Commission to
8 adopt certain regulations on or before a certain date regarding the interconnection
9 of certain systems to the electric distribution system; prohibiting an electric company
10 from requiring a certain customer to enter into a certain contract or apply for
11 interconnection with the electric distribution system; requiring the Commission to
12 develop a program for each electric company to establish a pilot program or
13 temporary tariff to compensate certain persons for electric distribution system
14 support services in a certain manner; requiring each electric company to submit the
15 pilot program or temporary tariff to the Commission for approval on or before a
16 certain date; requiring the Commission to approve a certain pilot program or tariff
17 by a certain date; authorizing the Commission to approve or require an electric
18 company to offer certain incentives or rebates under certain circumstances; requiring
19 the Commission to consider establishing a certain limit on the amount of certain
20 incentives or rebates; authorizing an electric company to recover certain costs;
21 prohibiting the dispatch of energy from a certain energy storage device to the electric
22 distribution system under a pilot program or temporary tariff from being considered
23 duplicative of any value realized by a certain customer through net energy metering;
24 and generally relating to the generation and provision of electricity in the State.

25 BY adding to
26 Article – Public Utilities
27 Section 7–1001 through 7–1008 to be under the new subtitle “Subtitle 10. Electric
28 Distribution System Support Services”
29 Annotated Code of Maryland
30 (2020 Replacement Volume and 2023 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Public Utilities

SUBTITLE 10. ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES.

7-1001.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
INDICATED.

(B) “BENEFICIAL ELECTRIFICATION” MEANS REPLACING DIRECT FOSSIL
FUEL USE WITH ELECTRICITY.

(C) “BIDIRECTIONAL ELECTRIC VEHICLE” MEANS AN ELECTRIC VEHICLE
THAT IS CAPABLE OF BOTH RECEIVING AND DISCHARGING ELECTRICITY.

(D) “DISTRIBUTED ENERGY RESOURCE” MEANS AN ENERGY RESOURCE
LOCATED ON A CUSTOMER’S PREMISES THAT:

(1) PRODUCES OR STORES ELECTRICITY; OR

(2) MODIFIES THE TIMING OR AMOUNT OF THE CUSTOMER’S
ELECTRICITY CONSUMPTION.

(E) (1) “ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES” MEANS
THE DISPATCH AND CONTROL OF A DISTRIBUTED ENERGY RESOURCE TO PROVIDE
SERVICES THAT CONTRIBUTE TO THE EFFICIENT AND RELIABLE OPERATION OF THE
ELECTRIC DISTRIBUTION SYSTEM BY:

(I) AN ELECTRIC COMPANY; OR

(II) AN AGGREGATOR ACTING:

1. AT THE DIRECTION OF AN ELECTRIC COMPANY; OR

2. UNDER A PROGRAM OR TARIFF APPROVED BY THE
COMMISSION.

(2) “ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES”
INCLUDES:

1 (I) LOCAL OR SYSTEM PEAK DEMAND REDUCTION;

2 (II) DEMAND RESPONSE;

3 (III) THE AVOIDANCE OR DEFERRAL OF A TRANSMISSION OR
4 DISTRIBUTION UPGRADE OR CAPACITY EXPANSION; AND

5 (IV) FACILITATING HOSTING CAPACITY TO ACCOMMODATE
6 ADDITIONAL DISTRIBUTED ENERGY RESOURCES.

7 (F) “ELIGIBLE CUSTOMER–GENERATOR” HAS THE MEANING STATED IN §
8 7–306 OF THIS TITLE.

9 (G) “NET ENERGY METERING” HAS THE MEANING STATED IN § 7–306 OF
10 THIS TITLE.

11 (H) “NET EXCESS GENERATION” HAS THE MEANING STATED IN § 7–306 OF
12 THIS TITLE.

13 (I) (1) “RENEWABLE ON–SITE GENERATING SYSTEM” MEANS AN ENERGY
14 SYSTEM LOCATED ON A CUSTOMER’S PREMISES THAT:

15 (I) GENERATES OR STORES ELECTRICITY FROM A TIER 1
16 RENEWABLE SOURCE OR A TIER 2 RENEWABLE SOURCE;

17 (II) IS CAPABLE OF PROVIDING ELECTRICITY TO:

18 1. A HOME, BUSINESS, OR OTHER STRUCTURE SERVICED
19 BY AN ELECTRIC COMPANY; AND

20 2. THE ELECTRIC DISTRIBUTION SYSTEM;

21 (III) IS CONFIGURED TO CHARGE FROM:

22 1. THE RENEWABLE SOURCE; AND

23 2. THE ELECTRIC DISTRIBUTION SYSTEM; AND

24 (IV) IS INTERCONNECTED AND OPERATES IN PARALLEL WITH AN
25 ELECTRIC COMPANY’S TRANSMISSION AND DISTRIBUTION FACILITIES.

(2) "RENEWABLE ON-SITE GENERATING SYSTEM" INCLUDES BIDIRECTIONAL ELECTRIC VEHICLE SERVICE EQUIPMENT LOCATED ON A CUSTOMER'S PREMISES.

(J) "TIER 1 RENEWABLE SOURCE" HAS THE MEANING STATED IN § 7-701 OF THIS TITLE.

(K) "TIER 2 RENEWABLE SOURCE" HAS THE MEANING STATED IN § 7-701 OF THIS TITLE.

7-1002.

THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

(1) WELL-DESIGNED TIME-OF-USE PRICING OF ELECTRICITY CAN HELP MITIGATE THE IMPACTS OF ELECTRIFICATION ON THE ELECTRIC DISTRIBUTION SYSTEM, REDUCE GREENHOUSE GAS EMISSIONS DURING PEAK HOURS, AND ENCOURAGE CUSTOMER ADOPTION OF BENEFICIAL ELECTRIFICATION MEASURES THROUGH OFF-PEAK COST SAVINGS;

(2) WIDESPREAD BENEFICIAL ELECTRIFICATION WILL INCREASE DEMAND ON THE ELECTRIC DISTRIBUTION SYSTEM AND POTENTIALLY REQUIRE SIGNIFICANT SYSTEM UPGRADES IF CONSUMERS ADOPTING BENEFICIAL ELECTRIFICATION MEASURES DO NOT ENGAGE IN A FORM OF LOAD MANAGEMENT TO MITIGATE THE NEED FOR SYSTEM UPGRADES AND REDUCE THE GREENHOUSE GAS INTENSITIES ASSOCIATED WITH GENERATION EMISSIONS DURING PEAK HOURS;

(3) PAIRING THE ADOPTION OF RENEWABLE ON-SITE GENERATING SYSTEMS WITH BENEFICIAL ELECTRIFICATION MEASURES MAY:

(I) FURTHER REDUCE THE STATE'S GREENHOUSE GAS EMISSIONS;

(II) PROVIDE ON-SITE RESILIENCE TO CONSUMERS; AND

(III) FACILITATE LOAD FLEXIBILITY TO MITIGATE IMPACTS ON THE ELECTRIC DISTRIBUTION SYSTEM FROM LOAD GROWTH DUE TO BENEFICIAL ELECTRIFICATION; AND

(4) IT IS REASONABLE TO PROVIDE ADDITIONAL INCENTIVES AND PROTECTIONS TO LOW- AND MODERATE-INCOME HOUSEHOLDS:

(I) TO ENSURE ACCESS TO THE BENEFITS OF ELECTRIFICATION
AND ON-SITE ENERGY SYSTEMS; AND

(II) TO PROTECT THOSE HOUSEHOLDS FROM NEGATIVE BILL
IMPACTS DURING A TRANSITION TO TIME-OF-USE RATES.

7-1003.

(A) SUBJECT TO SUBSECTIONS (D) AND (E) OF THIS SECTION, ON OR
BEFORE DECEMBER 31, 2025, THE COMMISSION SHALL ADOPT A TRANSITION PLAN
TO REQUIRE EACH ELECTRIC COMPANY TO TRANSITION EACH CUSTOMER, ON OR
BEFORE SEPTEMBER 1, 2028, TO A TIME-OF-USE TARIFF.

(B) THE TRANSITION PLAN REQUIRED UNDER SUBSECTION (A) OF THIS
SECTION SHALL INCLUDE PROVISIONS TO EASE THE TRANSITION TO A TIME-OF-USE
TARIFF FOR CUSTOMERS IN LOW- AND MODERATE-INCOME HOUSEHOLDS.

(C) THE TRANSITION TO A TIME-OF-USE TARIFF SHALL:

(1) ESTABLISH A SUFFICIENT PRICE REDUCTION FOR OFF-PEAK
HOURS COMPARED TO PEAK HOURS TO ENCOURAGE CUSTOMERS TO ADJUST THEIR
ELECTRICITY USAGE TO OFF-PEAK HOURS; AND

(2) ADEQUATELY EDUCATE AND ENCOURAGE CUSTOMERS TO ADJUST
THEIR ELECTRICITY USAGE TO BENEFIT FROM LOWER RATES DURING OFF-PEAK
HOURS.

(D) (1) EACH ELECTRIC COMPANY SHALL PROVIDE TO ITS CUSTOMERS
NOTICE AND AN OPPORTUNITY TO OPT OUT OF A TIME-OF-USE TARIFF UNDER THIS
SECTION.

(2) A CUSTOMER IS CONSIDERED TO HAVE GIVEN PERMISSION TO THE
ELECTRIC COMPANY TO TRANSITION THE CUSTOMER TO THE TIME-OF-USE TARIFF:

(I) ON RECEIPT BY THE ELECTRIC COMPANY OF A RETURNED
NOTICE EXPLICITLY GRANTING PERMISSION; OR

(II) IF THE ELECTRIC COMPANY HAS NOT RECEIVED A
RETURNED NOTICE WITHIN 30 DAYS AFTER THE NOTICE IS GIVEN.

(3) A CUSTOMER WHO HAS REFUSED PERMISSION TO TRANSITION TO
A TIME-OF-USE TARIFF MAY LATER REQUEST TO TRANSITION TO THE TIME-OF-USE
TARIFF.

(E) FOR GOOD CAUSE SHOWN, THE COMMISSION MAY DELAY FOR A REASONABLE PERIOD OF TIME THE DEADLINE FOR AN ELECTRIC COMPANY TO TRANSITION THEIR CUSTOMERS TO A TIME-OF-USE TARIFF.

7-1004.

(A) ON OR BEFORE APRIL 1, 2025, THE COMMISSION SHALL ADOPT REGULATIONS TO ESTABLISH EXPEDITED PROCESSES FOR INTERCONNECTING THE FOLLOWING SYSTEMS TO THE ELECTRIC DISTRIBUTION SYSTEM:

(1) BIDIRECTIONAL ELECTRIC VEHICLE SYSTEMS CAPABLE OF PROVIDING ELECTRICITY TO THE ELECTRIC DISTRIBUTION SYSTEM; AND

(2) BIDIRECTIONAL ELECTRIC VEHICLE SYSTEMS THAT DO NOT PROVIDE ELECTRICITY TO THE ELECTRIC DISTRIBUTION SYSTEM BUT DO PROVIDE ELECTRICITY TO A HOME, BUSINESS, OR OTHER STRUCTURE SERVICED BY AN ELECTRIC COMPANY.

(B) AN ELECTRIC COMPANY:

(1) MAY REQUIRE A CUSTOMER TO PROVIDE NOTICE TO THE ELECTRIC COMPANY IF THE CUSTOMER INSTALLS A BIDIRECTIONAL ELECTRIC VEHICLE SYSTEM DESCRIBED IN SUBSECTION (A) OF THIS SECTION; BUT

(2) MAY NOT REQUIRE THE CUSTOMER TO ENTER INTO A NET ENERGY METERING CONTRACT OR OTHERWISE APPLY FOR INTERCONNECTION WITH THE ELECTRIC DISTRIBUTION SYSTEM.

7-1005.

(A) (1) THE COMMISSION SHALL DEVELOP A PROGRAM FOR EACH ELECTRIC COMPANY TO ESTABLISH A PILOT PROGRAM OR TEMPORARY TARIFF TO COMPENSATE OWNERS AND AGGREGATORS OF DISTRIBUTED ENERGY RESOURCES FOR ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES ON A PAY-FOR-PERFORMANCE BASIS.

(2) ON OR BEFORE JANUARY 1, 2025, THE COMMISSION SHALL ADOPT REGULATIONS ESTABLISHING PROGRAM REQUIREMENTS TO ACHIEVE ELECTRIC SYSTEM BENEFITS USING DISTRIBUTED ENERGY RESOURCES.

(B) (1) ON OR BEFORE JULY 1, 2025, EACH ELECTRIC COMPANY SHALL SUBMIT TO THE COMMISSION FOR APPROVAL A PILOT PROGRAM OR TEMPORARY

1 TARIFF FOR ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES THAT PROVIDES
2 REASONABLE COMPENSATION ON A PAY-FOR-PERFORMANCE BASIS TO RENEWABLE
3 ON-SITE GENERATING SYSTEMS.

4 (2) THE PILOT PROGRAM OR TEMPORARY TARIFF SUBMITTED UNDER
5 PARAGRAPH (1) OF THIS SUBSECTION SHALL PROVIDE THAT ELECTRIC
6 DISTRIBUTION SYSTEM SUPPORT SERVICES TO ON-SITE ENERGY STORAGE DEVICES
7 BE USED FOR SYSTEM PEAK REDUCTION ACCORDING TO A SCHEDULE AT A
8 FREQUENCY OF AT LEAST 30 EVENTS PER YEAR.

9 (C) ANY PILOT PROGRAM OR TEMPORARY TARIFF SUBMITTED UNDER THIS
10 SECTION SHALL ESTABLISH A STRUCTURE FOR PERFORMANCE PAYMENTS THAT IS
11 DESIGNED TO COVER THE COST OF DISTRIBUTED ENERGY RESOURCES TO AN OWNER
12 OR AGGREGATOR PROVIDING ELECTRIC DISTRIBUTION SYSTEM SUPPORT
13 SERVICES.

14 (D) (1) ON OR BEFORE OCTOBER 1, 2025, THE COMMISSION SHALL
15 APPROVE, DENY, OR APPROVE WITH AMENDMENTS A PILOT PROGRAM OR
16 TEMPORARY TARIFF SUBMITTED UNDER THIS SECTION FOR EACH ELECTRIC
17 COMPANY.

18 (2) THE COMMISSION SHALL ESTABLISH A PROCESS FOR AN
19 ELECTRIC COMPANY TO TRANSITION A PILOT PROGRAM OR TEMPORARY TARIFF TO
20 A PERMANENT PROGRAM OR TARIFF FOR ELECTRIC DISTRIBUTION SYSTEM
21 SUPPORT SERVICES.

22 (3) EACH CUSTOMER PARTICIPATING IN A PILOT PROGRAM OR
23 TEMPORARY TARIFF APPROVED UNDER PARAGRAPH (1) OF THIS SUBSECTION
24 SHALL BE TRANSITIONED TO A PERMANENT PROGRAM OR TARIFF FOR ELECTRIC
25 DISTRIBUTION SYSTEM SUPPORT SERVICES WHEN THE PROGRAM OR TARIFF IS
26 APPROVED BY THE COMMISSION.

27 (E) (1) THE COMMISSION MAY ALLOW THE ENERGY GENERATED BY A
28 RENEWABLE ON-SITE GENERATING SYSTEM THAT PROVIDES ELECTRIC
29 DISTRIBUTION SYSTEM SUPPORT SERVICE UNDER A PILOT PROGRAM OR
30 TEMPORARY TARIFF APPROVED UNDER SUBSECTION (D)(1) OF THIS SECTION TO
31 COUNT TOWARDS THE ELECTRIC COMPANY'S GREENHOUSE EMISSIONS REDUCTION
32 GOALS UNDER § 7-211 OF THIS TITLE.

33 (2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE
34 CUMULATIVE ENERGY STORAGE CAPACITY OF ANY ENERGY STORAGE DEVICES
35 INSTALLED ON A CUSTOMER'S PROPERTY IN ACCORDANCE WITH THIS SUBTITLE

1 SHALL COUNT TOWARDS THE TARGETS ESTABLISHED UNDER § 7-216.1 OF THIS
2 TITLE.

3 (II) SUBPARAGRAPH (I) OF THIS PARAGRAPH DOES NOT
4 INCLUDE THE ENERGY STORAGE CAPACITY OF:

5 1. ELECTRIC VEHICLES THAT ARE PART OF A
6 RENEWABLE ON-SITE GENERATING SYSTEM; OR

7 2. MOBILE ENERGY STORAGE DEVICES.

8 7-1006.

9 (A) (1) THE COMMISSION MAY APPROVE OR REQUIRE AN ELECTRIC
10 COMPANY TO OFFER UPFRONT INCENTIVES OR REBATES TO CUSTOMERS TO
11 ACQUIRE AND INSTALL RENEWABLE ON-SITE GENERATING SYSTEMS IF THE
12 CUSTOMER:

13 (I) ENROLLS IN A PILOT PROGRAM OR TEMPORARY TARIFF
14 ESTABLISHED UNDER § 7-1005 OF THIS SUBTITLE; AND

15 (II) ALLOWS THE SYSTEM TO BE USED FOR ELECTRIC
16 DISTRIBUTION SYSTEM SUPPORT SERVICES FOR A PERIOD OF NOT LESS THAN 5
17 YEARS.

18 (2) THE COMMISSION MAY:

19 (I) AUTHORIZE OR REQUIRE AN ELECTRIC COMPANY TO
20 PROVIDE AN ADDITIONAL INCENTIVE OR REBATE FOR LOW- OR MODERATE-INCOME
21 CUSTOMERS WHO APPLY FOR AN INCENTIVE OR REBATE UNDER THIS SECTION; AND

22 (II) REQUIRE AN ELECTRIC COMPANY TO PRIORITIZE THE
23 OFFER OF INCENTIVES OR REBATES UNDER THIS SECTION TO LOW- OR
24 MODERATE-INCOME CUSTOMERS.

25 (B) IN DETERMINING WHETHER TO REQUIRE AN ELECTRIC COMPANY TO
26 OFFER AN INCENTIVE OR REBATE UNDER THIS SECTION, THE COMMISSION SHALL
27 CONSIDER:

28 (1) THE BENEFIT OF REDUCING THE OPERATION OF PEAK
29 GENERATING FACILITIES IN OVERBURDENED AND UNDERSERVED COMMUNITIES;

1 **(2) THE BENEFIT OF RESILIENCY AND SERVICE OUTAGE AVOIDANCE**
2 **FOR CUSTOMERS WITH ON-SITE GENERATING SYSTEMS; AND**

3 **(3) THE POTENTIAL FOR ELECTRIC COMPANIES TO REDUCE**
4 **EXPENSES RELATING TO ELECTRIC DISTRIBUTION SYSTEM INFRASTRUCTURE BY**
5 **LEVERAGING CUSTOMERS' ON-SITE GENERATING SYSTEMS.**

6 **(C) THE COMMISSION SHALL CONSIDER ESTABLISHING A LIMIT ON THE**
7 **AMOUNT OF INCENTIVES OR REBATES ISSUED IN A MANNER THAT ACHIEVES**
8 **DEPLOYMENT GOALS WHILE MITIGATING POTENTIAL CUSTOMER IMPACTS.**

9 **(D) THE COMMISSION SHALL CONSULT WITH THE MARYLAND ENERGY**
10 **ADMINISTRATION, WHEN APPROVING OR REQUIRING AN INCENTIVE OR REBATE**
11 **UNDER THIS SECTION, TO ENSURE THAT THE INCENTIVE OR REBATE IS DESIGNED**
12 **TO SUPPLEMENT, TO THE GREATEST EXTENT POSSIBLE, OTHER AVAILABLE STATE**
13 **AND FEDERAL INCENTIVES FOR CUSTOMER ADOPTION OF RENEWABLE ON-SITE**
14 **GENERATING SYSTEMS.**

15 **7-1007.**

16 **(A) AN ELECTRIC COMPANY MAY RECOVER ALL REASONABLE COSTS**
17 **INCURRED IN:**

18 **(1) PARTICIPATING IN A PILOT PROGRAM OR TEMPORARY TARIFF**
19 **UNDER § 7-1005 THIS SUBTITLE; AND**

20 **(2) OFFERING AN UPFRONT INCENTIVE OR REBATE UNDER § 7-1006**
21 **OF THIS SUBTITLE.**

22 **(B) TO THE EXTENT FEASIBLE, THE COSTS LISTED IN SUBSECTION (A) OF**
23 **THIS SECTION SHALL BE RECOVERED BY THE ELECTRIC COMPANY WITHIN THE**
24 **CALENDAR YEAR IN WHICH THOSE COSTS WERE INCURRED.**

25 **(C) NOTWITHSTANDING ANY PROVISION OF THIS SUBTITLE, AN ELECTRIC**
26 **COMPANY MAY PURSUE AND USE A PERFORMANCE INCENTIVE MECHANISM TO**
27 **COVER THE COST OF USING DISTRIBUTED ENERGY RESOURCES OR AN AGGREGATOR**
28 **OF DISTRIBUTED RESOURCES UNDER THIS SUBTITLE.**

29 **7-1008.**

30 **(A) THIS SECTION APPLIES ONLY TO AN ELIGIBLE CUSTOMER-GENERATOR**
31 **THAT IS:**

1 **(1) PARTICIPATING IN AN ELECTRIC COMPANY’S NET ENERGY**
2 **METERING PROGRAM; AND**

3 **(2) USING AN ENERGY STORAGE DEVICE THAT:**

4 **(I) IS CHARGED ONLY FROM THE ELIGIBLE**
5 **CUSTOMER–GENERATOR’S GENERATING FACILITY THAT CREATES NET EXCESS**
6 **GENERATION; OR**

7 **(II) ACCRUES NET EXCESS GENERATION ONLY FOR ENERGY**
8 **CREATED BY AN ON–SITE ENERGY GENERATING SYSTEM.**

9 **(B) THE DISPATCH OF ENERGY FROM AN ENERGY STORAGE DEVICE TO THE**
10 **ELECTRIC DISTRIBUTION SYSTEM UNDER A PILOT PROGRAM OR TEMPORARY**
11 **TARIFF ESTABLISHED UNDER § 7–1005 OF THIS SUBTITLE MAY NOT BE CONSIDERED**
12 **DUPLICATIVE OF ANY VALUE REALIZED BY THE ELIGIBLE CUSTOMER–GENERATOR**
13 **THROUGH NET ENERGY METERING.**

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 October 1, 2024.