



Montgomery County

Office of Intergovernmental Relations

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HB 1256

DATE: March 5, 2024

SPONSOR: Delegate Fraser-Hidalgo

ASSIGNED TO: Economic Matters Committee

CONTACT PERSON: Garrett Fitzgerald (garrett.fitzgerald@montgomerycountymd.gov)

POSITION: Favorable with Amendments (Department of Environmental Protection)

Electricity - Tariffs, Distributed Energy Resources, and Electric Distribution System Support Services (Distributed Renewable Integration and Vehicle Electrification (DRIVE) Act)

This legislation would require the Maryland Public Service Commission (PSC) to engage electric utilities to transition customers to time-of-use electricity rates, and to develop pilot programs to compensate the owners of distributed energy resources for providing demand response services that contribute to the efficient and reliable operation of the electric distribution system.

We support the general intent of this bill. Time-of-use rates and demand response services have the potential to benefit customers and shift the timing of certain energy uses to reduce peak demand on the grid. Reducing peak demand can help to avoid outages, costly investments in transmission and distribution infrastructure, and greenhouse gas emissions and air pollution associated with the operation of peaker plants.

However, we have concerns with certain aspects of the bill which we hope will be addressed through amendments. First, we would prefer that the time-of-use rates required by the bill be fully developed and evaluated before a decision is made regarding whether customers should be defaulted into those rates with the opportunity to opt out, as stated in the bill, or instead receive education and be given the opportunity to opt in to using those rates. Second, we encourage the Committee to consult with the PSC to ensure the bill includes proper requirements for noticing and agreements that a customer should have in place with their electric provider regarding potential charging from a bidirectional electric vehicle (see language on page 6, lines 18-20).

With amendments to address those issues, we would respectfully encourage the Economic Matters Committee to give House Bill 1256 a favorable report.