

Thursday, March 7, 2024

TO: C. T. Wilson, Chair of the House Economic Matters Committee, and Committee Members

FROM: Cait Kerr, The Nature Conservancy, State Policy Manager; Michelle Dietz, The Nature Conservancy, Director of Government Relations

POSITION: Support HB 1256 Electricity - Tariffs, Distributed Energy Resources, and Electric Distribution System Support Services (Distributed Renewable Integration and Vehicle Electrification (DRIVE) Act)

The Nature Conservancy (TNC) supports HB 1256 offered by Delegate Fraser-Hidalgo. HB 1256 directs the Public Service Commission (PSC) to adopt a transition plan requiring each electric company to transition customers to a time-of-use system, in order to incentivize customers to reduce electricity use at peak demand on the grid. The PSC is also directed to establish “virtual power plants,” (VPPs) where customers can work with utilities, renewable energy, and on-site storage companies to supply energy to the grid to meet demand and receive compensation for this. HB 1256 also calls for streamlining the process for bidirectional electric vehicles (EVs) to connect and operate with the grid, which is consistent with the Maryland Commission on Climate Change’s (MCCC) recommendations within the 2023 Annual Report.

The PSC has conducted a pilot program exploring time-of-use (TOU) utility rates and issued a report in July 2022. This report found that “both overall and low- and moderate-income customers responded to TOU rates by shifting a significant amount of consumption usage off-peak during both summer and winter months.” In the pilot program, customers across all income groups saw reductions in both their on-peak usage and in their monthly utility bill. TNC supports components of the bill that require outreach to customers about these programs, and include provisions for protections and additional incentives for low- and moderate-income households.

The other two key programs in the bill, VPPs and bidirectional EV charging, represent further innovations to stabilize the grid through consumer incentives. VPPs can reduce emissions, support economic growth, and decrease energy burden. With regard to bidirectional EV charging, the MCCC’s 2023 Annual Report recommends, “When setting standards, the state should require that the wiring installed for EV chargers be of a sufficient gauge to be ready for vehicle-to-grid (V2G) bidirectional charging. The current practice of installing 8 gauge wire for one-directional charging limits the ability of EVs with bidirectional charging to backflow power to the home/building/grid. Wire gauge standards should also be included in the requirements for projects that would be eligible to receive state funding for the EVSE installations. Installing the right gauge wire now could prevent expensive rewiring projects in the future.” HB 1256 aims to provide innovative market incentives to accelerate the process of connecting and operating bidirectional EVs with the grid.

TNC commends Delegate Fraser-Hidalgo on introducing this bill. As Maryland transitions to a clean energy economy, innovative, win-win solutions are increasingly important in the near-term to incentivize beneficial consumer choices and stabilize the grid.

Therefore, we urge a favorable report on HB 1256.