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112 West Street
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FAVORABLE WITH AMENDMENTS – House Bill 1256- Electricity - Tariffs, Distributed Energy Resources, and Electric Distribution System Support Services (Distributed Renewable Integration and Vehicle Electrification (DRIVE) Act

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) support with amendments **House Bill 1256- Electricity - Tariffs, Distributed Energy Resources, and Electric Distribution System Support Services (Distributed Renewable Integration and Vehicle Electrification (DRIVE) Act**. This legislation requires the Public Service Commission (PSC) to adopt a transition plan requiring each electric company to transition each customer rate class to a time of use (TOU) tariff by September 1, 2028. The electric companies transition plan shall include provisions to ease the transition to a TOU tariff for customers in low-and moderate-income households. Additionally, the TOU tariff shall include establishing a sufficient price reduction for off-peak hours compared to peak hours to encourage customers to adjust their electricity usage, adequate education for customers to adjust their usage.

Pepco and Delmarva Power support the concept of TOU rates and the ability for our customers to participate in TOU programs should they elect to do so. Properly designed and deployed, TOU rates can help customers save money by shifting their electricity usage away from high-priced time periods. Currently, Pepco and Delmarva Power offer a variety of TOU offerings, including a whole house EV TOU rate to residential customers that own or lease EVs with an electric range of greater than 30 miles. This EV TOU rate option is designed to incentivize customers to charge EVs off-peak and thereby reduce overall costs of owning an EV by utilizing higher electricity usage when costs are lower.

Pepco and Delmarva Power appreciate the collaborative efforts between all stakeholders to address questions and concerns pertaining to this legislation and we are committed to continuing to work on amendments. As drafted, Pepco and Delmarva Power are concerned with the requirement in House Bill 1256 that requires electric companies to transition all customers to TOU rates in the form of an opt-out program. Pepco and Delmarva Power recently completed a pilot approved by the PSC to offer whole house TOU rates. The pilot program was opt-in for customers, meaning that they volunteered and consented to participate in the pilot. The PSC approved this limited program, however raised concerns about implementation costs as the program benefited a very small number of customers. The program allowed Pepco and Delmarva Power to assist customers in understanding and managing their EV charging load, collect data and information on EV charging patterns and behavior to enable the design of future rates, technology opportunities, and other EV programs, and collect data and information on grid impacts. Pepco and Delmarva Power found that while this small EV TOU program was challenging and expensive to market to customers, and it was difficult to quantify the information learned in a statistically significant way, overall, we did gain additional knowledge and collect data as the pilot was intended to do, therefore, we support the opportunity to gain additional learnings from an expanded pilot program under this legislation.

Additionally, while supportive of the overall concept, Pepco and Delmarva Power are concerned about being able to meet any sort of deployment goal given prior experience with the difficulty in enrolling customers in the TOU pilot approved by the PSC. While Pepco and Delmarva Power appreciate and support the idea of performance incentive mechanisms (PIMS) being included in the bill, given past experiences with low participation rates from customers, we suggest additional language be added that ensures utilities are not penalized for failing to meet the penetration targets. Additionally, Pepco and Delmarva Power note that House Bill 1256 will have significant impacts on our billing systems, which will require time to implement and will result in costs to customers.

Finally, there are many nuances with legislation like House Bill 1256 and there is likely benefit to letting the existing TOU working group under the PC44 docket at the PSC further opine on the topics up for consideration in this legislation as they have been in recent months.

Pepco and Delmarva Power have had productive discussions with the main proponents of this legislation as well as the bill sponsors and we look forward to continuing conversations with the bill sponsors and stakeholders involved.

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