

# **PUBLIC SERVICE COMMISSION OF MARYLAND**

## **Distribution System Planning (DSP) Interim Report 2022**

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## **Table of Contents**

<i>Introduction</i>	<b>3</b>
<i>Background</i>	<b>3</b>
<i>Workgroup Meetings</i>	<b>4</b>
<i>Conclusion</i>	<b>5</b>

## Introduction

In 2016, the Maryland Public Service Commission (Commission) launched Public Conference 44 (PC44) to examine the electric distribution systems in Maryland to ensure that service is customer-centered, affordable, reliable, and environmentally sustainable.<sup>1</sup> After the initial scoping process, PC44 consisted of five workgroups.<sup>2</sup> The Commission also contemplated a future Distribution System Planning workgroup that would build on the foundations created through the work of the initial five groups. Over the past six years, the PC44 workgroups have successfully updated Maryland's interconnection regulations, completed a time of use pilot, launched the utilities' electric vehicle pilots, began the energy storage pilot, and implemented changes to Maryland's retail supply market. In addition, between 2019 and 2021, the Commission participated in a National Association of Regulatory Utility Commissioners (NARUC) and National Association of State Energy Offices (NASEO) Taskforce with the United States Department of Energy (DOE) to examine distribution system planning and provide resources and best practices to states.<sup>3</sup>

In 2021, considering the product of the NARUC/NASEO taskforce and the work of the PC44 workgroups, the Commission launched the Distribution System Planning (DSP) workgroup. The Commission's initial priorities for the DSP workgroup are to review the existing utility distribution planning processes and identify opportunities for increased transparency and stakeholder inclusion.<sup>4</sup> The DSP workgroup activities began in 2021 with a series of educational sessions on how utilities currently engage in distribution system planning and presentations from state agencies. Concurrently, the Commission issued a Request for Proposals to secure expert leadership of the workgroup to supplement the Commission resources in this proceeding.

## Background

The DSP workgroup is part of a multi-year strategic plan across a variety of Commission dockets to enhance the Commission's ability to regulate Maryland utilities in the public interest and to deliver customer benefits. In addition to the PC44 work outlined above, over the past three years the Commission has modernized its rate making process by allowing utilities to file multi-year rate plans (MRPs). In conjunction with MRPs, a robust Commission process to review and enhance the existing utility DSP processes will allow insight into planning and the opportunity for meaningful engagement between stakeholders, utilities, and the Commission to deliver ratepayer benefits and state policy priorities.

As an initial note, it is important to clarify the role of distribution system planning both at the Commission and at the utilities. Maryland's utilities have always engaged in distribution system

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<sup>1</sup> See PC44 Docket, *In the Matter of Transforming Maryland's Electric Distribution Systems to Ensure that Electric Service is Customer-Centered, Affordable, Reliable, and Environmentally Sustainable in Maryland*, first notice issued September 26, 2016.

<sup>2</sup> Electric Vehicles, Rate Design, Interconnection, Competitive Markets and Customer Choice, and Energy Storage.

<sup>3</sup> See Press Release: <https://news.maryland.gov/mea/2021/02/11/maryland-announces-plan-for-electric-grid-of-the-future/>.

<sup>4</sup> See Order No. 89865 at P 13 – 16.

planning resulting in system investments to provide safe, reliable, affordable service. In providing this service, Maryland's five largest electric utilities plan to invest \$1 billion in incremental investments in 2021 alone. However, with the passage of restructuring in 1999, the Commission no longer required utilities to participate in the prior resource planning proceedings, which primarily focused on ensuring adequate generation of electricity to meet state needs.<sup>5</sup> In its efforts to ensure a modern grid which provides benefits to all ratepayers, the Commission is re-developing its own proceeding to review the existing utility distribution system planning processes. The goal of developing this process is to ensure that the Commission and stakeholders have insight and input into the ongoing incremental investments necessary to ensure delivery of electricity in Maryland. The DSP workgroup's first task is to review existing utility processes and determine how they align with the NARUC/NASEO Taskforce's Jade Roadmap, and where there may be opportunities for early and meaningful stakeholder engagement. A Workgroup Report is expected before the end of January 2023. Workgroup activities to date are outlined below.

## Workgroup Meetings

At the beginning of 2022, the Commission hired Silverpoint Consultants to lead the Distribution System Planning Work Group. Stephanie Vavro has 25 years of industry experience and is paired with John Marczeski and Shaun Moran with E&N Engineering, which has over 100 years of experience combined in distribution system engineering and planning. Silverpoint began with a robust review of the Commission's work to date and met with the Commission to discuss a work plan, scope, and priorities for the workgroup.

Commission workgroup proceedings are generally open to all participants who wish to join and are intended to develop consensus proposals for the Commission, where possible. At this time, the DSP Work Group is composed of 130 members and meeting attendance ranges from 50 to 65 members representing various stakeholders including utilities, state agencies, consultants, and advocacy groups.

Silverpoint's approach to the workgroup's review of existing utility planning activities has thus far consisted of an iterative approach that has considered each utility successively. First, Silverpoint conducted an in-depth review of each utility's distribution system and existing planning processes, beginning with Baltimore Gas and Electric Company (BGE). Based on the work with BGE, Silverpoint developed a straw proposal that it reviewed and updated through workgroup meetings based on stakeholder comments, and its review of additional utilities' processes. In addition, over the course of its work, Silverpoint created subgroups related to Distributed Energy Resources and Utility Capital Project Category Descriptions to ensure consistent use of vocabulary across the utilities and stakeholders. Silverpoint also simplified and consolidated the Jade Cohort flowchart from a comprehensive electricity planning process to a core distribution system planning process for Maryland. Silverpoint's flowchart is attached as Appendix 1.

During workgroup meetings, the Silverpoint team worked with stakeholders on a variety of topics including appropriate levels of granularity for exchange of system information, utility forecasting

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<sup>5</sup> Electric Customer Choice and Competition Act of 1999. See Md. Public Utilities Article Code Ann. § 7-505.

processes, pro forma feeder-level analysis, locational value, and development of a transparent stakeholder process to annually review and update utility distribution system plans. Some stakeholders would prefer to begin focusing on aligning utility planning with state policy goals rather than deliver the baseline Commission-requested outcomes. The Commission’s workgroup leaders have continued to focus on overall utility planning, which will drive billions of dollars in projected utility spending over the coming years.

## Conclusion

As noted above, a Workgroup Report to the Commission is expected in 2023 and will provide the Commission with information related to existing utility processes, opportunities for increased transparency, possible Commission processes related to distribution system planning, and other recommendations for next steps.

## Distribution Planning - The Core Process

