

# HOUSE BILL 1256

M5, C5

4lr1718  
CF SB 959

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By: **Delegate Fraser-Hidalgo**

Introduced and read first time: February 8, 2024

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 8, 2024

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## CHAPTER \_\_\_\_\_

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 a certain electric  
8 company to file certain time-of-use tariffs with the Public Service Commission on or  
9 before a certain date; requiring a certain electric company to attempt to achieve a  
10 certain enrollment target for certain tariffs by a certain date; authorizing the  
11 Commission to require the automatic enrollment of certain customers in a  
12 time-of-use tariff, on an opt-out basis; requiring the Commission to adopt certain  
13 regulations on or before a certain date regarding the interconnection of certain  
14 systems to the electric distribution system; prohibiting an electric company from  
15 requiring a certain customer to enter into a certain contract or apply for  
16 interconnection with the electric distribution system; requiring a certain electric  
17 company to require a customer to apply for interconnection with the electric  
18 distribution system under certain circumstances; requiring the Commission to  
19 develop a program for each a certain electric company to establish a pilot program  
20 or temporary tariff to compensate certain persons for electric distribution system  
21 support services in a certain manner; requiring each electric company to submit the  
22 pilot program or temporary tariff to the Commission for approval on or before a  
23 certain date; authorizing a certain electric company to propose and the Commission  
24 to approve certain performance mechanisms for a certain purpose under certain  
25 circumstances; requiring the Commission to approve a certain pilot program or tariff

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 ~~by a certain date~~; authorizing the Commission to approve or require ~~on a certain~~  
 2 electric company to offer certain incentives or rebates under certain circumstances;  
 3 requiring the Commission to consider establishing a certain limit on the amount of  
 4 certain incentives or rebates; authorizing ~~on a certain~~ electric company to recover  
 5 certain costs; ~~prohibiting the dispatch of energy from a certain energy storage device~~  
 6 ~~to the electric distribution system under a pilot program or temporary tariff from~~  
 7 ~~being considered duplicative of any value realized by a certain customer through net~~  
 8 ~~energy metering~~; and generally relating to the generation and provision of electricity  
 9 in the State.

10 BY repealing and reenacting, without amendments,

11 Article – Public Utilities

12 Section 1–101(a)

13 Annotated Code of Maryland

14 (2020 Replacement Volume and 2023 Supplement)

15 BY adding to

16 Article – Public Utilities

17 Section ~~1–101(p–1)~~; and 7–1001 through ~~7–1008~~ 7–1007 to be under the new subtitle

18 “Subtitle 10. Electric Distribution System Support Services”

19 Annotated Code of Maryland

20 (2020 Replacement Volume and 2023 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

22 That the Laws of Maryland read as follows:

23 **Article – Public Utilities**

24 1–101.

25 (a) In this division the following words have the meanings indicated.

26 (P–1) “INVESTOR–OWNED ELECTRIC COMPANY” MEANS AN ELECTRIC  
 27 COMPANY THAT IS NOT A MUNICIPAL ELECTRIC UTILITY OR AN ELECTRIC  
 28 COOPERATIVE.

29 **SUBTITLE 10. ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES.**

30 **7–1001.**

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

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

1 (C) "BIDIRECTIONAL ELECTRIC VEHICLE" MEANS AN ELECTRIC VEHICLE  
2 THAT IS CAPABLE OF BOTH RECEIVING AND DISCHARGING ELECTRICITY.

3 (D) "DISTRIBUTED ENERGY RESOURCE" MEANS AN ENERGY RESOURCE  
4 LOCATED ON A CUSTOMER'S PREMISES THAT:

5 (1) PRODUCES OR STORES ELECTRICITY; OR

6 (2) MODIFIES THE TIMING OR AMOUNT OF THE CUSTOMER'S  
7 ELECTRICITY CONSUMPTION.

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

12 (I) AN ELECTRIC COMPANY; OR

13 ~~(II) AN AGGREGATOR ACTING:~~

14 ~~1. AT THE DIRECTION OF AN ELECTRIC COMPANY; OR~~

15 ~~2. UNDER A PROGRAM OR TARIFF APPROVED BY THE~~  
16 ~~COMMISSION.~~

17 (II) AN AGGREGATOR ACTING AT THE DIRECTION OF AN  
18 ELECTRIC COMPANY.

19 (2) "ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES"  
20 INCLUDES:

21 (I) LOCAL OR SYSTEM PEAK DEMAND REDUCTION;

22 (II) DEMAND RESPONSE;

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

25 (IV) FACILITATING HOSTING CAPACITY TO ACCOMMODATE  
26 ADDITIONAL DISTRIBUTED ENERGY RESOURCES.

27 (F) "ELIGIBLE CUSTOMER-GENERATOR" HAS THE MEANING STATED IN §  
28 7-306 OF THIS TITLE.

1 (G) "NET ENERGY METERING" HAS THE MEANING STATED IN § 7-306 OF  
2 THIS TITLE.

3 (H) "NET EXCESS GENERATION" HAS THE MEANING STATED IN § 7-306 OF  
4 THIS TITLE.

5 (I) (1) "RENEWABLE ON-SITE GENERATING SYSTEM" MEANS AN ENERGY  
6 SYSTEM LOCATED ON A CUSTOMER'S PREMISES THAT:

7 (I) GENERATES OR STORES ELECTRICITY FROM A TIER 1  
8 RENEWABLE SOURCE OR A TIER 2 RENEWABLE SOURCE THAT DOES NOT RELEASE  
9 GREENHOUSE GASES;

10 (II) IS CAPABLE OF PROVIDING ELECTRICITY TO:

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

13 2. THE ELECTRIC DISTRIBUTION SYSTEM;

14 (III) IS PAIRED WITH AN ENERGY STORAGE DEVICE THAT IS  
15 CONFIGURED TO CHARGE FROM:

16 1. THE RENEWABLE SOURCE; AND

17 2. THE ELECTRIC DISTRIBUTION SYSTEM UNLESS, FOR  
18 THE PURPOSE OF ELIGIBILITY FOR NET ENERGY METERING, THE DEVICE IS  
19 REQUIRED TO BE CHARGED ONLY FROM THE RENEWABLE SOURCE; AND

20 (IV) IS INTERCONNECTED AND OPERATES IN PARALLEL WITH AN  
21 ELECTRIC COMPANY'S TRANSMISSION AND DISTRIBUTION FACILITIES.

22 (2) "RENEWABLE ON-SITE GENERATING SYSTEM" ~~INCLUDES~~ MAY  
23 INCLUDE BIDIRECTIONAL ELECTRIC VEHICLE SERVICE EQUIPMENT LOCATED ON A  
24 CUSTOMER'S PREMISES.

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

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

29 7-1002.

1 THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

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

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

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

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

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

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

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

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

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

27 ~~7-1003.~~

28 ~~(A) SUBJECT TO SUBSECTIONS (D) AND (E) OF THIS SECTION, ON OR~~  
29 ~~BEFORE DECEMBER 31, 2025, THE COMMISSION SHALL ADOPT A TRANSITION PLAN~~  
30 ~~TO REQUIRE EACH ELECTRIC COMPANY TO TRANSITION EACH CUSTOMER, ON OR~~  
31 ~~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.~~

7-1003.

(A) (1) ON OR BEFORE JULY 1, 2025, EACH INVESTOR-OWNED ELECTRIC COMPANY SHALL FILE WITH THE COMMISSION ONE OR MORE TIME-OF-USE TARIFFS FOR APPROPRIATE CUSTOMER CLASSES, TO BE MADE AVAILABLE TO CUSTOMERS ON AN OPT-IN BASIS.

(2) EACH TIME-OF-USE TARIFF SHALL ESTABLISH A SUFFICIENT PRICE DISCOUNT FOR OFF-PEAK HOURS COMPARED TO PEAK HOURS, AS

1 DETERMINED BY THE MARKET OR AN INVESTOR-OWNED ELECTRIC COMPANY'S  
2 COST OF SERVICE, TO ENCOURAGE CUSTOMERS TO ADJUST ELECTRICITY USE TO  
3 OFF-PEAK HOURS.

4 (B) (1) (I) AN INVESTOR-OWNED ELECTRIC COMPANY SHALL  
5 PROPOSE WITH EACH TARIFF OR TARIFFS REQUIRED UNDER SUBSECTION (A) OF  
6 THIS SECTION A REASONABLE ENROLLMENT TARGET TO TRY TO ACHIEVE BY  
7 JANUARY 1, 2028.

8 (II) THE INVESTOR-OWNED ELECTRIC COMPANY SHALL  
9 ATTEMPT TO ACHIEVE THE ENROLLMENT TARGET THROUGH A COMBINATION OF  
10 MARKETING, CUSTOMER EDUCATION, AND OTHER MEANS TO COMMUNICATE THE  
11 BENEFITS AND RISKS OF TIME-OF-USE RATES.

12 (2) (I) THE COMMISSION MAY REQUIRE AN INVESTOR-OWNED  
13 ELECTRIC COMPANY TO AUTOMATICALLY ENROLL IN A TIME-OF-USE TARIFF  
14 CUSTOMERS THAT RECEIVE AN INCENTIVE FROM THE INVESTOR-OWNED ELECTRIC  
15 COMPANY AS PART OF A BENEFICIAL ELECTRIFICATION PROGRAM.

16 (II) THE COMMISSION SHALL REQUIRE AN INVESTOR-OWNED  
17 ELECTRIC COMPANY TO PROVIDE TO CUSTOMERS THAT ARE AUTOMATICALLY  
18 ENROLLED IN A TIME-OF-USE TARIFF IN ACCORDANCE WITH SUBPARAGRAPH (I) OF  
19 THIS PARAGRAPH NOTICE AND AN OPPORTUNITY TO OPT OUT OF THE TIME-OF-USE  
20 TARIFF.

21 (C) ON OR BEFORE JULY 1, 2026, EACH INVESTOR-OWNED ELECTRIC  
22 COMPANY SHALL SUBMIT A REPORT TO THE COMMISSION EVALUATING:

23 (1) THE POTENTIAL TO AVOID OR DEFER ELECTRIC DISTRIBUTION  
24 SYSTEM CAPITAL PROJECTS THROUGH THE USE OF TIME-OF-USE RATES,  
25 DEMAND-RESPONSE AND DEMAND-SIDE PROGRAMS, AND RENEWABLE ON-SITE  
26 GENERATING SYSTEMS; AND

27 (2) THE MERITS AND FEASIBILITY OF TRANSITIONING ALL  
28 CUSTOMERS TO A TIME-OF-USE TARIFF ON AN OPT-OUT BASIS.

29 (D) IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE,  
30 ON OR BEFORE DECEMBER 31, 2027, THE COMMISSION SHALL SUBMIT A REPORT TO  
31 THE GENERAL ASSEMBLY ON:

32 (1) THE IMPACTS OF OPT-IN TIME-OF-USE TARIFFS ON THE  
33 ELECTRIC DISTRIBUTION SYSTEM;

1           **(2) THE TIMELINE, FEASIBILITY, AND MERITS OF TRANSITIONING ALL**  
2 **CUSTOMERS TO A TIME-OF-USE TARIFF ON AN OPT-OUT BASIS; AND**

3           **(3) WHETHER A FULL TRANSITION TO TIME-OF-USE RATES IS**  
4 **JUSTIFIED.**

5           **(E) AN INVESTOR-OWNED ELECTRIC COMPANY MAY RECOVER ALL**  
6 **REASONABLE AND PRUDENT COSTS, INCLUDING MARKETING COSTS, TO ACHIEVE ITS**  
7 **PROPOSED ENROLLMENT TARGETS AND EXECUTE ITS RESPONSIBILITIES IN**  
8 **ACCORDANCE WITH THIS SECTION.**

9           **(F) FOR GOOD CAUSE SHOWN, THE COMMISSION MAY DELAY FOR A**  
10 **REASONABLE PERIOD OF TIME THE DEADLINE FOR AN INVESTOR-OWNED ELECTRIC**  
11 **COMPANY TO COMPLY WITH THE PROVISIONS OF THIS SECTION.**

12           **(G) (1) A MUNICIPAL ELECTRIC UTILITY OR ELECTRIC COOPERATIVE**  
13 **MAY FILE WITH THE COMMISSION ONE OR MORE TIME-OF-USE TARIFFS IN THE**  
14 **SAME MANNER AS AN INVESTOR-OWNED ELECTRIC COMPANY UNDER THIS SECTION.**

15           **(2) IF A MUNICIPAL ELECTRIC UTILITY OR ELECTRIC COOPERATIVE**  
16 **ELECTS TO FILE WITH THE COMMISSION A TIME-OF-USE TARIFF UNDER THIS**  
17 **SECTION, THE PROVISIONS OF THIS SECTION THAT APPLY TO AN INVESTOR-OWNED**  
18 **ELECTRIC COMPANY SHALL ALSO APPLY TO THE MUNICIPAL ELECTRIC UTILITY OR**  
19 **ELECTRIC COOPERATIVE.**

20 **7-1004.**

21           **(A) ON OR BEFORE ~~APRIL~~ MAY 1, 2025, THE COMMISSION SHALL ADOPT**  
22 **REGULATIONS TO:**

23           **(1) ESTABLISH EXPEDITED PROCESSES FOR INTERCONNECTING THE**  
24 **FOLLOWING SYSTEMS TO THE ELECTRIC DISTRIBUTION SYSTEM:**

25           ~~**(1)**~~ **(I) BIDIRECTIONAL ELECTRIC VEHICLE SYSTEMS CAPABLE OF**  
26 **PROVIDING ELECTRICITY TO THE ELECTRIC DISTRIBUTION SYSTEM; AND**

27           ~~**(2)**~~ **(II) BIDIRECTIONAL ELECTRIC VEHICLE SYSTEMS THAT DO NOT**  
28 **PROVIDE ELECTRICITY TO THE ELECTRIC DISTRIBUTION SYSTEM BUT DO PROVIDE**  
29 **ELECTRICITY TO A HOME, BUSINESS, OR OTHER STRUCTURE SERVICED BY AN**  
30 **~~ELECTRIC~~ INVESTOR-OWNED ELECTRIC COMPANY; AND**

31           **(2) PROVIDE INVESTOR-OWNED ELECTRIC COMPANIES WITH**  
32 **ADEQUATE TIME TO ENSURE ELECTRIC DISTRIBUTION SYSTEM RELIABILITY IN**



1 ADVANCE OF THE INTERCONNECTIONS DESCRIBED IN ITEM (1) OF THIS  
2 SUBSECTION.

3 (B) AN ~~ELECTRIC~~ INVESTOR-OWNED ELECTRIC COMPANY:

4 (1) MAY REQUIRE A CUSTOMER TO PROVIDE NOTICE TO THE  
5 ~~ELECTRIC~~ INVESTOR-OWNED ELECTRIC COMPANY IF THE CUSTOMER INSTALLS A  
6 BIDIRECTIONAL ELECTRIC VEHICLE SYSTEM DESCRIBED IN SUBSECTION ~~(A)~~  
7 (A)(1)(II) OF THIS SECTION; ~~BUT AND~~

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

11 (2) SHALL REQUIRE A CUSTOMER TO APPLY FOR INTERCONNECTION  
12 IF THE CUSTOMER CONFIGURES A BIDIRECTIONAL ELECTRIC VEHICLE SYSTEM TO  
13 PROVIDE ELECTRICITY TO THE ELECTRIC DISTRIBUTION SYSTEM.

14 (C) A MUNICIPAL ELECTRIC UTILITY OR AN ELECTRIC COOPERATIVE MAY  
15 COMPLY WITH THE REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION IN THE  
16 SAME MANNER AS AN INVESTOR-OWNED ELECTRIC COMPANY.

17 7-1005.

18 (A) ~~(1)~~ THE COMMISSION SHALL DEVELOP A PROGRAM FOR EACH  
19 ~~ELECTRIC~~ INVESTOR-OWNED ELECTRIC COMPANY TO ESTABLISH A PILOT PROGRAM  
20 OR TEMPORARY TARIFF TO COMPENSATE OWNERS AND AGGREGATORS OF  
21 DISTRIBUTED ENERGY RESOURCES FOR ELECTRIC DISTRIBUTION SYSTEM SUPPORT  
22 SERVICES ~~ON A PAY FOR PERFORMANCE BASIS~~ THROUGH AN INCENTIVE  
23 MECHANISM DETERMINED BY THE COMMISSION.

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

27 (B) (1) (I) ON OR BEFORE JULY 1, 2025, EACH ~~ELECTRIC~~  
28 INVESTOR-OWNED ELECTRIC COMPANY SHALL SUBMIT TO THE COMMISSION FOR  
29 APPROVAL A PILOT PROGRAM OR TEMPORARY TARIFF FOR ELECTRIC  
30 DISTRIBUTION SYSTEM SUPPORT SERVICES THAT PROVIDES REASONABLE  
31 COMPENSATION ~~ON A PAY FOR PERFORMANCE BASIS TO RENEWABLE ON-SITE~~  
32 GENERATING SYSTEMS THROUGH A MECHANISM DETERMINED BY THE  
33 COMMISSION.

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

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

12           (2) (I) A MUNICIPAL ELECTRIC UTILITY OR AN ELECTRIC  
 13 COOPERATIVE MAY ESTABLISH A PILOT PROGRAM, TEMPORARY TARIFF, OR  
 14 PERFORMANCE MECHANISM UNDER THIS SECTION.

15           (II) IF A MUNICIPAL ELECTRIC UTILITY OR ELECTRIC  
 16 COOPERATIVE ESTABLISHES A PILOT PROGRAM, TEMPORARY TARIFF, OR  
 17 PERFORMANCE MECHANISM UNDER THIS SECTION, THE PROVISIONS OF THIS  
 18 SECTION AND §§ 7-1006 AND 7-1007 OF THIS SUBTITLE THAT APPLY TO AN  
 19 INVESTOR-OWNED ELECTRIC COMPANY SHALL ALSO APPLY TO THE MUNICIPAL  
 20 ELECTRIC UTILITY OR ELECTRIC COOPERATIVE.

21           (C) (1) NOTWITHSTANDING ANY PROVISION OF THIS SUBTITLE, AN  
 22 INVESTOR-OWNED ELECTRIC COMPANY MAY PROPOSE AND SUBMIT TO THE  
 23 COMMISSION A PERFORMANCE MECHANISM TO COVER THE COST OF USING  
 24 DISTRIBUTED ENERGY RESOURCES OR AN AGGREGATOR OF DISTRIBUTED ENERGY  
 25 RESOURCES UNDER THIS SUBTITLE.

26           (2) THE COMMISSION MAY APPROVE A PERFORMANCE MECHANISM  
 27 SUBMITTED UNDER PARAGRAPH (1) OF THIS SUBSECTION IF THE COMMISSION  
 28 DETERMINES THAT THE PERFORMANCE MECHANISM IS IN THE PUBLIC INTEREST.

29           (D) (1) ~~ON OR BEFORE OCTOBER 1, 2025, THE~~ THE COMMISSION SHALL  
 30 APPROVE, DENY, OR APPROVE WITH AMENDMENTS A PILOT PROGRAM OR  
 31 TEMPORARY TARIFF SUBMITTED UNDER THIS SECTION FOR EACH ~~ELECTRIC~~  
 32 INVESTOR-OWNED ELECTRIC COMPANY IN AN EXPEDITED MANNER.

33           (2) ~~THE COMMISSION SHALL~~ IF THE COMMISSION DETERMINES THAT  
 34 TRANSITIONING A PILOT PROGRAM OR TEMPORARY TARIFF TO A PERMANENT  
 35 PROGRAM OR TARIFF IS IN THE PUBLIC INTEREST, THE COMMISSION MAY  
 36 ESTABLISH A PROCESS FOR AN ~~ELECTRIC~~ INVESTOR-OWNED ELECTRIC COMPANY

1 TO TRANSITION A PILOT PROGRAM OR TEMPORARY TARIFF TO A PERMANENT  
2 PROGRAM OR TARIFF FOR ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES.

3 (3) ~~EACH~~ IF THE COMMISSION DETERMINES THE TRANSITION TO A  
4 PERMANENT PROGRAM OR TARIFF IS IN THE PUBLIC INTEREST, EACH CUSTOMER  
5 PARTICIPATING IN A PILOT PROGRAM OR TEMPORARY TARIFF APPROVED UNDER  
6 PARAGRAPH (1) OF THIS SUBSECTION ~~SHALL~~ MAY BE TRANSITIONED TO A  
7 PERMANENT PROGRAM OR TARIFF FOR ELECTRIC DISTRIBUTION SYSTEM SUPPORT  
8 SERVICES WHEN THE PROGRAM OR TARIFF IS APPROVED BY THE COMMISSION.

9 (E) (1) THE COMMISSION MAY ALLOW THE ENERGY GENERATED BY A  
10 RENEWABLE ON-SITE GENERATING SYSTEM THAT PROVIDES ELECTRIC  
11 DISTRIBUTION SYSTEM SUPPORT SERVICE UNDER A PILOT PROGRAM OR  
12 TEMPORARY TARIFF APPROVED UNDER SUBSECTION (D)(1) OF THIS SECTION TO  
13 COUNT TOWARDS THE ~~ELECTRIC~~ INVESTOR-OWNED ELECTRIC COMPANY'S  
14 GREENHOUSE EMISSIONS REDUCTION GOALS UNDER § 7-211 OF THIS TITLE.

15 (2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE  
16 CUMULATIVE ENERGY STORAGE CAPACITY OF ANY ENERGY STORAGE DEVICES  
17 INSTALLED ON A CUSTOMER'S PROPERTY IN ACCORDANCE WITH THIS SUBTITLE  
18 SHALL COUNT TOWARDS THE TARGETS ESTABLISHED UNDER § 7-216.1 OF THIS  
19 TITLE.

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

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

24 2. MOBILE ENERGY STORAGE DEVICES.

25 (F) THE CUMULATIVE NAMEPLATE CAPACITY OF RENEWABLE ON-SITE  
26 GENERATING SYSTEMS PARTICIPATING IN A PILOT PROGRAM OR TEMPORARY  
27 TARIFF APPROVED UNDER THIS SECTION MAY NOT EXCEED 2% OF THE  
28 INVESTOR-OWNED ELECTRIC COMPANY'S HIGHEST RECORDED COINCIDENT PEAK  
29 DEMAND.

30 7-1006.

31 (A) (1) THE COMMISSION MAY APPROVE OR REQUIRE AN  
32 INVESTOR-OWNED ELECTRIC COMPANY TO OFFER UPFRONT INCENTIVES OR  
33 REBATES TO CUSTOMERS TO ACQUIRE AND INSTALL RENEWABLE ON-SITE  
34 GENERATING SYSTEMS IF THE CUSTOMER:

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

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

6 (2) THE COMMISSION MAY:

7 (I) AUTHORIZE OR REQUIRE AN INVESTOR-OWNED ELECTRIC  
8 COMPANY TO PROVIDE AN ADDITIONAL INCENTIVE OR REBATE FOR LOW- OR  
9 MODERATE-INCOME CUSTOMERS WHO APPLY FOR AN INCENTIVE OR REBATE  
10 UNDER THIS SECTION; AND

11 (II) REQUIRE AN INVESTOR-OWNED ELECTRIC COMPANY TO  
12 PRIORITIZE THE OFFER OF INCENTIVES OR REBATES UNDER THIS SECTION TO  
13 LOW- OR MODERATE-INCOME CUSTOMERS.

14 (B) IN DETERMINING WHETHER TO REQUIRE AN INVESTOR-OWNED  
15 ELECTRIC COMPANY TO OFFER AN INCENTIVE OR REBATE UNDER THIS SECTION,  
16 THE COMMISSION SHALL CONSIDER:

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

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

21 (3) THE POTENTIAL FOR ~~ELECTRIC~~ INVESTOR-OWNED ELECTRIC  
22 COMPANIES TO REDUCE EXPENSES RELATING TO ELECTRIC DISTRIBUTION SYSTEM  
23 INFRASTRUCTURE BY LEVERAGING CUSTOMERS' ON-SITE GENERATING SYSTEMS.

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

27 (D) THE COMMISSION SHALL CONSULT WITH THE MARYLAND ENERGY  
28 ADMINISTRATION, WHEN APPROVING OR REQUIRING AN INCENTIVE OR REBATE  
29 UNDER THIS SECTION, TO ENSURE THAT THE INCENTIVE OR REBATE IS DESIGNED  
30 TO SUPPLEMENT, TO THE GREATEST EXTENT POSSIBLE, OTHER AVAILABLE STATE  
31 AND FEDERAL INCENTIVES FOR CUSTOMER ADOPTION OF RENEWABLE ON-SITE  
32 GENERATING SYSTEMS.

33 7-1007.

1 (A) AN ~~ELECTRIC~~ INVESTOR-OWNED ELECTRIC COMPANY MAY RECOVER  
2 ALL REASONABLE COSTS INCURRED IN:

3 (1) PARTICIPATING IN A ~~PILOT PROGRAM OR TEMPORARY TARIFF~~  
4 AND ADMINISTERING A PROGRAM UNDER § 7-1005 OF THIS SUBTITLE; AND

5 (2) OFFERING AN UPFRONT INCENTIVE OR REBATE UNDER § 7-1006  
6 OF THIS SUBTITLE.

7 (B) TO THE EXTENT FEASIBLE, THE COSTS LISTED IN SUBSECTION (A) OF  
8 THIS SECTION SHALL BE RECOVERED BY THE ~~ELECTRIC~~ INVESTOR-OWNED  
9 ELECTRIC COMPANY WITHIN THE CALENDAR YEAR IN WHICH THOSE COSTS WERE  
10 INCURRED.

11 (C) NOTWITHSTANDING ANY PROVISION OF THIS SUBTITLE, AN ~~ELECTRIC~~  
12 INVESTOR-OWNED ELECTRIC COMPANY MAY PURSUE AND USE A PERFORMANCE  
13 INCENTIVE MECHANISM TO COVER THE COST OF USING DISTRIBUTED ENERGY  
14 RESOURCES OR AN AGGREGATOR OF DISTRIBUTED RESOURCES UNDER THIS  
15 SUBTITLE.

16 ~~7-1008.~~

17 (A) ~~THIS SECTION APPLIES ONLY TO AN ELIGIBLE CUSTOMER-GENERATOR~~  
18 ~~THAT IS:~~

19 (1) ~~PARTICIPATING IN AN ELECTRIC COMPANY'S NET ENERGY~~  
20 ~~METERING PROGRAM; AND~~

21 (2) ~~USING AN ENERGY STORAGE DEVICE THAT:~~

22 (I) ~~IS CHARGED ONLY FROM THE ELIGIBLE~~  
23 ~~CUSTOMER-GENERATOR'S GENERATING FACILITY THAT CREATES NET EXCESS~~  
24 ~~GENERATION; OR~~

25 (H) ~~ACCRUES NET EXCESS GENERATION ONLY FOR ENERGY~~  
26 ~~CREATED BY AN ON-SITE ENERGY GENERATING SYSTEM.~~

27 (B) ~~THE DISPATCH OF ENERGY FROM AN ENERGY STORAGE DEVICE TO THE~~  
28 ~~ELECTRIC DISTRIBUTION SYSTEM UNDER A PILOT PROGRAM OR TEMPORARY~~  
29 ~~TARIFF ESTABLISHED UNDER § 7-1005 OF THIS SUBTITLE MAY NOT BE CONSIDERED~~  
30 ~~DUPLICATIVE OF ANY VALUE REALIZED BY THE ELIGIBLE CUSTOMER-GENERATOR~~  
31 ~~THROUGH NET ENERGY METERING.~~

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

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.