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PUBLIC SERVICE COMMISSION

September 13, 2006

NOTICE ESTABLISHING DEMAND RESPONSE/DISTRIBUTED GENERATION WORKING GROUP

To: Service List in Case Nos. 8908, 9059 and All Regulated Gas and Electric Companies

In the Phase II settlement agreement accepted by the Public Service Commission (“Commission”) in Case No. 8908 on September 30, 2003,¹ the parties to the settlement agreement agreed to the establishment of a working group:

to continue to explore the development, consistent with the terms set forth in the Phase I and Phase II Settlements, of one or more Experimental Demand Response Services (“EDRS”) that may be offered, as an optional service, to residential and eligible non-residential customers. Representatives of the Settling Parties and any other interested persons (the “Other Services Workgroup”) will continue to meet to monitor ongoing EDRS pilot programs, and related developments in Maryland and other jurisdictions, and may make recommendations to the Commission with respect to EDRS as are deemed appropriate by the workgroup or its members. The Other Services Workgroup will report back to the Settling Parties and the Commission at least annually for the duration of each Utility’s Residential and Type I SOS Service Periods, with the first such report on EDRS due ninety (90) days after Commission approval of this Phase II Settlement. After the second annual report, the Other Services Workgroup will advise the Commission as to whether the group needs to continue to meet and report.

On February 10, 2006, Comverge, Inc. (“Comverge”), a demand response service provider, suggested (in Maillog #100514) that the Commission review certain materials pertaining to the potential for demand response initiatives, including smart thermostats. Comverge also indicated its willingness to participate in the demand response working group contemplated in the Phase II settlement agreement.

In comments filed on August 28, 2006, the Commission’s Technical Staff (“Staff”) recounted the Phase II settlement agreement provision reprinted above. It also described the Commission’s current involvement in the Mid-Atlantic Distributed Resources Initiative (“MADRI”), an effort to identify and remedy retail barriers to the deployment of distributed generation, demand response and energy efficiency measures.

¹ See Order No. 78710, 94 MdPSC 286.

Staff concluded its comments with a recommendation that the Commission establish a demand response working group to explore the initiatives contemplated in the Phase II settlement agreement, including smart thermostats for gas and electric applications. Noting that a recommendation is pending in Case No. 9059² for the establishment of a working group to identify the costs and benefits of time-based metering and communication standards, Staff advised the Commission that the two working groups, if established, will need to coordinate their efforts to avoid duplication.

Upon consideration of the Phase II settlement agreement, Comverge's letter, and Staff's comments, the Commission hereby establishes a Demand Response and Distributed Generation ("DRDG") Working Group. The Commission directs it to discuss and make recommendations to the Commission on existing demand response and distributed generation capabilities in Maryland and the extent to which additional demand response and distributed generation capabilities can be created in the State, including smart thermostats for both gas and electric applications. The Working Group also shall review MADRI's efforts to date and advise the Commission of any MADRI recommendations worthy of implementation in Maryland.

The Commission is sending a copy of this Notice to the service list for Commission Case Nos. 8908 and 9059 and all regulated gas and electric companies in the State. Stakeholders interested in participating in the DRDG Working Group shall advise the Commission's Executive Secretary in writing (an original and 14 copies) on or before September 27, 2006. Shortly thereafter, the Commission will designate a facilitator for the Working Group and set reporting timeframes.

By Direction of the Commission,

O. Ray Bourland
Executive Secretary

ORB:lvs

² *In the Matter of the Inquiry into Time-Based Metering and Communication Standards Under Title VII, Subtitle E, Energy Policy Act of 2005 (15 USC § 2621).*