

Maryland Update

MADRI

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- Distributed Generation Work Group
- Gap RFP for demand response
- EmPower Maryland EE&C programs
- Decoupling
- Implementation of mass market direct load control
- Smart grid/meter pilots and filings

Distributed Generation Work Group Report

- New emergency generator environmental regulations near final adoption
 - No running limit for EG participating in PJM emergency DR program(s) – including required testing
 - 10 hour limit for non-compliant (environmental) operation including PJM economic DR programs
- Education effort on new DR opportunities resulting from regs targeted to CSPs, equipment vendors and servicers and customers
 - FAQ developed by MD Dept. of Environment
 - Workshop for target audience

DG WG Report

- Utility standby/backup service principles to be followed in a rulemaking
 - Generation and transmission rates same as otherwise applicable default service rate class (or under contract with retail supplier) applied to grid energy and/or demand taken from grid
 - Customer chooses level of “full service” demand and standby “contract capacity” demand (demand normally served by self generation or other non-grid energy source)
 - Likely to be CHP self generation, but could be a process or energy use (such as steam powered chiller) with grid electric backup
 - Excludes emergency generation
 - Full service rates same as otherwise applicable rates plus any incremental meter, interconnection or data related cost needed to support DR or energy management
 - Standby demand rate based on distribution diversity and reliability of customer owned generation or alternative energy use – should be no higher than and probably lower than full service rate

DG WG Report

- Utility standby/backup service principles, cont.
 - Contract capacity ratchet if standby demand exceeds contract capacity during prior 12 months
 - Penalties for unscheduled/unplanned/not-negotiated use of standby
 - Special contracts (PSC approval required) permitted to address specific circumstances
 - Work Group disagreement on terms and conditions for customers with existing special contracts or taking service under existing standby tariffs (to be resolved by PSC)
 - Alternative 1: Incumbent standby customers continue to take service under pre-existing terms and conditions but closed to new customers
 - Alternative 2: All incumbent standby customers moved to new tariffs, terms and conditions

DG WG Report

- Rulemaking can include gas LDC tariff revisions
 - Revised C&I rate design or tariff rider recognizing high load factors
 - Current Maryland service extension or modification charges practice already recognizes likely higher LDC revenue for high load factor
- Electric utility C&I program with incentives for CHP or other alternate fuel measures
 - Contribute to EmPower MD usage and demand reduction targets (and GHG legislation currently under consideration)
 - Developed using same cost effectiveness and related analysis as other EmPower Maryland EE&C and DR programs
 - Program cost recovery same as other EE&C and DR programs

Case # 9149 GapRFP

- Concern about potential reliability shortfall in eastern PJM 2011-2014 timeframe
- “Find” existing or readily installed C&I DR resources (most likely emergency generators) not currently bid into RPM
- Utilities contract with CSPs through competitive RFP to insure predictable capacity payments
 - Contract for differences between bid price and actual BRA payments
- Commission evaluated cost of contracts relative to reliability risk – including likely RPM price mitigation due to additional DR bid into RPM
- Total bids approximately 550 MW
- Commission ordered utilities to contract for 400 MW
 - All customers will pay net cost (or receive net credit) based on peak load shares
 - Estimated bill impact no more than 15 cents/month for most residential customers – cheap or no cost (capacity price mitigation) reliability insurance

EmPower Maryland Programs

- Traditional cost effectiveness and equity of opportunity for program participation key evaluation criteria
- BGE programs approved 12/31/08 with some minor “tweaks”
- Remaining 4 of 5 largest EDCs need final approval
 - Refine costs based on actual RFPs
 - Various program enhancements required generally based on BGE as model
 - Filings 3/31/09
- Based on 9/08 filings savings compared to 2007 actual:
 - Per capita kWh usage reduced by 3% in 2011 and 7.5% in 2015 (roughly 60% of statutory goals)
 - Per capita kW reduced by 10% in 2011 and 15% 2015 (equal or exceeding statutory goals)
 - Doesn’t include GapRFP or savings outside of utility programs (CSPs, ESPs)
 - Should be higher after enhancements required in 3/31/09 filings

Decoupling

- “Per customer usage” based decoupling (BGE gas model presented to MADRI in 2005) is defacto Maryland policy
- In effect for
 - Electric: BGE, DPL, Pepco
 - Gas: BGE, WGL
- Likely to be approved when requested by other utilities implementing EE&C programs
 - AP and SMECO intend to file sometime soon for their decoupling

Mass Market Direct Load Control

- Estimated load reductions included in EmPower estimates
- BGE, Pepco, DPL and SMECO programs in effect this summer
 - Major media campaigns
 - Major effort to deploy smart thermostats and load controls switches (customer's option whether they prefer stat or outside switch)
- Likely 75% of estimated reductions bid into RPM, rest will participate in ILR (if available) or incremental RPM auctions

Smart Grid

- BGE AMI pilot results should be filed in April
- Pepco proposed “Smart Community” pilot
 - Scheduled for PSC consideration 4/15
- AP proposed “Advanced Utility Infrastructure” pilot proposal delayed
- PHI (DPL and Pepco) asking for expedited approval of regulatory asset for full AMI deployment