

ORDER NO. 92520

Electric System Planning for Maryland	*	BEFORE THE
Electric Utilities	*	PUBLIC SERVICE COMMISSION
	*	OF MARYLAND
	*	_____
	*	Case No. 9665
	*	_____
Interconnection Workgroup and the	*	
Implementation of FERC Order No. 2222	*	Case No. 9778
and Retail Grid Services in Maryland	*	
	*	_____

Issue Date: July 10, 2026

**ORDER ON THE MARYLAND ENERGY ADMINISTRATION PETITION
FOR ADOPTION OF A UNIFIED COST CONTROL AND GRID
OPTIMIZATION REGULATORY STRATEGY**

On June 30, 2026, the Maryland Energy Administration (“MEA”) filed a Petition for Adoption of a Unified Cost Control and Grid Optimization Regulatory Strategy (“Petition”).¹ Having considered the Petition, the Commission directs the electric companies and stakeholders to provide responses as discussed below.

I. Background

Pursuant to Executive Order 01.01.2025.27 Building an Affordable and Reliable Energy Future, (“Executive Order”), in section E(2) at page 5, the Maryland Energy Administration (MEA) is petitioning the Commission to “adopt a regulatory strategy that prioritizes flexible, optimized, lower-cost grid solutions over expensive capital projects.” The Executive Order further states that “the petition may suggest a cost recovery structure that

¹ Maillog No. 331596.

includes performance incentive mechanisms (“PIMs”) that directly tie utility cost recovery to specific outcomes, including, but not limited to:

- (a) Interconnection Speed—Metrics to accelerate the deployment of new resources, promote flexible interconnection, and align interconnection practices with a modern grid management system that includes virtual power plants at the distribution and bulk wholesale levels;
 - (b) Customer Affordability—Metrics to support consumer affordability and control overall bill impacts; and
 - (c) Non-Wires Alternatives (NWAs)—A unified framework for requiring utilities to evaluate and implement flexible Non-Wires Alternatives in all relevant infrastructure planning cases.
- (1) The petition shall recommend a consistent benefit cost framework to prioritize lower-cost grid solutions over expensive capital projects.”

“MEA echoes the call of the Governor's Executive Order for swift, unified cost control and grid optimization measures. Therefore, MEA concludes that structured, focused attention on cost containment is necessary while the Commission and stakeholders manage numerous overlapping dockets, rulemakings, and mandates—all of which have various goals and deadlines.”² Given that Maryland and the broader PJM region are anticipating significant load growth for the first time in decades, this forecasted growth presents an opportunity to address affordability by ensuring new load does not exacerbate peaks and can be served without significant additional infrastructure. MEA states that “continuing a “business as usual” response to system maintenance and load growth will unnecessarily increase utility spending on peak loads and drive-up system costs. In contrast, a specific cost control approach focused on grid utilization and DER integration will ensure new infrastructure is built only when truly needed.”³ MEA further states that this cost control approach can be treated as a subset of the current Electric System Planning (“ESP”) docket or as its own standalone docket. “MEA, in a

² Petition at 2.

³ *Id.* at 3.

number of dockets, is advocating for the Commission to align utility investments with State policy goals through four key pillars:

- (1) a comprehensive Distributed Energy Resource (“DER”) roadmap – which includes the deployment and scaling of dynamic flexible interconnection as a first step – to prevent siloed grid modernization spending;
- (2) a robust data sharing platform to empower third-party innovation and customer choice;
- (3) a performance accountability framework based on tracking metrics to lay the groundwork for future [PIMs]; and
- (4) a transparent grid utilization framework that calls for utilities to provide quantitative analysis and other measures to support efficient integration of new load and non-wires solution (“NWS”) evaluations.”⁴

MEA notes that the Commission has a number of dockets and workgroups already addressing many of these issues and therefore, is not asking for separate Commission action on those items. “Thus, this Petition focuses on the Executive Order’s directive to consider the following:

- (1) customer affordability metrics, which MEA interprets as a performance accountability/PIM framework that focus Commission attention on two key affordability drivers to reduce rate base growth: (1) DER integration as a lower-cost alternative to infrastructure spending; and (2) grid utilization to deliver greater value out of our existing grid infrastructure; and
- (2) an NWS/grid utilization framework [.]”⁵

Regarding customer affordability, MEA specifically requests a performance accountability metrics framework that supports DER integration and grid utilization.⁶ “MEA supports a cost recovery structure that can tie utility performance to specific outcomes that reflect State goals centered on affordability and grid modernization. While Maryland is not yet ready for binding financial PIMs, the Commission should—in a separate proceeding or as a

⁴ *Id.* at 3-4.

⁵ *Id.* at 4.

⁶ *Id.* at 5.

subset of the ESP [“Electric System Planning Work Group”] – direct utilities to report on tracking core topic areas to create a baseline for possible future PIM proceedings.”⁷

“MEA’s identified topic areas focus attention on two key affordability drivers to reduce rate base growth: (1) DER integration as an alternative to infrastructure spending; and (2) grid utilization to deliver greater value out of our existing grid infrastructure.”⁸ Specifically, MEA provides a list of the metrics to support a customer affordability framework on pages 7 through 10 of its Petition that are paraphrased or summarized below.

- (1) “DER Dispatch (“Flex”) Technology Readiness Index: Measuring feeder-level technical capability to support DER dispatch;
- (2) Grid Utilization Metrics: Assessing the current electric distribution and transmission system performance as compared with optimal utilization of existing electric grid assets, in order to establish data indicating how much of the current grid is actually being used at a given time and location;
- (3) Complete NWS Screening and Identification: Documenting historical peak loading and estimated costs for deferred capital projects. Rigorous NWS screening ensures that utilities must demonstrate capital spending is the least-cost option before adding new capacity expansion costs to the rate base;
- (4) Flexible Interconnection Process Readiness: Tracking implemented criteria that permit DER interconnection under flexible operating conditions;
- (5) Interconnection Process Timeliness: Monitoring average days to complete milestones by project size;
- (6) Data Access & Forecasting Transparency: Reporting machine-readable hourly historical and forecast load profiles. Transparent, machine-readable load data

⁷ *Id.* at 6.

⁸ *Id.*

enables third-party developers to identify where DER can provide the greatest value and design programs accordingly;

- (7) Reliability and Resilience Indices: Mapping location-specific reliability metrics such as SAIFI, SAIDI and CAIDI to capital investment categories. Mapping reliability indices to investment categories reveals whether utility capital spending is prioritizing feeders/substations with the greatest need; and
- (8) Holistic Benefit-Cost Analysis (“BCA”): Identifying all material benefits, including DER hosting capacity and environmental impacts, consistent with the developing MD-Unified BCA (“UBCA”) framework.”

MEA also suggests the Commission establish a more robust grid utilization/NWS framework.⁹ MEA further “requests that the Commission use this proceeding or a subset of the ESP process to require full and transparent documentation of [the following items on page 12 of MEA’s Petition as paraphrased or summarized below]:

- (1) a formal Non-Wires Solution screening framework consistent with the “short list” metrics in the ESP and industry best practices;
- (2) an 8760 Hourly Constraint Analysis for all capacity-driven investments, identifying hours-at-risk and the load characteristics that would need to be addressed by any alternative solution;
- (3) require BCA for Capacity Investments; and
- (4) require an assessment of current and post-construction localized assessment rates for capacity-driven investments.

MEA requests on page 13 of its Petition that within 60 days of a Commission Order on MEA’s Petition, that electric utilities shall respond to a list of questions in Appendix I of its

⁹ *Id.* at 11.

Petition regarding operationalizing cost containment; load management to serve system load without increasing system costs; organizational change management to ensure that flexibility, NWSs and grid utilization are considered equally (or ahead) of infrastructure solutions; and other cost containment activities and priorities the utilities are currently undertaking related to managing drivers of utility rate increases. MEA recommends further next steps after the receipt of the utilities responses including proposals for streamlining Commission dockets and processes to encourage grid utilization and cost containment, a statewide reporting template to for tracking and reporting of certain topics in MEA's Petition and full and transparent documentation of system constraints and consideration of non-wires solutions for all capacity expansion projects in future rate cases.

MEA's Petition also "seeks comments from utilities and other stakeholders on other or additional cost containment strategies."¹⁰

II. Commission Decision

The Commission agrees with MEA's Petition to further explore proposals for a unified cost control and grid optimization regulatory strategy that prioritizes flexible, optimized, lower-cost grid solutions over expensive capital projects. As MEA notes in its Petition, the Commission has a number of dockets and workgroups already addressing many of these issues, but there may be additional opportunities to develop a performance accountability/PIM framework based on customer affordability metrics that focus on key affordability drivers to reduce rate base growth and an NWS/grid utilization framework.

The Commission also concludes that the bulk of MEA's Petition should be considered within the ESP Work Group with the exception of improvements to interconnection speed and implementation of dynamic flexible interconnection, which are within the scope of the

¹⁰ *Id.* at 4.

Interconnection Work Group. However, the Commission desires to hear from stakeholders and utilities first before providing further direction to these Work Groups regarding MEA's Petition.

IT IS, THEREFORE, this 10th day of July, in the year Two Thousand Twenty-Six, by the Public Service Commission of Maryland, **ORDERED**:

(1) that within 60 days of the issuance of this Order, the electric companies shall respond to a list of questions in Appendix I of MEA's Petition; and

(2) that other stakeholders and utilities are invited to offer comments on MEA's Petition and also propose additional cost containment strategies that should be considered by the Commission.

/s/ Kumar P. Barve

/s/ Frederick H. Hoover, Jr.

/s/ Bonnie A. Suchman

/s/ Odogwu Obi Linton

/s/ Ryan C. McLean

Commissioners