POWER ADVISORY

## ISSUANCE OF DRAFT REQUEST FOR APPLICATIONS: COMMENTS DUE DECEMBER 11, 2025

Attached hereto is a draft of the Request for Applications for Transmission-Connected Energy Projects (RFA) issued pursuant to Next Generation Energy Act (NGEA). This RFA is being issued to secure stakeholder feedback in an effort to ensure that the RFA best serves the goals of the NGEA. We request comments on the draft RFA by December 11th to allow time for the issuance of the final RFA on or before January 1, 2026.

We encourage stakeholders to provide the rationale for their comments and any proposed revisions recognizing the aggressive schedule for project commercial operation dates and cost-effectiveness of Applications specified in the NGEA. Areas of particular interest include: (1) the risk allocation including provisions regarding capacity performance obligations, capacity accreditation, and PJM market participation requirements; (2) the appropriate discount rate for the benefit-cost analyses, recognizing that Maryland Unified Benefit-Cost Analysis (UBCA) Framework for Distributed Energy Resources provides for a 2% discount rate; and (3) the proposed treatment of Good Cause Shown.

# State Of Maryland
# Public Service Commission

# Request for Applications (RFA): Transmission Connected Energy Storage - Round 1

# Issued pursuant to Next Generation Energy Act

Issue Date: XX X,202X

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Deadline to Request Confidential ShareFile Link: February 23, 2026 at 5:00pm ET

Application Submission Deadline: March 2, 2026 at 4:00pm ET

The Maryland Public Service Commission (the Commission) seeks to consider Applications for transmission-connected energy storage projects offering Energy Storage Capacity Credit (ESCC) Price Schedules that meet the Eligibility Requirements described in this Request for Applications (RFA). Interested parties (Applicants) are encouraged to submit Applications for proposed Projects in Round 1 to be reviewed and selected by the Commission in consultation with the RFA Administrator (Power Advisory).

Responses to this RFA will be reviewed through a two-step process, consisting of:

1. Assessment of Administrative Completeness: A qualifying step through which the RFA Administrator will recommend to the Commission whether an Application meets the Eligibility Requirements. Only Applications that have been found to be administratively complete by the Commission will progress to the Application Evaluation step.

2. Application Evaluation: Applications are evaluated using a benefit-cost analysis (BCA) to evaluate their cost effectiveness and various non-price evaluation criteria to assess their development risks, viability, and system and broad-based benefits.[1]

Applicants shall submit their Applications through their individual confidential ShareFile links by **March 2, 2026 by no later than 4:00pm ET**. The RFA Administrator will be available to answer questions up to seven days prior to the Application Submission Deadline. Applicants will abide by the communication protocol outlined in Section 6.

Prospective Applicants are encouraged to monitor the NGEA RFA website for any updates to the RFA or RFA timeline.

Considering the RFA Administrator's recommendations, the Commission will make a final determination and issue an Order as to whether Applications are administratively complete and may deem certain Applications as administratively complete subject to conditions imposed by the Commission.

The RFA Administrator will conduct a detailed evaluation of the Applications that are determined by the Commission to be administratively complete, including a BCA along with a non-price evaluation, as detailed in Sections 4 and 5 of the RFA. The RFA Administrator will make recommendations to the Commission based on its evaluation, aiding in the Commission's selection of Applications.

The Commission will hold legislative-style hearings in the Administrative Docket PC 75 and provide an opportunity for parties to the proceeding to seek discovery.[2] The Commission will also hold public "comment" hearings to provide an opportunity for the public to offer comment and feedback on the Applications received. The Commission will issue an Order under the Administrative Docket PC 75 approving one or more Applications by October 1, 2026. Applicants are encouraged to monitor Administrative Docket PC 75 for any updates about the Commission's process and timelines.

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[1] The NGEA references a cost-benefit analysis. BCA is used in this RFA because a benefit-cost ratio of greater than one indicates that an Application is cost-effective to customers and the results of this metric are easier to interpret.

[2] See Administrative Docket PC 75 "Next Generation Energy Act Requirements for Transmission Connected Energy Storage", found on the Maryland Public Service Administrative Docket Search, under Public Conference: https://webpscxb.psc.state.md.us/DMS/administrative-docket.

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## TABLE OF EQUATIONS, FIGURES AND TABLES



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## Acronyms and Definitions

Applicant – The business entity that submits an Application in response to this RFA.

Application Window – The period in which Applicants may submit Applications, initiated by the release of this RFA and ending with the Application Submission Deadline.

Application Submission Deadline – The date by which Applications must be submitted to the RFA Administrator.

Commercial Operation Date – The date at which the Project first achieves a state of operational readiness under which (a) the Project has been mechanically constructed and interconnected; (b) power capacity is available to physically store and discharge electric energy to the point of interconnection and qualify for the receipt of ESCC Payments; and (c) all rights, abilities, permits and approvals to schedule and deliver energy to the point of interconnection have been obtained.

Benefit Cost Analysis (BCA) – The evaluation framework outlined in Section 4 for assessing the relative cost effectiveness of Applications received.

Community Benefit Agreement (CBA) – The agreement consistent with Public Utilities Article, § 7-1202, Annotated Code of Maryland, executed by the owner of a Project with the local host community representatives and local government defining how the owner of the Project will create opportunities for local, small, minority, women-owned, and veteran-owned businesses, and provide career and skills training programs and include project safety requirements.

Duration – Number of hours the energy storage device is capable of dispatching energy at its nameplate capacity without recharging.

Effective Load Carrying Capability (ELCC) – Metric measuring the reliability contribution of a given resource to the electricity grid.

Electric Company – A company that physically transmits or distributes electricity in the State to a retail electricity customer.

Electricity Supplier – An electric company, aggregator, broker, or retail supplier that provides electricity to a customer.

Eligibility Requirements – Minimum threshold requirements that Applications must meet to be considered administratively complete.

Energy Storage Capacity Credits (ESCC) – The effective nameplate capacity provided by an energy storage device participating in this RFA.

ESCC Payment Rate – The annual price of capacity credits, in $/MW-year paid over the ESSC Term.

Energy Storage Capacity Credits Price Schedule (ESCC Price Schedule) – The price schedule of capacity credits over the ESCC Term.

Energy Storage Capacity Credits Term (ESCC Term) – The number of years over which the ESCC Price Schedule shall apply.

Escrow Account – The financial account used by the Escrow Administrator to receive and distribute PJM Base Residual Auction (BRA) revenue and ESCC payments to the Project owner(s), Electricity Suppliers and Electric Companies.

Escrow Administrator – The third-party institution that manages the receipt and distribution of capacity revenues from PJM and payments to and from the energy storage device owners and Maryland Electricity Suppliers through the Escrow Account.

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Force Majeure events – Extraordinary acts, events or circumstances for extended duration beyond the control of developer that directly prevents it from progressing a proposed Project (i.e., the Project achieving commercial operation and delivering capacity services).

Good Cause Shown – Events beyond the developer's reasonable control that materially delay a critical path milestone: (1) PJM's interconnection queue; (2) the issuance of permits; (3) delivery of critical project components with long lead times; (4) utility construction of interconnection facilities and network upgrades; and (5) demonstrable Force Majeure events.

Memorandum of Understanding (MOU) – Non-legally binding agreement establishing the intent, good-faith efforts and cooperation of the Project owner and other parties such as the Commission, host communities, or labor organizations to accomplish stated goals.

MW or MWac – A megawatt of energy storage nameplate capacity. The MW rating of an energy storage project reflects the maximum power capacity or the maximum amount of power that the device can deliver instantaneously.

MWh – A megawatt-hour of electric energy. The MWh of an energy storage project reflects the maximum energy capacity or the total amount of energy that the device can store over a period of time, as measured in hourly increments.

Nameplate Capacity – Actual capacity of the energy storage device as built and certified by an independent engineer.

Price Factor – The quantifiable benefits that can be consistently measured across projects used to evaluate Applications submitted.

Project – A project that meets the definition of transmission-connected front-of-the meter energy storage device presented in Public Utilities Article § 7–219(a), Annotated Code of Maryland, and has been submitted by the Applicant for consideration in this Application.

Project Footprint - The site on which the energy storage device, generating facility (if applicable), facilities and equipment are located, excluding any interconnection facilities that are not within the Project site.

PJM Interconnection (PJM) – The Regional Transmission Organization (RTO) that coordinates the transmission of wholesale electricity and administers various competitive electricity markets in all or parts of 13 states, including Maryland, and the District of Columbia.

Renewable Energy Certainty Act (RECA) - Chapter 624 of the 2025 Laws of Maryland, concerning "Public Utilities - Generating Stations - Generation and Siting (Renewable Energy Certainty Act)", Senate Bill 931 / House Bill 1036.

Request for Applications (RFA) – Request for applications of transmission-connected energy storage pursuant to the requirements of § 7-1224 - § 7-1229 of the Public Utilities Article, Annotated Code of Maryland.

Required Documents – Documents listed in Table 2.

RFA Administrator – Power Advisory LLC (Power Advisory) along with its sub-contractor, Customized Energy Solutions (CES).

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# RFA: Transmission Connected Energy Storage – Round 1

## 1. INTRODUCTION

The Maryland Public Service Commission (the Commission) is issuing this Request for Applications for transmission-connected energy storage projects pursuant to the requirements of PUA §§ 7-1224 to-1229.[3] Through this RFA, the Commission is seeking to consider Energy Storage Capacity Credit Price Schedules for up to 800 MW of capacity. The Commission may select any cost-effective Application or portfolio of Applications that meet the criteria outlined in this RFA; however, the Commission is not required to award any specific amount. This is the first RFA (Round 1) pursuant to §§ 7-1224 to 7-1229.

Applications received will be reviewed by the RFA Administrator, Power Advisory,[4] and the Commission. The Commission will hold one or more public hearings to receive comments and evaluate the Applications. Subsequently, the Commission will issue one or more orders approving an Application or Applications, if the Commission finds such Application(s) adequately support the goals established under Subtitle 7 of the PUA.[5]

### 1.1 Background on Maryland Next Generation Energy Act

During the 2025 Session of the Maryland General Assembly, the Next Generation Energy Act (NGEA), Senate Bill 937/House Bill, was passed. The NGEA sections related to electric transmission energy storage require the Commission to issue at least two solicitations for a cumulative 1,600 MW of front-of-the-meter transmission energy storage with each energy storage device having a minimum 4-hour duration.[6] The first 800 MW solicitation must be issued on or before January 1, 2026, and the second 800 MW solicitation must be issued on or before January 1, 2027. The solicitation must include specifications for a proposed price schedule that "represents the anticipated monthly wholesale value of capacity per megawatt and other benefits identified in a BCA, but not including any anticipated wholesale energy and ancillary services revenue" and requires at least 15-year terms for the price schedule. This is effectively a partial tolling agreement where the toll is a payment for the energy storage device capacity (Energy Storage Capacity Credits or ESCCs) but requires the developer to be responsible for scheduling the dispatch of the device and take the market risk for energy and ancillary service revenues. The Commission is required to establish ESCCs for the approved energy storage projects and further require that each Electricity Supplier purchase these credits in proportion to the Electricity Supplier's capacity obligation. The NGEA requires any transmission energy storage device selected in this RFA to be operational within 24 months after the Project is selected by the Commission, unless the Commission extends the Commercial Operation Deadline for Good Cause Shown. (See Section 5 for further discussion.)

In compliance with the NGEA, the Commission is issuing this RFA, effectively opening the ESCC Application Round 1 whereby it seeks to approve up to 800 MW of front-of-the-meter transmission-connected energy storage. Projects will be selected by the Commission in consultation with the RFA

[3] Md. Code Ann., Pub. Util. (PUA) §§ 7-1224 to -1229 (LexisNexis 2025).

[4] Power Advisory LLC (Power Advisory) was engaged by the Commission pursuant to an RFP that the Commission issued for the evaluation of potential applications for proposed transmission energy storage projects, complying with the NGEA (Energy Storage Application Review, Solicitation #: PSC #06.02.25). Customized Energy Solutions (CES) was engaged by Power Advisory as a subcontractor and will provide quantitative support to Power Advisory throughout the Application evaluation process.

[5] PUA § 7-101 et seq.

[6] See PUA §§ 7-1224 to-1229 (codifying, in part, Senate Bill 937 / House Bill 1035).

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Administrator. The Commission will issue a decision whether to approve one or more Applications by October 1, 2026.

### 1.2 Maryland Energy Storage Capacity Credit

The ESCC price represents the monthly fixed price of capacity for the energy storage device and other benefits identified in the BCA. The Applicant for each Application that is selected by the Commission will transfer all capacity revenue earned in the PJM capacity market by the energy storage device to an Escrow Administrator that is jointly selected by the Maryland Electric Companies in consultation with the Commission.[7] These PJM capacity revenues will be refunded or credited to Maryland distribution customers. The Applicant will receive a payment from the Escrow Administrator for the capacity provided, subject to performance provisions outlined herein based on their ESCC Price Schedule. The energy storage Project owner will retain any energy and ancillary services revenue earned.

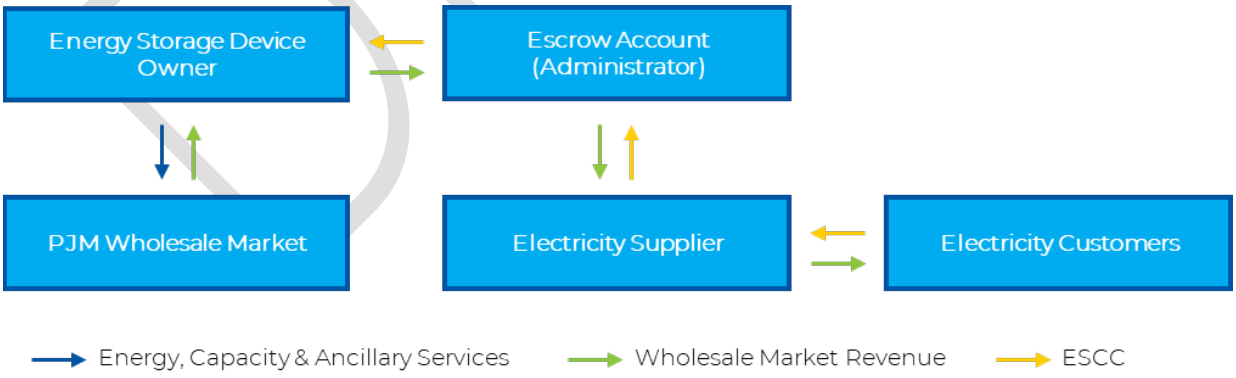
The ESCC Price Schedule for energy storage devices is provided in Attachment XX and described further in Section 4.2 ESCC Price Schedule.

#### 1.2.1 *Partial-Toll Settlement Framework*

Under the partial-toll settlement framework, the energy storage device will provide energy, capacity, and ancillary services to the PJM wholesale market, as shown in Figure 1. The PJM Base Residual Action (BRA) capacity revenues earned by the Project, in accordance with the parameters and formula in Section 4.2.4 Capacity Accreditation, will be transferred to the Escrow Administrator. The capacity revenues will be refunded or credited to the electricity customers by the Escrow Administrator through payments to or from Electricity Suppliers. The Project will retain any energy and ancillary services revenues earned.

Electricity Supplier customers will fund the ESCCs via a surcharge on their electric bill. The Electricity Suppliers purchase the ESCCs from the Escrow Account, and the Project will be compensated for its capacity services through the ESCC payments via the Escrow Account.

Figure 1: Flow Diagram of Wholesale Market Services, Revenue and ESCCs




The owner and operators of the energy storage device will have responsibility for the dispatch of the energy storage device, both charging and exporting energy to the grid. Each Application's ESCC Price Schedule

[7] The Commission will seek to ensure that the Escrow Administrator has sufficient financial resources to properly administer its responsibilities and minimize the risks associated with a default.

will define the ESCC Payment Rate, contract terms, capacity accreditation and capacity performance that will be used for the payment and distribution of the ESCC, as outlined in Section 4.2 ESCC Price Schedule.

### 1.3 Overview of Solicitation Process and Role of Parties

The Commission is issuing this RFA and by so doing initiating a competitive process for the procurement of transmission-connected energy storage Projects. Developers of eligible energy storage Projects, Applicants, are required to submit an Application or Applications through a confidential submission portal, described further in Section 2.1 Application Submission, and adhere to all requirements prescribed in this RFA. The RFA Administrator will review Applications to determine whether they meet the Eligibility Requirements as specified in this RFA. Where necessary, the RFA Administrator will notify applicants that their Application is not administratively complete and provide the Applicant an opportunity to cure the Application. The RFA Administrator will then prepare and submit an interim report containing its assessment of and recommendations for administrative completeness of the submitted Applications and whether the Applications satisfy the Eligibility Requirements. Considering the RFA Administrator's recommendations, the Commission will make a final decision whether an application is administratively complete and may determine that certain applications are conditionally complete, but subject to conditions to be considered administratively complete.

The RFA Administrator will then conduct a detailed evaluation of the Applications and ultimately prepare a final report containing its evaluation of the Applications and recommendations to the Commission. The Commission will evaluate the Applications and the RFA Administrator's recommendations; provide an opportunity for parties to the proceeding to conduct discovery; and hold one or more public hearings to receive public comments and decide whether to approve, conditionally approve, or deny the various Applications received.

Section 3 Application Evaluation and Selection Process further details on the solicitation process.

### 1.4 Communication between Applicants, the Commission and RFA Administrator

Apart from the Applicants' Webinar, contact with prospective Applicants and other interested parties will be via the NGEA RFA website and email address: MDPSC-NGEA-Storage@poweradvisoryllc.com. Allowable communication between Applicants, the Commission, and the RFA Administrator is further outlined below.

Applications will be submitted directly to the RFA Administrator according to the instructions detailed in Section 1.5.3 Applicant Submission. Following Application Submission, each Applicant is required to abide by Sections 6.2 Updates to Applications and 6.3 Requests for Additional Information/Interviews.

### 1.5 Request for Application Schedule

An indicative schedule for this first transmission-connected energy storage solicitation is presented below to assist parties in better understanding the process and associated timelines. This schedule may be revised by the Commission through a procedural schedule issued after Applications are received, but the dates specified in the NGEA will not be revised (shown in blue).

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Table 1: Indicative Request for Application Schedule

| Event | Date |
|---|---|
| RFA Issuance - Solicitation Window Opens | XX X,202X |
| Applicants' Webinar | January 8, 2026 at 2:00pm – 3:30pm ET |
| Deadline to Request Confidential ShareFile Link | February 23, 2026 at 5:00pm ET |
| Application Submission Deadline | March 2, 2026 at 4:00pm ET |
| Notice of Administrative Completeness | May 1, 2026 |
| Commission Hearings | June 1, 2026 - August 1, 2026 |
| Application Evaluation by the Commission | August 1, 2026 – October 1, 2026 |
| Commission Project Selection | October 1, 2026 |

### 1.5.1 *Applicants' Webinar*

The RFA Administrator will hold a webinar for Applicants on January 8, 2026, from 2:00 – 3:30 pm ET. During the webinar, the RFA Administrator will review the RFA requirements, evaluation framework, and the partial-toll settlement framework. Questions will be taken and, to the extent possible, responses will be provided during the webinar. However, only written responses will be official responses.

Applicants can register for the webinar at the registration site.

### 1.5.2 *Applicant Questions*

Applicants may submit questions by email to MDPSC-NGEA-Storage@poweradvisoryllc.com. Any questions submitted that the RFA Administrator posts along with the responses will be anonymized on the NGEA RFA website under FAQs. The RFA Administrator reserves the right to not post responses to questions that are specific to a Project.

Questions may not be submitted directly to any individual at Power Advisory other than the designated RFA Administrator email of MDPSC-NGEA-Storage@poweradvisoryllc.com. Questions should not be submitted to the Commission or Commission Staff or to individuals working for or on behalf of the RFA Administrator.

### 1.5.3 *Application Submission*

Applicants are required to submit their proposal(s) by March 2, 2026, at 4:00pm ET through their unique confidential ShareFile link. Applicants must request a ShareFile link by emailing the RFA Administrator at MDPSC-NGEA-Storage@poweradvisoryllc.com, at least one week prior to the Application Submission

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Deadline. The RFA Administrator will provide the confidential ShareFile links to Applicants who have made such a request, at least 48 hours prior to the Application Submission Deadline of March 2, 2026, at 4:00pm ET.

#### 1.5.3.1 *Confidential and Public Application Submissions*

Applicants shall submit their Public Application at the same time as any confidential Application. If an Applicant does not elect to redact any confidential or proprietary information pursuant to Section 1.6 Confidential and Proprietary Information, then the Confidential Application shall be considered the public version of the Application.

## 1.6 Confidential and Proprietary Information

Any information submitted to the RFA Administrator that the Applicant wishes to have treated as proprietary and confidential trade secret information must be clearly identified and conspicuously labeled "Confidential" on each applicable page. Only legitimate, non-public proprietary or sensitive information may be considered confidential, and Applicants should not designate any portions of the proposal that do not merit confidential treatment as "confidential". The Applicant shall provide a detailed justification, with appropriate legal support, for why the designated material should be withheld from public disclosure.[8] If an Applicant designates any portion of the Application as "Confidential," their corresponding Public Application must clearly indicate where information has been removed or redacted. The Public Application must be complete in all other respects.

The RFA Administrator shall use commercially reasonable efforts to treat the confidential information that it receives from Applicants in a confidential manner and will not use such information for any purpose other than in connection with this RFA. At the close of the application period, the Applicant shall within 5 business days of the closing date of the application period make both the public and confidential versions of its Application available to the Commission's Technical Staff and the Office of People's Counsel. Except as directed by the Commission, a court of law in the State, or as authorized by law, an individual subject to Public Utilities Article § 2-302, Annotated Code of Maryland, may not divulge information deemed confidential by an Applicant.

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[8] The Commission reserves the right to determine whether the information designated in an Application as "Confidential" is, in fact, exempt from public disclosure.

## 2. APPLICATION SUBMISSION AND ELIGIBILITY REQUIREMENTS

### 2.1 Application Submission

All Applicants must submit all Required Documents (Table 2) as part of their Application to be eligible for evaluation and selection. All Required Documents must reflect the most accurate and up-to-date information known by the Applicant at the Application Submission Deadline. The Commission and RFA Administrator may ask for clarification on any of the content submitted. Applicants must maintain all Eligibility Requirements throughout the Application Window; up until the time of selection; through the public hearing process and the time when the Commission issues its order pertaining to the Applications. Applicants are required to inform the RFA Administrator in a timely manner if any changes occur to a proposed Project that may alter its eligibility during the Application evaluation, hearing or the Commission's approval process.

Eligibility Requirements are further detailed below. All Required Documents listed in Table 2 must be submitted in accordance with Section 1.5.3 Application Submission. The Attachments to be completed as part of the Required Documents are available on the Maryland Public Service Commission NGEA Storage website.

Table 2: Required Documents

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### 2.2 Eligibility Requirements

#### 2.2.1 *Project Eligibility*

The following Eligibility Requirements apply to Applications:

- The Project must meet the definition of an energy storage device in PUA § 7-216.
- The Project must store energy for electrical discharge to the grid later.
- The Project must be located in Maryland.
- The Project must be directly connected to the Bulk Electric System as defined in the Glossary of Terms Used in NERC Reliability Standards, updated October 1, 2025.[9]
- The Project must have a minimum storage capacity of 4-hours duration at its rated capacity.

[9] *See* https://www.nerc.com/globalassets/standards/reliability-standards/glossary_of_terms.pdf.

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Co-located Projects may have the same point of interconnection (POI) as a generator or can be located on the same site as the generator and connect to a separate POI.

Projects are ineligible for an award if they are receiving, have received, or are planning to receive other Maryland energy storage incentives or otherwise have a contract for their Nameplate Capacity. Projects that are distribution connected, behind-the-meter or that represent aggregated behind-the-meter resources are not eligible.

Projects are ineligible for an award if they are receiving, have received, or are planning to receive other Maryland energy storage incentives or otherwise have a contract for their existing Nameplate Capacity. Applications proposing an expansion of capacity at an existing energy storage project would be eligible but only for the MWac offered by the expansion.

Operational Projects or Projects that have received a full notice to proceed from the project investor on or before January 1, 2026, are not eligible for evaluation or selection under this RFA. Applicants may add transmission connected storage to an existing or operational renewable energy facility so long as the Applicant follows the co-location requirements.

### 2.2.2 *Eligible Storage Technologies*

Applicants must ensure that the proposed technology meets all the Eligibility Requirements detailed in this section. The RFA Administrator and the Commission will evaluate all eligible Applications with a technology-neutral approach. Projects must utilize a storage technology that has been commercially deployed and electrically interconnected to a transmission system, in compliance with the specific requirements set forth in this section of the RFA.

Any energy storage device that is selected under this RFA process will count toward the energy storage device deployment goals under PUA § 7–216.1. As such, any energy storage device must be eligible to be enrolled and registered in the Maryland Energy Storage Program in accordance with the proposed regulations in the Commission's Rulemaking No. 85 (RM85) [10].

### 2.2.3 *Safety Requirements*

Applicants proposing an electrochemical battery energy storage system must submit a safety and decommissioning plan that conforms with the safety and security requirements detailed in National Fire Protection Association (NFPA) standard 855 and adheres to safety requirements for the Maryland Energy Storage Program requirements in the proposed RM85 proposed regulations.

### 2.2.4 *ESCC Price Schedule Term*

The duration of partial tolling payments to the selected Projects is set by the ESCC Price Schedule Term submitted by the Applicant. Applicants must offer an ESCC Price Schedule Term of at least 15 years and are allowed to offer a maximum ESCC Price Schedule Term of 20 years.

[10] Requirements for enrollment and registration in the Maryland Energy Storage Program were defined in RM85 and published in the Maryland Register on December 1, 2025. (*See* https://dsd.maryland.gov/MDRIssues/5224/Assembled.aspx#_Toc214887208)

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### 2.2.5 *Required Commercial Operation Date*

All Applications must be capable of achieving commercial operation within 24 months after a Project is approved by the Commission (i.e., October 1, 2028), except where the Applicant is able to demonstrate that achieving this Commercial Operation Date is not possible for Good Cause Shown. In that case, a Commercial Operation Date no later than 36 months after Commission approval of the Application will be allowed. The Commission may extend the Commercial Operation Date for an additional 12 months for Good Cause Shown. Good Cause Shown is defined as events beyond the developer's reasonable control that materially delay a critical path milestone (e.g., (1) PJM's interconnection queue; (2) the issuance of permits; (3) delivery of critical Project components with long lead times; and (4) utility construction of interconnection facilities and network upgrades).

### 2.2.6 *Minimum and Maximum Project Sizes*

The maximum Project size in this Application Window is 800 MWac. There is a minimum Project size threshold of 20 MWac.

### 2.2.7 *Interconnection Status*

A Project must currently be in one of the following PJM Generation Interconnection Agreement processes: Fast Lane, Transition Cycle 1, Transition Cycle 2; or have received or is in the process of attaining surplus interconnection service (SIS) with PJM. An Application must demonstrate that the Project will receive the required Capacity Resource Status conveying specific Capacity Interconnection Rights (CIRs) enabling the Project to participate in the PJM capacity market, either through the New Services Request Process or SIS process.

### 2.2.8 *Site Control*

Applicants must demonstrate that they have secured site control for the Project Footprint for the proposed ESCC Price Schedule Term.

### 2.2.9 *Permitting*

Applicants must outline all required permits, licenses, or required approvals and the associated timelines for securing each permit, license, or approval.

### 2.2.10 *Stakeholder Engagement*

Applicants must provide a plan for stakeholder engagement and participation requirements that complies with the Maryland Energy Storage Program requirements in the proposed RM85 regulations.

### 2.2.11 *Development and Operating Experience*

An Applicant must demonstrate that it has sufficient relevant experience and expertise in developing, procuring, constructing, financing, and operating energy storage devices.

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# 3. Application Evaluation and Selection Process

## 3.1 Process for Determining an Administratively Complete Application

The RFA Administrator will review all Applications for completeness to ensure that they provide all Required Documents and satisfy the Eligibility Requirements. The RFA Administrator will notify Applicants if their Application is not Administratively Complete and provide the Applicant with an opportunity to cure their Application. No clarifications will occur outside of authorized written channels. The RFA Administrator will then prepare and submit an interim report containing its assessment of and recommendations for Administrative Completeness of the Applications and whether the Applications satisfy certain Eligibility Requirements. Considering the RFA Administrator's recommendations, the Commission will make a final determination and issue an Order as to whether Applications are administratively complete and may deem certain Applications as administratively complete, subject to conditions imposed by the Commission.

## 3.2 Detailed Evaluation

The RFA Administrator will conduct a detailed evaluation of the Applications that are determined by the Commission to be administratively complete, including a BCA of the Application along with a non-price evaluation, as detailed in Sections 4 and 5. The RFA Administrator will make recommendations to the Commission based on its evaluation, aiding in the Commission's selection of Applications.

## 3.3 Maryland Public Service Commission Evaluation Process

Parties may conduct discovery, and the Commission will hold hearings through the Administrative Docket PC 75.[11] The Commission will issue an Order under the Administrative Docket PC 75 informing Applicants of whether one or more Applications are selected. Applicants are advised to monitor Administrative Docket PC 75 for further information on the evaluation and the Commission's process.

### 3.3.1 *Non-Selection*

The Commission may end the RFA process without selecting any Applications if the Commission finds that none of the Applications adequately support the goals established under PUA § 7–1226, including the goal of promoting affordable, reliable electrical service for Maryland residents.

## 3.4 Post-Selection Process

### 3.4.1 *Designation of Seller and Changes of Control from Developer*

A "change of control" clause will be triggered by events like a merger, acquisition, sale of the energy storage assets, or a transfer of 50% or more of the company's voting stock. The clause will also include "anti-assignment" provisions, which prohibit the developer from assigning the contract to another party

[11] See Administrative Docket PC 75 "Next Generation Energy Act Requirements for Transmission Connected Energy Storage", found on the Maryland Public Service Administrative Docket Search: https://webpscxb.psc.state.md.us/DMS/administrative-docket.

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without Commission approval. The "designation of seller" should identify a specific person or entity responsible for fulfilling the seller's obligations. To that end, the developer must file a petition with the Commission for approval of the "change in control" with 60 days' notice. This petition should involve demonstrating that the new controlling entity has the financial and technical capability to operate the energy storage facility safely and reliably, including fulfilling the terms and conditions associated with approval of the ESCCs and the Commission's construction approval.

### 3.4.2 *Confidentiality Waiver for Interconnecting Authority*

The Applicant shall waive confidentiality with PJM after the post-selection process.

### 3.4.3 *Role of Escrow Administrator*

The Electric Companies of Maryland will collectively select the Escrow Administrator, in consultation with the Commission. The Escrow Administrator will manage the receipt and distribution of capacity revenues from PJM and payments to and from the energy storage device owners and Maryland Electricity Suppliers through the Escrow Account.

The Escrow Administrator will receive payment of the ESCCs from the Electricity Suppliers and will in turn pay any selected Applicants based on the agreed upon ESCC Price Schedule. For a more complete description of the distribution of ESCC revenues and payments, refer to Section 1.2.1 Partial-Toll Settlement Framework.

Project owners should submit invoices for ESCC Payments to the Escrow Administrator monthly. Invoices can be submitted within the first five business days of each calendar month after the month in which capacity is delivered to PJM. Each invoice must state the number of ESCCs created by the Project for the period, in accordance with the calculation under 4.2.3 ESCC Payment Formula, include PJM BRA statements confirming the nameplate capacity for the ESCC Delivery Year and Class-Average ELCC for the applicable storage duration, and specify the dollar amount due. The Escrow Administrator is responsible for verifying the accuracy of invoices for ESCC Payments by comparing them with PJM BRA statements and may request additional information if needed. If an invoice is accurate, the Escrow Administrator must approve and pay it within 10 business days. If there are errors, the Project owner must be informed to correct them before payment. The Escrow Administrator will withdraw and apply funds from the Escrow Account to pay accurate invoices for ESCC Payments.

The Escrow Administrator will invoice Electricity Suppliers monthly for ESCC purchases, with specific calculations for the amount due based on ESCC Payment Rate, electricity sales data, capacity obligation, and authorized ESCCs. Electricity Suppliers must provide the Escrow Administrator with updated Electricity Supplier information in accordance with the PJM seasonal capacity schedule in order to establish the Electricity Supplier's capacity obligation. Electricity Suppliers must pay invoices for ESCC purchases within 10 business days. Late payment notices are issued within 3 days of the due date, and if payment isn't received within 10 days, the matter is referred to the Commission. Late payments incur a compounded quarterly fee based on the average prime rate.

The Escrow Administrator will submit annual reports on invoices for ESCC Payments and purchases, Escrow Account current balance, and delinquent ESCC purchasers to the Commission.

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## 4. PRICE EVALUATION

The RFA Administrator and the Commission will evaluate Applications based on the submitted ESCC Price Schedule and the expected benefits across multiple value streams. The evaluation will consider both price factors – quantifiable benefits that can be consistently measured across Projects – and non-price factors, as described in Section 5.

Price evaluation will be carried out through a comprehensive BCA that compares the costs of ESCCs against the quantifiable benefits that the proposed energy storage Projects are expected to deliver. The BCA will serve as a threshold test to determine whether Projects deliver net positive value. The price, for the purposes of the price scoring, will be based on a net price, calculated as projected ESCC payments net of monetizable benefits included in the BCA.

Projects that meet or exceed the benefit-cost threshold will be evaluated further through non-price evaluation criteria. A combined score based on both price and non-price factors will be used to guide the RFA Administrator's recommendations to the Commission regarding whether Applications adequately support the goals established under Subtitle 7 of the PUA.

### 4.1 Benefit-Cost Analysis

The RFA Administrator will conduct a BCA for each Application that meets the eligibility requirements and is deemed administratively complete. The analysis will:

1. Calculate the ESCC Price, specifically, the Net Present Value (NPV) of ESCC payments over the proposed ESCC Price Schedule term.
2. Calculate the NPV of quantifiable benefits to Maryland ratepayers over the ESCC Price Schedule term. These benefits are discussed in Section XX.
3. Determine the benefit-cost ratio for each Application by dividing total benefits by total costs.

#### 4.1.1 *Benefit-Cost Threshold*

A benefit-cost ratio of greater than 1.0 is indicative of a Project that is cost-effective and would be eligible for further evaluation and selection. The Commission may determine that qualitative factors or non-quantifiable benefits warrant consideration of Projects that may have a benefit-cost ratio of less than 1.0.

#### 4.1.2 *Use in Project Selection*

The BCA results will inform but not solely determine project selection. Projects passing the BCA threshold test will be further evaluated through:

- price scoring, based on net price, calculated using the same methodology as the BCA, but excluding benefits that are not monetizable (e.g., emissions reductions)
- non-price evaluation criteria, as detailed in Section 5; and
- overall portfolio considerations to optimize value to Maryland ratepayers.

The Commission reserves the right to adjust the evaluation framework if it determines that the benefit-cost methodology requires refinement based on the Applications received.

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### 4.1.3 *Approach to BCA*

Where applicable and practical, the BCA will be conducted consistent with the Maryland Unified Benefit-Cost Analysis (UBCA) Framework for Distributed Energy Resources, as documented in Commission Case No. 9674, including the report filed on May 17, 2024.

## 4.2 ESCC Price Schedule

The RFA Administrator will determine the ESCC Price for each Application from one of the ESCC Price Schedule options submitted by Applicants, as detailed in Section 4.2.2.

### 4.2.1 *ESCC Price Schedule*

All Applicants are required to submit an ESCC Price Schedule for either a standalone storage Project or a hybrid facility. Hybrid facilities include any type of Hybrid Resources as defined by PJM or energy storage Projects developed using PJM's Surplus Interconnection Service.

Applicants must submit, at a minimum, the following information:

- The Contracted Storage Capacity (MW) by contract year.
- The ESCC Payment Rate ($/MW-year) for each contract year.
- Mandatory fields as designated in the ESCC Price Schedule, including charging and discharging practices, limitations, or scheduling constraints that may affect the Project's ability to meet PJM Capacity Performance obligations, identification of any minimum or maximum state-of-charge requirements, seasonal operating limitations, curtailment constraints for hybrid facilities, or limitations related to inverter sharing or interconnection capacity, or any contractual obligations that may affect the Project's availability for PJM market participation.
- For hybrid facilities, identification of the co-located generation type, configuration (e.g., DC-coupled, AC-coupled, shared inverter), and any restrictions on charging or discharging resulting from the co-location arrangement.
- Optional fields (e.g., degradation curves, augmentation parameters, long-term operating limitations) may be supplied using either Project-specific assumptions or industry-standard assumptions.

Applicants shall ensure that all information in the ESCC Price Schedule is consistent with the Project description and technical information submitted elsewhere in the Application.

### 4.2.2 *ESCC Price Schedule Term and Options*

Applicants shall submit ESCC Price Schedules for the following ESCC Price Schedule term options:

- Option 1 (Required): 15-year ESCC Price Schedule term, no escalation in the ESCC Payment Rate.
- Option 2 (Required): 15-year ESCC Price Schedule term, flat annual escalation in the ESCC Payment Rate (bidder-defined escalation rate).

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- Option 3 (Optional): 20-year ESCC Price Schedule term, with either flat annual escalation or no escalation in the ESCC Payment Rate.

The ESCC Price Schedule must clearly indicate the ESCC Payment Rate for each contract year and contract option.

Submissions for Option 1 shall be used to compare bids across all Applicants. The RFA Administrator shall select the option that is most beneficial to Maryland ratepayers as the ESCC Price for each Application.

### 4.2.3 *ESCC Payment Formula*

ESCC payments shall be set by ESCC Delivery Year and paid monthly. Each ESCC Delivery Year shall align with a PJM capacity market Delivery Year (June – May). Monthly ESCC payments shall be one-twelfth of the Annual ESCC Payment Amount for that ESCC Delivery Year.

The Annual ESCC Payment Amount for each Delivery Year shall be calculated per the following:

Equation 1: Annual ESCC Payment Amount for ESCC Delivery Year

$$\text{Annual ESCC Payment Amount for ESCC Delivery Year} = CSC_n \times EPR_n \times ELCC\%_n$$

Where:

$CSC_n$ – Contracted Storage Capacity for ESCC Delivery Year$_n$:

- Nameplate Capacity or installed capacity of the energy storage Project, up to interconnection or operational limits, as bid in the ESCC Price Schedule. Applicants are required to designate the capacity of the storage system in the ESCC Price Schedule – the Contracted Storage Capacity (CSC). The RFA Administrator and the Commission shall consider any requests by Applicants to vary CSC in the ESCC Price Schedule by ESCC Delivery Year if supported by a strong rationale and appropriate documentation.
- CSC for hybrid facilities is the nameplate or installed capacity of the storage component only, up to interconnection or operational limits.

$EPR_n$ – ESCC Payment Rate for Contract Year$_n$:

- The ESCC schedule submitted by Applicants in the ESCC Price Schedule, by ESCC Delivery Year in dollars per MW per year. The applicable ESCC Price – Options 1, 2, or 3 – shall be determined by the Commission.

ELCC% – Class-Average ELCC for Applicable Storage Duration:

- ELCC% is set for the entirety of the ESCC Price Schedule term at the latest ELCC rates for standalone storage Projects published by PJM at least two weeks prior to the Proposal Submission Deadline, or any equivalent methodology for capacity accreditation adopted by PJM.
- The current ELCC rates for the 2027/2028 BRA are:
    - 4-hour storage – 58%
    - 6-hour storage – 67%

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- 8-hour storage – 70%
- 10-hour storage – 78%

- These rates will be updated if PJM publishes updated rates for the 2028/2029 BRA at least two weeks prior to the Application Submission Deadline.

The example below is provided to illustrate calculation of Annual ESCC Payment Amount.

Indicative schedule submitted by Applicant in ESCC Price Schedule.

Table 3: Illustration of Annual ESCC Payment Amount

| ESCC Delivery Year | Contracted Storage Capacity (MW) | Contracted Storage Energy (MWh) | ESCC Payment Rate ($/MW-yr) | |
|---|---|---|---|---|
| | | | Option 1 | Option 2 |
| 1 | 50 | 200 | $110,000.00 | $100,000.00 |
| 2 | 50 | 200 | $110,000.00 | $102,000.00 |
| 3 | 50 | 200 | $110,000.00 | $104,040.00 |
| 4 | 50 | 200 | $110,000.00 | $106,120.80 |
| 5 | 50 | 200 | $110,000.00 | $108,243.22 |
| 6 | 50 | 200 | $110,000.00 | $110,408.08 |
| 7 | 50 | 200 | $110,000.00 | $112,616.24 |
| 8 | 50 | 200 | $110,000.00 | $114,868.56 |
| 9 | 50 | 200 | $110,000.00 | $117,165.93 |
| 10 | 50 | 200 | $110,000.00 | $119,509.25 |
| 11 | 50 | 200 | $110,000.00 | $121,899.44 |
| 12 | 50 | 200 | $110,000.00 | $124,337.43 |
| 13 | 50 | 200 | $110,000.00 | $126,824.18 |
| 14 | 50 | 200 | $110,000.00 | $129,360.66 |
| 15 | 50 | 200 | $110,000.00 | $131,947.87 |

Assuming that Option 2 is deemed to be more beneficial to Maryland ratepayers to set the ESCC Price for this Application, Annual ESCC Payment Amount calculations are noted in the Table 4 below.

Table 4: Illustration of Annual ESCC Payment Amount

| ESCC Delivery Year | $CSC_n$ (MW) | $EPR_n$ ($/MW-yr) | ELCC% | Annual ESCC Payment Amount ($) |
|---|---|---|---|---|
| 1 | 50 | $100,000.00 | 58% | $2,900,000.00 |
| 2 | 50 | $102,000.00 | 58% | $2,958,000.00 |
| 3 | 50 | $104,040.00 | 58% | $3,017,160.00 |
| 4 | 50 | $106,120.80 | 58% | $3,077,503.20 |
| 5 | 50 | $108,243.22 | 58% | $3,139,053.38 |
| 6 | 50 | $110,408.08 | 58% | $3,201,834.32 |

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| | | | | |
|---|---|---|---|---|
| 7 | 50 | $112,616.24 | 58% | $3,265,870.96 |
| 8 | 50 | $114,868.56 | 58% | $3,331,188.24 |
| 9 | 50 | $117,165.93 | 58% | $3,397,811.97 |
| 10 | 50 | $119,509.25 | 58% | $3,465,768.25 |
| 11 | 50 | $121,899.44 | 58% | $3,535,083.76 |
| 12 | 50 | $124,337.43 | 58% | $3,605,785.47 |
| 13 | 50 | $126,824.18 | 58% | $3,677,901.22 |
| 14 | 50 | $129,360.66 | 58% | $3,751,459.14 |
| 15 | 50 | $131,947.87 | 58% | $3,826,488.23 |

Monthly payments for ESCC Delivery Year 1 shall be one-twelfth of the Annual ESCC Payment Amount for ESCC Delivery Year 1, or $2,900,000 / 12 = $241,666.67.

As described previously, all components of the ESCC Payment Formula are determined based on Applicants' submissions or publicly available information published by PJM.

### 4.2.4 *Capacity Accreditation*

The class-average ELCC for applicable standalone storage duration will be the then-current ELCC values published by PJM two weeks prior to the Application Submission Deadline and will remain constant throughout the ESCC Price Schedule term for the purpose of calculating the Annual ESCC Payment Amount.

Applicants may submit additional information to demonstrate their Project's eligibility for resource-specific capacity accreditation ratings are higher than equivalent class-average values. This information will be evaluated and factored into the BCA if deemed necessary but will not impact the ESCC Payment Formula.

Notwithstanding the above, Applicants are responsible for any capacity verification tests or procedures required by PJM to establish capacity accreditation.

Applicants are not asked to take the risk of changes in capacity accreditation methodologies and will not benefit from any upside from future changes in accreditation methodologies or values. However, Applicants bear the risk of underperformance that results in Projects receiving lower capacity accreditation ratings than the equivalent class-average values.

As described in more detail in Section 1.2.1 Partial-Toll Settlement Framework, Projects will transfer Deemed Capacity Revenues from PJM to the Escrow Account based on actual parameters for each Delivery Year according to the following formula:

Equation 2: Deemed Capacity Revenues for ESCC Delivery Year

$$\text{Deemed Capacity Revenues for ESCC Delivery Year}_n$$

$$= CSC_n \times BRA_n \times \text{Actual ELCC}_n\% \times \text{Number of calendar days in ESCC Delivery Year}_n$$

Where:

- $CSC_n$:
  - As defined above.

- $BRA_n$ – BRA Clearing Price for ESCC Delivery $Year_n$:
    - The BRA clearing price for the applicable PJM Load Delivery Areas (LDA) for a Delivery Year in dollars per MW per day. Note that ESCC Delivery Years align with PJM capacity market Delivery Years. The applicable LDA may vary between capacity auctions depending on which LDAs are determined to be constrained and have locational price adders for that BRA. For this formula, the applicable LDA is the LDA clearing price applicable for a Project based on its location. This may be either the LDA in Maryland (APS, BGE, DPL, PEPCO) or a parent LDA.
- Actual $ELCC_n$% – Class-Average ELCC for Applicable Storage Duration for ESCC Delivery $Year_n$:
    - The published ELCC rate, or any equivalent methodology for capacity accreditation adopted by PJM, applicable to the Project for that BRA.

The calculation of Deemed Capacity Revenues is illustrated by the example below.

- In the example from Section 4.2.3, Annual ESCC Payment Amount for Contract Year 5 = $3,139,053.38.
- Assuming the Project is in BGE, and the BRA clearing price for BGE for the PJM Delivery Year corresponding to ESCC Delivery Year 5 ($BRA_5$)is $300/MW-day.
- The class-average ELCC rate for a 4-hour storage Project published prior to the auction (Actual $ELCC_5$%) is 50%.
- There are 365 days in ESCC Delivery Year 5.
- Deemed Capacity Revenues for ESCC Delivery Year 5

= $CSC_5$ X $BRA_5$ X Actual $ELCC_5$% X 365

= 50 X 300 X 50% X 365

= $2,737,500.00

Deemed Capacity Revenues are transferred to the Escrow Account monthly, set at one-twelfth of the Deemed Capacity Revenues amount.

The values for $CSC_n$, $BRA_n$, and Actual $ELCC_n$% are independent of resource-specific capacity accreditation ratings for a Project or whether a Project secured or divested its capacity commitments via Incremental Auctions.

For hybrid facilities, any incremental benefits to combined resource accreditation above the standalone storage equivalent capacity value will accrue to the Project owner. The Deemed Capacity Revenues for hybrid Projects are calculated based on the equivalent values for a standalone storage Project.

### 4.2.5 *Capacity Performance*

Applicants are responsible for risks and rewards of performance bonuses and penalties for Performance Assessment Intervals (PAIs), up to the storage Duration of the Project on a rolling 24-hour basis.

Any penalties for PAIs that are cumulatively greater than the storage Duration over a 24-hour period will be reflected in adjustments to the Deemed Capacity Revenues, i.e., the Applicant will be held harmless for

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capacity revenues not earned or penalties assessed during such periods. Projects will be required to submit appropriate documentation of demonstrated penalties assessed. This provision is intended to hold storage Projects accountable for performance during scarcity conditions up to their stated Duration capability while protecting them from excessive penalties that exceed their physical capability.

An Applicant must attest that its energy storage device shall be available and participate in PJM capacity markets. Penalties for non-performance and underperformance will be reflected through Deemed Capacity Revenues, by withholding of payment that reflects the degree of underperformance, for energy storage devices that fail to meet availability metrics in PJM's capacity market, including the Applicant being responsible for PJM non-performance charges. In addition, this attestation shall indicate that the Applicant understands that the Commission shall have the right to terminate energy storage devices from the program if device performance does not improve after appropriate notice and opportunity to cure.

#### 4.2.6 *Evaluation*

Applications will be evaluated based on the competitiveness of the ESCC Price and the anticipated benefits the Project will provide as part of the BCA. Lower ESCC Prices that still enable Project viability will be scored more favorably. The Commission will assess whether the proposed pricing represents reasonable value for Maryland ratepayers given the Project's expected performance characteristics and benefits profile.

The reasonableness of pricing across different contract term options will be evaluated, considering factors such as total project costs, technology, duration, and operational assumptions underlying the pricing.

### 4.3 Benefits

The evaluation will consider, at a minimum, the value streams listed below. Items that can be reliably and consistently quantified across different Applications will be included in the quantitative BCA. Benefits that cannot be reliably and consistently quantified may be considered in the non-price scoring as a system benefit. The RFA Administrator may include additional quantifiable benefits not listed below if they can be reliably projected across Applications. Information submitted in response to requirements in this section may also be considered in relevant non-price scoring of system benefits.

#### 4.3.1 *Capacity Market Revenues*

Submission Requirements

Applicants must submit detailed information regarding the capacity of the energy storage Project, operating constraints, and other parameters that will inform forecasts for expected Deemed Capacity Revenues. This includes:

1. The capacity interconnection status and rights as detailed in Section 5.1.1 Interconnection Queue Status.

2. A plan for securing capacity commitments in the Reliability Pricing Model (RPM) via the BRA or Incremental Auctions (IAs), including expected timelines for clearing auctions and anticipated delivery years.

3. Any resource-specific criteria that may impact capacity accreditation beyond the standard class-average ELCC values (e.g., operational constraints, hybrid resource configurations, or other factors

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affecting availability). This would include ELCC modeling assumptions submitted to PJM and any correspondence back from PJM indicating draft or final results. In the absence of concrete evidence that a resource may receive an ELCC value in excess of the standard class-average ELCC, discussed in Section 4.2.3, the applicable class-average ELCC will be used in evaluating bids. For hybrid resources or other resources that may receive an PJM ELCC value of less than the applicable class-average value, the RFA Administrator will use information provided by the Applicant and the RFA Administrator's professional judgement to apply an appropriate ELCC value when evaluating the Project.

4. For hybrid facilities, documentation of how capacity will be allocated between co-located resources and how interconnection limits may affect the energy storage component's capacity value. Applicants must also describe any constraints on simultaneous charging or discharging and any other constraints on the operation of the BESS associated with its configuration as a hybrid resource.

5. Information related to the availability of the resource to discharge during PAIs, including methodology for anticipating potential PAIs.

Evaluation

The RFA Administrator will use Applicants' submissions to project expected capacity market revenues that will be transferred to Maryland ratepayers via the Escrow Account. PJM's latest ELCC forecasts, along with any necessary adjustments based on resource-specific information submitted by Applicants, will be used to forecast capacity accreditation.

Capacity market price forecasts for Maryland LDA developed by the RFA Administrator will be used to assess Project revenues from the PJM capacity market, excluding any performance penalties or bonuses. These forecasts will be based on publicly available PJM data, industry forecasts, and modeling of expected supply and demand conditions in relevant delivery years.

### 4.3.2 *Wholesale Energy Market Price Impact – System Energy, Congestion Cost, and Marginal Loss Components*

Submission Requirements

Applicants are required to submit comprehensive information on the following Project characteristics that will inform modeling of energy market impacts:

1. Project size (capacity and duration)
2. Technology type and performance characteristics
3. Project location and interconnection point
4. Market participation strategy and operational assumptions, including:
5. Expected charging and discharging patterns
6. Optimization approach
7. Strategy for ensuring resource availability during PAIs
8. Contractual obligations that may affect dispatch

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9. Dispatch and operational restrictions

10. For hybrid facilities, any restrictions on charging or discharging resulting from co-location configuration

Evaluation

The impact of energy storage Projects on long-term energy prices, including the System Energy Price, Congestion Cost, and Marginal Loss components of Locational Marginal Prices, by PJM zones in Maryland will be modeled using production cost modeling software.

The RFA Administrator will model energy price effects by comparing forecasts with and without incremental additions of generic storage projects in each zone (APS, BGE, DPL, PEPCO). The modeling will capture how energy storage dispatch affects:

- System Energy Prices: By shifting energy consumption from high-price periods to low-price periods, reducing overall energy costs
- Congestion Costs: By relieving transmission constraints through strategic charging and discharging
- Marginal Losses: By reducing transmission losses through locational benefits

Energy price effects will be weighted by Maryland's load shape to determine the impact on the cost of wholesale energy to Maryland ratepayers. The analysis will account for the hourly or sub-hourly dispatch patterns expected from each Project based on submitted operational strategies and market conditions.

Projects located in areas with higher congestion or transmission constraints may demonstrate greater benefits in terms of congestion cost reduction and avoided transmission losses. The evaluation will reflect these locational differences in the quantitative benefit assessment.

### 4.3.3 *Capacity Market Price Impact*

Submission Requirements

Applicants are required to submit information regarding:

1. The capacity of the energy storage Project and operating constraints
2. Resource-specific criteria that impact capacity accreditation (technology type, duration, operational parameters)
3. A plan for securing capacity commitments in the RPM via the BRA or IAs, including expected timelines for clearing auctions and anticipated delivery years
4. Expected timing of when the Project will first clear the capacity market and begin providing capacity

Evaluation

The impact of energy storage projects on long-term capacity market prices by PJM LDAs in Maryland will be modeled by comparing capacity market price forecasts with and without the addition of incremental energy storage included in the supply stack. The modeling will assess how additional energy storage capacity in Maryland LDAs affects supply-demand balance and clearing prices in future capacity auctions.

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The capacity price effects for each Applicant will be affected by:

- Project size and capacity accreditation (accounting for technology and duration)
- Location within Maryland LDAs
- Timing of securing capacity commitments and beginning capacity deliveries

The ratepayer impact will be evaluated by considering capacity price effects at the LDA level and the reliability requirements for Maryland electric distribution utilities. Lower capacity prices resulting from increased supply benefit all Maryland ratepayers who purchase capacity through their Electricity Suppliers.

#### 4.3.4 *Avoided Emissions*

Submission Requirements

Applicants are required to submit information on:

1. Project size (capacity and duration), technology type, and location
2. Market participation strategy and operational assumptions
3. Contractual obligations and dispatch restrictions
4. For co-located Projects, any direct impact on emissions from co-located generation, including:
    - MWh of fossil generation that could be offset
    - Units of fuel consumption reduction, including during avoided startup and ramping
    - Supporting documents with sufficient detail to verify claims

Evaluation

The impact of energy storage Projects on system-wide emissions will be informed by long-term production cost modeling. The RFA Administrator will model system-wide emissions by comparing emissions under scenarios with and without the proposed energy storage Projects.

For Projects co-located with coal or gas power plants, direct emissions impacts will be added to system-wide emissions impacts to avoid underestimating the total emissions benefit.

The analysis will consider:

- Production cost modeling to estimate changes in generator dispatch and associated emissions;
- The Long Run Marginal Emissions Rate from NREL's Cambium dataset to estimate long-run changes in emissions rates through energy storage deployment; and
- The Social Cost of Carbon as determined by the U.S. Environmental Protection Agency as of January 1, 2025, to monetize the value of emissions reductions.

The total emissions reduction value will be calculated by multiplying the estimated emissions reductions (in metric tons of $CO_2$ equivalent) by the Social Cost of Carbon. This monetized value will be included in the BCA as a Price Factor.

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Projects that demonstrate greater emissions reductions through strategic dispatch, optimal location, or co-location with fossil generation will show higher emissions benefits in the evaluation.

### 4.3.5 *Other Quantifiable Benefits*

The evaluation may include other benefits that can be reliably quantified and consistently measured across Applications. The RFA Administrator will determine whether additional benefit categories beyond those listed above should be included in the quantitative BCA based on information provided in Applications and the ability to measure such benefits consistently.

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## 5. NON-PRICE EVALUATION

The non-price evaluation will consist of the evaluation considerations listed below. All non-price criteria will be reviewed, evaluated, and receive a separate numeric score tentatively considered to be valued between 20% -40% of the total points used in the evaluation process by the RFA Administrator, with the Commission ultimately determining the final weightings. Applicants will be informed of the specific non-price weightings to be used at a later date.

### 5.1 Project Viability

Project Viability will be assessed through the following evaluation criteria, which are discussed further below:

- Project Characteristics
- Interconnection Queue Status & Generator Interconnection Rights
- Site Control
- Permitting Plan
- Key Development Milestones
- Operating Plan

#### 5.1.1 *Project Characteristics*

Submission Requirements

Applicants must provide a comprehensive Project description, engineering plan and other details that demonstrate the Project's ability to be developed, constructed, and set in-service in accordance with the timeline required in this RFA.

The Project description shall include:

1. Evidence that the energy storage device is compliant with the definition of a front-of-the meter energy storage device pursuant to PUA § 7-216, Annotated Code of Maryland.
2. Evidence that the energy storage device can deliver its effective nameplate capacity defined pursuant to PUA § 7-1201(d), as the amount of energy an energy storage device can deliver continuously to the electric system over a period of at least four (4) hours.
3. Evidence that demonstrates that the technology the Applicant proposes to use is technically viable. Technical viability may be demonstrated by showing that the technology is commercially available, is reasonably expected to be commercially available prior to the commencement of Project construction or has been used successfully.
4. A site plan with a map that identifies the location of the energy storage system (all major equipment and facilities), the assumed right-of-way width, the total acreage for the storage Project, the proposed interconnection point that includes the path from the storage site to the point of interconnection, and the relationship of the site to other local infrastructure. Also include a description of the local zoning, flood plain information, existing land use and surrounding

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environmental ecosystem. Applicants should provide other visual aids such as a one-line diagram that provide a better understanding of the Project's location can be submitted.

5. A construction and engineering plan that demonstrates the logistical viability of the Project. The plan should include major tasks or steps associated with deployment of the proposed Project and the proposed approach for staging and deployment of major Project components.

6. The status of the Project's current construction plan including any existing relationships with engineering, procurement, and construction (EPC) firms and/or plans to partner with firms to construct the energy storage device or plans to self-build the Project.

In addition, for Projects that are co-located with Tier 1 or Tier 2 renewable sources, as defined under PUA § 7–701, or other generation resources, Applicants should provide description of the co-located generation technology type and a description of the Project or existing asset. Applications for hybrid Projects should also include:

1. Any restriction on the charging or discharging of the energy storage device that results from the co-location configuration. Such restrictions may include, but are not limited to, interconnection limits, inverter sharing arrangements, contractual or operational constraints governing charging from on-site generation versus the grid, or limits on simultaneous export. The applicant shall provide supporting documentation or an attestation describing how these restrictions may affect the Project's ability to participate in PJM markets and comply with program performance requirements.

2. A description of the ability of the energy storage device to deliver its effective nameplate capacity as limited by the production of generation resources with which the energy storage device shares a point of interconnection to the electric transmission system.

3. The corresponding information for the generation resource as required under #4-6 in the Project description for energy storage devices under this Project Viability section.

Evaluation

Applicants will be evaluated on the completeness of the Project's description and demonstration that the Project capacity, performance characteristics, location, configuration, construction and engineering plan and relationship to other local infrastructure supports the probable completion of construction of the energy storage device.

Any energy storage device that is selected under this RFA process will count toward the energy storage device deployment goals under PUA § 7–216.1. As such, any energy storage device must be eligible to be enrolled and registered in the Maryland Energy Storage Program as described in the proposed RM85 regulations. Applications will be evaluated on whether this requirement can be fulfilled.

Applications will be evaluated on the energy storage's capability to deliver its effective nameplate capacity over time, including expected round-trip efficiency over time for the duration of the Project included in the proposed ESCC Price Schedule. The effective nameplate capacity should be in accordance with the unforced capacity (UCAP) of the energy storage device as defined by the Determination of Accredited UCAP Using Effective Load Carrying Capability Analysis (M-21A) in PJM Manual 18. The effective Nameplate Capacity for the proposed ESCC Price Schedule will be based on the most recently published PJM ELCC Class Ratings for the Base Residual Auction for the respective energy storage duration two weeks prior to the time of the Application Submission Deadline.

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Applications that are detailed and provide comprehensive descriptions that enable the Commission and RFA Administrator to make conclusions on the Project's viability will be scored higher with respect to this evaluation criterion.

### 5.1.2 *Interconnection Queue Status & Generator Interconnection Rights*

Submission Requirements

An Applicant must provide evidence that its proposed Project: (1) is currently in PJM's Fast Lane, Transition Cycle 1, or Transition Cycle 2 interconnection processes by providing the Project's PJM new service request Project ID, Cycle, Stage, Name or Commercial Name, Status, Maximum Facility Output (MFO), MW Energy, MW Capacity, Submitted Date, Requested In-Service Date, Last Updated, and submission of latest documents released within the PJM interconnection process; or (2) has received or is in the process of attaining surplus interconnection service (SIS) with PJM through providing the Project's PJM Surplus Interconnection Request Number, status of the SIS process, and submission of latest documents completed by the Applicant or provided by PJM Documents include, but are not limited to, the Application and Studies Agreement, Phase I , II or III System Impact Studies or Facilities Study, Final Agreements, Surplus Interconnection Study Agreement (request), Surplus Interconnection Study, Revised Interconnection Service Agreement or Generation Interconnection Agreement,

An Applicant should describe how the Project will receive the required Capacity Resource Status conveying specific CIRs providing the Project the capability to export electricity for sale on the PJM wholesale market and offer into the PJM capacity market; and that the attained or requested Nameplate Capacity under the CIRs is equal to the effective nameplate capacity provided in its application; or if the energy storage device has or is likely to obtain the required CIRs through SIS) with PJM. This includes demonstration of the Project completing all requirements under the PJM CIR transfer process and any considerations with respect to the effective CIRs that is established under SIS.

If the Project is a hybrid resource (i.e., co-located with a Tier 1 or Tier 2 renewable resource) and the combined nameplate capacity of the co-located resources exceeds the interconnection capacity at the POI, the Applicant shall describe how interconnection rights are allocated between the resources, including any operational, contractual, or metering arrangements that ensure that the energy storage device can deliver its Nameplate Capacity in accordance with PJM market rules and program requirements.

If an Applicant has applied to use or intends to use PJM's SIS to add an energy storage device to an existing or planned eligible renewable energy resource, the applicant shall describe in detail the existing or proposed generating unit, ownership details and relevant agreements pertaining to shared ownership and operations, and ability to comply with PJM's timelines and terms for revised interconnection services.

Evaluation

Applicants will be evaluated based on how the Project's interconnection queue status may impact the ability of the Project to meet the Commercial Operation Date requirements in this RFA. For instance, Projects that are advancing or have advanced through the Transition Cycle expedited process (Fast Lane) or Transition Cycle 1, and therefore likely have an earlier Commercial Operation Date, will be scored more highly with respect to this evaluation criterion. Applications that provide strong demonstration of a Project's interconnection queue status through submission of service request details and the most relevant and recent documents will be scored more highly as well.

Applicants will also be evaluated on the feasibility and likelihood that the Project will possess the adequate Capacity Resource Status and CIRs to participate in the PJM Capacity Market.

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Additionally, for Applications with hybrid resources, Applicants will be evaluated on the evidence that the allocation of interconnection rights and arrangements have been appropriately made or planned so that the energy storage device can deliver its Nameplate Capacity to the PJM Capacity Market.

### 5.1.3 *Site Control*

Submission Requirements

Applicants must demonstrate that they have site control for the proposed Project Footprint, including any additional land rights (including easements) that are necessary for the development, construction, and operation of the Project for the proposed ESCC Price Schedule Term offered to the Commission.

Applicants should also demonstrate that they have secured site control for the land on which interconnection facilities connecting the Project to the PJM transmission system will be located. If an Applicant has not secured site control for the location of the interconnection facilities, the Application should provide a feasible plan to acquire control over the necessary site and descriptions of each step that will be taken to acquire control.

Applicants should submit copies of the appropriate site control documents such as land titles, property lease agreements, and deeds. In addition, any documented communication or agreements with the applicable landowner illustrating site control should be submitted.

Evaluation

Applicants will be evaluated on the certainty associated with site control for the Project Footprint and interconnection facilities. The submitted site control documents such as land titles, easements, property lease agreements, and deeds will contribute to the degree of certainty in site control being secured. This assessment will evaluate if the options with the relevant landowners to secure site control have been executed appropriately. If site control has not been secured for interconnection facilities, Applicants will be evaluated on the reasonableness of the plan to secure site control for the necessary land.

Applications that provide a high degree of certainty that site control has been secured for the Project's facilities and interconnection facilities, or will be secured, will be scored higher.

### 5.1.4 *Permitting Plan*

Submission Requirements

Applicants must provide all the information requested below in their Permitting Plan and fill out Attachment X. Permitting Plan. A Permitting Plan reflects the status of the full range of permits the Project must receive prior to construction and operation. The Permitting Plan must include:

1. A complete and comprehensive list and description of all the permits, licenses or environmental assessments or impact statements (e.g., state and local) that the Project must receive prior to construction and operation. The responsible agency for issuing approvals must be identified.

2. The status of the Applicant's permits, licenses and environment assessments or impact statements, along with expected timelines for achieving any outstanding approvals, must be identified. Applicants should provide documentation of approval or evidence of drafted or submitted documents to support the Applicant's claims.

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3. Any risks in permitting or licensing delays shall be identified along with the Applicant's plan to mitigate and/or remedy these risks where possible. This may include any energy storage moratoria or otherwise restrictive local laws.

4. Details on how the anticipated, outstanding permitting and licensing timeline provides certainty to the Project achieving its proposed Commercial Operation Date, within the requirements detailed in Section 2.2 Eligibility Requirements.

5. A summary and/or other evidentiary documentation that details the status of any applicable desktop or field studies needed for the Project's development, construction, or operations.

6. A summary of any known and anticipated avoidances or minimization measures for sensitive habitats and protected species.

Evaluation

Applicants will be evaluated based on the maturity of the Project's permitting plan, including the number of outstanding permits, licenses, and approvals as well as the degree of certainty in securing these approvals. Additionally, Applicants who demonstrate a complete and credible schedule for achieving all necessary permits and licenses that allow for the Project to meet the scheduled Commercial Operation Date will receive a higher score for this evaluation criterion.

### 5.1.5 *Key Development Milestones*

Submission Requirements

Applicants must show a critical path schedule of the project development, procurement, permitting, financing, and construction indicating the different length of time each phase will take, when they should be completed and the proposed Commercial Operation Date of the energy storage Project. An Applicant should provide sufficient information and adequate documentation to demonstrate that the Project has an adequate plan and sufficient time to achieve the anticipated Commercial Operation Date. All Projects seeking an award must be capable of achieving commercial operation within 24 months after a Project is approved by the Commission (i.e., October 1, 2028), except where the Applicant is able to demonstrate that achieving this Commercial Operation Date is not possible for Good Cause Shown, in which case the Project has the ability to achieve commercial operation within 36 months after the Project is selected by the Commission. The following activities will be considered by the Commission in determining Good Cause Shown for a schedule extension:

1. PJM's interconnection process;
2. the issuance of permits;
3. delivery of critical Project components with long lead times; and
4. utility construction of interconnection facilities and network upgrades.

Hereinafter referred to as Good Cause Shown Conditions.

An Applicant should opine on how the anticipated timelines and key development milestones enable the energy storage Project to achieve the proposed Commercial Operation Date.

The timelines included in response to this evaluation criterion should align with and be informed and supported by the information that fulfills other Application requirements. This includes, but is not limited

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to, details within the Project description, construction and engineering plan, interconnection queue status, site control status, permitting plan, financing plan and stakeholder engagement plan. An Applicant shall make its best effort to ensure that all relevant information submitted as part of the critical path schedule is internally consistent and demonstrates the reasonableness of the proposed Commercial Operation Date.

The status of the Applicant's current procurement plan, including procurement and delivery of all major equipment to construct the Project, inclusive of any equipment that has previously been purchased or contracted for the Project. If no major equipment has been purchased or contracted, Applicants should include a plan to procure all the components, including equipment from OEMs, relevant communications with OEMs, estimated lead time for delivery of Project components to the site and any quotes/pricing received from OEMs for the Project components.

As permitted by the NGEA, the Commission may extend the proposed commercial operating date for an additional 12 months for Good Cause Shown Conditions when events or circumstances have occurred beyond the reasonable control of the Project developer.

Schedule extensions due to the Good Cause Shown Conditions will require 30-day notice, milestone compliance, and mitigation proof. All extensions are capped at 12 months cumulative (18 months with Force Majeure overlap), with monthly progress reports and third-party verification for claims over 6 months. Force majeure (e.g., grid outages, pandemics) may add up to 6 extra months.

Evaluation

Applicants will be evaluated on the detail, clarity, and reasonableness of the submitted key development milestones and the reasonableness of the length of time each is expected to take. Applications with earlier proposed commercial operation dates will be scored higher with respect to this evaluation consideration.

This evaluation criterion will also include whether an Application clearly demonstrates that the Project is expected to achieve its proposed Commercial Operation Date. This includes Projects that may not meet Commercial Operation Date within 24 months of Commission award.

### 5.1.6 *Operating Plan*

Submission Requirements

Applicants must provide all the information requested below in their Operating Plan and fill out Attachment X. Operating Plan, which details the Applicant's Operational Plan, including maintenance and decommissioning. The Operating Plan must include:

1. The energy storage device's expected performance. Performance is defined as the ability of the energy storage device to provide expected output of energy over its useful life. Any operational management terms that memorialize the operations of the Project should be included.

    a. Performance characteristics of the energy storage device include: duration of energy discharge, round-trip efficiency, ramp rates (charging and discharging), type of coupling for co-located Projects, state-of-charge range, stand-by loss, annual/monthly/daily limits on full equivalent duration-of-discharge cycles, degradation curves and augmentation plans, operating life, minimum run-times during charge and discharge cycles, minimum downtime between charge and discharge cycles, operating modes and impact on performance parameters, operating temperatures and efficiency.

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2. An expected operation and maintenance plan, including any overbuild or augmentation plans to address and mitigate output degradation.

3. Demonstration of how the Project is expected to maintain performance over the full ESCC period, and identify, if needed, the design or operational measures expected to be incorporated beyond current codes and standards to achieve this performance.

4. Evidence the energy storage device can deliver the effective Nameplate Capacity.

5. Plans or operational schedule which demonstrates that the energy storage device will resolve load flow or power quality concerns associated with intermittent renewable energy resources.

6. Describe the decommissioning plan for the Project, including any expected recycling or reuse for the energy storage device.

7. Describe the terms (or expected terms) of the warranties and/or guarantees on major equipment that the Applicant expects to utilize. This may include the Project's equipment manufacturer's warranty and long-term service agreement to cover the Project in its entirety.

8. For Projects paired with Tier 1 or Tier 2 renewables resources, identify and describe any restrictions on the charging or discharging of the energy storage device that result from the co-located configuration.

    a. Such restrictions may include, but are not limited to, interconnection limits, inverter sharing arrangements, contractual or operational constraints governing charging from on-site generation versus the grid, or limits on simultaneous export.

    b. Provide supporting documentation or an attestation describing how these restrictions may affect the Project's ability to participate in PJM markets and comply with program performance requirements.

9. Detailed description of the anticipated operational strategy for the proposed energy storage device. This description shall include the intended participation of the resource in PJM wholesale markets and other applicable programs, as well as the approach the applicant anticipates using to optimize system operations across available revenue streams.

    a. This includes a qualitative description of how the Project is expected to be dispatched or optimized on an hourly or sub-hourly basis (e.g., price-based optimization, algorithmic or manual dispatch, automated control systems).

10. Evidence and analysis of Applicant's ability to obtain revenue through PJM or non-ratepayer funding, including but not limited to, energy arbitrage and ancillary services (e.g., frequency regulation, spinning reserves, etc.) in PJM.

    a. This includes identification of the PJM markets (e.g., Energy, Capacity, Regulation, or Ancillary Services) in which the Project is expected to participate, and any retail programs or bilateral arrangements that will affect dispatch (e.g., demand response programs, retail tariff optimization, or utility contracts).

    b. The description shall include: a planned operating strategy to participate in PJM's capacity market via the Base Residual Auction or Incremental Auctions, specifying auction and Delivery Years; the Project's expected availability during Performance Assessment Intervals (PAIs); and in detail assumptions on likelihood of PAIs, risks, penalties, bonuses, etc. that inform the Applicant's operating strategy for PJM's capacity market.

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11. Any constraints that may limit dispatch, including interconnection limits, co-located resource interactions, minimum state-of-charge or cycle limits, or contractual restrictions on charging from or discharging to the grid.

12. Confirmation that dispatches and market participation will conform to applicable PJM market participation models (e.g., Energy Storage Resource, Hybrid Resource participation model, or other relevant configuration).

13. Discussion of how the applicant expects to prioritize among market opportunities (e.g., capacity versus regulation versus energy arbitrage) under varying price and system conditions.

    a. Discussion of how the applicant expects the Project dispatch will contribute to avoided emissions in the short term and Projected avoided emissions in the long term.[12]

14. Specify partial and complete planned outage requirements in weeks or days for all generation facilities and associated facilities required for the delivery of energy from the generation facilities to the delivery point. Also, list the number of months required for the cycle to repeat (e.g., list time interval of minor and major overhauls, and the duration of overhauls).

Evaluation

Applicants will be evaluated based on their demonstrated ability to operate the proposed Project in a manner that provides the greatest benefit to Maryland ratepayers by ensuring high availability and maintaining its nameplate capacity throughout the ESCC Price Schedule tenor. Specifically, Projects that provide detailed Operating Plans such that the energy storage device leverages all potential revenue streams while ensuring economic dispatch will receive a higher score. Additionally, Operating Plans that support Tier 1 and Tier 2 renewable resource reduced curtailment and deployment will also be scored favorably. The Applicant's ability to provide supportive documentation will also be considered in scoring.

### 5.2 Applicant Experience

Submission Requirements

An Applicant must demonstrate that it has sufficient relevant experience and expertise in developing, procuring, constructing, financing and operating energy storage devices. Development, financing, and construction experience can be established by demonstrating that key member(s) of the Applicant's development team have had relevant project management responsibilities in the successful development, financing, and construction of a similar type of project with a comparable level of complexity, requiring similar skills. This includes:

- Successful development of a similar project through achievement of site control and competition of interconnection, permitting, and environmental processes;

- Successful engineering, design, procurement and construction of a similar project;

- Experience successfully financing energy storage, power generation or transmission projects;

[12] The NGEA requires an evaluation of avoided emissions as measured using the social cost of carbon, as determined by the U.S. Environmental Protection Agency as of January 1, 2025.

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- Experience operating & maintaining a similar energy storage project to maximize performance, safety and longevity, including an energy storage device in the PJM market or a similar ISO/RTO market; and

- Experience engaging relevant stakeholders and executing a Community Benefit Agreement (CBA) (or similar agreement).

Applicants should describe past or current energy storage projects, or similar generation resources, that the Applicant and/or key member(s) have successfully developed and constructed. In such descriptions, Applicants should include names of the projects, location, project type and size, date of construction and permanent financing, key permitting processes, ISO/RTO market, revenue/offtake structure, and financing structure of the project as well as the operation, maintenance, and market participation of the energy storage device as applicable.

Evaluation

Applicants will be evaluated on the evidence and demonstration that the Applicant and/or key members of the Applicant's development team have successfully developed, constructed, and financed a similar energy storage project, or similar generation resource, including all phases of project development cycle and operation & maintenance described in the Submission Requirements. Applications that demonstrate an Applicant has extensive history and experience in successfully developing similar projects will be scored more highly. Applicants who demonstrate extensive expertise and competence in all aspects of developing, constructing, financing, operating, and maintaining an energy storage project will also be scored more highly.

### 5.3 Safety Plan

Submission Requirements

Applicants must provide all the information requested below in their Safety Plan and fill out Attachment X. Safety Plan. Awarded Projects must maintain safety requirements detailed in with any applicable National Fire Protection Association (NFPA) Standard 855 requirements and adhere to Maryland's Energy Storage Program requirements as described in the proposed RM85 regulations. The Safety Plan must include:

1. An attestation that all energy storage devices that utilize lithium–ion batteries shall comply with the most up–to–date revision of the NFPA 855: Standard for the Installation of Stationary Energy Storage Systems in effect at the Project's final permit application date (NFPA 855).

2. Summary of fire safety features, including fire detection, alarms, fire suppression, and sequence of operations of system response to a thermal runaway event.

3. Documentation discussing how the proposed Project will comply with Federal, State and local fire and safety codes, including but not limited to applicable NFPA 855 requirements such as:

    a. Location and Separation;

    b. Fire Resistance;

    c. System Listing;

    d. Hazard Mitigation Analysis;

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e. Fire Detection and Suppression;

f. Ventilation and Thermal Management;

g. Electrical Safety, Signage;

h. Battery Management System;

i. Inspection and Maintenance;

j. Emergency Planning (including first responder training); and

k. Decommissioning.

Evaluation

Applicants will be evaluated based on the level of detail included in the Safety and Security Plan, including demonstration of conforming to the NFPA Standard 855 as well as Maryland's Energy Storage Program requirements as described in the proposed RM85 regulations. Plans with greater level of detail and who go beyond the minimum safety and security requirements will receive a higher score. Commitments to engage with the local community and first responders as part of their Safety and Security Plan will receive a higher score.

### 5.4 Financing Plan

Submission Requirements

Applicants must provide all the information requested below in their Financing Plan and fill out Attachment X. Financing Plan, which details the Applicant's plan to finance and procure all required equipment and labor to construct and operate the proposed Project. The Financing Plan must include:

1. Description of the business entity structure of the Applicant's organization from a financial and legal perspective, including all general and limited partners and officers; the involvement of any subsidiaries supporting the Project; and the providers of equity and debt for Project financing. This should include an organizational chart showing the relationship between the debt and equity participants and an explanation of any relationship between them. Jointly owned facilities should identify all owners and their respective interests.

2. Demonstration that the resulting ESCC resulting from this RFA would permit the Applicant to finance its Project that would otherwise not be financeable or assist the Applicant in obtaining financing of its Project.

3. A financing plan for the Project, including construction, development, permitting, and term financing. The financing plan should include:

    a. Who will finance or is in consideration for financing the Project and what related financing mechanisms will be used (i.e., convertible debenture, equity, tax equity, etc.), including any repayment schedules or conversion features;

    b. The Project's initial financial structure and expected financial structure;

    c. Expected sources of debt and equity financing, including evidence of funding sources where available;

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d. Financial institution letters demonstrating access to capital reserves;

e. Estimated construction and other costs to develop and operate the Project;

f. Expected capital structure;

g. Any agreements, pre- and post-Commercial Operation Date, entered with respect to equity ownership in the Project or other unique financing arrangements; and

h. Evidence of relationships with lenders.

4. Describe any financial commitments to enter into long-term contracts with parties, which would offer other sources of long-term revenue. Include the status of such commitments and whether they are contingent on Application selection.

5. Documentation of experience with financing projects of similar size and/or technology. For each project previously financed, provide the following information:

   a. Project name and location;

   b. Project technology, size (MW) and duration (MWh) (as applicable);

   c. Date of construction and permanent financing;

   d. Form for debt and equity financing; and

   e. Current status of the project.

6. Demonstrate an understanding of the requirements to secure financing including evidence that the bidder has the financial resources and financial strength to complete and operate the Project as planned, including contingencies for project delays and cost overruns.

7. Detail any financial difficulties by the Applicant which impaired the viability or financing of the development and construction of projects of similar type, size, and complexity.

8. Description of a Project's ability to qualify for investment tax credits (ITCs) and plan to safe harbor these ITCs. If applicable, an applicant should provide a declaration of intent to use the ITC and any available bonus credits made available as part of the Inflation Reduction Act of 2022. The Applicant may also describe policy risks that may hinder the project's ability to qualify or secure ITCs and any steps it is taking or expects to take in mitigation.

9. Details on the financial capability and credibility of the developer and its ability to secure financing for the proposed project. This includes evidence that the Applicant or its equity participant(s) possesses an investment grade credit rating. Audited financial statements for each of the three most recent fiscal years providing financial security should be included.

10. Describe assumptions used by the Applicant in forecasting changes to Project costs during the contract term, interest rates over the development period, key commodity process and the methodology used to develop the Project's contingency amount. Applicants must include an explanation of why these assumptions are reasonable and quantify how the Project is designed to absorb sufficient risk to ensure the Project can be successfully financed.

11. Applicants must disclose any disputes or litigation in the last three years related to projects developed, owned, or managed by the Applicant or any affiliates in the United States or related to any energy produce sale agreement.

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12. Whether the Applicant has already obtained financing or a commitment to financing for the Project. If the Applicant has obtained financing, explain how obtaining an ESCC will help obtain financing for the proposed Project, in obtaining more favorable financing terms, or in supporting the future capital investment.

13. Has the Applicant or any their affiliates, in the last five years:

    a. Consented to the appointment of, or been taken in possession by, a receiver, trustee, custodian, or liquidator of a substantial part of its assets;

    b. Filed for a bankruptcy petition in any bankruptcy court proceeding;

    c. Consented, answered, or sought relief under any bankruptcy or similar law or failed to obtain a dismissal of an involuntary petition;

    d. Admitted in writing of its inability to pay its debts on time;

    e. Made a general assignment for the benefit of creditor;

    f. Been the subject of an involuntary proceeding seeking to adjust the Party bankrupt or insolvent; and/or

    g. Sought arrangement, reorganization, adjustment, or composition of it or its debt under any law relating to bankruptcy, insolvency, or reorganization or relief of debtors?

14. Describe any disputed, claims, complaints or litigation or notices of violation or potential violation involving the Applicant or projects involving the Applicant.

15. Describe any failure to meet Commercial Operation Dates under other long-term contracts. Applicants shall provide a description of how the Project will avoid similar project delays and/or development issues.

16. Describe any disputed, claims, complaints, or litigation or default events or other failures to satisfy contract obligations or failure to deliver products, involving the Applicant or projects involving the Applicant.

Evaluation

Applicants will be evaluated based on the credibility and certainty that the Applicant can access the funds required to develop and construct the Project. Evidence of relationships with and understanding of what lenders are looking for will be considered in the evaluation. Greater level of detail on the expected financing structures and partners for the Project will receive a higher score.

### 5.5 Stakeholder Engagement

Submission Requirements

An Application must describe the Applicant's values and philosophy related to stakeholder engagement. Applications should provide a stakeholder map and a plan for community engagement activities and targeted stakeholder outreach. This should include the specific host community(ies), local groups that may be impacted by the Project, community governments, local first responders and other constituencies. A stakeholder engagement plan should describe how a Project will fulfill the stakeholder engagement and participation requirements for front-of-the-meter energy storage devices as provided

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in the Commission's Maryland Energy Storage Program requirements as described in the proposed RM85 regulations.

For Projects that have initiated the stakeholder engagement process, Applications should identify key stakeholders and specific stakeholder engagement activities the Applicant has already conducted, what concerns have been raised, what has been done to date to address those concerns, and what activities the applicant will take to address any concerns that have not been addressed.

Applications should include the current status and completeness of Project stakeholder engagement activities, including demonstrated evidence of past and current productive relationships with the relevant stakeholders. Specifically, Applications should, at the very least, describe where engagement and discussions with stakeholders stand regarding environmental impacts, safety plans and other societal impacts. Consideration will be given to the evidence of community engagement as demonstrated by evidence of support from community governments and local first responders.

Evaluation

Applicants will be evaluated for its stakeholder engagement in two steps. Firstly, Applications that offer fundamentally sound values, philosophy and plan related to stakeholder engagement and participation requirements that demonstrate an Applicant's expertise and capability to successfully engage stakeholders in a meaningful manner and develop energy resources in coordination with local and relevant stakeholders will be scored more highly. This includes presenting a detailed plan to a successful stakeholder engagement and participation requirements, adhering to the Commission's Maryland Energy Storage Program requirements as described in the proposed RM85 regulations, and a comprehensive list of relevant stakeholders related to the energy storage Project included in the Application.

Secondly, Applications that offer evidence of engaging stakeholders, what concerns have been raised, what has been done to date to address those concerns, and testimonials from community governments and local first responders offering proof that a successful stakeholder engagement process has already been initiated will be scored more highly.

### 5.6 Climate Resilience

Submission Requirements

An Applicant must provide any climate resilience efforts related to the Project, that is, the ability to prepare for, recover from, and adapt to climate change impacts. Applicants should describe efforts that can be undertaken to understand the climate resiliency of the energy storage device site, the technology, and design considerations, and how the Applicant plans to minimize the energy storage device's risk of being impacted by future climate events over its useful life.

An Applicant shall address how reliability and project performance may be impacted by future conditions and hazards caused by climate change. Specifically, an Application must include a Project's climate hazard exposure and describe the adaptation and resilience measures that will be incorporated to mitigate risk of reliability issues. Applications must also identify any anticipated impacts to performance (i.e., charging/discharging capabilities, round-trip efficiency) that may result from climate impacts projected to occur within the Project's useful life and how the Project will maintain its expected performance levels.

Evaluation

Applicants will be evaluated on the completeness of identifying, assessing, and providing mitigation strategies for climate resilience risks. Applications that identify the Project's climate hazard exposure and

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clearly describe the climate change adaptation and resilience measures that will be incorporated into the Project's siting, design, technology selection, construction, and operation will be scored higher. In addition, Applications that identify anticipated impacts from adverse weather events to the Project's performance and demonstrate how the Project will maintain it expected performance will also be scored higher. This information requirement related to performance may be covered and cross referenced in Section 5.1.5 Operating Plan.

### 5.7 Economic Benefits to Local Communities and Maryland

Submission Requirements

An Applicant must delineate its community benefit outreach plan(s) for engaging small businesses, compliance with the Minority Business Enterprise Program (MBE), use of local skilled labor (especially through registered apprenticeship programs), and a Community Benefit Agreement (CBA) compliant with the requirements of PUA § 7–1202. As such, the CBA must:

1. Promote opportunities for local, small, minority, woman-owned, and veteran-owned businesses;
2. Ensure the use of skilled labor who will be paid not less than the prevailing wage rate determined by the Commissioner of Labor and Industry under Title 17, Subtitle 2 of the State Finance and Procurement Article, Maryland Annotated Code. The applicable prevailing wage can be found in the most up to date Prevailing Rates - Including Supplemental Rates Issued, published on the Division of Labor and Industry's Prevailing Wage webpage;
3. Promote safety training by ensuring that at least 80% of the craft workers on the Project have completed a 10-hour Occupational Safety and Health Administration course;
4. Foster career training for local residents, veterans, women, minorities, and formerly incarcerated individuals;
5. Include provisions for local hiring and the hiring of historically disadvantaged groups;
6. Outline the use of locally, sustainably, and domestically manufactured construction materials and components to the extent practicable;
7. Require the use of skilled local labor using methods including outreach, hiring, and referral methods that are affiliated with registered apprenticeship programs under Title 11, Subtitle 4 of the Labor and Employment Article, Maryland Annotated Code; and
8. Authorize the Maryland Department of Labor and the Commission to consider, review, and enforce a storage developer or energy developer's compliance with any CBA.

Applications shall identify the elements of its proposed CBA that are consistent with the requirements set forth above. If elements of the CBA have not been finalized, an Applicant should detail in its plan(s) the Applicant's strategies and stakeholders that the Applicant will engage to provide economic benefits to local communities and Maryland. This includes the Applicant's intention and plan to sign a Project Labor Agreement (PLA) with skilled labor organizations and/or contractors as part of the Applicant's strategy to develop a local workforce and engage with small businesses, contractors, and skilled labor. Applicants must also identify how they will support the economic opportunities and public health benefits to environmental justice or disadvantaged communities. Applicants should use the Maryland Department of the Environment EJ (Environmental Justic) Resources to inform the potential economic, environmental, health and social impacts of Project. Specifically, the MDEnviroScreen is a tool used to help identify

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communities disproportionately burdened by multiple sources of pollution and with population characteristics that make them more sensitive to pollution. An Application should identify how a Project may reduce pollution, or support other positive health impacts, to an EJ community as identified by the MDEnviroScreen. An Applicant may identify and describe other economic benefits to EJ communities that would result from the construction of its Project that are not solely identified through the MDEnviroScreen. Applicants may elect to provide commitments of a certain dollar amount of expenditures that will accrue to EJ and disadvantaged communities. Such commitments will be considered in the Application evaluation.

An Applicant shall provide documentation, if any, or plans of outreach efforts to various businesses, the Governor's Office of Small, Minority & Women Business Affairs, local officials, EJ communities and other relevant stakeholders. If an Applicant has met with local officials or held public meetings prior to Application submission, the Applicant should incorporate feedback into a community outreach plan.

Evaluation

Applicants will be evaluated on the conformance of its community benefits outreach plan to the requirements set forth in the CBA and supporting the economic opportunities and public health benefits to EJ communities. The community benefits plan provided in an Application should be prescriptive in how each Applicant has or intends to engage small businesses, use skilled labor, and execute a CBA. In addition, Applications should provide as much detail as possible, including quantitative values, on how the Project will support reducing pollution or improving health impacts in EJ communities.

Applications that provide documentation of outreach efforts or demonstrate that outreach efforts to various businesses, the Governor's Office of Small, Minority & Women Business Affairs, local officials, EJ communities and other relevant stakeholders are underway will be scored higher. If those efforts are not currently being pursued, Applications will be evaluated on the detail of the community benefit plan that outlines how these requirements will be accomplished. Applications that offer and demonstrate significant reductions in pollution or other positive health and economic impacts to EJ communities will be scored higher.

## 5.8 System Benefits

System Benefits will be assessed through the following evaluation criteria:

- Ancillary Service Benefits;
- Avoided or Deferred Investments in Transmission Infrastructure;
- Renewable Energy Value; and
- Reliability Value.

### 5.8.1 *Ancillary Services Benefits*

Submission Requirements

Applicants are required to submit information including:

1. Project size (capacity and duration), technology type, and location;
2. Market participation strategy and assumptions regarding ancillary services, including:

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a. Expected participation in ancillary service markets;

b. Capability to provide spinning reserves, non-spinning reserves, or other ancillary services; and

c. Response times and ramp rates;

3. Contractual obligations or dispatch restrictions that may affect ancillary services participation; and

4. For hybrid or co-located Projects, configuration details affecting ancillary services capability (e.g., black start services, grid-forming inverters).

Evaluation

Potential ancillary services benefits will be evaluated based on technology characteristics, duration, configuration, and market participation strategy. The evaluation will consider:

- The range and type of ancillary services the Project can provide;
- Technology-specific capabilities (e.g., fast response times for regulation, black start capability);
- Project configuration factors that enhance ancillary services value (e.g., co-location with generation providing black start services); and
- Operational plans demonstrating robust participation in ancillary services markets.

The evaluation will account for expected changes in PJM ancillary services markets, including declining regulation market revenues due to market design changes. Projects will be assessed on their ability to adapt to evolving market conditions and maintain ancillary services participation over the contract term.

Scoring will favor Projects that include robust plans for participating in ancillary services markets, possess technology and duration characteristics allowing for a greater range of services, and have site or configuration parameters that enhance ancillary services value. The RFA Administrator will consider whether there are benefits that do not accrue exclusively to the Project owner that can be reliably quantified for inclusion in the BCA. If not, bidder information related to ancillary services may still be considered in Non-Price scoring.

### 5.8.2 *Avoided or Deferred Investments in Transmission Infrastructure*

Submission Requirements

Applicants may submit information on:

1. Any known or anticipated transmission projects that may be deferred or avoided due to their energy storage Project, including:

   a. References to specific needs identified in PJM's Regional Transmission Expansion Plan (RTEP) process;

   b. Transmission Owner studies or planning documents; and

   c. PJM subregional RTEP discussions;

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2. Any local reliability violations flagged by PJM or the Transmission Owner that their Project could mitigate;

3. Supporting materials demonstrating the linkage between the proposed Project and avoided or deferred transmission investments, such as:

    a. PJM studies or analysis;

    b. Documentation of discussions or negotiations with Transmission Owners;

    c. Engineering analysis showing how the Project addresses identified needs; and

    d. Quantification of potential transmission cost savings; and

4. Project-specific circumstances, technology characteristics, duration, configuration (e.g., co-location), and location that contribute to transmission deferral value.

Evaluation

Applications will be evaluated for the Project's potential to avoid or defer transmission infrastructure investments based on the submitted information and the credibility of demonstrated linkages between the Project and specific transmission needs.

If Applicants can demonstrate how their Project would directly lead to or contribute to (e.g., as part of a suite of solutions) avoidance or deferral of transmission infrastructure investments, the quantitative BCA will include the impact of avoided or deferred transmission costs on PJM transmission charges for Maryland Load Serving Entities (LSEs). Relevant charge categories may include MPTEP Project Cost Recovery, Direct Assignment Facilities, and Other Supporting Facilities charges.

Applicants who are not able to demonstrate a clear quantifiable link between their Projects and avoided transmission costs will be evaluated favorably in relevant Non-Price criteria if they:

- Are located in areas with high and persistent transmission congestion;
- Are sited in areas with identified reliability violations or constraints;
- Are located close to load centers, particularly areas with anticipated large load growth; and/or
- Demonstrate a reasonable mechanism by which the Project could reduce or defer transmission investment needs.

Projects that can provide supporting documentation from PJM or Transmission Owners will be scored more highly than those relying solely on general assertions of transmission value.

### 5.8.3 *Renewable Energy Value*

Submission Requirements

Applicants with energy storage Projects co-located with solar or wind power plants, including Projects utilizing Surplus Interconnection Service, may submit information on:

1. The direct impact on net renewable energy injected into the grid through avoided curtailment;

2. Quantification of incremental renewable energy enabled by the storage Project, including:

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a. MWh per year of avoided renewable curtailment; and

3. Supporting documentation demonstrating the renewable energy value. Examples of such documentation may include:

    a. Curtailment analysis or modeling;

    b. Operational data from similar configurations; and

    c. PJM interconnection studies showing curtailment risk.

Applicants with standalone energy storage Projects may submit information or analysis on curtailment risks for renewable energy Projects located near and impacted by their Projects.

Evaluation

The qualitative evaluation will score Projects based on their ability to support incremental renewable energy in the system, including future renewable energy Projects like offshore wind Projects. Projects that demonstrate significant direct avoided curtailment of renewable generation will score higher. The evaluation will consider whether claimed curtailment avoidance is consistent with expected renewable generation patterns and transmission constraints in the Project location.

### 5.8.4 *Reliability Value*

Submission Requirements

Applicants are required to submit information on:

1. Project size (capacity and duration), technology type, and location;
2. Market participation strategy and operational assumptions;
3. Contractual obligations and dispatch restrictions; and
4. Project or technology-specific attributes that enhance system reliability, such as:

    a. Proximity to large load centers or areas with reliability concerns;

    b. Proximity to intermittent renewable generation;

    c. Black start capability;

    d. Grid-forming inverter technology;

    e. Fast response capabilities; and

    f. Other features that could reduce risk of load shedding.

Evaluation

Applications will receive a qualitative evaluation of reliability benefits based on technology characteristics, duration, configuration, and market participation strategy.

Scoring will favor Projects that:

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- Are located with proximity to large loads or areas with identified reliability needs;
- Are co-located with or near intermittent renewable generation where storage can provide firming capability;
- Possess technology-specific attributes such as black start capability, grid-forming inverters, or other features that enhance grid reliability beyond standard capacity provision;
- Have longer storage durations; and/or
- Have operational plans that prioritize reliability during high-risk periods, particularly widespread unplanned generation outages or fuel scarcity.

Projects that can demonstrate that they address specific reliability concerns in Maryland through PJM studies, utility planning documents, or other credible analysis will be scored more highly. The qualitative reliability evaluation will complement the quantitative capacity value already captured in the BCA.

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# 6. ADDITIONAL APPLICATION SUBMISSION INFORMATION

## 6.1 Modification or Cancellation of the RFA and Application Process

Notification of any changes in the RFA process or documents will be communicated with Applicants via the NGEA RFA website. Any modified or reissued Application process documents will be posted on the NGEA RFA website. Prospective Applicants are encouraged to sign up for notifications of website updates.

The Commission may, at any time up to final award, postpone, withdraw and/or cancel this RFA; alter, extend, or cancel any schedule date; and/or, alter, amend, withdraw and/or cancel any requirement, term or condition of this RFA, any and all of which shall be without any liability to the Commission, or the RFA Administrator.

## 6.2 Updates to Applications

Applicants will not have the opportunity to refresh or restate their Application after the Application Window closes. However, Applicants must provide updated information (e.g., changes to permitting, financing and interconnection status, amongst others) to the RFA Administrator about the Project(s) that was not available at the time of their Application Submission.

The RFA Administrator may contact Applicants to seek clarification regarding a potential error or misunderstanding reflected in the Application or if Application materials were received in a corrupt or unusable format. The RFA Administrator will provide Applicants with the opportunity to cure the error or provide properly formatted materials.

After the Application Window closes, Applicants may be requested to provide clarifications and additional information by the RFA Administrator, as discussed below. These requests are for clarification and/or informational purposes and will not be treated by the RFA Administrator as a change or revision to the material terms of the Application.

If any event or change of circumstances occur that affects the Project or the Application in a manner that could reasonably be expected to have a material impact on the eligibility of the Application or its evaluation in the First RFA Application Window (a Material Change), Applicants must promptly notify the RFA Administrator by emailing MDPSC-NGEA-Storage@poweradvisoryllc.com.

In the event that a Material Change occurs that affects Applications after the Application Submission Deadline, the RFA Administrator may solicit updates to all eligible Applications to account for the Material Change. In accordance with this process for evaluating systemic Material Changes, Applicant's scores may be adjusted upwards or downwards as a result.

If any information on Attachment A. Public Project Summary changes at any time following submission and prior to the Commission approval, Applicants are required to promptly submit an updated version of Attachment A. Public Project Summary so that the RFA Administrator and the Commission can update materials accordingly.

## 6.3 Requests for Additional Information and/or Interview

Following the Application Submission Deadline, the RFA Administrator may request clarification and additional information, including an interview, from Applicants at any time throughout the Application Evaluation Process. Such information may be subject to the confidentiality protections described in

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Section 1.6 Confidential and Proprietary Information. If the Applicant does not respond within the requested response window to the clarification request or does not provide adequate information, the Application will be evaluated based on the information originally provided.

### 6.4 Limitation of Liability

Neither this RFA nor any other aspect of this solicitation shall create an agency, partnership, joint venture or co-tenancy relationship among members of the RFA Administrator, the Commission, or any other individuals or entities involved in the development or administration of the RFA (collectively RFA Parties) nor any other relationship or liability beyond those (if any) explicitly adopted in writing and executed by authorized representatives of applicable RFA Parties. None of the RFA Parties shall be liable for any act or omission of any other RFA Party. Neither this RFA nor any other aspect of this solicitation creates or is intended to create third-party beneficiaries hereunder. By submitting an Application, the Applicant expressly acknowledges and agrees that the RFA Parties, their officers, directors, employees, agents, and representatives shall have NO liability whatsoever to the Applicant or any other party for any losses, damages, costs, or expenses (including, without limitation, any direct, indirect, special, incidental, punitive, exemplary, or consequential damages, or lost profits) arising from or related to the preparation and submission of an Application; the modification, withdrawal, or termination of this RFA at any time and for any reason; and any decision by the Commission regarding the evaluation and selection of projects.

This RFA is an invitation to submit Applications only and shall not be considered an offer to contract. Applicant understands and agrees that the submission of an Application is at its sole risk and expense. Any debt, obligation, or liability of a qualified energy storage Project Applicant, developer, owner, or operator is not considered a debt, obligation, or liability of the State of Maryland. In addition, the State, its ratepayers, and purchasers of the associated ESCCs shall be held harmless from any project cost overruns.

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# 7. APPLICANT COMMITMENTS

## 7.1 Commission Approval for Construction

Per the Renewable Energy Certainty Act (RECA) codified as PUA § 7–219, a person may not begin construction of a front-of-the-meter energy storage device unless the construction has been approved by the Commission. A Certificate of Public Convenience and Necessity (CPCN) is not required for stand-alone storage projects but is required for hybrid Projects. An Applicant must attest that, upon Commission selection of Application, that it has already filed or is prepared to file an application with the Commission for construction approval of its energy storage Project pursuant to the requirements and process prescribed in the proposed RM85 regulations, as published in the Maryland Register on December 1, 2025.

As part of the Project's application to the Commission for construction approval, the applicant must complete the appropriate forms to initiate the state agency review, comply with stakeholder engagement and participation requirements and conform to the safety, siting, and environmental requirements as described in the proposed RM85 regulations. See Appendix A Commission Approval for Construction for Stand-Alone Energy Storage for additional details.

### 7.1.1 *Certificate of Public Convenience and Necessity Requirement for Hybrid Projects*

Applicants offering hybrid Projects within their Application(s) must attest that, upon Commission selection of an Application, the Applicant is prepared to file a CPCN application and obtain a CPCN or CPCN waiver (or exemption, as appropriate), compliant with the regulations set forth in COMAR 20.79.01 and COMAR 20.79.03.[13]

An Application must include an attestation that the Applicant understands that selection of an Application does not obviate the need for an Applicant to obtain a CPCN, or CPCN waiver (or exemption, as appropriate), if applicable to the Project, or an approval to begin construction pursuant to the RECA as codified in PUA § 7–219, and that the Commission may adopt conditions for the construction and operation of facilities pursuant to the selection of an Application under this RFA in addition to any conditions required in applicable Commission proceedings.

### 7.1.2 *Public Utilities Article § 7-1227 Conditions and Rights*

For any Project selected under this RFA, the Commission may adopt conditions for construction and operation of facilities. An order selecting an Application bestows the same rights to the selected Applicant that a generating system would otherwise be granted through a CPCN under PUA § 7–207, if the selected Application is reviewed under PUA § 7–219.

## 7.2 Community Benefit Agreement

An Application must attest that it understands that after selection of an Application the Project owner shall enter a CBA compliant with the requirements of PUA § 7–1202. This includes the list of requirements set forth in Section 5.7 Economic Benefits to Local Communities and Maryland. A CBA must promote

[13] Pursuant to PUA § 7-207 and § 7-208, a person may not begin construction of a generating station without approval of the Commission. The Commission has the authority to issue a CPCN, or an exemption, for a person to construct or modify a new generating station. This requirement applies to hybrid Projects.

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opportunities for local, small, minority, woman-owned, and veteran-owned businesses; ensure skilled labor with prevailing wages; promote safety training; and foster career training for local residents, veterans, women, and minorities.

### 7.2.1 *Disadvantaged Communities Economic Benefit Commitments*

An Applicant must attest that it commits to supporting the economic opportunities and public health benefits to EJ or disadvantaged communities throughout the development and construction of the energy storage device and through the potential economic, environmental, health, and social impacts of Project. An Applicant that is selected through this RFA process is expected to fulfill the expected levels of reduction in pollution as identified through the MDEnviroScreen or other positive health and economic impacts to an EJ community as established in the Applicant's response to the Submission Requirement under Section 5.7 Economic Benefits to Local Communities and Maryland. This includes the certain dollar amount of expenditures that will accrue to EJ or disadvantaged communities if an Applicant chose to provide such a commitment. To the extent a Project falls short of the minimum dollar amount provided in the Application, any shortfall will be addressed following the guidelines under 2 Code of Federal Regulations (CFR) § 200.339 Remedies for noncompliance. As a result of commitment shortfalls, the Commission may (1) Temporarily suspend ESCC payments in part or in total until the ESCC recipient files and receives approval for a corrective action from the Commission; (2) Terminate the ESCC award in part or in its entirety if not cured. This determination will be made pursuant to a Commission hearing; and (3) Withhold consideration for new awards (i.e., that may be considered in Round 2) until acceptable corrective action is taken.

### 7.2.2 *Prevailing Wage Requirements*

An Applicant must attest that it understands that all contractors and subcontractors working on the Project shall be in compliance with federal and state wage and hour laws for the immediately preceding 3 years or the duration of the contractor's or subcontractor's business operation, whichever is longer.

An Applicant must attest and detail its intention and plan to hire skilled labor with prevailing wages. This includes all laborers, workmen and mechanics performing construction activities related to the Project. Contractors and skilled laborers must be paid wages and benefits in an amount not less than the prevailing wage applicable in the area. The applicable Prevailing Wage will be equivalent to the applicable basic hourly rate for each county, prevailing wage type, classification and modification reason as established in the most up to date Prevailing Rates - Including Supplemental Rates Issued, found on the Division of Labor and Industry's Prevailing Wage webpage.

### 7.2.3 *Local Hiring and Skills Training*

Upon approval of an Application by the Commission, the selected Applicant must execute a Memorandum of Understanding (MOU) with the Commission regarding good-faith efforts to promote opportunities for local businesses; foster career and skills training for local residents; interview minority investors; and utilize local minority, woman-owned, and veteran-owned business enterprises with tracking and auditing provision. The MOU must establish a clear plan for setting local minority, woman-owned, veteran-owned business enterprise participation goals and career training opportunities for local residents and how the Applicant plans to sign an MOU with skilled labor organizations, if applicable.

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### 7.2.4 *Project Labor Agreement*

As part of an applicant's strategy to develop a workforce and engage with small businesses, contractors, and skilled labor, an Applicant should consider signing a PLA or MOU with skilled labor organizations and/or contractors, if applicable. A PLA refers generally to a single collective bargaining agreement (including a pre-hire agreement) covering both contractors in the construction industry working on a Project and a bona fide building and construction trade labor organization representing the craft workers on that Project.

An Application should describe an Applicant's intention and plans to engage with skilled labor organizations and/or contractors including whether it intends to sign a PLA and/or MOU.

### 7.2.5 *Environmental Impact Mitigation & Protection*

As part of the CBA, the Applicant should outline how it plans to avoid, minimize, or mitigate, to the maximum extent practicable, negative impacts on environment, host communities, and EJ communities.

### 7.2.6 *Community Resources*

As part of the CBA, the Applicant should outline what resources will be made available to the host community and State, including but not limited to physical resources, such as public spaces or contributions to community service programs, skill training programs and opportunities for local residents, and publicly available emergency preparedness plans and procedures.

## 7.3 Decommissioning Plan

An Application must include a proposed decommissioning plan that complies with NFPA 855 requirements for creating a plan and for the safe handling and disposal of batteries, including a plan to maximize the recycling or reuse of all qualifying components of each energy storage device. An awarded Applicant may submit a revised recycling and reuse plan that incorporates emerging recycling and reuse opportunities up to one (1) year before executing the decommissioning plan. The Applicant shall also agree to a surety bond requirement valued at the cost of decommissioning net the salvage value, which shall be recalculated every five years for the Project's lifetime.

## 7.4 Surety Bonds

Within 5 business days from Application Approval, the Applicant must provide a surety bond of $25,000 per MW of nameplate capacity to the Commission. The surety bond will run to the Commission, as obliged, for the benefit of the State of Maryland. The bond must be issued by a surety company that holds a certificate of authority licensed to do business in Maryland. The bond must name the Maryland Public Service Commission as the sole beneficiary. The surety bond provider must have a credit rating of at least A3/A-. The liability of the surety bond shall be as follows:

- Continuous, but it is subject to cancellation with 60 days' notice to the Commission;
- May not be aggregated or cumulative, whether or not the bond is renewed continued, replaced or modified;

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- May not be determined by adding together the penal sum of the bond, or any part of the penal sum of the bond, in existence at any two or more points in time;
- Shall be considered to be one continuous obligation, regardless of increases or decreases in the penal sum of the bond;
- May not be affected by:
    a. Insolvency or bankruptcy of the licensee;
    b. Any misrepresentation, breach of warranty, failure to pay a premium, or any other act or omission of the Applicant or an agent of the Applicant;
- May not require an administrative enforcement action by the Commission as a prerequisite to liability; and
- Shall continue until the Project reaches commercial operation.

Upon delays in the Commercial Operation Date that are not excused for Good Cause Shown, the surety bond will be drawn upon for each day from and after such a date in an amount equal to $200.00 per MW of nameplate capacity. The surety bond will compensate Maryland ratepayers for the delays in Commercial Operation Date, until the Project achieves commercial operation or the bond is fully called upon. A claim against the bond may be filed with the surety by the Commission if that Applicant fails to achieve commercial operation. Once the bond is paid to the Commission, the Applicant is relieved of liability under the bond, and the ESCC is terminated.

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## Appendix A. Commission Approval for Construction for Stand-Alone Energy Storage

A stand-alone energy storage Project must submit an Application for Commission Energy Storage Construction Approval pursuant to the requirements and process prescribed in the proposed RM85 regulations. Accordingly, an ESCC award by the Commission will be contingent on this approval which may include additional conditions on an energy storage Project associated with the construction process.

When submitting an application to the Commission for construction approval, a Project also must complete the appropriate forms to initiate the state agency review, namely the Department of Natural Resources Power Plant Research Program (PPRP), according to proposed RM85 regulations using forms that are available on the Commission's website[14]. For projects less than 20 MWh projects, there is a streamlined application form and expedited review process that does not involve PPRP that is also available on the Commission's website, unless it is a contested project or involves non-routine issues. For projects greater than 20 MWh, the standard application must be submitted to the PPRP for review. For such applications, the PPRP shall coordinate with its represented State Agencies to consider, among other things:

- Fire and hazard mitigation, safety, siting, environmental;
- Natural resources impacts;
- Socio-economic impacts;
- EJ Screen Reports;
- Noise assessment;
- Grid reliability impacts;
- Decommissioning plans; and
- Stakeholder engagement reports from Applicant.

The PPRP shall file with the Commission a recommendation within 4 months of receipt of required information, including any conditions to be imposed on the Project and if an expedited review should be considered for Projects in a commercial/ industrial area or in an existing generating station.

There are three (3) pathways for front-of-the-meter energy storage project approvals by the Commission, unless an energy storage project requires a Certificate of Public Convenience and Necessity (CPCN):

1. Expedited Review on the Commission's Administrative Consent Agenda,
2. The Commission's Administrative Agenda (normal pathway), or
3. A Docketed Case (generally energy storage projects greater than or equal to 20 MWh).

Recommendations in an expedited review shall be considered on the Commission's Administrative Consent Agenda by default, or on the Administrative Agenda if the project is contested or non-routine as proposed by Staff to the Executive Secretary. Projects less than 20 MWh that are contested or involve non-routine issues may require PPRP Review at Commission discretion.

[14] See https://www.psc.state.md.us/electricity/energy-storage/.

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Recommendations for PPRP-reviewed projects (projects greater than 20 MWh) will require a docketed case and hearing by default, unless the Commission decides an expedited review is appropriate. The case will require direct testimony, briefs and a hearing by the Commission or a Public Utility Law Judge (PULJ), by delegation. The Commission or PULJ may approve, deny, or approve with conditions within 30 days of a hearing. The Commission will consider any motions to appeal.

As part of the energy storage Project's application to the Commission for construction approval, the applicant must comply with the stakeholder engagement and participation requirements consistent with RECA as described in the proposed RM85 regulations. This includes, but is not limited to, providing immediate notice of the construction approval application to local governing bodies, members of the General Assembly and affected communities that are within 1 mile of the location. "Notice to affected community" means by advertisement in a newspaper of general circulation in the county or municipal corporation affected by the application and on two types of social media platforms. An applicant in an area considered to be overburdened and underserved, as defined in § 1–701 of the Environment Article, Maryland Annotated Code, is required to hold at least two public meetings in the community, unless exempted. Applicants shall submit any stakeholder feedback reports or other information received from the affected community to the Commission and the PPRP.

As part of the energy storage Project's application to the Commission for construction approval, the applicant must comply with the safety, siting, and environmental requirements as described in RM85. This includes, but is not limited to, complying with NFPA 855 requirements, all applicable standards, regulations and codes, zoning requirements, firefighting preparedness plans, and other prescriptive requirements in the RECA, as codified in PUA § 7–219.

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