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112 West Street
Annapolis, MD 21401

Support with Amendments – Senate Bill 434 – Empowering New Energy Resources and Green Initiatives Toward a Zero-Emission (ENERGIZE) Maryland Act

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) support with amendments **Senate Bill 434 - Empowering New Energy Resources and Green Initiatives Toward a Zero-Emission (ENERGIZE) Maryland Act**. Senate Bill 434 updates Maryland’s Renewable Portfolio Standard, incorporates nuclear energy as an eligible resource to help achieve 100% clean electricity in Maryland, updates the offshore wind (OSW) solicitation process by authorizing the Public Service Commission (PSC) to set an undisclosed ratepayer impact cap, removes the requirement for OSW to interconnect on the Delmarva Peninsula, establishes a procurement framework to support the development of both traditional nuclear power plants and advanced small modular reactors (SMRs) within the state, and supports minority business enterprises (MBE).

Pepco and Delmarva Power support this legislation as it looks to increase generation in Maryland at a time when there is a growing imbalance between electricity supply and demand driven by increased electrification, the rapid retirement of thermal generators, and challenges in bringing new power resources online. Resource adequacy is a pressing issue nation-wide and is of particular concern in Maryland. Achieving resource adequacy requires a holistic view of solutions, including solutions from Maryland, PJM, and Maryland utilities. More resources are needed as soon as possible—power plants (renewable and natural gas), energy storage, and demand-side capabilities. This legislation has the ability to support new nuclear generation in the state by providing long-term financing for the energy produced. However, we recommend revising the pricing structure for nuclear projects as envisioned in this legislation.

Pepco and Delmarva Power support the goal of Senate Bill 434, to promote clean energy generation. However, we recommend revising the pricing structure for nuclear projects as envisioned in this legislation. Senate Bill 434 requires utilities to enter into long-term pricing arrangements to stabilize revenue streams for nuclear power plants amidst fluctuating electricity prices. However, nuclear projects are inherently complex and susceptible to delays or cancellations and significant cost overruns. In the event of such cost overruns, delays or failures, ratepayers may still bear the financial burden associated with the agreements. To address these concerns, Pepco and Delmarva Power recommend revising the pricing schedule to ensure that costs are not unfairly shifted to ratepayers. Revising the nuclear pricing schedule will ensure that energy remains affordable and reliable in the near term and result in net economic benefits over the long term.

Additionally, Senate Bill 434 makes changes to the RPS that would apply retroactively. Pepco and Delmarva Power recommend removing the retroactive provision to protect existing standard offer service contracts for future delivery. A provision that existing obligations or contract rights may not be impaired in any way should be included.

Pepco and Delmarva Power commend the Governor for including language in the legislation to provide support for MBE's by requiring that applicants for nuclear energy projects comply with the Minority Business Enterprise Program and within six months of project approval establish a clear plan for setting reasonable and appropriate minority business enterprise participation goals and procedures. Pepco and Delmarva Power are committed to ensuring equity in the energy transition by prioritizing vulnerable and under-resourced communities through reducing barriers and making energy technologies that help combat climate change more accessible. Supplier diversity is a key part of Pepco and Delmarva Power's commitment to powering the economies of its local and diverse communities.

Pepco and Delmarva Power are committed to working with the Administration on the proposed amendments and request a favorable report on Senate Bill 434 with amendments. Together, we can ensure that Maryland's energy future is both clean and economically sustainable.

Pepco Holdings, the parent company of Pepco, an electric utility serving Washington, D.C., and suburban Maryland; Delmarva Power, an electric and gas utility serving Delaware and portions of the Delmarva Peninsula; and Atlantic City Electric, an electric utility serving southern New Jersey. Anthony and his team are responsible for guiding the company's delivery of reliable and excellent service to more than two million customers in the Mid-Atlantic. Pepco Holdings is a subsidiary of Exelon Corporation, one of the nation's leading energy services companies.

Valencia McClure | Anne Klase | Allyson Black-Woodson | Poetri Deal | 410 980 5347