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**Testimony of Bryan Dunning  
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**Before the Maryland Senate's Education, Energy, and the Environment Committee  
Regarding Senate Bill 0316: Abundant Affordable Clean Energy – Procurement and  
Development (AACE ACT) of 2025**

Dear Chair Feldman, Vice Chair Kagan, and Members of the Senate Education, Energy, and the Environment Committee:

Thank you for the opportunity to testify today on behalf of the Center for Progressive Reform (the Center) in support of SB0316 (SB 316). The Center is a nonprofit research and advocacy organization that is focused on addressing our most pressing societal challenges, including advancing the concerns of historically marginalized communities by centering racial and economic justice in climate policy. For the reasons discussed in the testimony below, the Center requests that this committee issue a **favorable** report on SB 316.

Maryland currently faces significant increases in costs to ratepayers. The increase in electricity prices to ratepayers is a new phenomenon in the state. This increase is attributable to policy decisions and a history of inaction in achieving needed new generation and transmission by the Regional Transmission Organization PJM. Maryland participates in PJM's wholesale energy market, including its renewable energy credit (REC) market, and notably imports a significant amount of its electricity from it. In brief, two factors at PJM have driven the energy-price concerns in Maryland, and, to one extent or another, across all states in PJM's operational footprint.

First, PJM has an extreme backlog in its interconnection queue. All generation facilities which connect to the PJM interstate transmission system – namely utility scale generators - require an interconnection agreement from PJM to connect to the grid. However, the PJM interconnection queue is currently so backlogged that, in 2023, PJM announced it would cease to accept new projects for consideration, and has a roughly 5 year wait time from application to approval. This has resulted in hundreds of GWs of planned projects, largely renewables or storage, sitting in limbo rather than being able to service Maryland's electric load requirements. Beyond creating an impasse for bringing new generation online, the lengthy delay also can result in economic realities at the time of application shifting – for example, inflation and supply chain issues – resulting in once viable project no longer able to proceed once the interconnection agreement is finally issued.

Second, following concerns related to reliability, highlighted by both the Federal Energy Regulatory Commission and the National Energy Reliability Corporation, PJM made modifications as to what types of generation are eligible to bid into its 2025/2026 reliability pricing model capacity auction, which included a “derate” of certain natural gas generators. Although taking steps to improve reliability is laudable, the result is that this most recent auction saw [an 800 percent increase from previous years](#), which will be passed on to ratepayers as a portion of their utility bill.

As such, Maryland will require significant investment in new generation serving in-state load to ensure supply meets demand, and that there is sufficient capacity provided to the grid to meet peak demand. This must be done in a timely, least-cost manner, while continuing to meet the state’s legal obligations to decarbonize set out in the Climate Solutions Now Act. The AACE Act provides a pathway forward to achieving this, while additionally providing important protections for labor and additional benefits to ratepayers. Critically, AACE provides a pathway to bring on new energy projects that serve Maryland’s load requirements *within this decade* on a least-cost basis, while allowing flexibility to respond to potential shifts in future energy markets. This combination of rapidity, low-cost, and flexibility makes AACE a “no regrets” path to achieving resource adequacy to meet *current* and future electric load requirements in Maryland.

The AACE Act achieves this in the following manner:

#### *Battery Storage*

- Creates a pathway for Maryland to bring online up to 1,600 MW of battery storage on the transmission grid, and 150 MW of battery storage on the distribution grid – *within this decade*.
- Utilizes a competitive procurement model at the PSC to ensure that storage projects are economically viable to become operational while applying cost-benefit analysis, including avoided or delayed transmission, distribution, or generation costs, to ensure they are least-cost to Maryland Ratepayers.
- Battery storage is lower cost than other forms of new generation, and can meet peak-load demand without the need for comparatively more [expensive “peaker” plants](#).

#### *Solar, Land-Based Wind, Small Scale Hydro, and The Renewable Energy Portfolio Standard*

- Switches the incentive model for new renewable generation under the RPS/REC model from “one-size-fits-all” to a more bespoke model for new generation projects – rightsizing RECs to ensure projects have the appropriate incentives to ensure they can become operational, while protecting ratepayers from costs of over-incentivization.
- Creates a pathway to ensure that incentives paid by Maryland ratepayers go to generation projects that serve Maryland load.
- Provides a pathway for distribution-scale solar projects to be built out across various market segments (e.g. rooftop solar, community solar, etc.), and tailoring incentives to project need – allowing for needed generation development without over-burdening ratepayers.

#### *Ratepayer Protections*

- Both the battery storage projects and renewable generation projects constructed under the AACE act’s provisions tend to be low cost options for generation as is, and the

competitive procurement models to bring them online will further ensure least-cost to ratepayers for new generation.

- AACE creates an escrow account that will hold, and be directed to return, alternative compliance payments (ACP), collected under the RPS, to ratepayers, allowing Maryland ratepayers to recoup ACP costs that are passed through to them in their bill.
- This escrow account also collects, and will distribute to ratepayers, monies collected from 75% of franchise, sales, and use taxes attributable to electricity utilized by data centers.

#### *Nuclear Provisions*

- Provides a backstop for ensuring that the Calvert Cliffs nuclear facility is able to meet its relicensing obligations in 2034 and 2036. Calvert cliffs currently provides [approximately 40 percent of current in-state generation](#).
- This backstop only occurs if both federal production tax credits are no longer available to the facility, and the facility is otherwise economically unviable subject to means testing.

#### *Offshore Wind*

- Requires the PSC, in its transmission study required under the POWER Act, to prioritize transmission from offshore wind projects to serve Maryland's load.
- To utilize, to the extent possible, upgrades to existing transmission, prior to construction of new transmission.

#### *Conclusion*

In total, AACE provides a pathway to abundant, affordable clean energy for Maryland, doing so with a focus on low-cost, rapid build out, and flexibility. AACE's provisions require that new projects will directly benefit the state's energy requirements, directly benefit ratepayers, and ensure workers in Maryland benefit from the energy projects which they will build and maintain. Further, AACE supports the state's decarbonization goals, focusing on responsive storage projects and maximizing renewables – both at the utility scale as they exit the PJM interconnection queue, and across market sectors on the distribution grid. Fundamentally AACE provides needed solutions to resource adequacy *in this decade*. For these reasons, the Center requests that this Committee issue a **favorable** report on HB 316.