

**February 20, 2025**

**Chairman Brian Feldman**

**Senate Education, Energy, and the Environment Committee**

**2 West Miller Senate Office Building**

**Annapolis, Maryland 21401**

**RE: Empowering New Energy Resources and Green Initiatives Toward a Zero-Emission (ENERGIZE) Maryland Act (SB 434/HB 505)**

Constellation is the nation's largest owner and operator of nuclear energy in the country, generating more clean and reliable energy than any other company in the U.S. Headquartered in Baltimore, Maryland, Constellation is a leading participant in efforts around the country to promote and grow new nuclear development and is greatly encouraged by Maryland's focus on nuclear energy as the commonsense solution to secure the clean, reliable and affordable generation that Maryland and the rest of the U.S desperately needs. Constellation looks forward to continued coordination with Maryland to preserve the state's existing nuclear assets, and to construct a workable procurement structure to successfully achieve the development of new nuclear energy.

While Constellation supports the conceptual ideas in SB 434, including a policy that recognizes nuclear as a clean energy resource and a procurement mechanism to enable new nuclear units, amendments to SB 434 are needed for implementation of the bill to be successful.

The Clean Energy Portfolio Standard proposed in SB 434 correctly recognizes nuclear as a clean energy resource. However, the compliance mechanism imbedded in the bill does not value the clean attributes of a nuclear generating station comparable to Tier 1 and Tier 2 renewable sources. This aspect of the Clean Energy Portfolio Standard needs to be corrected in order for that program to workable. Nuclear provides a significant portion of the state's clean energy and must be recognized and compensated for the value it provides to the state in cleaning up the generation stack.

SB 434 also would establish a nuclear procurement mechanism to incentivize a build out of new nuclear. The procurement mechanism in SB 434 appears to be mirrored after the Offshore Wind Procurement structure (the OREC Structure) that was passed by this legislature in 2013. Constellation has concerns with use of this structure for new nuclear development and does not believe it will result in a successful procurement.

The OREC Structure has not yet resulted in an operational project. Developers have backed out of contracts, citing financing concerns, supply chain issues and inflation. Similar issues will arise for new nuclear projects but will be more complicated given the need to secure permitting and licensing approvals for the underlying technology. This will result in a unique set of risks to be managed for multi-billion-dollar nuclear projects. The length of time required to bring a nuclear

project to fulfillment and the financing necessary to achieve commercial operations will not work in a construct like the one included in SB 434, where costs cannot be collected until the project is operational and cost recovery for costs exceeding initial budgets is expressly prohibited. The procurement mechanism contemplated in SB 434 needs to be adjusted to account for these risks as well as reflect the commercial and regulatory realities faced by potential developers.

Constellation appreciates the dialogue that has occurred with the Administration regarding SB 434, however, respectfully requests that the bill be amended to address the foregoing concerns.

Sincerely,

*Maurice Simpson, Jr.*

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