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March 3, 2026

Favorable with Amendments: HB 1532 - Continuing the Next Generation Energy Act

Mr. Chair and Members of the Committee:

Maryland LCV is supportive of several provisions in HB 1532, Continuing the Next Generation Energy Act, which we outline in this testimony.

Additionally, we offer several potential amendment concepts. We thank the Speaker, Chair Korman, and Delegate Fraser-Hidalgo for their leadership on this bill.

HB 1532 addresses:

1. Multiyear rate plans
2. Large load tariff applicability
3. Expedited Certificate for Public Convenience and Necessity for a "Large Capacity Energy Resource"
4. Nuclear procurement
5. EmPOWER

Multiyear rate plan (MYRP) clarification

We appreciate the clarification of the MYRP process, preventing reconciliation through a cost-sharing mechanism which has been proposed at the Public Service Commission (PSC). This change is another important step to protect ratepayers when it comes to the way the utilities anticipate spending funds in their service areas.

Large Load Tariff Applicability

This bill makes an important change to the applicability for a large load tariff, lowering the threshold from a monthly maximum demand of more than 100 megawatts at a single location to 25 megawatts. This will ensure more large load users such as data centers coming on to the grid will contribute to the costs they create, and in turn, this provision helps address electricity affordability.

Expedited Certificate for Public Convenience and Necessity (CPCN) for a “Large Capacity Energy Resource”

The Next Generation Energy Act initiated a solicitation from the PSC for expedited CPCNs for “Dispatchable Energy Generation” and “Large Capacity Energy Resources” in October 2025. There were five applications. One was withdrawn, one was not eligible, and three were recommended for approval by the Power Plant Research Program (PPRP): 150 MW gas plant, 564 MW gas plant, and 800 MW battery storage facility. All three proposals came from Constellation Energy and all three were proposed to be located at their Perryman facility (in a census tract with an Environmental Justice score of 81.8, indicating it is one of the most overburdened and underserved census tracts in the state). Ultimately, the PSC conditionally approved the two gas proposals for the expedited CPCN processes pending a more complete timeline for the projects, and denied the battery storage proposal because it did not meet the legal definition of “Large Capacity Energy Resource.”

The proposal in HB 1532 is to change the definition of “Large Capacity Energy Resource” so that the proposed battery storage facility would be eligible for an expedited CPCN process. The change would be to remove the requirement that the resource has to have applied or been approved for PJM interconnection. Under the new definition, the Constellation battery project could be approved for an expedited CPCN. We are supportive of improving and streamlining processes to support battery storage deployment.

However, this definitional change does not address the ongoing issue in the Next Generation Act of codifying the “Effective Load Carrying Capacity” or ELCC rating via the definition of “Dispatchable Energy Generation” and “Large Capacity Energy Resource.” Codifying the ELCC is troublesome because: 1. The ELCC rating in the law is static and the actual ELCC ratings change at least every other year, and 2. The rating chosen (65%) does not reflect the true reliability of combining renewable + storage systems since they are only considered independently. We are supportive of efforts to strike ELCC from the definitions in last year’s Next Generation Energy Act.

Nuclear Procurement

HB 1532 does include a change to the definition of a Zero Emissions Credit, and it also seems to materially change the consumer protections established for nuclear procurement under the 2025 Next Generation Energy Act. Under the 2025 law, ratepayers were explicitly required to be held harmless from *any* cost overruns associated with an approved nuclear energy generation project. HB 1532 authorizes the Public Service Commission to approve increases in the total cost of a nuclear project under a long-term pricing purchase obligation of up to 15% above the original approved cost. While the bill places a ceiling on those increases, it nonetheless shifts from a framework that prohibited overruns from being passed to consumers to one that allows overruns to be incorporated into the project's pricing structure and ultimately recovered through rates. Allowing even capped cost overruns exposes households and businesses to additional financial risk, particularly at a time when Marylanders are already facing rising electricity bills. For many families, especially low- and moderate-income customers, even incremental rate increases can compound existing affordability challenges and increase overall energy burden.

EmPOWER

Maryland's EmPOWER program has provided tremendous benefits to the state, with \$2 of benefits created for every \$1 invested. HB 1532 proposes two main changes to the program: exploring a third-party administrator for EmPOWER and a change in the cost effectiveness test. Regarding a third-party administrator, Maryland LCV supports this approach. Right now, each utility participating in EmPOWER has its own implementation staff and contractors. Initiating a single entity to manage the programs for all of the utilities would streamline program delivery and eliminate duplicative administrative costs, thereby reducing the rate impact of the programs without reducing the benefits they provide ratepayers.

With regards to the cost-effectiveness test, Maryland LCV has some concerns with the consequences of the change in assessment of cost-to-benefit ratio. The Commission requires utilities to evaluate the EmPOWER program using established cost-effectiveness screening tests. The Maryland Jurisdictional Cost Test (MJCT) is used to evaluate whether the total benefits to society exceed the total costs, including cost of administration, incentive payments, and out-of-pocket participant costs. The benefits include considerations such as avoided generation capacity, transmission and distribution costs, among other things. If the benefit-cost ratio is greater than 1.0, the program is considered cost-effective. This test is applied in such a way that while some individual offerings may not be cost-effective, overall, the program is delivering benefits to the specific rate class. This approach supports innovation and flexibility. Changing the cost-effectiveness as proposed in HB 1532 may have the unintended consequence of stifling both. We would support removal of that paragraph.

Maryland LCV urges a favorable report on this bill with the consideration of our proposed amendments.