

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 332 (Senator Ready, *et al.*)
 Education, Energy, and the Environment

**Task Force to Study the Premature Retirement of Electricity Generation
 Facilities**

This bill establishes the Task Force to Study the Premature Retirement of Electricity Generation Facilities. The Public Service Commission (PSC) must provide staff for the task force. Task force members may not receive compensation but are entitled to reimbursement for travel expenses. By January 1, 2026, the task force must report its findings and recommendations to the Governor, the General Assembly, the Senate Education, Energy, and the Environment Committee, and the House Economic Matters Committee. **The bill takes effect July 1, 2025, and terminates June 30, 2026.**

Fiscal Summary

State Effect: Special fund expenditures for PSC increase by approximately \$300,000 in FY 2026 for consultants, under the assumptions discussed below. Special fund revenues increase correspondingly from assessments imposed on public service companies. Expense reimbursements for task force members are assumed to be minimal and absorbable within existing budgeted resources.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SF Revenue	\$300,000	\$0	\$0	\$0	\$0
SF Expenditure	\$300,000	\$0	\$0	\$0	\$0
Net Effect	\$0	\$0	\$0	\$0	\$0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The task force must:

- assess the cost savings for customers that result from the retirement of electricity generation facilities;
- evaluate the impact that the premature retirement of electricity generation facilities has on the reliable energy supply for customers;
- evaluate the environmental impact of the premature retirement of electricity generation facilities, including consideration of habitat disruption, wildlife impact, watershed stress, and ecological harm;
- examine potential nationwide consequences of shortages in reliable or dispatchable electricity if a Maryland electricity generating facility retires prematurely;
- examine the economic challenges faced by electricity generating companies, which have led to premature retirement of electricity generating facilities, and evaluate potential mitigations to sustain their operations;
- facilitate collaboration among stakeholders, including utilities, environmental advocacy groups, energy consumers, and industry representatives; and
- conduct an infrastructure transition analysis that ensures that infrastructure developments align with the practical needs of electricity generating companies.

The task force must make recommendations:

- to address challenges and enhance decision making regarding the premature retirement of electricity generation facilities; and
- that include energy reliability solutions that address the imminent energy reliability gap and balance the need between economic considerations and the State's commitment to cleaner energy goals.

Current Law: The Electric Customer Choice and Competition Act of 1999 facilitated the restructuring of the electric utility industry in Maryland, which deregulated the generation, supply, and pricing of electricity. As part of restructuring, the State's vertically integrated electric companies divested themselves of their generation assets. With restructuring, generation resources are considered competitive, and the competitive market is relied upon to provide new generation resources and to meet load requirements. Deactivation decisions are made by facility owners as business decisions. PSC does not have regulatory authority over plant closures.

In order to meet long-term, anticipated demand in the State for standard offer service and other electricity supply, PSC may require or allow an investor-owned electric company to construct, acquire, or lease, and operate, its own generating facilities, and transmission

facilities necessary to interconnect the generating facilities with the electric grid, subject to appropriate cost recovery. PSC is also the lead agency for licensing the siting, construction, and operation of power plants and related facilities in the State under the certificate of public convenience and necessity process.

Each year, the PSC chair must forward to the Secretary of Natural Resources a 10-year plan listing possible and proposed sites, including the associated transmission routes, for the construction of electric plants within the State, subject to specified requirements.

State Fiscal Effect: PSC advises that it does not have the requisite modeling tools and staff expertise to conduct the technical analyses and evaluations required by the bill and, therefore, requires consultants to assist with those tasks. PSC estimates the cost for such consultants ranges from \$100,000 to \$500,000; this analysis assumes the midpoint of the range. PSC staff can otherwise staff the task force and submit the required report with existing staff and resources. Expense reimbursements for task force members are assumed to be minimal and absorbable within existing budgeted resources.

Accordingly, special fund expenditures for PSC increase by approximately \$300,000 in fiscal 2026 for PSC to procure consultants to conduct the technical analyses and evaluations required by the bill. Generally, PSC is funded through an assessment on the public service companies that it regulates. As a result, special fund revenues for PSC increase correspondingly from assessments imposed on public service companies.

PSC also notes the January 1, 2026 report deadline is likely unachievable, as it typically requires six to nine months to procure a consultant of the type necessary to implement the bill.

Additional Comments: Each annual [10-year plan](#) provides a forward-looking analysis of the composition of Maryland's electricity and generation profile and covers topics relevant to Maryland, including load growth forecasts, and the status of the State's generation resources and electric transmission system.

The University of Maryland released a [report](#) in November 2024 that discusses the State's energy generation facilities in the context of a transition to renewable energy.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Public Service Commission; Maryland Department of the Environment; University System of Maryland; Department of Legislative Services

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rh/lgc

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