

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 643 (Senator Gallion, *et al.*)
Education, Energy, and the Environment

Public Utilities – Energy Generation

This bill affirmatively states that, notwithstanding any other provision of law, energy generating systems that produce energy from natural gas may be constructed, permitted, and operated in the State. A person constructing such a system must still comply with specified provisions of the Public Utilities Article relating to approval from the Public Service Commission (PSC) for the construction. The bill also specifies that the General Assembly (1) supports expanding nuclear energy in the State, including small modular reactors and nuclear-natural gas combinations, for reliable clean energy and (2) encourages PJM Interconnection, LLC to expedite interconnection for new thermal generation resources.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations. Provisions related to natural gas are duplicative of current law as it applies to natural gas generating systems.

Local Effect: None.

Small Business Effect: None.

Analysis

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 the lead agency for licensing the siting, construction, and operation of power plants and related facilities in the State through Certificates of Public Convenience and Necessity (CPCNs). Generally, facilities with generating capacities of up to 2 megawatts do not require a CPCN. Energy generating systems that produce energy from natural gas are not prohibited, although the CPCN evaluation process includes consideration of the impact of the generating station on the quantity of annual and long-term statewide greenhouse gas (GHG) emissions and consistency of the CPCN application with the State's climate commitments for reducing GHG emissions.

Other Related Climate and Renewable Energy Initiatives

The Maryland Department of the Environment's (MDE) Climate Change Program leads the State's efforts to reduce GHG emissions and participation and oversight in other initiatives, including the Regional Greenhouse Gas Initiative (RGGI) and the U.S. Climate Alliance. The program also ensures State compliance with climate-related State and federal laws, such as the Climate Solutions Now Act (CSNA) of 2022.

CSNA made broad changes to the State's approach to reducing statewide GHG emissions and addressing climate change. Among other things, the Act accelerated previous statewide GHG emissions reductions targets originally established under the Greenhouse Gas Emissions Reduction Act by requiring the State to develop plans, adopt regulations, and implement programs to (1) reduce GHG emissions by 60% from 2006 levels by 2031 and (2) achieve net-zero statewide GHG emissions by 2045. In December 2023, MDE published [*Maryland's Climate Pollution Reduction Plan*](#), which was developed to implement CSNA.

Maryland participates in the multi-state RGGI in order to reduce carbon dioxide (CO₂) emissions from the power sector. Each participating state limits CO₂ emissions from electric power plants, issues CO₂ allowances, and establishes participation in CO₂ allowance auctions. A single CO₂ allowance represents a limited authorization to emit one ton of CO₂.

Maryland is also part of the U.S. Climate Alliance, which is a group of states committed to reducing GHG emissions consistent with the goals of the Paris Agreement. These goals include reducing collective net GHG emissions by at least 26% to 28% by 2025, by 50% to 52% by 2030, and by 61% to 66% by 2035 (all below 2005 levels) and collectively achieving overall net-zero GHG emissions as soon as practicable, but no later than 2050.

Among other actions, Executive Order 01.01.2024.19 directed the Maryland Energy Administration (MEA) to establish a framework for a clean energy standard to achieve 100% clean electricity in Maryland by 2035 and determine if all or part of the proposed clean energy standard can be implemented through existing authority. MEA published the resulting [report](#) in January 2025.

Additional Comments: The University of Maryland’s Center for Global Sustainability also released a [report](#) pursuant to CSNA 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: HB 1329 (Delegate Reilly, *et al.*) - Economic Matters.

Information Source(s): Public Service Commission; Maryland Department of the Environment; Department of Natural Resources; Office of People’s Counsel; University System of Maryland; Maryland Association of Counties; Maryland Municipal League; Anne Arundel, Baltimore, Cecil, Frederick, and Montgomery counties; City of Frederick; Department of Legislative Services

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