

HOUSE BILL 1404

C5, M5

6lr2565

By: **Delegates Reilly, Arentz, Beauchamp, Hutchinson, McComas, Miller,
T. Morgan, Nkongolo, Rose, Schmidt, and Tomlinson**

Introduced and read first time: February 13, 2026

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Public Utilities – Energy Generation and Transmission**

3 FOR the purpose of stating the authority to construct, permit, and operate in the State an
4 energy generating system that produces energy from natural gas; authorizing
5 investor–owned electric companies and electricity suppliers in the State to construct,
6 acquire, or lease, and operate, their own generating facilities and construct, acquire,
7 or lease, and operate, certain transmission facilities; authorizing certain
8 investor–owned electric companies to recover certain investments and costs in a
9 certain manner; establishing that certain Public Service Commission orders may not
10 go into effect until certain conditions are met; stating the General Assembly’s
11 support for the development of additional nuclear energy in the State; stating that
12 the General Assembly encourages PJM Interconnection, LLC to provide an expedited
13 interconnection process for new thermal generation resources in the State; and
14 generally relating to energy generation and transmission in the State.

15 BY renumbering

16 Article – Public Utilities
17 Section 7–510(a) through (i)
18 to be Section 7–510(b) through (j), respectively
19 Annotated Code of Maryland
20 (2025 Replacement Volume and 2025 Supplement)

21 BY adding to

22 Article – Public Utilities
23 Section 7–219.1 and 7–510(a)
24 Annotated Code of Maryland
25 (2025 Replacement Volume and 2025 Supplement)

26 BY repealing and reenacting, with amendments,

27 Article – Public Utilities

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 7–510(b)(1), (c)(2), and (d)(2)(ii)1., (6), and (9)(ii)
2 Annotated Code of Maryland
3 (2025 Replacement Volume and 2025 Supplement)
4 (As enacted by Section 1 of this Act)

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
6 That Section(s) 7–510(a) through (i) of Article – Public Utilities of the Annotated Code of
7 Maryland be renumbered to be Section(s) 7–510(b) through (j), respectively.

8 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
9 as follows:

10 **Article – Public Utilities**

11 **7–219.1.**

12 (A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW AND SUBJECT TO
13 SUBSECTION (B) OF THIS SECTION, ENERGY GENERATING SYSTEMS THAT PRODUCE
14 ENERGY FROM NATURAL GAS MAY BE CONSTRUCTED, PERMITTED, AND OPERATED
15 IN THE STATE.

16 (B) A PERSON CONSTRUCTING AN ENERGY GENERATING SYSTEM UNDER
17 THIS SECTION SHALL COMPLY WITH THE PROVISIONS OF THIS SUBTITLE RELATING
18 TO REQUIREMENTS TO OBTAIN:

19 (1) A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY; OR

20 (2) COMMISSION APPROVAL FOR THE CONSTRUCTION OF THE
21 GENERATING SYSTEM.

22 7–510.

23 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
24 INDICATED.

25 (2) “PREMIER CREDIT RATING AGENCY” MEANS A NATIONALLY
26 RECOGNIZED STATISTICAL RATING ORGANIZATION THAT IS:

27 (I) APPROVED BY THE U.S. SECURITIES AND EXCHANGE
28 COMMISSION UNDER THE CREDIT RATING AGENCY REFORM ACT OF 2006; AND

29 (II) ONE OF THE TOP TWO NATIONALLY RECOGNIZED
30 STATISTICAL RATING ORGANIZATIONS BY MARKET SHARE.

31 (3) “RATING ASSESSMENT” MEANS A WRITTEN ANALYSIS THAT:

1 **(I) IS PERFORMED BY A PREMIER CREDIT RATING AGENCY; AND**

2 **(II) ASSESSES THE LIKELY IMPACT OF A TRANSACTION OR**
3 **TRANSACTIONS ON AN INVESTOR-OWNED ELECTRIC COMPANY'S**
4 **CREDITWORTHINESS.**

5 (b) (1) Subject to subsection ~~[(b)]~~ **(C)** of this section, the phased
6 implementation of customer choice shall be implemented as follows:

7 (i) on July 1, 2000, one-third of the residential class in the State of
8 each electric company shall have the opportunity for customer choice;

9 (ii) on January 1, 2001, the entire industrial class and the entire
10 commercial class in the State of each electric company shall have the opportunity for
11 customer choice;

12 (iii) on July 1, 2001, two-thirds of the residential class in the State
13 of each electric company shall have the opportunity for customer choice;

14 (iv) on July 1, 2002, all customers of each electric company shall have
15 the opportunity for customer choice; and

16 (v) by July 1, 2003, under a separate schedule adopted by the
17 Commission, all customers of each electric cooperative shall have the opportunity for
18 customer choice.

19 (c) For good cause shown and if the Commission finds the action to be in the
20 public interest, the Commission may:

21 (2) accelerate any of the other implementation dates and phase-in
22 percentages in subsection ~~[(a)]~~ **(B)** of this section.

23 (d) (2) (ii) A customer is considered to have chosen the standard offer
24 service if the customer:

25 1. is not allowed to choose an electricity supplier under the
26 phase in of customer choice in subsection ~~[(a)]~~ **(B)** of this section;

27 **(6) (I) SUBJECT TO THE REQUIREMENTS OF SUBTITLE 2 OF THIS**
28 **TITLE, AN INVESTOR-OWNED ELECTRIC COMPANY OR ELECTRICITY SUPPLIER MAY:**

29 **1. CONSTRUCT, ACQUIRE, OR LEASE, AND OPERATE, ITS**
30 **OWN GENERATING FACILITIES; AND**

1 **2. CONSTRUCT, ACQUIRE, OR LEASE, AND OPERATE, ITS**
2 **OWN TRANSMISSION FACILITIES NECESSARY TO INTERCONNECT THE GENERATING**
3 **FACILITIES WITH THE ELECTRIC SYSTEM.**

4 **(II) [In] IF THE COMMISSION DETERMINES THAT IT IS**
5 **NECESSARY IN** order to meet long-term, anticipated demand in the State for standard
6 offer service and other electricity supply, the Commission may require or allow, **SUBJECT**
7 **TO APPROPRIATE COST RECOVERY**, an investor-owned electric company to:

8 **1. construct, acquire, or lease, and operate, its own**
9 **generating facilities[,]; and**

10 **2. CONSTRUCT, ACQUIRE, OR LEASE, AND OPERATE, ITS**
11 **OWN** transmission facilities necessary to interconnect the generating facilities with the
12 electric [grid, subject to appropriate cost recovery] **SYSTEM.**

13 **(III) AN INVESTOR-OWNED ELECTRIC COMPANY THAT IS**
14 **REQUIRED OR ALLOWED TO CONSTRUCT, ACQUIRE, OR LEASE, AND OPERATE, A**
15 **GENERATING FACILITY UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH MAY**
16 **RECOVER ALL PRUDENTLY INCURRED GENERATION INVESTMENTS AND COSTS:**

17 **1. INCLUDING:**

18 **A. ACQUISITION, CAPITAL, CONSTRUCTION, OPERATION,**
19 **MAINTENANCE, FINANCING, FUEL, AND CARRYING COSTS; AND**

20 **B. ANY OTHER RELATED INVESTMENTS AND COSTS,**
21 **INCLUDING INVESTMENTS AND COSTS THAT BECAME STRANDED FOR ANY REASON;**
22 **AND**

23 **2. THROUGH ELECTRIC RATES OR, SUBJECT TO**
24 **COMMISSION APPROVAL, A NONBYPASSABLE SURCHARGE.**

25 **(IV) AN INVESTOR-OWNED ELECTRIC COMPANY THAT IS**
26 **REQUIRED OR ALLOWED TO CONSTRUCT, ACQUIRE, OR LEASE, AND OPERATE, ITS**
27 **OWN GENERATING FACILITY UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH AND**
28 **IS A MEMBER OF A REGIONAL TRANSMISSION ORGANIZATION MAY:**

29 **1. OPERATE A GENERATION ASSET IN THE MARKETS OF**
30 **THAT ORGANIZATION; AND**

1 **2. APPLY ANY NET REVENUES EARNED FROM**
2 **PARTICIPATION IN THE MARKETS OF THAT ORGANIZATION AGAINST THE**
3 **OPERATING COSTS OF THE ASSET.**

4 **(v) A COMMISSION ORDER REQUIRING OR ALLOWING AN**
5 **INVESTOR-OWNED ELECTRIC COMPANY TO CONSTRUCT, ACQUIRE, OR LEASE, AND**
6 **OPERATE, ITS OWN GENERATING FACILITY WITH A NAMEPLATE CAPACITY GREATER**
7 **THAN 2 MEGAWATTS MAY NOT GO INTO EFFECT UNTIL:**

8 **1. THE INVESTOR-OWNED ELECTRIC COMPANY:**

9 **A. IDENTIFIES A PREMIER CREDIT RATING AGENCY;**

10 **B. PROVIDES A COPY OF THE ORDER, ALONG WITH ANY**
11 **TERMS, CONDITIONS, AND CONTINGENCIES, TO THE AGENCY; AND**

12 **C. SEEKS A RATING ASSESSMENT FROM THE AGENCY;**

13 **AND**

14 **2. THE PREMIER CREDIT RATING AGENCY PROVIDES A**
15 **RATING ASSESSMENT FINDING THAT THE TERMS OF THE COMMISSION'S ORDER ARE**
16 **UNLIKELY TO BE NEGATIVE FOR THE CREDITWORTHINESS OF THE**
17 **INVESTOR-OWNED ELECTRIC COMPANY AND ITS AFFILIATES.**

18 (9) (ii) If an electric cooperative determines that total electric rates for
19 residential customers are anticipated to increase by more than 20% in a 12-month period
20 resulting from an increase in the cost of generation, the electric cooperative shall survey its
21 membership to determine whether to make a request to the Commission to initiate a
22 proceeding under subsection [(a)] **(B)** of this section.

23 **SECTION 3. AND BE IT FURTHER ENACTED, That:**

24 (a) The General Assembly supports the development of additional nuclear energy
25 in the State, including small modular reactors and the combination of nuclear energy and
26 energy produced from natural gas, for reliable clean energy in the State.

27 (b) The General Assembly encourages PJM Interconnection, LLC to provide an
28 expedited interconnection process for new thermal generation resources in the State.

29 **SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect**
30 **October 1, 2026.**