

# HOUSE BILL 1561

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CF SB 954

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By: **Delegate Queen**

Introduced and read first time: February 13, 2026

Assigned to: Environment and Transportation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Electricity Generation and Storage – Investor–Owned Electric Companies and**  
3 **Front–of–the–Meter Storage**  
4 **(Affordable Energy Act)**

5 FOR the purpose of requiring the Public Service Commission to require one or more electric  
6 companies to develop and submit to the Commission a certain resource adequacy  
7 plan if the Commission makes a certain determination; authorizing an  
8 investor–owned electric company required or authorized to construct, acquire, own,  
9 or lease and operate its own generating facilities to recover certain prudently  
10 incurred costs and investments in a certain manner under certain circumstances;  
11 altering the circumstances under which the Commission may require or allow an  
12 investor–owned electric company to construct, acquire, own, or lease and operate  
13 certain generating facilities and necessary transmission facilities; altering the list of  
14 items that the Commission is required to specify in selecting front–of–the–meter  
15 transmission energy storage device project proposals; and generally relating to  
16 electric generating facilities and energy storage.

17 BY adding to  
18 Article – Public Utilities  
19 Section 7–219.1, 7–219.2, and 7–510(c)(6)  
20 Annotated Code of Maryland  
21 (2025 Replacement Volume and 2025 Supplement)

22 BY repealing  
23 Article – Public Utilities  
24 Section 7–510(c)(6)  
25 Annotated Code of Maryland  
26 (2025 Replacement Volume and 2025 Supplement)

27 BY repealing and reenacting, without amendments,  
28 Article – Public Utilities

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 7–701(a), (s), and (t) and 7–1201(a) and (c)  
2 Annotated Code of Maryland  
3 (2025 Replacement Volume and 2025 Supplement)

4 BY repealing and reenacting, with amendments,  
5 Article – Public Utilities  
6 Section 7–1226  
7 Annotated Code of Maryland  
8 (2025 Replacement Volume and 2025 Supplement)

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
10 That the Laws of Maryland read as follows:

11 **Article – Public Utilities**

12 **7–219.1.**

13 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
14 INDICATED.

15 (2) “EFFECTIVE LOAD CARRYING CAPABILITY” OR “ELCC” HAS THE  
16 MEANING STATED IN § 7–1201 OF THIS TITLE.

17 (3) “LARGE CAPACITY ENERGY RESOURCE” MEANS A GENERATING  
18 FACILITY OR AN ENERGY STORAGE DEVICE THAT HAS A CAPACITY RATING EQUAL TO  
19 OR GREATER THAN 20 MEGAWATTS AFTER ACCOUNTING FOR THE EFFECTIVE LOAD  
20 CARRYING CAPABILITY.

21 (4) “PRICE STABILITY EVENT” MEANS A CLEARING PRICE IN THE  
22 PJM CAPACITY MARKET THAT HAS EXCEEDED OR IS EXPECTED TO EXCEED THE  
23 PROJECTED NET COST OF NEW ENERGY FOR A GENERATING FACILITY OWNED BY AN  
24 ELECTRIC COMPANY.

25 (5) “PJM CAPACITY MARKET” MEANS THE CAPACITY MARKET OF  
26 PJM INTERCONNECTION, LLC, OR ANY SUCCESSOR ORGANIZATION THAT  
27 SERVICES THE PJM REGION.

28 (6) “RENEWABLE ENERGY GENERATION” MEANS GENERATION FROM  
29 A TIER 1 RENEWABLE SOURCE OR A TIER 2 RENEWABLE SOURCE AS DEFINED IN §  
30 7–701 OF THIS TITLE.

31 (7) “RESOURCE ADEQUACY” MEANS THE MEASURE OF WHETHER  
32 TRANSMISSION LINES HAVE SUFFICIENT CAPACITY AND RESERVES TO RELIABLY  
33 BALANCE ELECTRICITY SUPPLY AND DEMAND WITHIN THE STATE.

1           **(B) (1) THE COMMISSION SHALL REQUIRE ONE OR MORE ELECTRIC**  
2 **COMPANIES TO DEVELOP AND SUBMIT TO THE COMMISSION A RESOURCE ADEQUACY**  
3 **PLAN IF THE COMMISSION MAKES A DETERMINATION THAT:**

4                   **(I) THERE IS INSUFFICIENT RESOURCE ADEQUACY IN THE**  
5 **STATE; OR**

6                   **(II) A PRICE STABILITY EVENT HAS OCCURRED.**

7           **(2) AN ELECTRIC COMPANY SHALL SUBMIT THE RESOURCE**  
8 **ADEQUACY PLAN TO THE COMMISSION WITHIN 270 DAYS AFTER THE COMMISSION**  
9 **MAKES A DETERMINATION UNDER PARAGRAPH (1) OF THIS SUBSECTION.**

10           **(3) THE COMMISSION SHALL APPROVE, MODIFY, OR DENY EACH**  
11 **RESOURCE ADEQUACY PLAN SUBMITTED UNDER PARAGRAPH (2) OF THIS**  
12 **SUBSECTION WITHIN 1 YEAR AFTER THE COMMISSION MAKES A DETERMINATION**  
13 **UNDER PARAGRAPH (1) OF THIS SUBSECTION.**

14           **(4) A RESOURCE ADEQUACY PLAN:**

15                   **(I) SHALL INCLUDE THE ELECTRIC COMPANY'S PLANS TO**  
16 **INVEST IN, OPERATE, AND MAINTAIN GENERATING FACILITIES OR TRANSMISSION**  
17 **FACILITIES NECESSARY TO INTERCONNECT THE GENERATING FACILITIES WITH THE**  
18 **ELECTRIC SYSTEM IN ORDER TO ADDRESS THE RESOURCE ADEQUACY**  
19 **INSUFFICIENCIES OR PRICE STABILITY EVENT IDENTIFIED BY THE COMMISSION;**

20                   **(II) SHALL PRIORITIZE THE DEVELOPMENT OR OPERATION OF**  
21 **RENEWABLE ENERGY RESOURCES; AND**

22                   **(III) MAY INCLUDE PLANS FOR THE DEVELOPMENT OF**  
23 **RENEWABLE ENERGY GENERATION AND LARGE CAPACITY ENERGY RESOURCES.**

24 **7-219.2.**

25           **(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, AN INVESTOR-OWNED**  
26 **ELECTRIC COMPANY REQUIRED OR AUTHORIZED TO CONSTRUCT, ACQUIRE, OWN,**  
27 **OR LEASE AND OPERATE ITS OWN GENERATING FACILITIES UNDER § 7-510 OF THIS**  
28 **TITLE MAY RECOVER ALL OF THE PRUDENTLY INCURRED AND VERIFIABLE COSTS**  
29 **INCURRED BY THE INVESTOR-OWNED ELECTRIC COMPANY IN CONSTRUCTING,**  
30 **ACQUIRING, OWNING, OR LEASING AND OPERATING THE GENERATING FACILITIES**  
31 **PLUS A REASONABLE RETURN.**

1           **(B) PRUDENTLY INCURRED COSTS UNDER SUBSECTION (A) OF THIS**  
2 **SECTION INCLUDE:**

3           **(1) COSTS OF ACQUISITION, DESIGN, SITING, PERMITTING,**  
4 **CONSTRUCTION, OPERATION, MAINTENANCE, TAXES, FUEL, LABOR, CASH WORKING**  
5 **CAPITAL, AND OTHER CARRYING COSTS; AND**

6           **(2) ANY EXPENSES OR COSTS OF INVESTMENTS THAT BECOME**  
7 **STRANDED FOR ANY REASON.**

8           **(C) SUBJECT TO COMMISSION APPROVAL, AN INVESTOR-OWNED ELECTRIC**  
9 **COMPANY MAY CHOOSE TO RECOVER ITS PRUDENTLY INCURRED AND VERIFIABLE**  
10 **COSTS THROUGH A NONBYPASSABLE SURCHARGE.**

11           **(D) AN INVESTOR-OWNED ELECTRIC COMPANY REQUIRED OR AUTHORIZED**  
12 **TO CONSTRUCT, ACQUIRE, OWN, OR LEASE AND OPERATE ITS OWN GENERATING**  
13 **FACILITIES UNDER § 7-510 OF THIS TITLE MAY RECOVER ITS PRUDENTLY INCURRED**  
14 **AND VERIFIED COSTS AT AN ANNUAL RATE OF RETURN THAT IS NOT LESS THAN THE**  
15 **RATE OF RETURN ON ITS TRANSMISSION RATE BASE AS APPROVED BY THE FEDERAL**  
16 **ENERGY REGULATORY COMMISSION FOR THAT CALENDAR YEAR.**

17           **(E) AN INVESTOR-OWNED ELECTRIC COMPANY THAT IS A MEMBER OF A**  
18 **REGIONAL TRANSMISSION ORGANIZATION THAT OPERATES A WHOLESALE MARKET**  
19 **MAY:**

20           **(1) OPERATE A GENERATING FACILITY AND PARTICIPATE IN THE**  
21 **WHOLESALE MARKET OF THAT REGIONAL TRANSMISSION ORGANIZATION; AND**

22           **(2) APPLY ANY NET REVENUES FROM PARTICIPATION IN THE**  
23 **WHOLESALE MARKET OF THAT REGIONAL TRANSMISSION ORGANIZATION AGAINST**  
24 **THE OPERATING COSTS OF THE GENERATING FACILITY.**

25 7-510.

26           (c) [(6) In order to meet long-term, anticipated demand in the State for  
27 standard offer service and other electricity supply, the Commission may require or allow  
28 an investor-owned electric company to construct, acquire, or lease, and operate, its own  
29 generating facilities, and transmission facilities necessary to interconnect the generating  
30 facilities with the electric grid, subject to appropriate cost recovery.]

31           **(6) (I) 1. IN THIS PARAGRAPH THE FOLLOWING WORDS HAVE**  
32 **THE MEANINGS INDICATED.**

1                   **2. "PREMIER CREDIT RATING AGENCY" MEANS A**  
2 **NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION, AS APPROVED BY**  
3 **THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE**  
4 **FEDERAL CREDIT RATING AGENCY REFORM ACT OF 2006 OR SUBSEQUENT**  
5 **LEGISLATION, THAT IS IN THE TOP TWO NATIONALLY RECOGNIZED STATISTICAL**  
6 **RATING ORGANIZATIONS IN TERMS OF MARKET SHARE.**

7                   **3. "RATING ASSESSMENT" MEANS A WRITTEN ANALYSIS**  
8 **PROVIDED BY A PREMIER CREDIT RATING AGENCY THAT INCLUDES:**

9                   **A. A REVIEW OF A COMMISSION ORDER OR ORDERS TO**  
10 **REQUIRE OR ALLOW AN INVESTOR-OWNED ELECTRIC COMPANY TO CONSTRUCT,**  
11 **ACQUIRE, OWN, OR LEASE AND OPERATE A GENERATING FACILITY; AND**

12                   **B. A DETERMINATION OF THE LIKELY IMPACT OF THE**  
13 **COMMISSION ORDER ON THE CREDITWORTHINESS OF THE INVESTOR-OWNED**  
14 **ELECTRIC COMPANY AND ANY OF ITS AFFILIATES.**

15                   **(II) SUBJECT TO THE REQUIREMENTS OF SUBTITLE 2 OF THIS**  
16 **TITLE, THE COMMISSION MAY REQUIRE OR ALLOW AN INVESTOR-OWNED ELECTRIC**  
17 **COMPANY TO:**

18                   **1. CONSTRUCT, ACQUIRE, OWN, OR LEASE AND OPERATE**  
19 **GENERATING FACILITIES; AND**

20                   **2. CONSTRUCT, ACQUIRE, OWN, OR LEASE AND OPERATE**  
21 **TRANSMISSION FACILITIES NECESSARY TO INTERCONNECT THE GENERATING**  
22 **FACILITIES WITH THE ELECTRIC SYSTEM.**

23                   **(III) A COMMISSION ORDER REQUIRING OR ALLOWING AN**  
24 **INVESTOR-OWNED ELECTRIC COMPANY TO CONSTRUCT, ACQUIRE, OWN, OR LEASE**  
25 **AND OPERATE A GENERATING FACILITY WITH A NAMEPLATE CAPACITY THAT**  
26 **EXCEEDS 2 MEGAWATTS MAY NOT TAKE EFFECT UNTIL:**

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

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

29                   **B. PROVIDES A COPY OF THE COMMISSION ORDER,**  
30 **ALONG WITH ANY TERMS, CONDITIONS, AND CONTINGENCIES TO THE CREDIT**  
31 **RATING AGENCY; AND**

1                   **C. REQUESTS A RATING ASSESSMENT OF THE**  
2 **COMMISSION ORDER FROM THE PREMIER CREDIT RATING AGENCY; AND**

3                   **2. THE PREMIER CREDIT RATING AGENCY ISSUES A**  
4 **RATING ASSESSMENT THAT FINDS THAT THE TERMS OF THE COMMISSION ORDER**  
5 **ARE NOT LIKELY TO BE CREDIT NEGATIVE FOR THE INVESTOR-OWNED ELECTRIC**  
6 **COMPANY AND ITS AFFILIATES.**

7                   **(IV) ON OR BEFORE OCTOBER 31, 2026, THE COMMISSION**  
8 **SHALL PROPOSE REGULATIONS TO CARRY OUT THE PROVISIONS OF THIS**  
9 **PARAGRAPH.**

10 7-701.

11           (a) In this subtitle the following words have the meanings indicated.

12           (s) "Tier 1 renewable source" means one or more of the following types of energy  
13 sources:

14                   (1) solar energy, including energy from photovoltaic technologies and solar  
15 water heating systems;

16                   (2) wind;

17                   (3) qualifying biomass;

18                   (4) methane from the anaerobic decomposition of organic materials in a  
19 landfill or wastewater treatment plant;

20                   (5) geothermal, including energy generated through geothermal exchange  
21 from or thermal energy avoided by, groundwater or a shallow ground source;

22                   (6) ocean, including energy from waves, tides, currents, and thermal  
23 differences;

24                   (7) a fuel cell that produces electricity from a Tier 1 renewable source  
25 under item (3) or (4) of this subsection;

26                   (8) a small hydroelectric power plant of less than 30 megawatts in capacity  
27 that is licensed or exempt from licensing by the Federal Energy Regulatory Commission;

28                   (9) poultry litter-to-energy;

29                   (10) thermal energy from a thermal biomass system; and

1 (11) raw or treated wastewater used as a heat source or sink for a heating  
2 or cooling system.

3 (t) "Tier 2 renewable source" means hydroelectric power other than pump storage  
4 generation.

5 7-1201.

6 (a) In this part the following words have the meanings indicated.

7 (c) "Effective load carrying capability" or "ELCC" means the expected capacity  
8 contribution of an energy resource during PJM Interconnection's operating hours when  
9 there is high electricity demand and low resource output.

10 7-1226.

11 (a) In selecting a proposal for a front-of-the-meter transmission energy storage  
12 device project, the Commission:

13 (1) shall specify:

14 (i) **1.** a 15-year pricing schedule that uses a monthly fixed price  
15 for each megawatt that represents the anticipated wholesale value of capacity for the  
16 front-of-the-meter transmission energy storage device and the benefits identified in §  
17 7-1225(a)(2) of this subtitle; **OR**

18 **2. A PRICING SCHEDULE THAT USES A MONTHLY FIXED**  
19 **PRICE THAT REPRESENTS:**

20 **A. THE COST TO CONSTRUCT AND OPERATE THE**  
21 **FRONT-OF-THE-METER TRANSMISSION ENERGY STORAGE DEVICE; AND**

22 **B. THE BENEFITS IDENTIFIED FROM THE COST-BENEFIT**  
23 **ANALYSIS UNDER § 7-1225(A)(2) OF THIS SUBTITLE;**

24 (ii) **THAT ANY WHOLESALE MARKET REVENUE RECEIVED BY**  
25 **THE ENERGY STORAGE PROJECT SHALL BE:**

26 **1. OFFSET BY THE PRICING SCHEDULE APPROVED BY**  
27 **THE COMMISSION; AND**

28 **2. TRANSMITTED TO THE COMMISSION TO BE HELD IN**  
29 **ESCROW FOR DISTRIBUTION TO ELECTRIC COMPANIES TO BE REFUNDED OR**  
30 **CREDITED TO EACH DISTRIBUTION CUSTOMER;**

1 (III) that each electricity supplier shall be responsible for purchasing  
2 storage capacity credits at the monthly fixed price schedule proportional to the electricity  
3 supplier's capacity obligation;

4 [(iii)] (IV) that all PJM capacity market revenue earned by the  
5 energy storage project be transmitted to the Commission to be held in escrow for  
6 distribution to electric companies to be refunded or credited to each distribution customer  
7 proportional to the electricity supplier's monthly capacity purchase obligation;

8 [(iv)] (V) that the energy storage project shall retain any energy and  
9 ancillary services revenue earned;

10 [(v)] (VI) that electric companies must jointly select an escrow  
11 administrator, in consultation with the Commission; and

12 [(vi)] (VII) for any cost recovery by an electric company, that the  
13 recovery shall be done through a nonbypassable surcharge established by the electric  
14 company that is added to the electric company's base distribution rate or supply rate on  
15 customer bills;

16 (2) shall specify that for continued receipt of payment under item (1) of this  
17 subsection, an applicant shall demonstrate, to the satisfaction of the Commission, that the  
18 applicant's energy storage device is available **AND IS PARTICIPATING IN THE PJM**  
19 **CAPACITY MARKET AT ITS FULL CAPABILITY TO REASONABLY MAXIMIZE THE**  
20 **PROJECT'S MARKET REVENUES;**

21 (3) shall incorporate penalties for nonperformance and underperformance  
22 in the contract, including withholding of payment that reflects the degree of  
23 underperformance, for energy storage devices that fail to meet availability metrics;

24 (4) may terminate energy storage devices from the program if device  
25 performance does not improve after appropriate notice and opportunity to cure;

26 (5) shall consider other nonprice factors to ensure project deliverability  
27 within 24 months after the award date, such as:

28 (i) project maturity dates;

29 (ii) interconnection queue status;

30 (iii) site control;

31 (iv) developer experience, including procuring, constructing, and  
32 operating front-of-the-meter transmission energy storage devices;

1 (v) any evidence of key development milestones to substantiate  
2 project deliverability within 24 months after the award date;

3 (vi) safety plans; and

4 (vii) any other relevant nonprice factors as determined by the  
5 Commission; and

6 (6) shall require, at a minimum, all energy storage devices that utilize  
7 lithium-ion batteries to comply with the most up-to-date revision of the National Fire  
8 Protection Association 855: Standard for the Installation of Stationary Energy Storage  
9 Systems in effect at the project's final permit application date.

10 (b) (1) Each energy storage project shall include a proposed decommissioning  
11 plan.

12 (2) The proposed decommissioning plan shall include a plan to maximize  
13 the recycling or reuse of all qualifying components of each energy storage device.

14 (3) The owner or operator of an energy storage device may submit a revised  
15 recycling and reuse plan that incorporates emerging recycling and reuse opportunities up  
16 to 1 year before executing the decommissioning plan.

17 (c) The Commission shall:

18 (1) after giving public notice, hold one or more public hearings to receive  
19 public comment and evaluate the proposals; and

20 (2) subject to subsection (d) of this section, issue one or more orders to  
21 select a proposal or proposals for development.

22 (d) The Commission may end the solicitation process without selecting a proposal  
23 if the Commission finds that none of the proposals adequately support the goals established  
24 under this subtitle, including the goal of securing affordable, reliable electrical service for  
25 Maryland residents.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
27 October 1, 2026.