

SENATE BILL 598

C5

6lr1973
CF HB 723

By: **Senator Hester**

Introduced and read first time: February 5, 2026

Assigned to: Education, Energy, and the Environment

A BILL ENTITLED

1 AN ACT concerning

2 **Electric Companies – Cost Containment Plans – Requirement**
3 **(Securing Affordable, Valuable Investments in Next Generation Grid Solutions**
4 **(SAVINGS) Act)**

5 FOR the purpose of requiring electric companies to submit to the Public Service
6 Commission cost containment plans for electric distribution and transmission
7 system planning at certain times; requiring the plans to combine to reduce peak
8 electric system loads in a certain manner; requiring electric companies to submit
9 certain progress reports on the implementation of the plan; and generally relating to
10 electric companies and electric system cost containment planning.

11 BY adding to
12 Article – Public Utilities
13 Section 7–805
14 Annotated Code of Maryland
15 (2025 Replacement Volume and 2025 Supplement)

16 BY repealing and reenacting, without amendments,
17 Article – Public Utilities
18 Section 7–1001(a) and (d)
19 Annotated Code of Maryland
20 (2025 Replacement Volume and 2025 Supplement)

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

23 **Article – Public Utilities**
24 **7–805.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
2 **INDICATED.**

3 **(2) (I) “ADVANCED TRANSMISSION TECHNOLOGIES” MEANS**
4 **INFRASTRUCTURE, HARDWARE, OR SOFTWARE THAT INCREASES THE CAPACITY,**
5 **EFFICIENCY, RELIABILITY, OR RESILIENCE OF A NEW OR EXISTING TRANSMISSION**
6 **LINE FACILITY.**

7 **(II) “ADVANCED TRANSMISSION TECHNOLOGIES” INCLUDES:**

- 8 1. **GRID-ENHANCING TECHNOLOGIES;**
9 2. **HIGH-PERFORMANCE CONDUCTORS; AND**
10 3. **STORAGE USED AS TRANSMISSION.**

11 **(3) (I) “AUTOMATED LOAD MANAGEMENT” MEANS THE USE OF A**
12 **POWER CONTROL SYSTEM TO LIMIT OR CONTROL ELECTRIC CURRENT OR POWER TO**
13 **STAY WITHIN SAFE, DEFINED LIMITS IN ACCORDANCE WITH ELECTRIC INDUSTRY**
14 **STANDARDS.**

15 **(II) “AUTOMATED LOAD MANAGEMENT” INCLUDES:**

- 16 1. **A SINGLE DEVICE USED TO CONTROL ELECTRIC LOAD;**
17 **AND**
18 2. **MULTIPLE DEVICES OPERATING TOGETHER AS A**
19 **SYSTEM TO CONTROL ELECTRIC LOAD.**

20 **(4) “DEMAND FLEXIBILITY” MEANS THE ABILITY TO SHIFT ENERGY**
21 **DEMAND TO MEET BULK POWER SYSTEM OR LOCAL DISTRIBUTION SYSTEM NEEDS**
22 **IN RESPONSE TO CHANGING ELECTRIC SYSTEM CONDITIONS AND PRICES IN ORDER**
23 **TO:**

24 **(I) INTEGRATE INCREASED RENEWABLE ENERGY SUPPLY;**

25 **(II) IMPROVE RELIABILITY AND ENERGY SYSTEM EFFICIENCY;**

26 **(III) LOWER COSTS; AND**

27 **(IV) REDUCE ENVIRONMENTAL IMPACTS BY DECREASING NET**
28 **SYSTEM PEAK DEMAND OR DISTRIBUTION SYSTEM PEAK DEMAND.**

1 **(5) “DISTRIBUTED ENERGY RESOURCE” HAS THE MEANING STATED**
2 **IN § 7-1001 OF THIS TITLE.**

3 **(6) “ELECTRIC SYSTEM PLAN” MEANS A PLAN SUBMITTED BY AN**
4 **ELECTRIC COMPANY TO THE COMMISSION IN ACCORDANCE WITH COMAR**
5 **20.50.15.04.**

6 **(7) (I) “FLEXIBLE INTERCONNECTION” MEANS A METHOD FOR**
7 **CONNECTING DISTRIBUTED ENERGY RESOURCES TO THE ELECTRIC DISTRIBUTION**
8 **SYSTEM IN A MANNER THAT OPTIMIZES THE USE OF THE EXISTING ELECTRIC**
9 **DISTRIBUTION SYSTEM.**

10 **(II) “FLEXIBLE INTERCONNECTION” INCLUDES THE USE OF A**
11 **LIMITED EXPORT AGREEMENT.**

12 **(8) “GRID-ENHANCING TECHNOLOGIES” MEANS HARDWARE OR**
13 **SOFTWARE THAT INCREASES THE CAPACITY OR EFFICIENCY OF THE ELECTRIC**
14 **DISTRIBUTION OR TRANSMISSION SYSTEM, INCLUDING:**

15 **(I) DYNAMIC LINE RATING;**

16 **(II) ADVANCED POWER FLOW CONTROL;**

17 **(III) TOPOLOGY OPTIMIZATION; AND**

18 **(IV) ENERGY STORAGE USED AS DISTRIBUTION OR**
19 **TRANSMISSION.**

20 **(9) “GRID FLEXIBILITY-ENABLED BUILDING ELECTRIFICATION AND**
21 **EFFICIENCY” MEANS A CHANGE IN END-USE EQUIPMENT TO AN EFFICIENT**
22 **ELECTRIC TYPE FOR ANY BUILDING END-USE IF THE END-USE EQUIPMENT IS**
23 **PAIRED TO THE GREATEST EXTENT POSSIBLE WITH ENERGY EFFICIENCY MEASURES**
24 **AND ENROLLMENT IN DEMAND FLEXIBILITY PROGRAMS OR RATES TO ENCOURAGE**
25 **THE USE OF THE ELECTRIC GRID IN OFF-PEAK HOURS AND MITIGATE USE DURING**
26 **PEAK DEMAND, INCLUDING A CHANGE IN END-USE EQUIPMENT FOR:**

27 **(I) WATER HEATING;**

28 **(II) SPACE HEATING;**

29 **(III) LAUNDRY; AND**

30 **(IV) INDUSTRIAL PROCESSES.**

1 **(10) “NONWIRES SOLUTION” MEANS A PROJECT OR OTHER SOLUTION**
2 **THAT USES ONE OR MORE DISTRIBUTED ENERGY RESOURCES OR LEADS TO THE**
3 **INTRODUCTION OF NEW OR MODIFICATIONS OF EXISTING ENERGY MANAGEMENT**
4 **PRACTICES, STANDARDS, OR PROTOCOLS THAT ADDRESS A SYSTEM CONSTRAINT OR**
5 **PROVIDE OTHER ELECTRIC GRID SERVICES TO THE ELECTRIC SYSTEM.**

6 **(11) “VIRTUAL POWER PLANT” MEANS A NETWORK OF MULTIPLE,**
7 **DECENTRALIZED, DISTRIBUTED ENERGY RESOURCES INTEGRATED TO BALANCE**
8 **ENERGY SUPPLY AND DEMAND ON A LARGE SCALE.**

9 **(B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, ON OR**
10 **BEFORE JANUARY 1, 2027, AND EVERY 3 YEARS THEREAFTER, EACH ELECTRIC**
11 **COMPANY SHALL SUBMIT A COST CONTAINMENT PLAN TO THE COMMISSION.**

12 **(2) THE COMMISSION MAY:**

13 **(I) ALLOW ELECTRIC COMPANIES TO SUBMIT THEIR**
14 **RESPECTIVE COST CONTAINMENT PLANS ON A STAGGERED SCHEDULE; AND**

15 **(II) ADJUST THE SUBMISSION PLAN DEADLINE IF THE**
16 **COMMISSION REQUIRES OR ALLOWS AN ELECTRIC COMPANY TO SUBMIT ITS COST**
17 **CONTAINMENT PLAN AS A PART OF:**

18 1. **A MULTIYEAR RATE PLAN APPLICATION;**

19 2. **A RATE CASE FILING; OR**

20 3. **AN ELECTRIC SYSTEM PLAN.**

21 **(C) THE COST CONTAINMENT PLAN SHALL INCLUDE DESCRIPTIONS OF:**

22 **(1) ELECTRIC SYSTEM CONSTRAINT SOLUTIONS IN THE MOST RECENT**
23 **ELECTRIC SYSTEM PLAN SUBMITTED TO THE COMMISSION THAT AVOID OR**
24 **MINIMIZE CAPITAL EXPENDITURES, INCLUDING ALL NONWIRES SOLUTIONS AND**
25 **DISTRIBUTED ENERGY RESOURCE INTEGRATION THAT IS INCLUDED IN THE**
26 **ELECTRIC SYSTEM PLAN;**

27 **(2) PROGRAMS, OFFERINGS, OR INVESTMENTS FROM OTHER FILINGS**
28 **MADE TO THE COMMISSION THAT AVOID OR MINIMIZE CAPITAL EXPENDITURES ON**
29 **THE ELECTRIC DISTRIBUTION OR TRANSMISSION SYSTEM WHILE IMPROVING THE**
30 **RELIABILITY, RESILIENCE, AND CAPACITY OF THE ELECTRIC DISTRIBUTION OR**

1 TRANSMISSION SYSTEM THAT ACHIEVES OPERATIONAL AND PLANNING
2 OPTIMIZATION, INCLUDING:

3 (I) ADVANCED TRANSMISSION TECHNOLOGIES;

4 (II) AUTOMATED LOAD MANAGEMENT;

5 (III) DEMAND FLEXIBILITY;

6 (IV) FLEXIBLE INTERCONNECTION;

7 (V) GRID-ENHANCING TECHNOLOGIES;

8 (VI) GRID FLEXIBILITY;

9 (VII) GRID FLEXIBILITY-ENABLED BUILDING ELECTRIFICATION
10 AND EFFICIENCY; AND

11 (VIII) VIRTUAL POWER PLANTS;

12 (3) HOW THE ELECTRIC COMPANY IS COORDINATING ELECTRIC
13 DISTRIBUTION SYSTEM INVESTMENTS WITH ELECTRIC TRANSMISSION SYSTEM
14 PLANNING IN THE PJM REGION IN A MANNER THAT IS MOST COST-EFFECTIVE TO
15 RATEPAYERS; AND

16 (4) HOW THE ELECTRIC COMPANY IS INCREASING ITS INVESTMENTS
17 IN REGIONAL TRANSMISSION PLANNING PROCESSES AND PROJECTS RELATIVE TO
18 ITS INVESTMENTS IN LOCAL AND SUPPLEMENTAL TRANSMISSION PROJECTS.

19 (D) THE COST CONTAINMENT PLAN SUBMITTED UNDER SUBSECTION (C) OF
20 THIS SECTION SHALL COMBINE TO REDUCE THE UTILITY'S PEAK ELECTRIC SYSTEM
21 LOAD BY AT LEAST 20% FROM 2025 LEVELS BY 2030.

22 (E) (1) THE COMMISSION SHALL APPROVE, CONDITIONALLY APPROVE,
23 OR DENY EACH ELECTRIC COMPANY'S COST CONTAINMENT PLAN BASED ON
24 WHETHER THE PLAN:

25 (I) ADEQUATELY INCORPORATES THE REQUIREMENTS OF
26 SUBSECTION (C)(1) AND (2) OF THIS SECTION;

27 (II) MEETS OR EXCEEDS THE GOAL IN SUBSECTION (D) OF THIS
28 SECTION; AND

1 **(III) IS PROJECTED TO PRODUCE DEMONSTRABLE AND**
2 **SIGNIFICANT COST SAVINGS INDIVIDUALLY OR IN THE AGGREGATE, ACCORDING TO**
3 **THE COMMISSION’S UNIFIED BENEFIT COST ANALYSIS FRAMEWORK.**

4 **(2) THE COMMISSION SHALL REQUIRE AN ELECTRIC COMPANY TO**
5 **CURE ANY DEFICIENCY IDENTIFIED DURING THE COMMISSION’S REVIEW OF THE**
6 **COST CONTAINMENT PLAN.**

7 **(F) (1) EACH ELECTRIC COMPANY SHALL SUBMIT A PROGRESS REPORT**
8 **TO THE COMMISSION ON THE ELECTRIC COMPANY’S PROGRESS TOWARD**
9 **IMPLEMENTING AN APPROVED COST CONTAINMENT PLAN.**

10 **(2) EACH ELECTRIC COMPANY SHALL SUBMIT THE PROGRESS**
11 **REPORT AT THE SAME TIME THE ELECTRIC COMPANY SUBMITS ITS ELECTRIC**
12 **SYSTEM PLAN AND SHALL INCLUDE:**

13 **(I) A DESCRIPTION OF ALL ONGOING ACTIONS, INITIATIVES, OR**
14 **PROJECTS AND ANY PLANNED ACTIONS, INITIATIVES, OR PROJECTS INCLUDED IN**
15 **THE COST CONTAINMENT PLAN; AND**

16 **(II) AN ANALYSIS DOCUMENTING THE DECISION-MAKING**
17 **PROCESS FOR THE SELECTED ACTIONS, INITIATIVES, OR PROJECTS INCLUDED IN**
18 **THE COST CONTAINMENT PLAN AND ANY REJECTED ALTERNATIVES.**

19 **(G) IF AN ELECTRIC COMPANY FAILS TO MEET THE GOAL UNDER**
20 **SUBSECTION (D) OF THIS SECTION, THE COMMISSION MAY, BY ORDER:**

21 **(1) IMPOSE ONE OR MORE FINES;**

22 **(2) REDUCE THE ELECTRIC COMPANY’S RETURN ON EQUITY; AND**

23 **(3) FULLY OR PARTIALLY DENY THE ELECTRIC COMPANY’S COST**
24 **RECOVERY FOR IMPLEMENTING THE APPROVED COST CONTAINMENT PLAN.**

25 7-1001.

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

27 (d) “Distributed energy resource” means an energy resource located on a
28 customer’s premises that:

29 (1) produces or stores electricity; or

1 (2) modifies the timing or amount of the customer's electricity
2 consumption.

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