

# SENATE BILL 954

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CF 6lr3519

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By: Senator Harris

Introduced and read first time: February 6, 2026

Assigned to: Education, Energy, and the Environment

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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.



Section 7-701(a), (s), and (t) and 7-1201(a) and (c)  
Annotated Code of Maryland  
(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:

## Article – Public Utilities

12 7-219.1.

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

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

#### 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.**

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:

## 1. THE INVESTOR-OWNER ELECTRIC COMPANY:

## A. IDENTIFIES A PREMIER CREDIT RATING AGENCY:

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

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;

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

(5) geothermal, including energy generated through geothermal exchange 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:

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

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

## 28 (9) poultry litter-to-energy;

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

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

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

10 7-1226.

13 (1) shall specify:

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

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;

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

(v) any evidence of key development milestones to substantiate 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) shall require, at a minimum, all energy storage devices that utilize lithium-ion batteries to comply with the most up-to-date revision of the National Fire Protection Association 855: Standard for the Installation of Stationary Energy Storage 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.

17 (c) The Commission shall:

(1) after giving public notice, hold one or more public hearings to receive 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.