

# SENATE BILL 954

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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)

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

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

**Article – Public Utilities**

**7–219.1.**

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

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

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

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

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

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

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

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

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

(II) A PRICE STABILITY EVENT HAS OCCURRED.

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

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

(4) A RESOURCE ADEQUACY PLAN:

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

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

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

**7-219.2.**

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

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

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

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

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

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

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

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

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

**7-510.**

**(c) [(6) In order to meet long-term, anticipated demand in the State for standard offer service and other electricity supply, the Commission 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.]**

**(6) (I) 1. IN THIS PARAGRAPH THE FOLLOWING WORDS HAVE 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**

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

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

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

7-701.

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

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

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

(2) wind;

(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;

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

(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.

(t) “Tier 2 renewable source” means hydroelectric power other than pump storage generation.

7–1201.

(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.

7–1226.

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

(1) shall specify:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) project maturity dates;

(ii) interconnection queue status;

(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;

(vi) safety plans; and

(vii) any other relevant nonprice factors as determined by the 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.

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

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

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

(c) The Commission shall:

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

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

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

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