

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1349 (Delegate Wivell, *et al.*)
 Environment and Transportation

Public Service Commission - Implementation Plan to Convert Formerly
 Operational Fossil Fuel Generating Stations

This bill requires the Public Service Commission (PSC) to develop an implementation plan to convert formerly operational fossil fuel generating stations located in the State to natural gas generating stations. In developing the plan, PSC must conduct a public stakeholder process to solicit input, as specified. The bill establishes the required contents of the implementation plan and requires PSC, by January 1, 2027, to provide the implementation plan and recommendations to the Governor and specified committees of the General Assembly. **The bill takes effect June 1, 2026.**

Fiscal Summary

State Effect: Special fund expenditures for PSC increase by \$500,000 in FY 2027 only; special fund revenues for PSC increase correspondingly from assessments imposed on public service companies. General/special fund expenditures for the Department of Natural Resources (DNR) increase by approximately \$20,000 in FY 2027 only.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	\$500,000	\$0	\$0	\$0	\$0
SF Expenditure	\$500,000	\$0	\$0	\$0	\$0
GF/SF Exp.	\$20,000	\$0	\$0	\$0	\$0
Net Effect	(\$20,000)	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: It is assumed that affected local governments, including municipal electric utilities, can participate in the stakeholder process using existing resources. Local revenues are not affected.

Small Business Effect: Minimal or none.

Analysis

Bill Summary: In developing the implementation plan, PSC must conduct a public stakeholder process to solicit input, including soliciting input from (1) the Office of People's Counsel (OPC); (2) the Maryland Energy Administration (MEA); (3) DNR; (4) the Maryland Department of the Environment (MDE); (5) investor-owned electric and gas companies, electric cooperatives, and municipal electric utilities; (6) owners of generating systems and natural gas transmission systems located in the State; (7) nonprofit advocacy organizations with relevant expertise; and (8) local governments with formerly operational fossil fuel generating stations located in their jurisdictions.

With respect to converting formerly operational fossil fuel generating stations located in the State to natural gas generating stations, the implementation plan must include:

- an assessment of the feasibility and associated costs, including the feasibility and associated costs of (1) an electric company or gas company taking ownership of the generating stations and (2) person that is not an electric company or gas company taking ownership of the generating stations;
- a description of any legal, regulatory, and engineering barriers and their potential solutions;
- a conversion timeline that balances ratepayer costs with electric system reliability;
- any draft legislation necessary for implementation; and
- any other relevant matter, as determined by PSC.

Current Law:

Electric Customer Choice and Competition Act of 1999

The Electric Customer Choice and Competition Act of 1999 facilitated the restructuring of the electric utility industry in Maryland, which deregulated the generation, supply, and pricing of electricity. As part of restructuring, the State's vertically integrated electric companies divested themselves of their generation assets. With restructuring, generation resources are considered competitive, and the competitive market is relied upon to provide new generation resources and to meet load requirements.

In order to meet long-term, anticipated demand in the State for standard offer service and other electricity supply, PSC 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.

Public Service Commission

PSC must supervise and regulate public service companies, which include electric companies, subject to its jurisdiction to (1) ensure their operation in the interest of the public and (2) promote adequate, economical, and efficient delivery of utility services in the State without unjust discrimination. In doing so, PSC must consider the public safety, the economy of the State, the maintenance of fair and stable labor standards for affected workers, the conservation of natural resources, the preservation of environmental quality, the achievement of the State's climate commitments for reducing greenhouse gas emissions, and the protection of a public service company's infrastructure against cybersecurity threats. PSC must also enforce compliance with legal requirements by public service companies.

Certificate of Public Convenience and Necessity

PSC is the lead agency for licensing the siting, construction, and operation of power plants and related facilities in the State through the Certificate of Public Convenience and Necessity (CPCN) process, which is a comprehensive process involving several other State agencies, including DNR and its Power Plant Research Program (PPRP) and MDE.

Energy generating systems that produce energy from natural gas are not prohibited, although the CPCN evaluation process includes consideration of the impact of the generating station on the quantity of annual and long-term statewide greenhouse gas (GHG) emissions and consistency of the CPCN application with the State's climate commitments for reducing GHG emissions.

For more information on the CPCN process, see the **Appendix – Certificate of Public Convenience and Necessity**.

State Fiscal Effect:

Public Service Commission

Special fund expenditures for PSC increase by \$500,000 in fiscal 2027 only to hire a consultant to assist in structuring the stakeholder process, determining what information is necessary, and assessing stakeholder input to develop the implementation plan.

PSC is funded through an assessment on the public service companies that it regulates. As a result, special fund revenues for PSC increase correspondingly from assessments imposed on public service companies.

Department of Natural Resources

DNR advises that in order to participate in the stakeholder process, it needs the assistance of a consultant with relevant expertise. In general, special funds from the Environmental Trust Fund are used to fund a significant portion of PPRP's operations. PPRP also receives funding from the Strategic Energy Investment Fund in the fiscal 2027 budget as introduced (see the Governor's Fiscal 2027 Budget Books, [Volume I](#), p. 462). However, PPRP's workload and costs have been increasing and, to the extent sufficient special funds are not available to cover PPRP's costs under the bill, general funds may be required to cover a portion or all of the costs.

Therefore, general/special fund expenditures for PPRP increase by approximately \$20,000 in fiscal 2027 only to hire a consultant to assist with PPRP's involvement in the stakeholder process.

Other Agencies Involved in the Stakeholder Process

MDE, MEA, and OPC can participate in the stakeholder process using existing budgeted resources.

Additional Comments: PSC advises that it may not be feasible to develop a robust and meaningful implementation plan within the time frame established by the bill.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Public Service Commission; Department of Natural Resources; Maryland Department of the Environment; Maryland Energy Administration; Office of People's Counsel; Department of Legislative Services

Fiscal Note History: First Reader - March 6, 2026
caw/sdk

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Appendix – Certificate of Public Convenience and Necessity

General Overview

The Public Service Commission (PSC) is the lead agency for licensing the siting, construction, and operation of power plants and related facilities in the State through Certificates of Public Convenience and Necessity (CPCNs). The CPCN process is comprehensive and involves several other State agencies, including the Department of Natural Resources (and its Power Plant Research Program), and the Maryland Department of the Environment. Subject to limited exemptions described below, a person may not begin construction in the State of a generating station, qualified generator lead line, overhead transmission line designed to carry more than 69,000 volts, or certain energy storage devices unless a CPCN is first obtained from PSC.

State law provides that a “generating station” excludes:

- a facility used for electricity production with a capacity of up to 2 megawatts that is installed with equipment that prevents the flow of electricity to the electric grid during time periods when the grid is out of service;
- a combination of two or more co-located or adjacent facilities used for electricity production from solar photovoltaic systems or specified eligible customer-generators that have a maximum cumulative capacity of 14 megawatts, including maximum individual capacities of 2 megawatts (subject to satisfying other requirements); and
- a facility, or a combination of two or more facilities, used for electricity production for the purpose of onsite emergency backup for critical infrastructure when service from the electric company is interrupted and conducting necessary test and maintenance operations (subject to satisfying other requirements).

The CPCN process, detailed further below, involves the notification of specified stakeholders, the holding of public hearings, the consideration of recommendations by State and local government entities, and the consideration of the project’s effects on various aspects of the State infrastructure, economy, and environment.

In December 2020, PSC initiated a rulemaking (RM 72) to revise regulations governing CPCNs for generating stations. Updated regulations became effective in September 2021. Among other changes, the regulations contain additional information requirements – to assist in project evaluation – and allow for electronic submission and distribution of application materials.

Notification Process

Upon receipt of a CPCN application, PSC – or the CPCN applicant, if required by PSC – must immediately provide notice to specified recipients, including the executive and governing body of affected local governments, affected members of the General Assembly, and other interested persons. When providing the notice, PSC must also forward the CPCN application to each appropriate unit of State and local government for review, evaluation, and comment and to each member of the General Assembly who requests a copy.

Public Hearing and Comment

PSC must provide an opportunity for public comment and hold a public hearing on a CPCN application in each county and municipality in which any portion of the construction of a generating station, overhead transmission line, or qualified generator lead line is proposed to be located. PSC must hold the hearing jointly with the governing body of the county or municipality and must provide weekly notice during the four weeks prior to the hearing, both in a newspaper and online, and must further coordinate with each local government to identify additional hearing notification options. PSC must ensure presentation and recommendations from each interested State unit and must allow representatives of each State unit to sit during the hearing of all parties. PSC must then allow each State unit 15 days after the conclusion of the hearing to modify the unit's initial recommendations.

Public Service Commission Considerations

PSC must take final action on a CPCN application only after due consideration of (1) recommendations of the governing body of each county or municipality in which any portion of the project is proposed to be located; (2) various aspects of the State infrastructure, economy, and environment; and (3) the effect of climate change on the project. For example, PSC must consider the effect of the project on the stability and reliability of the electric system and, when applicable, air and water pollution. There are additional considerations specifically for a generating station or an overhead transmission line. For example, PSC must consider the impact of a generating station on the quantity of annual and long-term statewide greenhouse gas emissions and must consider alternative routes and related costs for the construction of a new overhead transmission line.

Exemptions Under § 7-207.1 of the Public Utilities Article

Section 7-207.1 of the Public Utilities Article specifies three conditions under which a person constructing a generating station may apply to PSC for an exemption from the CPCN requirement:

- the facility is designed to provide onsite generated electricity, the capacity is up to 70 megawatts, and the excess electricity can be sold only on the wholesale market pursuant to a specified agreement with the local electric company;
- at least 10% of the electricity generated is consumed onsite, the capacity is up to 25 megawatts, and the excess electricity is sold on the wholesale market pursuant to a specified agreement with the local electric company; or
- the facility is wind-powered and land-based, the capacity is up to 70 megawatts, and the facility is no closer than a PSC-determined distance from the Patuxent River Naval Air Station, among other requirements.

However, PSC must require a person who is exempted from the CPCN requirement to obtain approval from the commission before the person may construct a generating station as described above. The application must contain specified information that PSC requires, including proof of compliance with all applicable requirements of the independent system operator.

Exemptions Under § 7-207.4 of the Public Utilities Article

The Renewable Energy Certainty Act of 2025 (Chapters 623 and 624) establishes the Distributed Generation Certificate of Public Convenience and Necessity (DGCPCN), a certificate that PSC may issue – in lieu of a CPCN – to a person seeking to construct and operate community solar projects that have a generating capacity of 2 megawatts to 5 megawatts and meet other specified requirements. A DGCPCN carries the same force and effect as a CPCN while offering applicants a streamlined review process; however, until PSC begins accepting applications for DGCPCNs (likely in 2027), a CPCN will still be required to construct a community solar project.

As with the CPCN process, PSC must provide an opportunity for public comment and hold a public hearing on a DGCPCN application in each county where any portion of the project is proposed to be located.

Additional Information

For a more thorough discussion of the above topics, along with legislative history and recent data trends, see [The Maryland Certificate of Public Convenience and Necessity](#) on the Department of Legislative Services' website.