

COMMISSIONERS

STATE OF MARYLAND

FREDERICK H. HOOVER, JR.  
CHAIR

MICHAEL T. RICHARD  
KUMAR P. BARVE  
BONNIE A. SUCHMAN



PUBLIC SERVICE COMMISSION

Chair C.T. Wilson  
Economic Matters Committee  
230 House Office Building  
Annapolis, MD 21401

**RE: HB 1037 – Favorable with Amendments – Energy Resource Adequacy and Planning Act**

Dear Chair Wilson and Committee Members:

The Public Service Commission (the Commission) requests a favorable report for House Bill 1037 (HB 1037) with amendments detailed in this testimony. HB 1037 creates an office of integrated resource planning that will operate within, but independently of the Commission. The office will focus on developing state energy forecasts and studying various scenarios associated with long-term energy planning. Additionally, the proposed legislation requires the utilities under Commission authority to develop and submit integrated resource plans (IRPs) to the Commission.

The Commission agrees with the intent of the proposed legislation to more actively plan for the State's energy future, study the power markets, and develop solutions to avoid potential negative outcomes and reduce costs associated with the power markets, if concerns are identified that policy makers choose to act upon. Given the current status of power generation and resource adequacy, it is prudent for the state to assert more control over the development of energy solutions. While structural changes in the power generation business prevents the complete control as when Maryland utilities were fully integrated, the information obtained by the proposed office will advise all policymakers of future actions.

The magnitude of the envisioned forecasts is extensive in both scale and scope, and accurately and reliably modeling many factors over a 25-year span is challenging. Leveraging outside consultants will be necessary to accomplish the bill's mandates because of the complexity of the modeling and forecasting requirements and the short time frame for delivering results.

The Commission notes that the proposed approach may duplicate some of the work accomplished through existing collaborative efforts among state, federal and regional entities, which leverage both public and private sector resources. The long-term impact on energy markets, consumer costs, and regulatory complexity should be thoughtfully managed to help mitigate potential unintended economic consequences. A focus on improvements to the current regulatory approach, using targeted stakeholder engagements and public conferences to ensure all perspectives are integrated into future planning initiatives may also produce positive results.

The Commission offers amendments to (1) ensure the operationalization of HB 1037 is successful, (2) streamline the policy and study requirements that are required by the proposed legislation, and (3) revise the proposed utility IRP process.

The Commission requests amendments such that the proposed IRP office is either fully independent of the Commission or that the proposed tasks in the appropriate resource in the legislation be parsed between the various State Agencies (e.g. the Commission, Maryland Energy Administration, and Power Plant Research Program) to be completed. As structured, HB 1037 poses managerial, administrative, budgeting, and auditing issues for the Commission due to the requirement for the office and its director to be independent of the Commission, but the Commission is obligated to staff and provided resources for said office.

The Commission notes that it will take time to establish the new office regardless of the integration with the Commission or independently. Some of the timelines within HB 1037 for the new office may be aggressive. The legislature should determine if there are certain tasks that should be prioritized as more short-term actions for the new office or other agencies to cover, or to allow the studying party to extend stated deadlines for good cause.

The Commission notes that the study and modeling requirements listed in § 7-1203 and § 7-1204 appear to be a mixture of what may be found in a state energy plan that would traditionally be created by a state energy office such as MEA and integrated resource plans that would have been overseen by the Commission and PPRP. Additionally, there are specific studies or policies envisioned, such as those under § 7-1203 (D), that could be tools to achieve policies under such plans. The legislature should consider reorganization of the tasks and goals in HB 1037 to better delineate between higher level vs more granular planning and forecasts. The legislature should also consider providing policy guidance as to how they expect the state agencies to utilize the final studies envisioned. The Commission also seeks clarifying amendments to certain tasks or policies to ensure the results reflect the policy guidance.

§ 7-1206 requires the Commission, in consultation with the new IRP office, to adopt regulations by December 1, 2025, for the utilities to develop IRP plans starting July 1, 2026. The Commission supports trying to ensure utility distribution planning integrates generation and transmission planning and could be a forum to potentially avoid costs. Since Maryland is a restructured market, as discussed in the footnote, the need for the utilities to develop individual IRP's for the wholesale market would likely be duplicative.<sup>1</sup> Currently, Maryland distribution utilities do not own generation, have not built or contracted to build generation and cannot force action in PJM markets. Also, such plans may favor solutions that favor utility investment instead of exploring market or non-rate regulated solutions. Instead of requiring individual utility IRPs, the legislature could consider establishing a holistic review process of the wholesale markets that determines what actions could be taken by the state, inclusive of utility actions at the distribution or wholesale level, to mitigate risk decision makers find unacceptable.

Finally, the Commission will need additional time to develop the regulations required by § 7-1206, especially if they are to be developed in coordination with the new IRP office. Additionally, requiring IRPs within six months of enacting the regulations may be an aggressive timeline.

---

<sup>1</sup> Prior to electricity deregulation in Maryland, the Commission considered integrated resource planning in the context of vertically integrated electric utilities that owned generation. The electric utilities were expected to plan, build, and run new resources to meet load needs that grew at a relatively steady pace.

The Public Service Commission appreciates the opportunity to provide testimony for your consideration for bill HB 1037. We request a favorable report with support for the amendments detailed above. We look forward to continuing to work with the sponsor to optimize the legislation for productive enactment. Please contact Christina Ochoa, Director of Legislative Affairs at [christina.ochoa1@maryland.gov](mailto:christina.ochoa1@maryland.gov) if you have any questions.

Sincerely,

A handwritten signature in blue ink, reading "Frederick H. Hoover". The signature is written in a cursive style with a large, stylized "F" and "H".

Frederick H. Hoover, Chair  
Maryland Public Service Commission