



AN EXELON COMPANY

Position Statement

Favorable with Amendments
Education, Energy, and Environment Committee
2/28/2025

Senate Bill 937/House Bill 1035- Public Utilities - Electricity Generation Planning - Procurement, Permitting, and Co-Location (Next Generation Energy Act)

Baltimore Gas and Electric Company (BGE) supports with amendments *Senate Bill 937/House Bill 1035- Public Utilities - Electricity Generation Planning - Procurement, Permitting, and Co-Location (Next Generation Energy Act)*. *Senate Bill 937/House Bill 1035* requires the Maryland Energy Administration (MEA), in coordination with the Public Service Commission (PSC) and the Department of Natural Resources (DNR), to pursue certain agreements with neighboring states and federal agencies related to the development of new nuclear energy generation stations, incentivizes new generation to be built in the State, and prohibits an electricity supplier or other owner of certain generating stations from entering into a certain contract with a commercial or industrial customer under certain circumstances.

BGE is supportive of the bill's goal to increase in-state generation and to offer protections to preserve existing generation, because the availability of reliability source of electric generation is a pressing issue in our region and is of particular concern in Maryland. The retirement of dispatchable electricity generation facilities in Maryland without corresponding new generating facilities is contributing to significant electricity constraints, has increased costs in the capacity market, and has prompted multiple large-scale transmission projects to be constructed to import more energy into the State. Given the limited local generation in Maryland and pending retirements of the dispatchable generation in the state, Maryland is dependent on generation imports to achieve its electric supply. Maryland currently imports 40% of its electricity from out-of-state electricity generators throughout the year to meet the energy demands of residents and businesses, and that number will increase if new generation is not built in the State.

Senate Bill 937/House Bill 1035 requires electric companies to help incentivize the development of new nuclear generation in the state. While BGE supports mechanisms to incentivize nuclear generation in Maryland, this requirement should be prospective, so existing Standard-Offer-Service (SOS) contracts are not adversely impacted. BGE respectfully requests an amendment to remove retroactive RPS provisions and grandfather existing arrangements to protect existing SOS contracts for future delivery.

Additionally, the bill anticipates that new projects will sell energy, capacity, and ancillary services in the PJM markets. However, there may be risks to customers because market revenues are significantly lower than a project developer's cost-based price schedule. The PSC should have the flexibility to adjust long-term pricing schedules and limit cost overruns to mitigate impacts on ratepayers. This flexibility will help ensure that energy remains affordable and reliable in the long term.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's largest energy delivery company.

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Senate Bill 937/House Bill 1035 rightfully addresses the risk of co-location, which involves an existing generating station entering a contract with a large energy user to directly supply electricity – bypassing interconnection with the electric transmission and distribution systems. There is an opportunity to clarify the co-location relationship more technically; BGE will offer an amendment to the bill sponsor. BGE supports the guardrails that will prevent the loss of existing electricity generation to Maryland ratepayers and will ensure large energy users pay their fair share.

BGE respectfully requests the proposed amendments be adopted and urges a favorable report for *Senate Bill 937/House Bill 1035*.

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