

Maryland PIRG

SB0937/HB1035 Electricity Generation Planning - Procurement, Permitting, and Co-Location (Next Generation Energy Act)
Economic Matters and Education, Energy, and the Environment Committees
Joint Hearing: February 24th, 2025
Unfavorable

Maryland PIRG is a state based, small donor funded public interest advocacy organization with grassroots members across the state. We work to find common ground around common sense solutions that will help ensure a healthier, safer, more secure future

Marylanders are struggling with unaffordable utility delivery rates and escalating supply rates due to [wasteful spending from utilities](#) and [mismanagement at PJM](#), our regional grid operator.

Maryland should increase energy generation and storage in the state, but the Next Generation Energy Act not only misses the mark, it also threatens to increase utility rates and pollution.

We hope the Committees will support legislation to help ratepayers by stopping wasteful utility spending, supporting energy storage and renewable energy, and strengthening the grid. While I am glad the legislature is investigating ways to address supply costs, t

There are four key reasons why we are opposed to this bill as introduced:

1. **There is no immediate supply crisis:** Maryland is [already fully committed to an expensive new transmission line](#) that will reduce any near-term strain from the closure of power plants (which PJM has failed to appropriately plan for).

PJM claims our bill increases are caused by not having enough supply available to meet increasing demand for power. But one of the biggest reasons for an impending supply/demand imbalance is that PJM has been [holding back](#) hundreds of gigawatts of storage, wind and solar projects that are ready to meet that demand in Maryland and across the grid.

Unfortunately, electric rates are going up this summer, with increases of between \$4 and \$18 a month for the average Maryland customer, depending on their utility. These increases are impermanent and largely due to poor planning and a [manufactured crisis at PJM](#), that should resolve as PJM moves projects off the queue. **That's not to say Maryland shouldn't look at ways to increase generation and storage in the state, but it does mean we can be thoughtful in our response and should avoid rushed decisionmaking.**

2. **Delivery rates are a crisis:** If you want to help Marylanders with their energy bills - the smartest option is to address rising delivery rates. Unlike supply costs, which are notoriously volatile, delivery rates have steadily and steeply increased over the past decade, and are hard (if not impossible) to bring down once they rise. [Delivery rates for many utilities have escalated faster than inflation in Maryland](#), particularly for the Exelon owned utilities which deliver electricity and gas to the majority of the state. The legislature and PSC regulate utility rates, but the state has far less ability to impact complicated supply markets.

This bill does nothing to address rising delivery rates. The legislature would be wise to rein in wasteful utility spending that is driving up bills by reforming or repealing STRIDE and ending Multi-year Ratemaking in Maryland which have both exacerbated the utilities' incentive to overspend by virtually guaranteeing utility profits. The PSC also has authority on both, but the

legislature plays a key role in those policy decisions, and thus has a responsibility to intervene.

3. **Energy Storage and Renewable Energy:** If the legislature wants to increase in-state energy, they have plenty of better options than gas and nuclear power. The quickest and most economical way to address concerns of lack of electric supply to meet peak demand is through increased adoption of energy storage.

Maryland has also been slow to develop wind and solar in the state, and investing in storage not only gives us time to catch up, it sets us up to maximize that renewable energy when it's available. Per dollar of investment, clean energy solutions – such as energy efficiency and renewable resources – [are better investments](#) and can come online [faster and with less risk](#).

4. **Subsidizing the gas and nuclear industries should be a nonstarter:** it's economically dangerous and threatens our health.
 - a. Encouraging new gas plants doesn't make sense strategically, financially, or for public health. Gas plants are [notoriously unreliable during extreme weather](#), which was one of the factors driving up costs at PJM and their last auction. In the wake of winter storm Elliot, PJM experienced significant [unplanned outages](#), and it became clear that gas plants are not as reliable in extreme weather as previously assumed ([63%](#) of PJM outages during the storm were from gas plants).

Gas plants are less flexible, more expensive, and slower to get online than energy storage, which is why [states like Texas are making big investments in batteries](#). By looking at more reliable and more affordable clean energy options Maryland can also avoid air pollution in the state, while still increasing generation and improving reliability through local action.

- b. Nuclear power's very survival has required large and continuous government support in the form of subsidies since its inception through the present day. Marylanders already subsidized Calvert Cliffs in 1999 to the tune of nearly \$1 billion. Maryland should not consider offering financial support for a new reactor until a new reactor in the U.S. manages to come online without outrageous cost overruns. No modular reactors have been built in the U.S., and few have been built worldwide.

Last year, Georgia finished building the first new nuclear reactor in the U.S. in decades [for more than \\$35 billion](#) - \$17 billion more than initially estimated. Georgia Power will likely profit off the overspending, **all of which ratepayers are likely on the hook for**. Their bills have already gone up to pay for it and they'll be paying the astronomical cost for decades to come. Can you think of better ways to spend \$35 billion? I can.

We recommend an unfavorable report.