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112 West Street  
Annapolis, MD 21401

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

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) support 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 and 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 station from entering into a certain contract with a commercial or industrial customer under certain circumstances.

Resource adequacy is a growing concern nationwide and particularly critical in Maryland. With limited in-state generation and pending retirements of dispatchable resources, Maryland relies heavily on energy imports to meet demand. The North American Electric Reliability Corporation (NERC) forecasts show electricity peak demand and energy growth between 2024 and 2033 at the highest levels in a decade. PJM is already seeing significant demand growth due to electrification and energy-intensive data centers. To maintain reliability, new dispatchable generation, storage, energy efficiency, demand response, and hybrid solutions using clean fuels are essential. Resource additions are not keeping up with generator retirements and demand growth. Winter seasons replace summer as the higher-risk periods due to generator performance and fuel supply issues.

Senate Bill 937 and House Bill 1035 requires electric companies to procure nuclear energy equal to the company's percentage of electric sales each year that will be placed in an escrow managed by the Public Service Commission (PSC). While Pepco and Delmarva Power support mechanisms to incentivize nuclear generation to be built in the State, this requirement should be prospective, so existing Standard-Offer-Service (SOS) contracts are not adversely impacted. Pepco and Delmarva Power respectfully request an amendment to exempt existing SOS obligations or contracts from being impaired and to require this provision to be applied prospectively. Additionally, it is not clear how the PSC's authority will interact with, or whether it will interfere with, the Nuclear Regulatory Commission's current authority as they regulate commercial nuclear power plants and other uses of nuclear materials, such as in nuclear medicine, through licensing, inspection and enforcement of its requirements.

Additionally, Senate Bill 937 and House Bill 1035 takes a needed approach to addressing co-location, one that encourages economic development while prioritizing customer protection and grid reliability, which is essential as we seek to have consistent and fair co-location practices adopted across the nation. Pepco and Delmarva Power believe that co-location can offer real benefits, but our concern is that without appropriate regulation, data centers may evade paying their fair share of costs of the grid and the grid services that they use. This can lead to the reallocation of these costs to existing customers, imposing an unjust financial burden on them – now and into perpetuity.

While Pepco and Delmarva Power support the overall goal of the language in the bill, we will be recommending clarifying language related to how a supplier or other owner of a generating station may enter into a contract for the provision of direct supply and other minor technical changes.

Pepco and Delmarva Power support with amendments Senate Bill 937 and House Bill 1035 and are committed to collaborating with all stakeholders to develop strategies that ensure a dependable electricity supply, maintain affordability, and align with the state's climate objectives.

Pepco Holdings, the parent company of Pepco, an electric utility serving Washington, D.C., and suburban Maryland; Delmarva Power, an electric and gas utility serving Delaware and portions of the Delmarva Peninsula; and Atlantic City Electric, an electric utility serving southern New Jersey. Anthony and his team are responsible for guiding the company's delivery of reliable and excellent service to more than two million customers in the Mid-Atlantic. Pepco Holdings is a subsidiary of Exelon Corporation, one of the nation's leading energy services companies.

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