



Committee: Education, Energy and the Environment / Economic Matters
Testimony on: SB909 / HB1037 “Energy Resource Adequacy and Planning Act”
Position: Favorable
Hearing Date: February 28, 2025

The Chesapeake Chapter of Physicians for Social Responsibility (CPSR) submits this testimony in support of SB909 and HB1037, which will establish a dedicated Integrated Resource Planning Office within our Public Service Commission (PSC) and through that Office develop a long-term Comprehensive Energy Forecast to provide a coherent basis for the state’s development and regulation of energy-related resources.

We believe this bill to be one of the most important energy sector bills of the current legislative session. Having a technically sound, multi-sectoral forecasting process is a key missing component of our policy, investment, and regulatory processes. We have already seen that the optimistic projections of the Department of Environment’s 2023 *Climate Pathway* report have been overtaken by reality. As the recent modeling by the Maryland Energy Administration shows, we have fallen behind the trajectory needed in clean renewable energy development, while facing rapidly expanding electricity demand.

Ratepayers are experiencing hurtful – in some cases, unmanageable – increases in their bills from factors like the rapid increase in price of natural gas, increasing utility charges, and the constipation of the PJM grid manager’s project approval process. The most recent blow comes from the predictable – but not fully prepared for – decision to close the Brandon Shores and Wagner coal-fired generation plants, resulting in huge excess charges for “Reliability Must Run” payments combined with withdrawal of those plants’ capacity from the PJM market and the hundreds of millions of dollars cost of otherwise unnecessary transmission infrastructure.

In recent years, in addition to setting goals and targets for clean energy and greenhouse gas reduction, the legislature has passed important pieces of legislation specifying requirements for parts of the energy sector like electric vehicles (EVs), virtual power plants, and energy storage. But these do not have a full comprehensive framework to fit into. Likewise, the PSC’s separate groups on components of the electricity system like EVs, interconnection, and building electrification are focused on present day regulatory aspects and neither constitute nor have a comprehensive, multi-sectoral framework.

As recognized by SB909/HB1037, the analysis underlying such a framework needs to include a broad range of factors, from feasibility and cost of in-state generation and storage capacity and demand growth projections, to PJM processes and implementation of the Federal Energy Regulatory Commission’s Order 2222 permitting aggregation and capacity market participation of Distributed Energy Resources (DERs), to the projected impact of technologies like “smart” solar inverters and Demand Management... and more.

The bill’s required Comprehensive Forecast will also consider financial impact on the state and on ratepayers; projected affordability, reliability, and greenhouse gas emissions; and potential development approaches to generation, distribution, transmission, and storage of electricity. Its broad analysis will include factors so far not comprehensively considered in our planning, such as:

- the role of energy storage as a transmission asset in place of new generation capacity;
- the potential role of an independent distribution operator (including appropriate compensation mechanisms for that role);
- the potential of transmission system modernization to meet more load without additional generation;
- potential siting of new energy generation on former generation sites, state lands, and transportation rights-of-way; and,
- the possibility of new procurement mechanisms to allow the state more direct engagement in energy sector development.

By the end of 2026, with opportunity for public comment, the Office will present its Comprehensive Energy Forecast and resulting recommendations to the legislature. Thereafter, the Forecast will be updated on every two years.

SB909's proposed institutionalization of this multisectoral Comprehensive Energy Forecast process by establishing the Integrated Resource Planning Office is the only way we can successfully navigate the increasingly complex energy environment. Without this comprehensive analysis and planning function, experience indicates that we will face continuing uncertainty and serious obstacles in our efforts to meet our own climate and clean energy goals, building our economy, and protecting our ratepayers.

We therefore respectfully request a favorable report on SB909/HB1037.

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