



February 28, 2025

Delegate C.T. Wilson, Chair  
Maryland House Economic Matters Committee

**MAREC ACTION TESTIMONY HB1035: FAVORABLE WITH AMENDMENTS**

Chair Wilson, Vice Chair Crosby, members of the Economic Matters Committee,

**MAREC Action** (informally, “Mid-Atlantic Renewable Energy Coalition”) writes in support of HB1035, the Next Generation Energy Act (Next Act). Directionally, the Next Act addresses key problems facing Maryland’s electricity supply, however we believe significant amendments are needed to maximize results and consumer benefits. MAREC Action is a coalition of over 50 utility-scale solar, wind, and battery storage developers and manufacturers dedicated to the growth and development of renewable energy across the PJM grid region.

**Consumer prices are rising across the 13-state PJM region**

Maryland’s demand for electricity is rising at a time when capacity market supply is diminishing due to retirements and Reliability-Must-Run arrangements at older fossil fuel power plants. A lack of deployment of new energy resources, exacerbated by delays in the PJM queue and years of static electricity demand, adds to these challenges. Maryland is not alone, the entire 13-state PJM region is facing these challenges. Changes should be made to both reform capacity market function and, importantly, increase supply of electricity and dispatchable resources.

Ultimately, Maryland has more control over policies related to in-state generation and transmission assets than it does over the structure of PJM’s markets. While there are PJM capacity market reforms that Maryland can and should continue to advocate for, we understand the intent of the Next Act is appropriately aimed at increasing the deployment of in-state energy resources to meet demand and bring down consumer prices.

**Solar, wind and energy storage are part of the solution**

Providing timely relief for ratepayers requires prioritizing deployment of the most readily available energy technologies. For Maryland, that means focusing on the near-term PJM interconnection queue—which is almost entirely comprised of energy storage and solar. Maximizing the deployment of these projects is the most



viable pathway to deploy new in-state resources and suppress consumer costs through the end of the decade.

As a dispatchable energy resource, energy storage is the most practical and rapidly deployable solution to address Maryland’s resource challenge. Other states have successfully deployed energy storage to meet their needs, and Maryland can do the same with the creation of a large-scale storage procurement program.

Maryland’s near-term PJM queue of energy projects includes 900 megawatts (MW) of storage capacity that will be out of the PJM queue by the middle of 2026—faster than any other dispatchable energy resource. Creating a pathway to market for these projects will directly increase capacity supply and reduce capacity market prices. These projects are the most viable firm capacity additions that Maryland can invest in over the next 3-4 years.

Adding energy storage in Maryland will have a suppressive effect on capacity market prices, reducing the overall impact of recent market spikes on consumers. Other benefits of deploying energy storage resources include deferred or avoided investments in transmission lines and expensive peak-demand serving natural gas facilities.

The table below lists projects with AH1 and earlier PJM queue positions as of February 24, 2025. In practical terms, these projects could be deployed more quickly than any other dispatchable energy resource, including natural gas.

*Table 1: Maryland’s PJM queue projects with AH1 and earlier queue positions as of Feb. 24, 2025.*

Fuel Type	Number of projects	Megawatt (MW) Capacity
Solar	36	1,038.9
Storage	9	900.3
Solar: Storage	7	909.8
Natural Gas	0	-
Wind	1	11.8
Hydro	1	15.0
Total	54	2,876

These projects will exit the queue no later than summer 2026 and could become operational within roughly two years of exiting the queue.



Even considering PJM’s newly approved Reliability Resource Initiative, (which allows new dispatchable generation projects to jump into the queue in an expedited fashion) projects outside of the scope of Table 1 would, at best, match the deployment speed of the capacity listed above.

**We urge the legislature to amend the Next Act to include a competitive procurement program for front-of-the-meter, transmission-connected storage with contracted capacity revenue.** Contracted capacity, which is sometimes called a Power Purchase Agreement or a tolling agreement, is critical to trigger investments in Maryland energy storage (and likely any form of new dispatchable generation) because the same capacity market uncertainty facing consumers makes financing new capital-intensive infrastructure projects risky. Power plants operate for decades. Making a decades long investment when capacity prices are volatile means banks and other investors will demand a higher rate of return—raising finance costs and causing projects to not pencil out. From a Maryland consumer standpoint, contracted storage capacity means that Maryland can reclaim control over prices and insulate itself from swings in the PJM capacity market.

Though offshore wind is technically part of Delaware’s queue, and doesn’t show up in Table 1, it will also directly increase supply of capacity on the Delmarva Peninsula and suppress prices that consumers will be exposed to in the years to come. Offshore wind has a capacity factor around 50 percent, comparable to some fossil fuel power plants (note: capacity factor is an average of how much electricity a power plant produces compared to maximum potential output over the course of a year). Offshore wind’s high capacity factor reflects strong, steady winds offshore that produce during key reliability periods during the year, including cold winter months and at night. Looking across the range of options to deliver affordable, reliable and clean electrons to Maryland consumers—offshore wind ranks high and has a head start thanks to efforts over the last decade to establish critical supply chain investments.

### **PJM isn’t lacking for thermal generation, there’s a deployment problem**

Maryland currently has an all-of-the-above electricity mix, featuring heavy reliance on aging coal, nuclear, oil and gas generation. It is reasonable to maintain a flexible policy for energy generation (without losing sight of decarbonization goals), just as the Next Act proposes. However, renewable energy is not to blame for the sharply rising capacity market prices. We are concerned that the Next Act, as



introduced, unreasonably tips the scales away from Maryland’s existing solar and wind energy industries.

It is true that renewable energy technologies have faced deployment challenges in Maryland, but these challenges are not unique to solar and wind. Sluggish demand growth (until this year), inflation, high interest rates, tariffs, supply chain disruptions, local siting challenges, transmission congestion, and PJM queue delays make it difficult to deploy any large energy project in this region. Nationally, solar, wind and energy storage have dominated new capacity installations, representing 76% of all capacity installations over the last five years.<sup>1</sup>

### **Recommended amendments**

The best and most cost-effective way to overcome Maryland’s projected energy shortfall is to lean in on technologies like storage, solar and wind with policies that right-size incentive levels and encourage flexibility in procurement. We recommend the following amendments to the Next Act to ensure that it maximizes opportunities for ratepayer relief:

- Include a capacity contract procurement mechanism for transmission-connected, front-of-the-meter energy storage to facilitate deployment of up to 1,600 MW of capacity in Maryland. We support the Affordable Abundant Clean Energy Act (SB316/HB938) storage provisions being amended into the Next Act.
- Reaffirm Maryland’s commitment to offshore wind, providing additional flexibility for the Public Service Commission (PSC) to evaluate Offshore Renewable Energy Credits (ORECs). We support the Energize Maryland Act (SB434/HB505) provisions being amended into the Next Act.
- Direct the PSC and MEA to evaluate and pursue (if prudent) the potential for multi-state cooperation in the PJM region on transmission planning to maximize consumer benefits and build greater community buy-in before lines are proposed. The PSC asked for this authority in their Dec. 18<sup>th</sup> roadmap report.<sup>2</sup>
- Ensure that new thermal power plant incentives reflect parity with existing clean energy incentives.

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<sup>1</sup> ACP *Clean Power Annual Market Report 2023*.

<sup>2</sup> Maryland Public Service Commission, pg 35. [https://www.psc.state.md.us/wp-content/uploads/HB1296-Offshore-Wind-Report-and-Recommendations\\_Final.pdf](https://www.psc.state.md.us/wp-content/uploads/HB1296-Offshore-Wind-Report-and-Recommendations_Final.pdf)



Thank you for considering our testimony. We see the Next Generation Energy Act as an important opportunity to reform Maryland's energy policy to meet the moment of rising demand and consumer costs. We ask the committee to take a favorable position on this legislation. With amendments to rebalance the Next Act to maximize Maryland's near-term opportunities to deploy clean and reliable capacity, this legislation will stabilize electricity prices for Maryland residents while delivering them the cleaner and more reliable energy future they want and deserve.

Best regards,

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