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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

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The Senate Education, Energy, and Environment Committee
SB 675 – Public Service Commission – Full Costs and Benefits Analysis of
Sources of Electricity Generation
Statement of Support by Bill Sponsor Senator Mary Beth Carozza

Thank you Chair Feldman, Vice Chair Kagan, and my fellow members of the distinguished Senate Education, Energy, and Environment Committee for this opportunity to present Senate Bill 675 – Public Service Commission – Full Costs and Benefits Analysis of Sources of Electricity Generation and ask for a favorable report.

I want to thank my fellow members of this Committee – Senators Attar, Brooks, Gallion, Simonaire, and Watson – for cosponsoring this important legislation that prioritizes our ratepayers who deserve to know the true and full costs of energy generation.

Maryland is facing an energy crisis. Regional electricity demand growth due to data center development as well as Maryland’s intense electrification efforts that have unfortunately led to the retirement of coal and oil generation facilities without an adequate replacement have caused utilities rates to skyrocket. During the 2025/2026 PJM capacity auction energy prices increased by 800% compared to the prior year. PJM has released new electricity demand forecasts that indicate our region “could see a capacity shortage as soon as” June 2026. Maryland’s energy crisis has contributed to the rising cost of electricity that has crippled the finances of so many of our constituents.

SB 675 would require the Public Service Commission to conduct an analysis of the full costs and benefits of sources of electricity generation in the State and to recommend policy changes to support the development of energy sources based on the lowest cost and greatest benefit to the ratepayers.

An important term to highlight in the bill is “full.” Currently, calculating the “Levelized Costs of Electricity”, or LCOE, is the most popular method used to compare the costs of generating electricity using different technologies. A company called Lazard (a financial advisory/asset management company) is best known for producing the leading LCOE report. However, LCOE is a limited calculation method as it leaves out important factors regarding renewable generation, such as the impact of intermittency and non-dispatchability, and the LCOE calculation fails to capture the full and total costs of energy generation.

For background, intermittent energy is energy that is not consistently available as they can be

heavily affected by weather, season, or time of day. Therefore, intermittent energy often requires a dependable back-up energy generation source to meet the demand. Economically, the fact that intermittent generation has no obligation to meet the demand can be seen as a hidden subsidy.

Additionally, a non-dispatchable source of electricity is one that cannot be turned on and off to meet our fluctuating energy needs. Therefore, a non-dispatchable source of electricity would require energy storage so as not to waste any generated energy.

As Maryland transitions toward renewable energy sources and electrification, we as policymakers have a responsibility to ensure grid reliability and affordability for residents. LCOE is, in many ways, an outdated calculation method that does not factor in the full costs of modern energy generation. This is why SB 675 would use different calculation methods.

Another calculation referred to as the “Levelized Full System Costs of Electricity”, or LFSCOE, compares the costs of serving the entire market using just one generating source, plus storage. In contrast to LCOE and other alternatives, LFSCOE condenses the cost for each technology into one number per market. To be clear, this bill is NOT intended in any way as a criticism of renewable generation or any other type of generation. Rather, SB 675 simply asks the Commission to prepare a study of the true costs of different types of electricity generation that can be used to inform policy decisions.

We must put our constituents first, and that means understanding how the development of various energy sources would impact the ratepayers. This bipartisan bill is a commonsense approach to ensure the full costs and benefits in developing energy are calculated and we as a body would be able to consider policy recommendations that prioritize the lowest cost and greatest benefit to the ratepayers.

We are all well aware of the many energy bills that are being considered by the Maryland General Assembly this session, and I respectfully would request that this pro ratepayers energy bill, SB 675, be part of the package of energy bills approved this legislative session.

I thank you for your kind attention and consideration, and I respectfully request a favorable report on SB 675 with amendments.