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Judicial Proceedings Committee



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THE SENATE OF MARYLAND Annapolis, Maryland 21401

March 6th, 2025 The Maryland State Senate Education, Energy, and the Environment Committee The Honorable Brian J. Feldman 2 West Miller Senate Building Annapolis, Maryland 21401

Re: Senate Bill 953: Construction and Expansion of Transmission Lines and Task Force to Develop a Realistic Electricity Plan for Maryland

Dear Chairman Feldman and Members of the Committee,

SB953 sets up a Task Force to meet intensively throughout the rest of 2025 and to produce a report by the end of the year making recommendations that will ensure the reliability and adequacy of the electricity available to Maryland ratepayers and businesses through 2040. That's a big assignment but an essential one. I have spent a great deal of time over the course of last summer and fall working on this issue, so let me explain why I think Maryland is in a great deal of trouble right now and why such a Task Force is so paramount at this time.

Maryland currently imports 40% of its electricity. Our state only generates 60% of the electricity that it needs to provide power to its homes and businesses. This situation is on course to get far worse in the next decade.

Maryland law already requires the phasing out of sales of new internal combustion engine motor vehicles by 2035, just ten years from now, but a June 4, 2024 Executive Order by Governor Moore directs the State Department of Transportation to speed up the state's transition to electric vehicles. Of course, when most of the cars on our road are powered by electricity, Maryland's electricity usage will dramatically increase, and the state will necessarily have to import yet more electricity from other states.

In the last session of the General Assembly, one of the Governor's legislative initiatives was to give incentives to businesses to locate data centers in Maryland. As discussed earlier in connection with SB955, each data center uses massive amounts of electricity. So in this respect as well, Maryland is on course to consume massively increased amounts of electricity within the next decade.

The Climate Solutions Now Act was passed in 2022. There was no discussion on the floor of the State Senate at the time that the bill was being debated about the effect of data centers on the State's electrical needs. Bills that mandate long-term critical policy changes in a world in which unexpected events occur with startling regularity can have unexpected consequences. Just as in

2019, no one anticipated the pandemic, in 2022, no one anticipated the phenomenal growth of data centers in this region.

Maryland is not the only state on track to greatly increase its use of electricity. Based on startling data just released three weeks ago, the entire PJM grid, which extends from Chicago to the Atlantic Ocean and from the New York border down into North Carolina, is experiencing a massive increase in demand for electricity. I have put a slide up on the screen just released by PJM illustrating this situation. In 2022, at the time that the Maryland General Assembly was debating the Climate Solutions Now Act, PJM was forecasting the peak summer demand for electricity systemwide would only increase marginally between 2022 and 2038, from about 150,000 MW per year to about 155,000 MW per year. Now look at the increase forecast in 2023. Now look at the increase forecast in 2024. Now look at the just-released 2025 increase forecast. These numbers are truly shocking. They reflect the construction of data centers systemwide. They reflect the statutory requirements in various states, including Maryland, to convert all of the vehicles on our roads to electricity.

What the slide does not reflect is the decision on the part of various states, most particularly including Maryland, to close down lots of existing facilities that generate electricity.

But I have attached to my testimony a statement issued by PJM on January 30, 2025, just a month ago that is truly alarming. Tucked away on page 2 of this statement is the following alarming pronouncement: "[A] capacity shortage could affect the PJM system as early as the 2026-2027 Delivery Year, which begins June 1, 2026."

Rephrased in plain English, PJM is predicting that as soon as June 1, 2026, there could not be enough electricity in its system to satisfy the demand of consumers throughout the system. To put it bluntly, as soon as June 1 of next year, the PJM system could experience the same brownouts and blackouts that Texas experienced after its ice storm several years ago.

This means that starting next June, at the times of peak demand, on the hottest days of the summer and the coldest days of the winter, parts of the PJM system will go dark. That means no air conditioning, no heat, no refrigerators, no computers, no hot water, no elevators, no lights in dark stairwells. In health care facilities without auxiliary power, elderly and sick people will die. Traffic lights will cease to operate, and accidents will multiply. Take what happened to Texas and replicate it in Maryland and other states in the PJM grid.

And things will only get worse in the following years. Look at that slide once again. You'll see that the 2025 forecast rises dramatically in each year after 2026. In 2026, the electricity demand is projected at about 155,000 MW. By 2028, the electricity demand is projected to rise to 165,000 MW. In just five years, by 2030, it's up to 175,000 MW. So if PJM projects that the grid is going to go dark on those peak demand days as early as next June, when the demand is only 155,000 MW, by 2030, we're going to go dark on lots of other non-peak days as well.

As if this information is not already grim enough, let's take a look at the supply side of the equation. Here's another slide from PJM. This one shows the existing capacity electricity production in Maryland and D.C. Actually D.C. produces no electricity, so these statistics only

reflect Maryland's production capacity. Since 2018, Maryland has seen the retirement of 6,000 MW of its electrical generation resources, and the owner of both the Brandon Shore and the Wagner electrical generating plants has announced that it plans to shut down those plants in the near future, thus depriving Maryland of an additional 2,500 MW of generating capacity.

According to this slide, Maryland is currently capable of producing a total of 11,161 MW of electricity. Of this amount, natural gas, coal and oil collectively account for 8,587 MW or 77% of Maryland's electricity production capacity. But the Climate Solutions Now Act coupled with Governor Moore's June 4, 2024 Executive Order require the closure of all of Maryland's fossil fuel electricity generating facilities by 2035, in just ten years. Unless something happens to change our course, that means that by 2035, Maryland will only be capable of producing 2,574 MW. So instead of importing 40% of our electricity as we do today, by 2035 we will only be producing 15% of the electricity that we need and will be importing fully 85% of our electricity.

One might argue that Maryland can deal with this situation by just continuing to ramp up its importation of electricity from other states. There are three very serious problems with this approach.

First and most importantly, as illustrated by the previous slide, as early as next June, PJM anticipates that there could be a capacity shortage across the entire PJM grid. In such a situation, importing electricity from other states on the grid will not be possible during periods of heavy demand for electricity as there will not be any surplus electricity.

Second, bringing in ever-increasing electricity from beyond our borders will necessitate the construction of more electrical transmission lines. The anguish caused by the new transmission line currently being proposed by PSEG will be just the tip of the iceberg. PJM's mandate is to make sure that no users in its region go dark, so it will need to contract for the construction of as many additional transmission lines as are necessary to deliver all of the additional electricity to Maryland that the state needs.

Third, and perhaps most significantly, Maryland's increasing reliance on other states to supply us with electricity will come at a significant cost to Maryland residents. This is due to the "capacity market" run by PJM. Each PJM member that provides electricity to consumers, including utilities such as BG&E which serves central Maryland, must contractually arrange to acquire enough power from suppliers to meet demand, not only for today and tomorrow but for the future. Members secure these resources for the future through the PJM capacity market, which, through periodic auctions of electricity, pairs utilities needing power with suppliers capable of providing the power needed to meet predicted energy demand for three years into the future. The capacity market auctions conducted by PJM are governed by the laws of supply and demand. While the General Assembly can pass and repeal all of the laws it wants, it cannot repeal the law of supply and demand. When demand rapidly increases, as at present, and supply is constrained, as at present, the price of capacity market electricity skyrockets.

The most recent capacity auction occurred last July. Given the high anticipated demand and limited anticipated supplies of power, it was not surprising that the price paid by BG&E for its capacity power in last July's auction shot up to \$466 per MW-day, a 600% increase! BG&E's

price will be the highest price paid by any utility in the entire PJM system. The new slide illustrates this fact. These higher costs will be passed through to BG&E's customers starting on June 1, 2025. Current expectations are that an average BG&E customer will experience a \$300-\$432 annual increase in the customer's electricity bills during the 12-months following June 1, 2025. PJM anticipates that in its next capacity auction, the costs of capacity electricity will rise even higher, perhaps much higher. In other words, Maryland's failure to satisfy its electrical needs through local generation of electricity and its reliance on the capacity market will hit every single Maryland family and every single Maryland business in their pocketbooks each time they receive their monthly electrical bills. Many Maryland consumers are going to be very upset when they start to receive these markedly higher monthly bills.

It is not an exaggeration to conclude that Maryland's energy situation is dire today and threatens to become catastrophic within a very short period of time. Because new generating facilities take a long time to plan, get permitted, construct and put into operation, continuing to drag our feet about what to do is just not an option.

SB953 creates a Task Force to meet intensively throughout the rest of 2025 and to produce a report by the end of the year making recommendations that will ensure the reliability and adequacy of the electricity available to Maryland ratepayers and businesses through 2040. The mission of the Task Force will be to assess where we will be in 2030, 2035 and 2040 if we continue along the same course we are on today and to consider how things would be different in those years if we set as a goal for ourselves importing no more than 25% of our electricity and on course to import up to 85% of our electricity, I think setting a target of importing no more than 25% of our electricity may be aspirational but not unrealistic if we adopt tough new policies.

SB953 explicitly requires the Task Force to consider the expansion of nuclear generation in the State, the expansion of renewable energy resources in the State, the prioritization of energy storage facilities in the State and upgrades and enhancements of transmission systems in the State.

The membership of the Task Force is intentionally broad and diverse. I will rely on this Committee to alter the membership to fill in gaps. But my intention was to get the smartest people in the State into a room and get them to grapple with these issues in a very serious way. For this reason the Task Force is not stacked one way or the other.

Finally, I have provided the members of the Committee with two proposed amendments to SB953. First, as originally drafted, SB953 requires the Public Service Commission to defer any decision on the pending application of PSEG for a certificate of convenience and necessity as to the proposed 70-mile transmission line until May 1, 2026. The Public Service Commission has objected to this infringement on their prerogatives. I am satisfied that the PSC is going to perform all of its customary due diligence with respect to the PSEG application and will not approve the application if the General Assembly in the 2026 Session is considering significant changes to Maryland's energy policies that would obviate the need for the proposed transmission line, so the first of my amendments proposes deleting lines 4-7 on page 4 of the bill.

Second, DLS drafted this bill to assign a July 1 start date for the Task Force. I don't think we should wait until July 1 to get started on this critically important study. For this reason, I have had an amendment prepared to make this bill an Emergency bill, so the Task Force can start to meet as soon as the Governor signs the bill.

I appreciate the Committee's consideration of Senate Bill 953 and will be happy to answer any questions the Committee may have.