



Maryland

Energy Administration

TO: Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy, and the Environment Committee

FROM: MEA

SUBJECT: SB 951 - Investor-Owned Electric Companies - Generating and Transmission Facilities - Authorization

DATE: March 6, 2025

MEA Position: LETTER OF INFORMATION

This bill would essentially revert Maryland back to a state of vertical integration, whereby utilities would own generation, transmission, distribution, and have an incentive for increasing the volumetric sales of electricity. This runs counter to the state's goals of energy efficiency and reducing peak loads.

Vertical integration represents a significant change in how the state procures and regulates electricity. After legislative action, the Maryland Public Service Commission (PSC) deregulated the state's electricity market in 1999. This allowed customers to choose their own power supplier and gave retailers the ability to purchase electricity from the wholesale market. This also led to a process by which Standard Offer Service was procured in a manner that produces cost savings to utility customers.

Standard Offer Service (SOS) is an electricity supply service sold by electric utility companies to a customer by default (i.e. where a consumer does not choose another electricity supplier). Utility companies purchase SOS electricity from wholesale suppliers according to a competitive bidding process regulated by the PSC. SOS bids occur twice a year, and contracts are awarded to the lowest bidders, producing savings for SOS customers which represent the vast majority of energy customers.¹

Vertical integration would return Maryland's electricity market to a state it was in prior to deregulation.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Landon Fahrig, Legislative Liaison, directly (landon.fahrig@maryland.gov, 410.931.1537).

¹ Bids for large commercial customers are received quarterly on the same basis.