



Statement

of

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before the

**Education, Energy, and the Environment Committee
Maryland State Senate**

March 6, 2025

**RE: SB 675 Public Service Commission - Full Costs and Benefits Analysis of
Sources of Electricity Generation**

Chairman Feldman, Vice Chair Kagan, members of the Education, Energy, and Environment Committee:

My name is Travis Fisher, and I am the Director of Energy and Environmental Policy Studies at the Cato Institute.

Cato is a nonpartisan public policy research organization in Washington, D.C. that promotes individual liberty, limited government, free markets, and peace.

It is an honor to speak with you today about the affordability of electricity for Maryland families.

In 2017, I was the lead author of the Department of Energy's *Staff Report to the Secretary on Electricity Markets and Reliability*. Eight years ago, it was already clear that the electricity industry was not consumer friendly, and I worry things have gotten worse.

Perhaps the most important finding from that report was that the low prices in wholesale electricity markets from abundant shale gas did not translate into lower retail prices—we called that the wholesale-retail disconnect.

It is a persistent blind spot in the world of electricity policy, and I'm glad to see Maryland lawmakers address it head-on by focusing on ratepayers.

Although I study the economics of electricity in my day job, first and foremost I join you as a resident of the state of Maryland trying to raise a family here on a tight budget. I have firsthand experience with the burden of high electricity prices.

That is why I am so thankful to Senator Mary Beth Carozza and her cosponsors for introducing Senate Bill 675, which asks the Public

Service Commission to study the full costs and benefits of electricity resources and recommend policy changes.

Focusing on the full system cost of electricity is the right approach because we all pay this cost, whether through our utility bills or our taxes.

In contrast, a narrow focus on the cost of a standalone intermittent resource leaves out important considerations, such as day-to-day balancing costs and the growing costs to ensure the grid is reliable in the long run.

Attempts by state lawmakers to pick winners and losers in the electricity generation sector will lead to higher costs. For example, an accurate assessment of the full costs of a grid that includes 8.5 gigawatts of mandated offshore wind will highlight how terrible such mandates are for consumers.

We have an opportunity to lead with a ratepayer-first energy policy, and Senate Bill 675 shines much-needed light on what matters most to ratepayers, which is electricity service that is both reliable and affordable.

For the sake of families across Maryland, I urge you to put consumers first.

Thank you.