

SB 675 – Public Service Commission – Full Costs and Benefits Analysis of Sources of Electricity Generation

**Testimony of Terence J. McGean, PE
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Chairman Feldman, Vice Chair Kagan, and members of the Committee. Please accept this written testimony in favor of SB 675 Public Service Commission – Full Costs and Benefits Analysis of Sources of Electricity Generation. I have served as the City Manager for Ocean City Maryland since 2022, prior to that I was the City Engineer for 31 years. I am also a Maryland licensed professional engineer. During my tenure as City Engineer, I served on the deregulation task force for the Delmarva Power service territory and under my direction, Ocean City was one of the first municipalities to purchase electricity on the open market after deregulation.

SB675 requires the Public Service Commission to submit a report that is long overdue. Specifically, it requires the Commission to objectively analyze the true cost to Maryland rate payers of different types of electricity generation. Further, it requires the Commission to perform this analysis using the Levelized Full System Cost method. This creates an apples-to-apples comparison of the full cost of different generation types by ensuring that the costs to provide the storage and dispatchable generation infrastructure necessary to supplement power for intermittent energy generation sources such as offshore wind are accounted for in the rate impact analysis for those technologies.

Currently, when the Public Service Commission evaluates the cost to the ratepayer for offshore wind, in addition to using inflated future predictions for the price of electricity, the Commission fails to account for the cost of power that must be provided when the wind does not blow (or since the turbines get shut down at high wind speeds, when the wind blows too hard). When wind power goes off line, it must be replaced either with existing dispatchable fossil fuel power (a hidden subsidy), new dispatchable power (typically expensive gas turbine plants), or mass battery storage systems. In order to accommodate Maryland's arbitrary mandates for offshore wind, the Commission is currently forcing Maryland regulated utilities to construct these battery storage systems all over the state and to pass the cost on to the ratepayer. That cost, which is ignored in the current rate impact calculations for offshore wind, would be have to be accounted for under SB675.

This winter we are all now seeing the impacts of a Maryland energy policy created without proper study. Electric rates that were already some of the highest in the region are skyrocketing as existing plants are forced offline by burdensome regulations with nothing to supplement them. Let us not make matters worse by forcing more expensive unreliable generation onto the Maryland ratepayer. Nuclear power is a viable alternative to offshore wind that offers clean consistent electric supply. SB675 takes a common-sense approach, look objectively at the real cost of electric generation and then use that information to make decisions for Maryland's energy future based on facts, not hype.