Testimony in Support of SB 951.pdf
Uploaded by: Brenda Myers
Position: FAV

Testimony in Support of SB 951

Chair, Vice Chair, and Members of the Committee,

My name is Brenda Myers, and I am writing today to strongly support Senate Bill 951 (SB 951), a transformative piece of legislation that will give Maryland greater control over its energy future, protect rural communities, and prevent unnecessary transmission expansion projects like the Maryland Piedmont Reliability Project (MPRP). SB 951 represents a long-overdue shift in how Maryland manages its energy generation and transmission infrastructure.

SB 951 reverses Maryland's outdated approach of separating electricity generation from transmission operations. Historically, investor-owned utilities (IOUs) in Maryland were required to purchase electricity from third-party generators and depend on regional transmission organizations, such as PJM Interconnection, to distribute it. This reliance on PJM has led to an overemphasis on massive, high-voltage transmission projects that cut through farmland, forests, and communities rather than prioritizing localized generation solutions.

If passed, SB 951 would allow Maryland's investor-owned utilities—such as BGE, Pepco, and Potomac Edison—to:

Own and operate their own power plants—reducing dependence on PJM-driven transmission expansion.

Build and control their own transmission lines—ensuring upgrades prioritize existing corridors rather than forcing new lines through rural landscapes.

Improve reliability without unnecessary infrastructure—preventing PJM from using questionable regional reliability claims to justify projects like the MPRP.

By restoring this authority to Maryland's utilities, SB 951 offers a pathway to a more localized, efficient, and less destructive energy system.

The Maryland Piedmont Reliability Project (MPRP) is a prime example of the damage caused by our current energy structure. This high-voltage transmission project, championed by PJM Interconnection and Exelon, threatens to seize private property, destroy farmland, and fragment rural communities—all under the questionable premise of addressing future energy demand.

1. Cutting Out the Middleman (PJM)

Currently, PJM Interconnection—a regional transmission operator with no accountability to Maryland ratepayers—determines where and when transmission lines are built. SB 951 would empower Maryland utilities to meet their own reliability needs without waiting for PJM's approval or relying on out-of-state generation. This significantly reduces the need for transmission expansions like MPRP.

2. Shifting Focus to Local Generation

The main argument for MPRP is that Maryland needs additional transmission capacity to meet growing energy demands. However, if local utilities can own and operate their own generation, the need to import electricity from distant sources is significantly reduced. SB 951 fosters: **Increased distributed energy resources (DERs)** such as solar, small-scale natural gas, and nuclear generation. **A focus on microgrids and local reliability solutions** rather than sprawling high-voltage transmission projects. **Less dependence on PJM's costly, centralized grid planning**, ensuring Maryland ratepayers are not footing the bill for unnecessary projects.

3. Preventing the Destruction of Farmland & Forests

SB 951 encourages investment in upgrading existing infrastructure rather than carving new transmission corridors through Maryland's protected landscapes. This means: **No new easements cutting through agricultural lands** that are vital to Maryland's economy and food security. **No deforestation or habitat destruction** to make way for unnecessary high-voltage towers. **No abuse of eminent domain** to seize private property for corporate profit-driven infrastructure.

Instead of expanding transmission lines indiscriminately, SB 951 ensures that utilities maximize the use of existing corridors, reinforcing infrastructure in a way that is far less invasive and far more sustainable.

Maryland stands at an energy crossroads. If we allow the current system to continue unchecked, projects like MPRP will only become more frequent, eroding rural landscapes and burdening ratepayers with unnecessary costs. SB 951 presents a real opportunity to challenge the status quo and take back control over Maryland's energy future.

No more giving PJM unchecked authority over Maryland's energy decisions. No more sacrificing communities for transmission profits. A smarter, more sustainable energy future is possible—let's fight for it.

I urge this committee to pass SB 951 to ensure that Maryland's energy future is driven by local needs, not by the interests of transmission developers and regional grid operators.

Thank you for your time and consideration.

Brenda Myers

Hampstead, Maryland

SB 951 Price.pdf
Uploaded by: Brysn Price
Position: FAV

Testimony in Support of SB 951

Presented by Bryan Price

Maryland State Senate Hearing on SB 951

Chair, Vice Chair, and Esteemed Members of the Committee,

Thank you for the opportunity to submit testimony in support of Senate Bill 951 (SB 951). My name is Bryan Price, and I am a Maryland resident committed to ensuring that our state pursues a responsible and sustainable energy future. SB 951 is a landmark bill that challenges the status quo of transmission expansion by allowing Maryland's investor-owned utilities to own and operate their own power generation and transmission infrastructure. This structural change could significantly reduce the need for massive new high-voltage transmission lines like the Maryland Piedmont Reliability Project (MPRP), which threatens farmland, forests, and rural communities.

For years, Maryland's reliance on PJM Interconnection, a regional transmission organization that dictates the need for new transmission projects, has left our state vulnerable to overbuilt, unnecessary infrastructure that serves out-of-state interests more than Maryland's own residents. SB 951 reverses Maryland's long-standing separation of electricity generation and transmission operations, allowing investor-owned utilities such as BGE, Pepco, and Potomac Edison to once again generate power and manage their own transmission networks. By doing so, Maryland's utilities will be able to meet their own reliability needs without waiting for PJM's approval, reducing the justification for new transmission expansions like MPRP.

The citizens of Maryland genuinely trust and value local companies such as BGE. Unlike PJM, which operates from a distance with little accountability to Marylanders, BGE and other local utilities have deep roots in our communities, providing reliable service for generations. These companies understand the unique energy challenges Maryland faces and have demonstrated their commitment to balancing affordability, reliability, and sustainability. Unlike PJM, which prioritizes large-scale, long-distance transmission projects that serve corporate interests, BGE and Maryland utilities are directly accountable to local regulators and ratepayers. By restoring the ability of local utilities to generate and transmit their own electricity, SB 951 ensures that energy decisions remain in the hands of those who know Maryland best: Marylanders themselves.

The MPRP, a proposed 70-mile, 500,000-volt transmission line, is a perfect example of why SB 951 is necessary. PJM and Exelon have argued that MPRP is essential to meet future

energy demand, but recent developments prove otherwise. The latest PJM TEAC meeting confirmed that the MPRP will bypass Maryland entirely, instead connecting Virginia to Pennsylvania without terminating at a single Maryland substation. This revelation confirms that Marylanders were expected to sacrifice land, property rights, and environmental integrity for a project designed to benefit out-of-state interests. SB 951 gives Maryland the authority to shift away from PJM-driven projects and focus on localized energy generation and transmission solutions that prioritize Maryland's needs.

Currently, PJM has unchecked authority over Maryland's energy decisions, dictating transmission expansion that often results in the destruction of farmland, the abuse of eminent domain, and the forced acquisition of private property. SB 951 disrupts this model by enabling Maryland utilities to generate their own electricity and manage their own transmission infrastructure. This change will help reduce the reliance on long-distance energy imports and allow Maryland to develop more sustainable, community-focused solutions.

The overreach of PJM is not unlike what we have seen in other industries, particularly regarding Maryland's watermen and rockfish management. Just as Maryland's independent watermen have been subject to restrictive regulations dictated by regional consortiums that fail to consider the unique dynamics of the Chesapeake Bay, Maryland's energy policy has been dictated by PJM, an organization that does not have our best interests at heart. These consortiums, much like PJM, claim to act in the best interest of all stakeholders but often prioritize large, corporate interests while ignoring the realities faced by local communities. SB 951 is an opportunity to break free from this flawed system, returning control over our energy policy to those who know and care about Maryland most.

Shifting the focus to local energy generation is one of the most impactful aspects of SB 951. Rather than depending on high-voltage transmission lines to import power from distant states, Maryland utilities could instead invest in distributed energy resources such as solar, small-scale natural gas, and nuclear generation. By promoting microgrids and local reliability solutions instead of transmission sprawl, SB 951 provides a pathway to greater energy independence while minimizing environmental disruption.

Beyond reducing unnecessary transmission projects, SB 951 also protects Maryland's natural and agricultural landscapes. Under PJM's current model, high-voltage transmission lines require vast swaths of land, leading to the destruction of forests and farmland. These projects impose severe financial and emotional burdens on affected landowners, many of whom have lived on and cultivated their land for generations. SB 951 prioritizes upgrading existing infrastructure over building new lines, ensuring that Maryland does not become a pass-through for corporate-driven energy projects at the expense of its communities.

This bill also helps curb the abuse of eminent domain. Under the current system, landowners are frequently forced to surrender their property for transmission projects that do not directly benefit them. By enabling Maryland utilities to take ownership of both generation and transmission, SB 951 reduces the need for these projects and strengthens the argument for more sustainable, community-based energy development.

As someone who has spent years fighting against the MPRP, I have seen firsthand how unchecked transmission expansion harms landowners, farmers, and conservationists. My ancestors, who were among Maryland's original settlers, built their lives around principles of stewardship and responsible land management. Their commitment to farming, sustainability, and preservation helped shape Maryland into the state it is today. Allowing transmission projects like the MPRP to move forward disregards this legacy and sets a dangerous precedent for future infrastructure overreach.

We have an opportunity to change course. SB 951 empowers Maryland to reclaim control of its energy future by ensuring that decisions about power generation and transmission serve Marylanders first, rather than the financial interests of PJM and large transmission developers. Rather than continuing to rubber-stamp projects like MPRP, we must invest in localized, resilient energy solutions that respect landowners, protect natural resources, and keep energy costs affordable for consumers.

I urge the committee to support SB 951 and take a bold step toward an energy future that prioritizes Maryland's residents, landscapes, and long-term sustainability.

Thank you for your time and consideration.

Sincerely,

Bryan Price
21221 York Road
Parkton, MD 21120
Bryan.s.price@gmail.com
410.302.8074

SB 951.pdf
Uploaded by: CHERYL EBAUGH
Position: FAV

Please pass SB 951 to protect Maryland landowners and ensure that our elected officials and leaders of our beautiful state of Maryland are doing their due diligence to promote responsible transmission development and ensure fair energy policies.

Thank you,

Cheryl Ebaugh

SB951 FAV.pdf
Uploaded by: Christopher West
Position: FAV

Chris West
Legislative District 42
Baltimore and Carroll Counties

Judicial Proceedings Committee

Annapolis Office
James Senate Office Building
11 Bladen Street, Room 322
Annapolis, Maryland 21401
410-841-3648 · 301-858-3648
800-492-7122 *Ext.* 3648
Chris.West@senate.state.md.us

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 951*: Generating and Transmission Facilities –Authorization*

Dear Chairman Feldman and Members of the Committee,

By now we all see the use of information technology is ubiquitous with daily life. And with the increased use of innovations like artificial intelligence, Maryland's demand for power is going to rise exponentially. To be blunt, no one wants rolling blackouts, and we cannot rely on the government to effectively meet this incoming growth of demand for power.

Senate Bill 951changes the law allowing the Public Service Commission to enable private owners to construct, acquire, or lease, and operate electrical power generation and transmission facilities, and subsequently contribute to the State's power grid to help the rising power demand.

Similar to Senate Bill 950, Senate Bill 951 is just another means of securing our transition to renewable energy in a more realistic and responsible manner.

I appreciate the Committee's consideration of Senate Bill 951 and will be happy to answer any questions the Committee may have.

Testimony to General Assembly James Belt 03042025.

Uploaded by: James Belt

Position: FAV

March 4, 2025

James H. Belt, III

2626 Stone Road

Westminster, MD 21158

Maryland General Assembly

RE: Support of bills advocating for a better approach to energy development

Dear Members of the Maryland General Assembly:

My name is James Belt. As a resident of Carroll County and a proud Maryland business owner, I am writing to ask you to vote favorably for bills advocating a better approach to energy development.

As someone who had the potential to be impacted by the Maryland Piedmont Reliability Project, I was disturbed and disappointed by the existing process for project consideration and protections for landowners. It became apparent that the current process did not require enough investigation into potential alternatives to the proposed transmission lines. Additionally, the public appeared to be brought into the process at later stages, making it harder for citizens impacted by the project to voice their concerns. It appears that there may be many viable alternatives to the proposed project. I also believe there has not been enough consideration to the impact of closing existing power plants before the State of Maryland has a viable alternative to generate the power being lost.

With that in mind, I would strongly encourage you to vote for the proposed bills that improve the process, provide more protection for Maryland citizens, and advocate for investigation into potentially better and more economic alternatives to new transmission lines.

Thank you in advance for your consideration.

Best,

James Belt

(410)-236-3574

Jessica Malatt.pdf
Uploaded by: Jessica Malatt
Position: FAV

Jessica Malatt

7709 Hobbs Court

Mount Airy, MD 21771

jessicamalatt@gmail.com

240-529-2348

3/4/2025

Testimony in Support of Senate Bills 483, 853, 947, 950, 951, 952, 953, 955 and House Bills 631, 1079, 1337, 1362, 1396

To:

Senate Education, Energy, and the Environment Committee

Chair: Senator Brian J. Feldman – brian.feldman@senate.state.md.us

Vice Chair: Senator Cheryl C. Kagan – cheryl.kagan@senate.state.md.us

House Economic Matters Committee

Chair: Delegate C.T. Wilson – ct.wilson@house.state.md.us

Vice Chair: Delegate Brian M. Crosby – brian.crosby@house.state.md.us

From: Jessica Malatt

Dear Chair Feldman, Vice Chair Kagan, Chair Wilson, Vice Chair Crosby, and Members of the Senate Education, Energy, and the Environment Committee & the House Economic Matters Committee,

My name is Jessica Malatt, and I am a resident of Mount Airy, Maryland. I am writing to express my strong support for Senate Bills 483, 853, 947, 950, 951, 952, 953, 955 and House Bills 631, 1079, 1337, 1362, 1396, which are essential in protecting homeowners, families, and our environment from unnecessary and harmful infrastructure projects like the Maryland Public Service Commission's (PSC) MPRP transmission line proposal.

As a homeowner in a rural community directly impacted by this project, my greatest concern is the well-being of my family. My husband and I chose to build our home in this peaceful, natural environment to raise our children away from urban congestion, noise, and industrial encroachment. The proposed transmission lines would disrupt this way of life, forcing us to live beneath towering electrical structures and exposing our children to potential health risks from

electromagnetic fields. This is not what we envisioned when we made a lifelong investment in this property.

Beyond the direct impact on my home, the MPRP transmission project threatens the surrounding forested land, including a neighboring property that shares the same woodland area. This forest serves as a natural buffer, providing privacy, clean air, and an essential habitat for wildlife. If this project proceeds unchecked, it will irreversibly damage the environment, destroy mature trees, and alter the rural character of our community.

The bills I support ensure that homeowners like myself are not forced to accept industrial-scale projects in our backyards without thorough evaluation of alternative solutions.

• Senate Bill 483 requires the Public Service Commission to consider less invasive options before approving new transmission lines, protecting sensitive environmental and residential areas.

• House Bill 631 reinforces property rights by preventing the state from taking land under perpetual agricultural or conservation easements.

• Senate Bill 953 proposes the creation of a task force to develop a realistic electricity plan for Maryland, ensuring that future infrastructure meets energy demands responsibly without sacrificing homeowner rights.

These measures provide necessary oversight and accountability to prevent projects like MPRP from overriding the interests of Maryland's homeowners and environment.

While some may argue that expanding the power grid is necessary for future energy demands, we must balance progress with responsible development. Placing transmission lines in residential and environmentally sensitive areas is not the only option—alternative solutions such as underground lines or existing right-of-ways should be prioritized.

These bills advocate for that balance, ensuring that Maryland's infrastructure needs do not come at the cost of:

• Families' health

• Property values

• Environmental conservation

Call to Action

I respectfully urge you to support Senate Bills 483, 853, 947, 950, 951, 952, 953, 955 and House Bills 631, 1079, 1337, 1362, 1396, and to advocate for their passage to protect Maryland's homeowners, preserve our forests, and prevent unnecessary and harmful infrastructure development.

Closing and Thank You

Thank you for your time and attention to this important matter. If you have any questions or would like additional information, please feel free to contact me at jessicamalatt@gmail.com or 240-529-2348. I appreciate your dedication to serving our community and look forward to seeing your leadership on this issue.

Sincerely,

Jessica Malatt

FAV_SB951_StopMPRPInc..pdf
Uploaded by: Joanne Frederick
Position: FAV

WRITTEN TESTIMONY

Senate Education, Energy, and the Environment Committee
Hearing Date: March 6, 2025
Submitted by: Stop MPRP, Inc.

Position: Favorable

Dear Chair, Vice Chair, and Members of the Committee,

I strongly support **Senate Bill 951 (SB951)** as a necessary step toward strengthening Maryland's energy system by **removing barriers to local power generation and transmission development**. This bill allows **investor-owned utilities to construct and operate their own energy infrastructure**, ensuring that Maryland can implement the most effective and timely solutions to meet growing electricity demand.

Maryland's current energy planning process relies too heavily on regional transmission projects, such as the **Maryland Piedmont Reliability Project (MPRP)**, which require years of regulatory review and construction, significantly increasing costs and causing disruption to communities and conservation lands. **SB951 provides a more effective alternative by enabling distributed generation solutions that optimize existing distribution corridors rather than depending on long-distance, high-voltage transmission.**

Key Benefits of SB951

- **Optimizing Existing Electric Distribution Rights-of-Way – Distributed generation, enabled by SB951, allows for better utilization of existing electric distribution rights-of-way** rather than relying on costly and disruptive regional transmission expansion. This approach enhances grid efficiency and reduces the need for new transmission infrastructure that impacts rural landscapes and protected lands.
- **Enhancing Local Energy Security and Reliability** – Allowing utilities to build and operate their own generation and transmission assets ensures Maryland can meet demand **without unnecessary reliance on out-of-state power sources**. Local generation also minimizes transmission congestion and power losses associated with long-distance energy delivery.
- **Reducing Regulatory Delays and Costs** – Existing regulatory structures slow the development of energy infrastructure and limit Maryland's ability to invest in its own power supply. SB951 eliminates these restrictions, ensuring that **solutions can be implemented quickly while reducing overall costs to ratepayers**.

- **Encouraging a Balanced Approach to Grid Modernization** – Maryland must move beyond the traditional centralized transmission model. SB951 enables a diversified energy strategy, including **distributed generation, microgrids, and targeted transmission upgrades**, ensuring a **cost-effective, resilient, and environmentally responsible** electricity system.

Conclusion

Maryland must take decisive action to modernize its energy infrastructure. Delays caused by regional transmission planning place unnecessary burdens on ratepayers, communities, and the environment. **SB951 provides the flexibility and authority for Maryland's utilities to strengthen energy reliability by making full use of existing distribution rights-of-way while minimizing unnecessary transmission expansion.**

For these reasons, I **urge the committee to issue a FAVORABLE REPORT on SB951**.

Thank you for your time and consideration.

Respectfully submitted,

Joanne Frederick
President
Stop MPRP, Inc.
joanne.frederick@stopmprp.org
443.789.1382

MPRP BILLS SUPPORT.pdf
Uploaded by: Julie Holly
Position: FAV

I am writing in support of the following bills: SB483, SB853, SB947, SB950, SB951, SB952, SB953, SB955, HB631, HB1079, HB1337, HB1362, and HB1396.

Each of these bills is essential to ensuring that any entity seeking to construct energy transmission or generating facilities is held accountable for the full impact of its actions. For too long, citizens have shouldered the financial and personal costs of these projects—whether through harm to their health, businesses, properties, incomes, or overall quality of life. Meanwhile, corporations reap the benefits without sufficient regard for the communities they affect.

The approval of the MPRP project as currently proposed would send a troubling message to Maryland residents about where their interests rank in the eyes of their representatives. Maryland thrives when its communities thrive, and maintaining a strong, engaged population depends on policies that protect the well-being and economic stability of those who call this state home. Enacting stricter regulations to ensure corporate responsibility would reinforce that Maryland legislators are committed to safeguarding their constituents and the long-term prosperity of the state.

Thank you for your time and consideration.

Julie Holly, District 4

SB951.pdf
Uploaded by: Lisa Orens
Position: FAV

I support SB951

Restoring the ability of investor-owned utilities to own and operate power generation and transmission assets will benefit taxpayers by moving some of the costs of construction to the utilities from taxpayers.

Written Testimony SB 951 Patti Hankins 3-4-2025.pd
Uploaded by: Patti Hankins
Position: FAV

MD SB 951 2025
Investor-Owned Electric Companies & Transmission Facilities – Authorization
Hearing – March 6, 2025
Written Comments of Patti Hankins

Patti Hankins
229 St Mary's Rd
Pylesville, MD 21132
Patti.Hankins@gmail.com

Chairman and Members of the Education, Energy and Environment Committee
Written Testimony SB 951
March 6, 2025

Maryland needs to become energy independent from other states for its electricity generation. My comments outline the current state of Maryland's dependency on imported electricity.

PJM's regional expansion of high voltage transmission projects does not take into consideration the costs to impacted landowners and communities tasked with hosting these extension cords. Taxpayers are also impacted when agricultural preservation easements are targeted which is often the case. It is easy to site transmission projects on rural land because it is the least expensive option. Maryland elected officials are pretending that imported electricity is from nuclear only resources, which is not factual.

Projects 1, 2 and 3 outlined below will utilize electricity from Pennsylvania that comes from the substations at Bottom Atomic Plant. The electricity is generated from both nuclear resources and fossil fuel resources, specifically from the Calphine York Energy Center and the York Energy Center II which are natural gas fueled. Other PA resources from the north in the flow from these substations is also from fossil fuel generation.

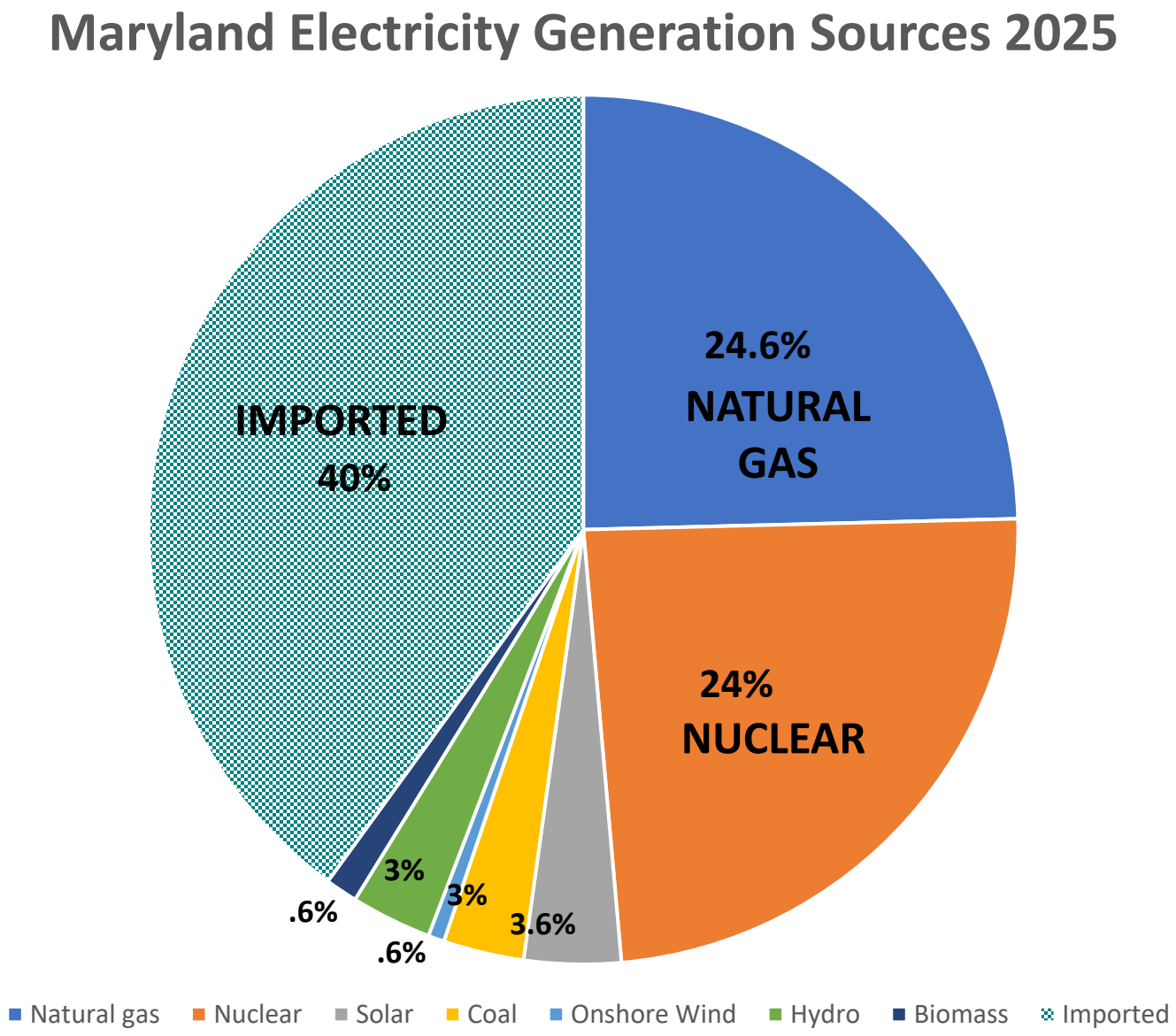
In total there are **4 high voltage projects that PJM approved in 2023 that will significantly increase the percentage of imported electricity into Maryland**. The details are shown in the following pages:

1. Brandon Shores Retirement Mitigation Project
2. PSEG Maryland Piedmont Reliability Project
3. BGE/PEPCO Tri-County Transmission Project
4. First Energy Hunterstown to Carroll Upgrade Project

In addition, the PJM Board of Managers approved **Project #5** on February 26, 2025, the 2024 Window 1 project which will bring extra high voltage 765kV transmission to Frederick County via a 261-mile extension cord from West Virginia coal-fired plants.

Will Maryland imports be 85%, 90% or higher when all of the above projects are completed between 2027-2030? At what cost to Maryland ratepayers? At what cost to Maryland landowners? The approximate costs of all 5 of these projects is $11.6 BILLION and the generation will be from fossil-fuel plants in Pennsylvania and West Virginia. Building Maryland 24/7 available natural gas generators will provide stability to electricity consumer rates.

MD Electric Generation	Percentage
Natural gas	24.6
Nuclear	24
Solar	3.6
Coal	3
Onshore Wind	0.6
Hydro	3
Biomass	0.6
Imported	40

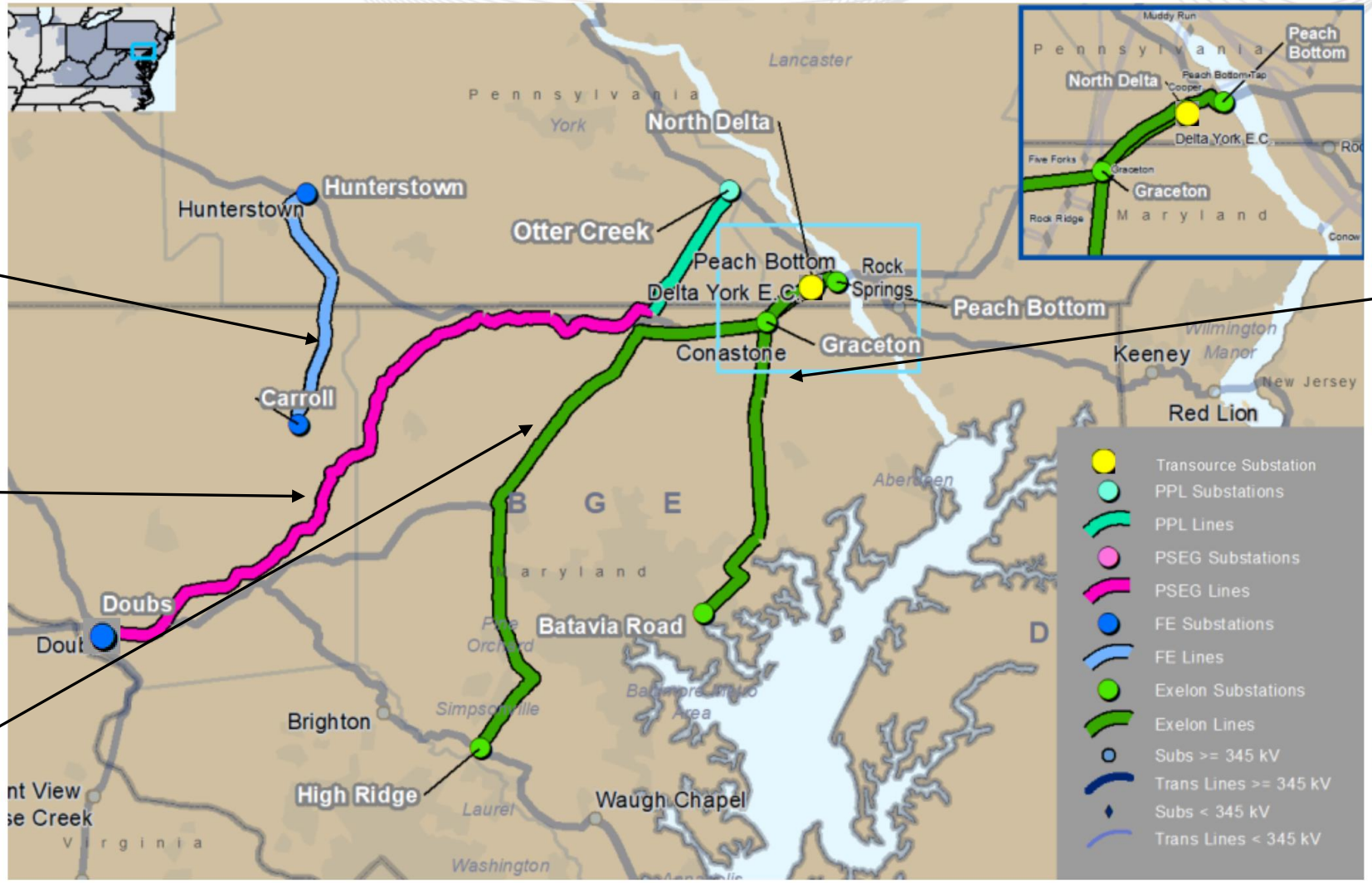


PJM Approved Projects to IMPORT MORE Electricity into Maryland Approved in 2023

First Energy upgrade 115/138kV to double circuit 230kV transmission lines on existing ROW

PSEG MPRP 70-mile greenfield 500kV transmission line

BGE/PEPCO Tri-County Transmission Upgrade Project new 500kV transmission line on existing ROW and rebuild of existing 500kV between Peach Bottom and Conastone



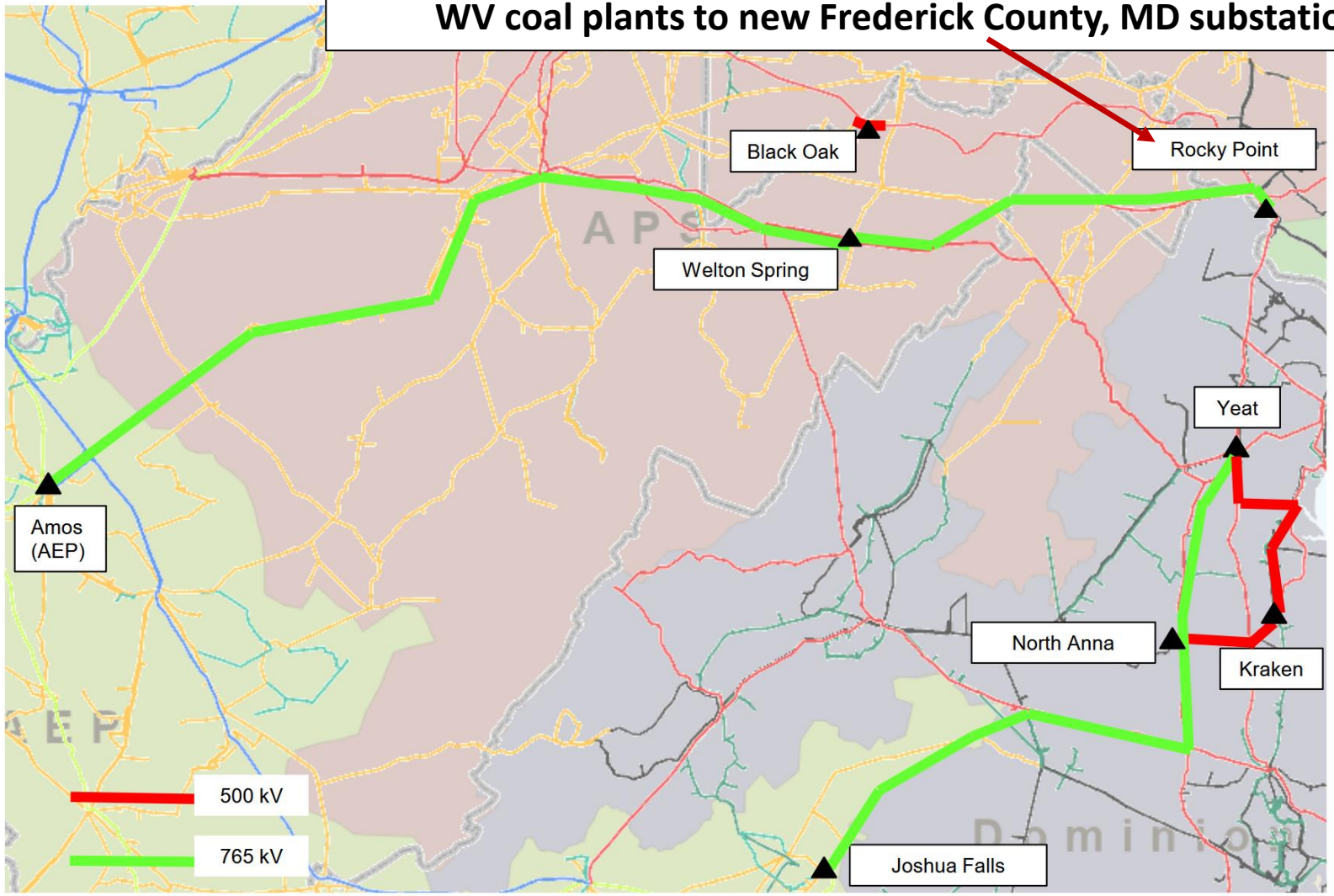
BGE/PECO Brandon Shores Retirement Mitigation Project 2 new substations, new 500kV line from PA to Graceton substation, new double circuit 230kV transmission lines with bundled conductors on existing ROW approved 7-2023

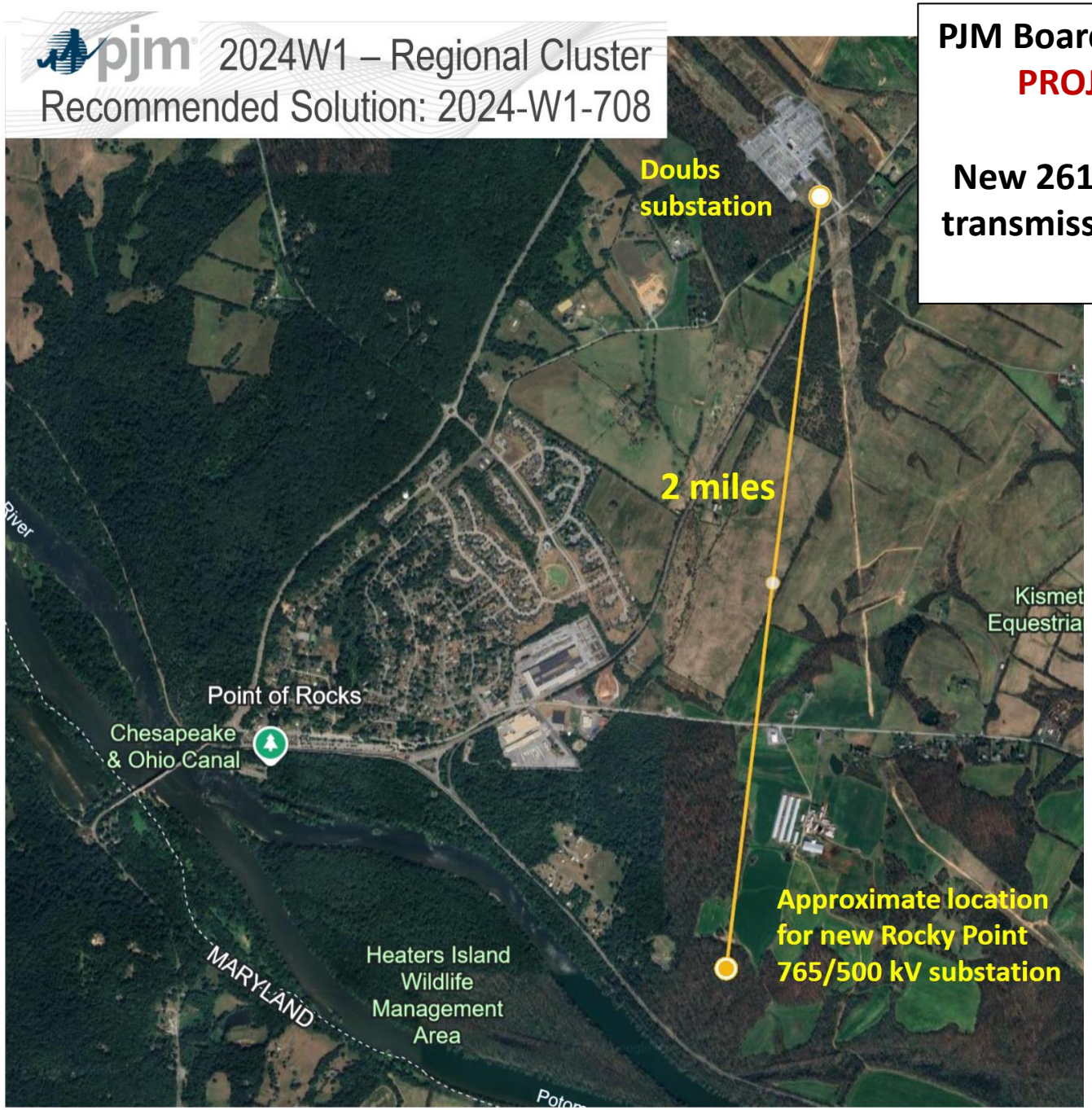
NOTE: *This map is only intended to illustrate the general electrical connectivity of the projects, and should not be relied upon for exact geographical substation locations or line routes.*

PJM Board of Managers Approved on February 26, 2025

PROJECT TO IMPORT MORE ELECTRICITY INTO MARYLAND

New 261-mile greenfield EXTRA HIGH VOLTAGE 765kV transmission line from WV coal plants to new Frederick County, MD substation Rocky Point.





PJM Board of Managers Approved on February 26, 2025

PROJECT TO IMPORT MORE ELECTRICITY INTO MARYLAND

New 261-mile greenfield EXTRA HIGH VOLTAGE 765kV transmission line from WV coal plants to new Frederick County, MD substation Rocky Point.

- PJM states that this project supports future load growth in Eastern PJM
- Expansion of 765kV into Eastern PM beyond Frederick County is possible
- 765kV is equal to 3 – 500kV transmission lines
- 765kV requires a 200’ ROW
- Agricultural activities are limited under 765kV transmission towers

EXTRA HIGH VOLTAGE – EHV 765kV TRANSMISSION TOWERS

- A single-circuit 765-kV line can carry as much power as three single-circuit 500-kV lines
- 765-kV projects use a typical right-of-way width of 200 feet.
- Typical 765-kV lines have a tower height of approximately 130-140 feet
- Highest voltage available in the United States

765kV Guyed-V Lattice tower

Figure 3 shows a 765-kV deviation tower located less than 50 yards from a new two-story home.

The illustration provides a good indication of the size of these towers. The footprint for towers along straight segments is smaller because the balanced conductor load reduces the bending moment that must be supported at the foundations.

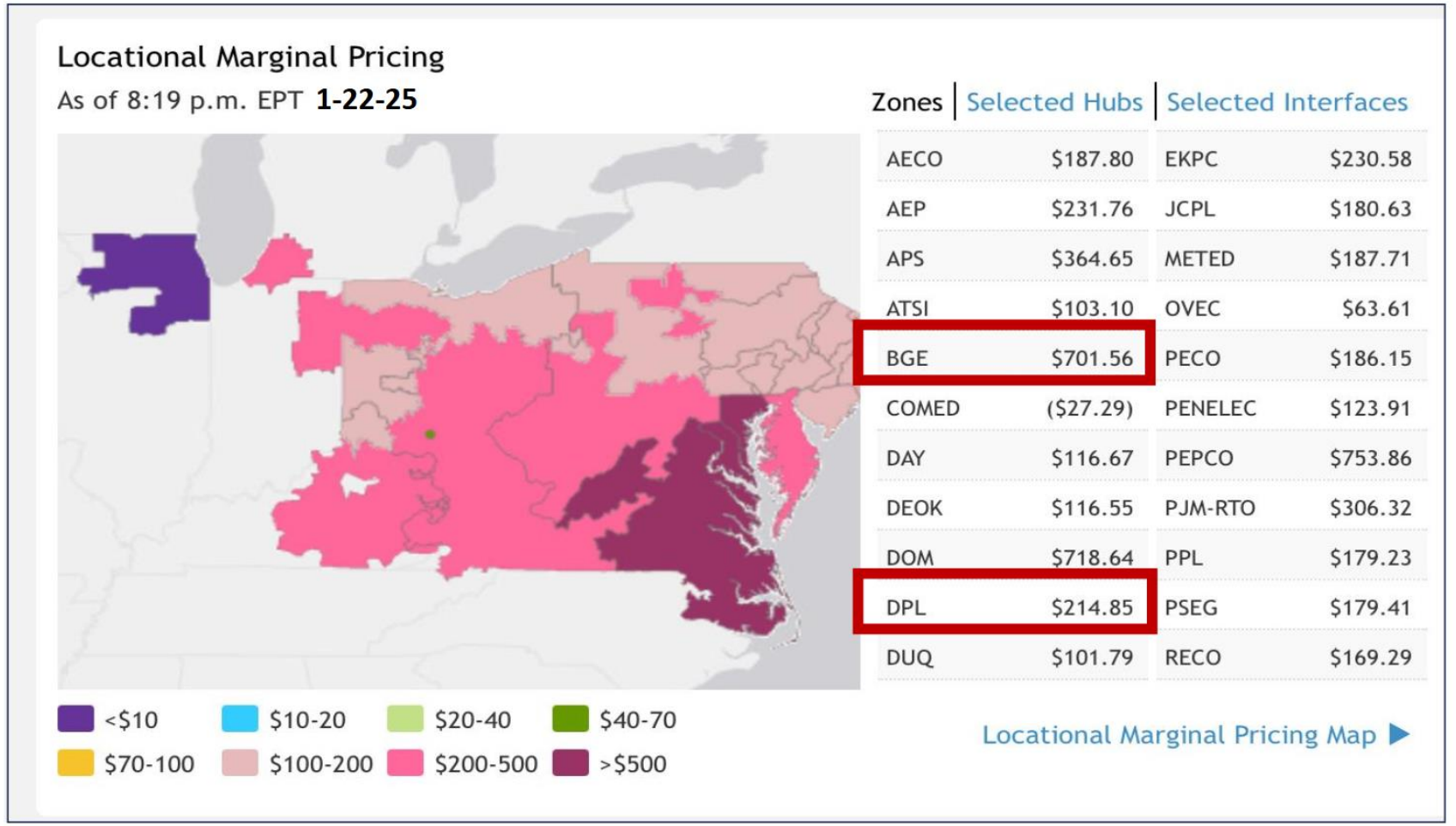
Figure 3 – Deviation Tower in a Residential Neighborhood

765kV Self-supporting Lattice tower

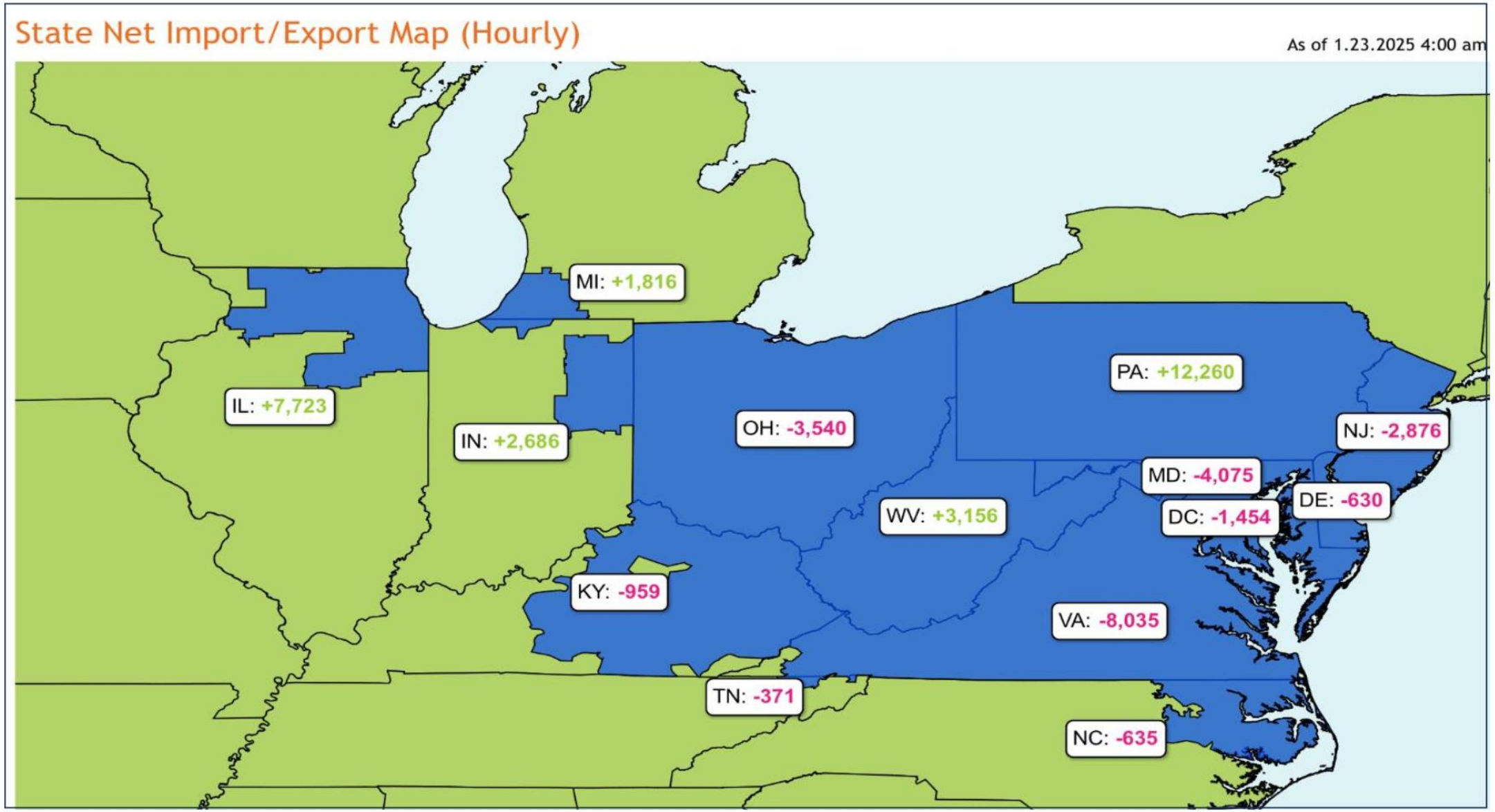
Locational Marginal Pricing - LMP is the price of delivering the next megawatt (MW) of electricity to a specific location or zone on the grid, like the BGE Zone or the Delmarva Zone

Constrained local MD supply and high electricity demand on January 22, 2025, led to the LMP price of $701.56 for the next MW in the BGE zone.

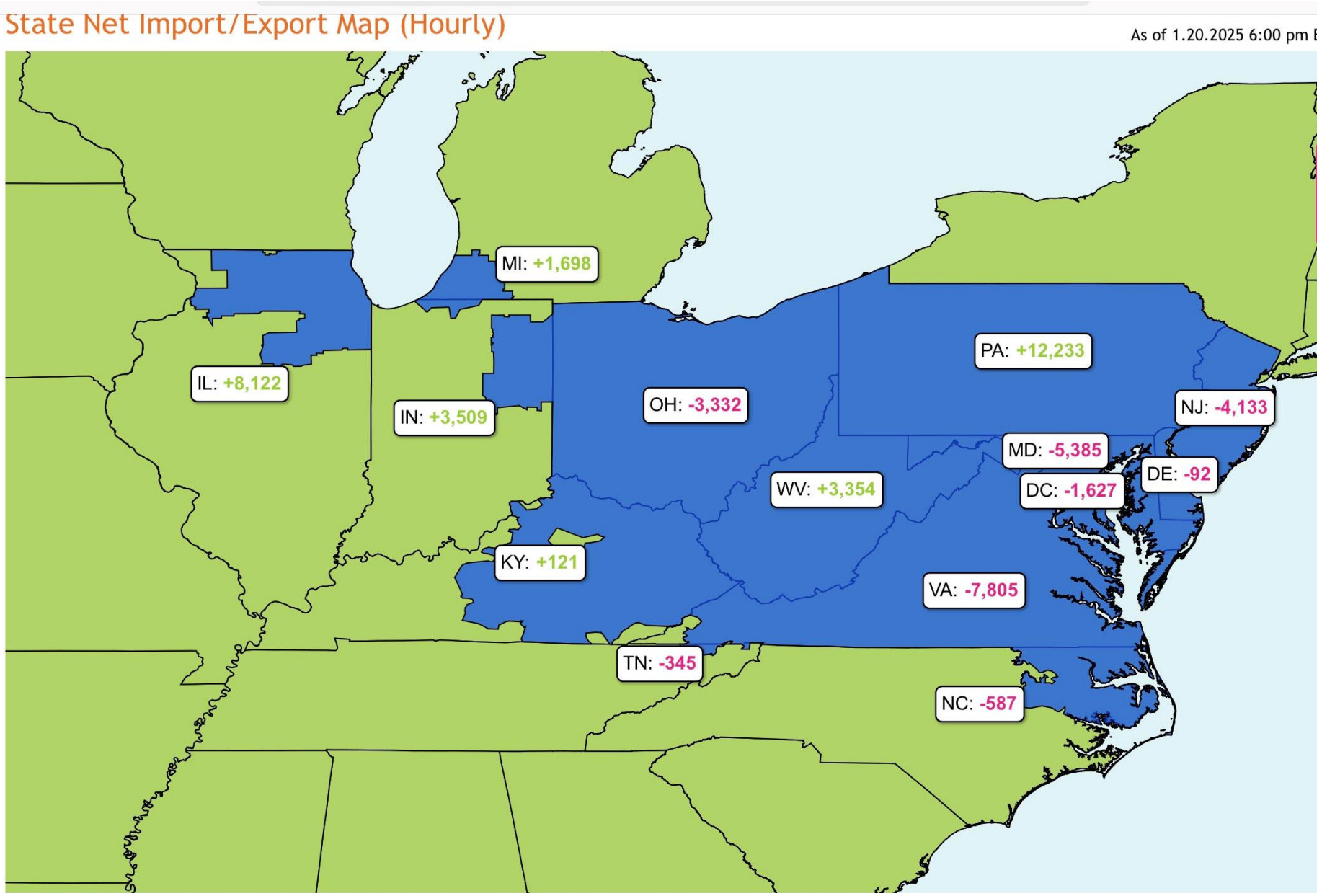
Increasing MD supply by allowing natural gas generation will prevent this type of escalating pricing



Maryland currently imports 40% - between 3,000 MWs to 5,000+ MWs hourly from other states - mostly Pennsylvania. How much will Maryland import when all 5 of the PJM approved transmission extension cords are built?



Maryland currently imports 40% - between 3,000 MWs to 5,000+ MWs hourly from other states - mostly Pennsylvania.
How much will Maryland import when all 5 of the PJM approved transmission extension cords are built?



MARYLAND NEEDS TO BE ENERGY INDEPENDENT

- Increased supply lowers electricity prices
- MD needs 24-7 thermal generation
- Prevents volatility in electricity prices
- Supports manufacturing growth
- Reduces vulnerability of transmission from weather events
- Supports data center growth
- Reduces burden on ratepayers

SUPPORT MARYLAND SB 951 WITH A FAVORABLE REPORT

Patti Hankins
229 St Mary's Rd
Pylesville, MD 21132
Patti.Hankins@gmail.com

PHI - SB 951 - IOU - Generating and Transmission F
Uploaded by: Allyson Black-Woodson
Position: FWA

March 6, 2025

112 West Street
Annapolis, MD 21401

Support with Amendments – Senate Bill 951 – Investor-Owned Electric Companies – Generating and Transmission Facilities

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) support with amendments **Senate Bill 951 – Investor-Owned Electric Companies – Generating and Transmission Facilities.** Senate Bill 951 authorizes investor-owned electric companies in the state to construct, acquire or lease, and operate their own generating facilities and construct, acquire or lease and operate transmission facilities necessary to interconnect the generating facilities with the electric system.

Resource adequacy is a pressing issue nationwide and is of particular concern in Maryland. Given the limited local generation and pending retirements of dispatchable generation in the state, Maryland is dependent on generation imports to achieve its electric supply. Achieving resource adequacy requires a holistic view of solutions, including contributions from Maryland, PJM Interconnection, and Maryland utilities. More resources are needed as soon as possible—power plants (nuclear, natural gas and other fuels), energy storage, and demand-side capabilities.

Maintaining a reliable electricity supply is a significant concern in Maryland. The state currently relies heavily on 40% imported power. The recent PJM Interconnection capacity auction highlighted these challenges, clearing at historically high prices and indicating a shortfall in resources to meet grid demands. Additionally, the planned retirements of the Brandon Shores and H.G. Wagner power plants will further strain Maryland's energy capacity. With these retirements, the State will lose a significant portion of its dispatchable generation, exacerbating its resource adequacy challenges and increasing reliance on imported electricity. This highlights the urgent need to bolster local generation resources to maintain grid reliability.

Pepco and Delmarva Power recommend adding amendments that authorize utilities to recover in rates the prudently incurred costs for acquiring, constructing, owning, and operating regulated generation and language that establishes a process to protect utility customers from the rate impacts of project terms that harm the electric company's credit metrics.

Pepco and Delmarva Power support with amendments Senate Bill 951 and are committed to collaborating with stakeholders to develop strategies that address resource adequacy challenges, maintain affordability, and align with the state's climate objectives.

Valencia McClure | Anne Klase | Allyson Black-Woodson | Poetri Deal | 410 980 5347

BGE-FWA-EEE-SB951-Investor-OwnedElectricCompanies-

Uploaded by: Brittany Jones

Position: FWA

bge
AN EXELON COMPANY

Position Statement

Favorable with Amendments
Education, Energy, and Environment Committee
3/6/2025

Senate Bill 951 - Investor–Owned Electric Companies – Generating and Transmission Facilities – Authorization

Baltimore Gas and Electric Company (BGE) supports with amendments *Senate Bill 951 - Investor–Owned Electric Companies – Generating and Transmission Facilities – Authorization*. Senate Bill 951 allows an investor-owned electric company to construct, acquire, or lease, and operate, its own generating facilities or construct, acquire, or lease, and operate, transmission facilities.

Resource adequacy is a pressing issue nation-wide and is of particular concern in Maryland. The retirement of electricity generation facilities in Maryland is causing significant resource adequacy issues, which has increased pricing in the capacity market and has prompted multiple large-scale transmission projects to be constructed to import more energy into the State. Given the limited local generation in Maryland and pending retirements of the dispatchable generation in the state, Maryland is dependent on generation imports to achieve its electric supply. Maryland currently imports 40% of its electricity from out-of-state electricity generators to meet the energy demands of residents and businesses. Ensuring that we have a reliable, resilient, and affordable electric grid is paramount for the well-being of our communities and the continued economic growth of our state.

Senate Bill 951 aims to address Maryland's energy resource constraint by supporting the construction and operation of new generating facilities, which BGE strongly supports. It also states that the Public Service Commission may require an investor-owned electric company to construct, acquire, or lease, and operate generation facilities, transmission facilities, or a combination of both facilities. BGE respectfully requests an amendment for an investor-owned electric company to obtain a credit rating assessment by a premier credit rating agency to ensure the terms of the order are unlikely to be credit negative. This is essential to protect ratepayers from paying higher rates in the event BGE's credit rating would be adversely impacted because of a generating facility construction investment. Additionally, appropriate language to ensure the recovery of prudently incurred generation investments and costs is requested, given BGE is a regulated utility.

BGE requests your support for inclusion of the proposed amendments and a favorable report for Senate Bill 951to help increase Maryland's energy independence. Recognizing the importance

Charles Washington| Brittany Jones | Guy Andes| Dytonia Reed| 410.269.5281

of addressing the lack of electricity generation facilities will safeguard the reliability of our electric grid and ensure that Maryland remains well-prepared to meet future energy demands.

Charles Washington| Brittany Jones | Guy Andes| Dytonia Reed| 410.269.5281

MD SB951 - P3 - 2025.pdf
Uploaded by: Caitlin McDonough
Position: UNF

Testimony of the PJM Power Providers Group (P3)[1]

Senate Bill 951

Maryland Senate Finance Committee

March 6, 2025

P3 opposes Senate Bill 951 and urges the Committee to reject it. If approved, Senate Bill 951 would overturn nearly three decades of Maryland policy that has relied on competitive market forces to drive investment in power generation. This represents a significant policy shift that must be carefully evaluated. P3 is confident that, upon thorough examination, the shortcomings of this bill will become evident.

P3 members own and operate generation facilities in Maryland. Our members have built, and retired plants based on market signals, always competing on a level playing field with other companies striving to provide electricity more affordably than their competitors. Allowing utilities to build and rate-base new power plants would fundamentally alter the energy landscape in Maryland. Instead of fostering competition, this shift would drive competitive companies to seek investment opportunities in other markets. Meanwhile, utility companies would focus on persuading regulators that consumers should finance new generation facilities and bear all associated risks. This is not a path Maryland should take.

Furthermore, it is important to note that nothing prevents Maryland utilities from forming non-regulated competitive affiliates to develop generation facilities on a level playing field with other competitive generators. In this scenario, rather than merely pushing a proposal for new generation through the Public Service Commission, the competitive affiliate would be responsible for determining whether it can effectively construct and operate a power plant. Consumers benefit when generators are driven by competition to be more efficient.

Senate Bill 951 is fundamentally flawed, and amendments should not be considered. The Committee should reject the bill.

[1] The views expressed in this testimony represent the views of P3 as an organization and do not necessarily reflect the views of individual P3 member companies with respect to any issue. For more information on P3, visit www.p3powergroup.com. P3 members own more than 82,000 megawatts of generation assets in PJM. P3 member companies are active suppliers in the state of Maryland, either as wholesale generation suppliers and/or competitive retail electric services suppliers

SB 951_Oppose.pdf
Uploaded by: Maurice Simpson, Jr.
Position: UNF

Constellation

March 6, 2025

Chairman Brian J. Feldman
Education, Energy, and the Environment Committee
2 West Miller Senate Office Building
Annapolis, MD 21401

Chairman C.T. Wilson
House Economic Matters Committee
231 Taylor House Office Building
Annapolis, Maryland 21401

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

SB 951 amends the Public Utility Article and authorizes investor-owned electric companies in the State to construct, acquire, or lease, and operate, their own generating facilities and construct, acquire, or lease, and operate, certain transmission facilities.

Utility generation has historically proven to be the costliest to consumers, and commandeering monopoly utilities to invest in generating capacity will undermine competition from merchant developers and market-based investments. Utilities have not been involved in generation development for over two decades and have no internal resources, experience, or supply chains to support a build-out of new power plants.

We encourage the Maryland General Assembly to pursue resource adequacy solutions that ensure that competitive generators continue to bear the risk of new generation investment, protecting consumers across the state. At a time when utility infrastructure costs and customer bills are skyrocketing, there should be no consideration of utilities re-entering the generation business to put even more costs on the backs of ratepayers.

Constellation respectfully requests an unfavorable vote on SB 951. Please contact Maurice Simpson, Senior Manager of Government Affairs, at Maurice.Simpson@constellation.com with any questions.

OPC Testimony SB0951 & Resource Adequacy FAQs.pdf
Uploaded by: David Lapp
Position: INFO

DAVID S. LAPP
PEOPLE'S COUNSEL

WILLIAM F. FIELDS
DEPUTY PEOPLE'S COUNSEL

JULIANA BELL
DEPUTY PEOPLE'S COUNSEL

OPC
OFFICE OF PEOPLE'S COUNSEL
State of Maryland

6 ST. PAUL STREET, SUITE 2102
BALTIMORE, MARYLAND 21202
WWW.OPC.MARYLAND.GOV

BRANDI NIELAND
DIRECTOR, CONSUMER
ASSISTANCE UNIT

CARISSA RALBOVSKY
CHIEF OPERATING OFFICER

BILL NO.:	Senate Bill 0951 – Investor-Owned Electric Companies - Generating and Transmission Facilities - Authorization
COMMITTEE:	Education, Energy, and the Environment
HEARING DATE:	March 6, 2025
SPONSOR:	Senators West, Lewis Young, and Watson
POSITION:	Informational

****

The Office of People's Counsel ("OPC") respectfully submits the following informational testimony on Senate Bill 951– Investor-Owned Electric Companies - Generating and Transmission Facilities - Authorization. SB 951 would amend Public Utilities Article § 7-510(c) to permit an investor-owned electric company to construct, acquire, or lease, and operate generation and related transmission facilities without the express authorization of the Public Service Commission ("PSC").

SB 951 does not appear to effect a practical change to existing law. Current law authorizes the PSC to "require or allow" an investor-owned electric company to construct, acquire, or lease, and operate, its own generating facilities and transmission facilities necessary to interconnect the generating facilities to the electric system "[i]n order to meet long-term, anticipated demand in the State for standard offer service and other electricity supply." That permission or requirement is "subject to appropriate cost recovery."

SB 951 largely tracks the existing law by adding a new, similar provision that does not include the qualifier "subject to appropriate cost recovery" or the requirement for the PSC to authorize—or direct—an electric company to construct, acquire, or lease, and operate, its own generating facilities "[i]n order to meet long-term, anticipated demand in the State." It also removes these qualifiers from the existing section 7-510(c)(6) with respect to transmission facilities necessary to interconnect the new generating facilities.

SB 951 would not have a practical effect because a utility could only recover costs associated with investments in generation or transmission facilities from its customers if the PSC (or federal regulators) approved the inclusion of those costs as an addition to existing utility rates. That approval would necessarily involve evaluating the appropriate cost recovery for investments in generating and transmission facilities. Specifically, before increasing rates that utility customers would pay for such investments, the Commission would need to determine whether the costs are just and reasonable to both customers and to the utility and to find that the investments were prudently made. Thus, the new provision that largely incorporates similar language as existing law—but without the "subject to appropriate cost recovery" language—does not appear to substantively change existing law.

Relatedly, in the attached frequently asked questions, also available on OPC's website, our office explained that, as a general matter, utility customers are likely to be better off if new generation is built by merchant (non-utility) generation. For merchant generation, private investors provide the capital to fund the development and then to operate and maintain the plant. Maryland law allows private developers to build all types of generating facilities in the State.

When merchant generators build generation, private investors—rather than utility customers—bear all the risks of power market prices that are difficult to predict, particularly far into the future, and of cost overruns. A new dispatchable plant (other than storage) would likely not come on-line for at least five years, and any analysis of its costs or benefits over the plant's life requires projecting market prices at least 20 years following its operational date. Further, unlike with merchant generators where investors assume all risks, when private utility monopolies build and operate power plants, customers are vulnerable to utility requests for cost overruns, which add new rate increases. While merchant plants are incentivized to keep costs low, cost overruns for utilities have the effect of increasing utility profits. Utilities frequently incur such cost overruns for distribution and transmission projects, and we would expect similar cost overruns for utility-owned generation.[1]

OPC appreciates the opportunity to provide these informational comments on SB 951.

[1] Utilities frequently request rate increases for costs beyond their budgets and initial projections, in rate cases and other proceedings. OPC can provide examples upon request. Cost overruns also frequently occur for transmission facility costs, which are federally regulated. A recent example is the work being done to replace the capacity provided by the Brandon Shores power plant that is planned for retirement. Exelon's original estimate for completion of the transmission facilities, provided in July 2023, was approximately $740 million. On February 25, 2025, the PJM board approved Exelon's request to more than double the cost to complete the project, to more than $1.5 billion.

DAVID S. LAPP
PEOPLE'S COUNSEL

WILLIAM F. FIELDS
DEPUTY PEOPLE'S COUNSEL

JULIANA BELL
DEPUTY PEOPLE'S COUNSEL

OPC
OFFICE OF PEOPLE'S COUNSEL
State of Maryland

6 ST. PAUL STREET, SUITE 2102
BALTIMORE, MARYLAND 21202
WWW.OPC.MARYLAND.GOV

BRANDI NIELAND
DIRECTOR, CONSUMER
ASSISTANCE UNIT

CARISSA RALBOVSKY
CHIEF OPERATING OFFICER

(January 28 2025)

Maryland Resource Adequacy FAQs

What is resource adequacy?

Resource adequacy requires having enough electricity generation to serve peak demand—including a "reserve margin" buffer for uncertainty—along with enough room on the transmission system to reliably deliver the power to customers.

Who is responsible for ensuring resource adequacy in Maryland?

PJM Interconnection, LLC (PJM), the regional transmission organization (RTO) for Maryland and 13 other jurisdictions in the region, is responsible for ensuring resource adequacy in Maryland. RTOs like PJM operate the transmission system and the wholesale energy markets and are regulated by the Federal Energy Regulatory Commission (FERC). Subject to FERC's oversight, PJM sets the reserve margin necessary to meet the reliability and resource adequacy criteria established by the North American Electric Reliability Corporation and the regional entity to which it delegates authority, the Reliability First Corporation, to determine and assess electric reliability, including resource adequacy, for PJM.

PJM evaluates resource adequacy for the region as a whole, as well as smaller zones within the region (called Locational Deliverability Areas or LDAs).

How is resource adequacy achieved in Maryland?

PJM runs auctions for "capacity" in which generation companies commit to being available to run when needed to meet demand. The capacity auctions (in PJM parlance, the Base Residual Auction, or BRA) are run annually and have the goal of ensuring sufficient generation to meet power needs for the region as a whole (PJM's regional territory) and—based on the ability of the transmission system to import power—for the smaller zones within the region. The auction is designed to enable the procurement of sufficient resources to satisfy the resource adequacy criteria applicable to PJM and Maryland.

What is the resource adequacy situation now?

PJM ran its latest capacity auction in July 2024. That auction secured enough capacity to meet anticipated customer peak power demands and a sufficient reserve margin for the PJM region as a whole and for most zones in Maryland for the 2025/2026 delivery year—which runs from June 1, 2025, to May 31, 2026. In that auction, the capacity bids to meet PJM's requirements in Baltimore Gas & Electric's service territory zone—called the "BGE LDA"—fell just short because the Brandon Shores and Wagner power plants, having announced an intention to retire, did not bid into the auction. Although these results *do not* indicate expected outages in the BGE LDA, the results *do* indicate a need for more generation or transmission.

PJM ensured reliability in the BGE LDA for the 2025/2026 delivery year by entering into "reliability must-run," or "RMR" arrangements with Brandon Shores and Wagner. RMR arrangements keep the plants online past their intended retirement date and obligate the plants to generate power until planned transmission enhancements add new capabilities to import power into the area. It is reasonable to conclude that the BGE LDA will not have resource adequacy—or reliability—issues for the foreseeable future because of the RMR arrangements and the planned transmission enhancements that will replace the generation lost by these plants' retiring.

Under RMRs, generators commit not to retire their power plants at their announced retirement date and are guaranteed payment at a regulated rate which is almost always much higher than the market rate. They are paid that higher rate even if their exclusion from the capacity market increases the clearing price for the capacity market.

Following the summer 2024 auction, OPC and many others challenged PJM's policy of excluding Brandon Shores and Wagner from the auction, and PJM is now seeking to change that policy to include RMR units in the auction. Doing so should reduce the costs for ratepayers in the region, who currently functionally pay for the capacity of the power plants twice: once through the inflated capacity market prices, and again through the RMR arrangement that also ensures the units act as capacity.

OPC released a report on the 2024 capacity market auction, the RMR arrangements and their impacts on customers in August 2024.[1]

What are the future prospects for resource adequacy in Maryland?

Maryland appears to have sufficient resource adequacy in the near term to meet the peak demands on its system.[2] Any assessment of Maryland's resource adequacy should include an assessment of both generation resources located within each of the LDAs in Maryland

[1] Bill and Rate Impacts of PJM's 2025/2026 Capacity Market Results & Reliability Must-Run Units in Maryland, OPC (August 2024).
[2] Public Service Commission PC66, Comments of the Office of People's Counsel (Jan. 17, 2025).

and an assessment of the power transfer capacity into the LDAs in Maryland using the transmission system. It should also include other measures such as demand response and energy storage, accounting for existing tools the Public Service Commission has to mitigate resource adequacy issues. The contribution to resource adequacy from Maryland-located generation depends, in part, on finalizing RMR arrangements for the Brandon Shores and Wagner power plants near Baltimore—which appears imminent—and the continued availability of the Calvert Cliffs Nuclear Plant to serve existing customers.

Based on information received from Maryland utilities, PJM is not forecasting significant data center growth in Maryland. Some data center growth in the Frederick area will occur, but that area is not transmission-constrained, which means that existing and planned transmission for those data centers will ensure resource adequacy there. PJM's forecasts of average annual demand growth through 2045 for the other Maryland zones—including the BGE zone—are modest, ranging from 0.37% to 0.67%. PJM's transmission solutions for planned power plant retirements intend to address the resource-adequacy impacts of those retirements. Further, all of Maryland's coal-fired power plants have already retired or announced plans to retire. Higher capacity market prices across PJM also are incentivizing plants to remain online or come out of retirement.[3]

PJM is scheduled to run its next auction in June 2025 for the 2026/2027 delivery year that runs June 1, 2026, to May 31, 2027. Some analysts are predicting that there will not be enough capacity to meet the expected demand and reserve margins for PJM as a whole in that auction. These predictions are due to forecasts of data center growth mostly outside of Maryland and present issues largely beyond Maryland's control.

Does Maryland's status as a "net importer" of generation mean more in-State generation is needed for resource adequacy?

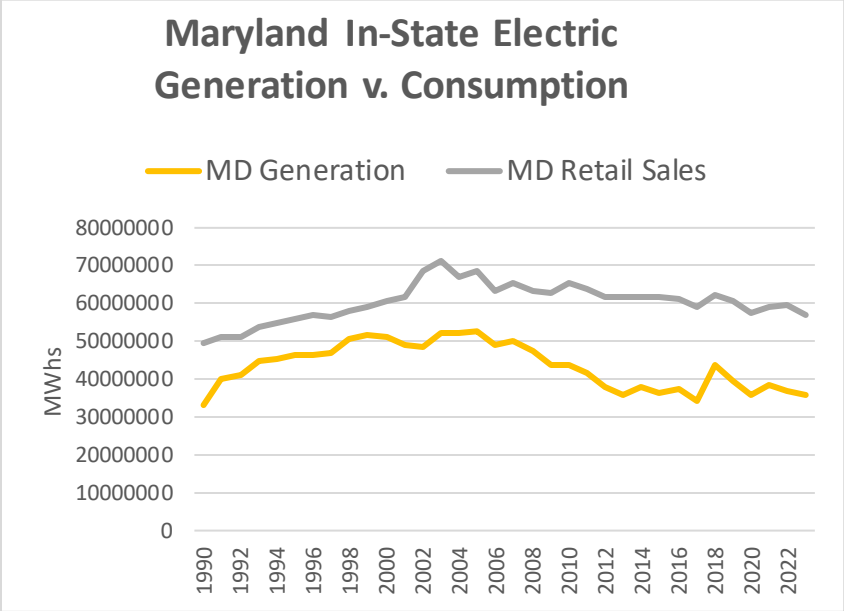
No. Resource adequacy depends only in part on the geographic source of energy production. It is mostly a function of peak demand and the combination of generation and transmission capability to meet that demand. Maryland's status as a net importer speaks to overall energy consumption—at all times of day over the course of a year—and is measured in megawatt-hours (or kilowatt hours), which is a different measurement than used for reliability and system capacity—*megawatts*. Meeting resource adequacy requires having sufficient *megawatts* available at time of highest demand on the system, while Maryland's status as a net importer of 40 percent of its *megawatt hours* speaks only to overall energy consumption.

The relevant available data does not show that there is a near-term need for generation located in Maryland for reliable electric service. The transmission system in place can

[3] *See*, for example, Middle River Power reverses plan to shut 540-MW plant amid record PJM capacity prices, Utility Dive (Sept. 12, 2024). The plant discussed in this article is in Illinois.

import sufficient power into Maryland, and new transmission under development will increase that capability as power plants retire.

Maryland has imported a portion of its power needs for many decades through both periods of high and low energy costs.[4] In fact, more states in PJM are energy importers than exporters. D.C. imports about 98 percent of energy, and Delaware about 57 percent. As long as there is enough capacity in the region and sufficient transmission to deliver the electricity, importing part of Maryland's energy needs poses no risk to Marylanders.



Maryland, like many states in PJM, has long imported more electricity than it generated.

In fact, Maryland customers benefit from being part of a diverse regional system and market, and it has been part of PJM for more than 60 years.

It is true, however, that new generation is needed within PJM's broader footprint, considering increasing demand from data centers and potential power plant retirements.[5] Maryland, however, cannot address regionwide resource adequacy issues raised by data center growth elsewhere in PJM without taking on significant costs.

How can Maryland lower the costs of assuring resource adequacy for customers?

Even though it is likely that there will be sufficient resources in Maryland to meet resource adequacy standards, tight market conditions *throughout* PJM could lead to high

[4] *See* State Electricity Profiles, EIA, Table 10. Maryland has been a net energy importer of electricity every year since 1990 (the EIA only provides data going back to the '90s). In 2013, Maryland imported 30,881,323 MWh, or 46% of its total electricity from other states, the highest annual import to date. 1998 was the lowest year of imports since 1990, with 13,945,102 MWh, or 22% imported into the state. In 2023, 24,139,011 MWh, or 40% of the state's demand, was imported.

[5] At least some of this demand may be illusory. *See*, e.g., Investors may overestimate benefits to utilities of datacenter boom, S&P Global (June 18, 2024). Regardless, because PJM has accepted projected load growth from data centers, it has increased the capacity requirements to meet the reliability requirement.

prices for capacity for Maryland customers in upcoming years. A variety of "no-regrets" solutions could enhance resource adequacy, reduce risks to customers of reliability issues, and minimize the chances of paying high prices for potentially unnecessary transmission and generation. These no-regrets measures include:

- *Demand flexibility and response*. Foremost among "no regrets" solutions are measures to enhance demand flexibility and response. Demand response refers to programs that pay or credit consumers for decreasing their energy use during peak demand hours. Estimates from the EmPOWER future programming work group indicate that it would be cost effective to deploy more than four times the amount of demand response utilities paid for in 2023.[6] Demand response can bid into PJM's capacity market, and so, in addition to decreasing the real-time cost of electricity, can decrease capacity costs for consumers.

  The electric system is built for—and resource adequacy is measured based on—peak demands on the system. Programs that encourage consumption more evenly across the day would decrease peaks that drive resource adequacy needs and thereby decrease system costs.

- *Energy efficiency*. Maryland could also take measures to require more energy efficient appliances. While energy efficiency can no longer bid into PJM capacity markets,[7] encouraging energy efficiency can still reduce capacity demand. Energy savings means that less capacity is needed to serve the lower peak demand, thus decreasing capacity costs, while also lowering customer bills. An analysis for the EmPOWER energy-efficiency programs found vast quantities of cost-effective energy-efficiency savings are available beyond what the current EmPOWER program alone can provide.

- *Existing transmission enhancements*. The transmission system is part of the resource adequacy equation. Limits on how much electricity can be delivered over any given transmission line are determined by the physical characteristics of the wire. Grid enhancing technologies, also called GETs, refer to a suite of new technologies that provide low-cost methods to make the most of existing transmission infrastructure. GETs can help defer, or even avoid, expensive construction of new transmission lines and enable more generation to connect to the system and serve customers. One study estimates

[6] Utilities procured 125 MW of demand reduction in 2023. *See* The EmPOWER Maryland Energy Efficiency Act Report 2024, Public Service Commission (May 2024), at 15. It would be cost effective to procure more than 500 MW of demand response. *See* Maryland GHG Abatement Study Final Response, Applied Energy Group (Dec. 2, 2022), at 40. Originally submitted to the PSC under maillog number 300426.

[7] On Nov. 5, 2024, FERC accepted tariff revisions from PJM that prevent energy efficiency from participating in the capacity markets. *See* Docket No. ER24-2995.

that GETs could save $1 billion annually across PJM by 2033.[8]

- *Distributed Energy Resources (DERs)*. Greater deployment of DERs—such as rooftop solar, community solar, and batteries—can also promote resource adequacy and decrease capacity costs. DERs connect to the distribution grid—and not the transmission grid—and so are not impacted by the current delays in PJM's process for connecting generation at the transmission level. DERs can either participate as demand response—by allowing residential customers to draw energy from their battery or "behind-the-meter" solar, rather than the grid, during times of peak demand—or they can be aggregated in a "virtual power plant" (VPP) to act as a generator that can bid capacity into the capacity auction. Studies have shown that virtual power plants can provide great value to the grid, with one study finding that VPPs could save utilities $15-$35 billion in capacity investments over a 10-year period.[9]

- *Energy storage*. Energy storage can "firm up" the capacity value of intermittent renewable generation by allowing energy from solar and wind to be stored and later deployed at moments of peak demand. Energy storage can help avoid costly transmission-system upgrades by pre-flowing energy over a transmission line and storing it on the other side of the line prior to times of peak demand. When demand peaks, energy can then be supplied *both* over the transmission line in real time, and from the batteries.

- *Surplus interconnection service*. PJM is asking FERC to approve more robust surplus interconnection service (SIS), which could also promote resource adequacy and lower costs. Many generators—especially intermittent renewable generation—do not use their full allowable transmission capacity.

  More robust SIS would enable additional generating units to share the interconnection with existing generators so long as the combined generation does not export more than the existing generation's maximum allowed output at any given moment. SIS could allow solar and wind resources to add battery storage to their sites and significantly increase supply in the PJM capacity market. One study estimated that batteries utilizing SIS on existing PJM solar interconnections alone could unlock an additional 5,862 MW of capacity—an amount equivalent to about 90% of Maryland's largest utility's current peak demand.[10] If FERC approves PJM's proposal, State policies to site batteries alongside intermittent generators using SIS could add new capacity within approximately one year.

[8] GETting Interconnected in PJM, RMI (February 2024).
[9] Real Reliability: The Value of Virtual Power, Brattle (May 2023), at 25.
[10] ReSISting a Resource Shortfall: Fixing PJM's Surplus Interconnection Service (SIS) to Enable Battery Storage, ACORE (Sept. 18, 2024).

Are there other measures that Maryland should take to assess or address resource adequacy?

Maryland can require greater information about large customers—such as data centers—that plan to locate in Maryland and take measures to ensure that new big customers do not harm existing customers. For example, Maryland could require large customers to provide for their own generation needs and contribute to State policies and programs such as the Electric Universal Service Fund, EmPOWER, and the State's clean energy goals. Further, data centers that have flexible power needs could bring benefits to the system.

Also, the State could take actions to promote more accurate forecasts of future loads, and State agencies can advocate for beneficial changes to PJM and FERC policies. OPC is very active as a member of PJM, engaging daily in PJM workgroups and processes and advocacy before the FERC.

Is now a good time for Maryland to require in-State generation?

No. Interest rates are high, supply chain challenges are ongoing, and the high prices in PJM capacity market are providing incentives to existing generation to remain online and new generation to come online without ratepayer backing. As has long been the case for Maryland, if it's profitable because it's needed, private generation companies can provide the investor backing for new generation plants.

Moreover, any new baseload generation would take many years before commencing operations, likely more than six years and potentially longer, extending further out in time the uncertainty of calculating an appropriate cost that ratepayers would be committed to.

Further, the data on load forecasts is fraught with speculation. Demand growth is likely to "fail to materialize as forecast," a January 2025 analysis from Bank of America concludes, and when this happens "there are significant risks to overbuild of resources with no demand to serve."[11] Without an immediate urgency, Maryland would be better off waiting to see how projections for increasing electricity demand in other parts of PJM play out.

Finally, as described above, **there is no immediate resource adequacy issue requiring Maryland to take action that risks further increases to utility customer bills**. Most Maryland utility customers are already facing some of the highest bills they've ever seen because of massive rate increases over recent years, as described in our June 2024 rates report.

[11] US Power & Utilities: Year Ahead 2025: Is Past What's Prologue?, Bank of America (January 7, 2025)

Would allowing Maryland's utility monopolies to build and own power plants enhance resource adequacy and, if so, at what cost?

As noted above, Maryland does not need to take action to encourage the building of large power plants within the State. While any generation may lower costs in the medium to long term, utility-owned generation would likely do so at a higher cost than relying on independent power producers to construct more generation in the competitive market or making the most of the alternatives described above. In Maryland, law in place since 1999 allows utilities to build and own generation subject to Public Service Commission approval, but this law has not been utilized.

Allowing utilities to build generation poses significant risks to Maryland's utility customers, with few offsetting benefits.

First, utility ratepayers could bear uneconomic costs. Maryland ratepayers would still have to cover power plant costs (plus a profit margin) if the units sit unused because there are other lower-cost generators available to serve customers or they are incompatible federal or State climate goals. Indeed, data shows that New Jersey customers narrowly avoided paying nearly a half billion dollars above the market over the last ten years because a proposal to build out-of-market generation was overturned by the courts.

Second, utilities have no inherent advantages in constructing generation over non-utilities other than their ability to recover all their costs—no matter how high—from their captive customers. Non-utility generation companies, in fact, purchase the equipment to build generating plants from the same vendors as a Maryland utility would. Also, many non-utility companies have much greater experience actually building generation, which utilities have not done for about three decades.

Third, any new gas plant will take years—likely much more than five years—to come online.[12] By that time, planned new transmission is highly likely to be completed that will be available to serve Maryland customers and would allow other generation sources to compete against—and potentially out-compete—a utility-owned generating plant, to the detriment of customers, as the New Jersey example shows.[13]

Finally, although additional new generation anywhere in the PJM region potentially decreases capacity costs by increasing supply, in the case of utility-owned generation, customers themselves do not necessarily benefit from lower prices. Rate-regulated utilities—which have exclusive government monopolies and captive customers—are paid

[12] *See* Silverman et. al, Outlook for Pending Generation in the PJM Interconnection Queue (May 2024) at 9, (finding that "[A]bsent significant reforms or market innovations, most projects entering PJM's queue today are unlikely to come online before 2030.").

[13] There is currently 427.9 MW of capacity associated with projects that are not yet constructed but that do have signed interconnection service agreements (ISAs) in Maryland. These plants can come online and are not impacted by the queue delays. Queue delays are holding back a much larger tide of generation that wants to interconnect. There is 6,122.0 MW of capacity in the queue in Maryland, and 152,384.0 MW of capacity in the queue or under construction in PJM. *See* Serial Service Request Status, PJM.

on a "cost-plus return" basis, and if the costs are higher than competitor's costs, the utility is generally entitled to recover those costs plus its return as a matter of law. And because there is great uncertainty with projecting generation market prices over the life of the power plant, it is not possible to know whether utility ownership of generation will benefit customers.

What *would* be certain, however, is that captive utility customers bear all the risks that the future costs paid to the utilities would be higher than market prices. That is the opposite of how risks are allocated currently to the investors of competitive generation companies.

Would it be different if Maryland directed its utilities to competitively procure new in-State generation through purchase power agreements?

Requiring a competitive procurement for generation rather than simply requiring utility generation investments would be more protective of utility customers because it would avoid some—though not all—of the problems described immediately above.

Most importantly, it would not avoid the guesswork about future market prices that puts ratepayers at risk. As the New Jersey example noted above illustrates, locking in prices with private generation companies shifts the risks of low future market prices to customers. One simply cannot know what the future capacity and energy markets will do. As with utility ownership, what *would* be certain is that captive utility customers would bear all the risks that the future costs of the procurement would be higher than market prices.

SB0951 - LOI - Investor-Owned Electric Companies -

Uploaded by: Landon Fahrig

Position: INFO

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.