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Committee: Environment and Transportation

Testimony on: HB897/SB386 – Lower Bills and Local Power Act of 2026

Position: Favorable with amendments

Hearing Date: February 24, 2026

The Maryland Chapter of the Sierra Club commends the General Assembly leadership and the Governor for taking seriously the energy challenges faced by our state and proposing thoughtful legislative solutions. As Marylanders face rapidly increasing energy rates and the grid faces growing demand, it is imperative to both bring more clean energy online and effectively manage demand in order to reduce strain on the grid. As such, the Sierra Club recommends a favorable report, with supportive amendments.

To achieve our energy needs, protect our climate and reduce energy bills, Maryland must focus on increasing energy supply, managing demand, and getting more from the energy systems we have. We want to highlight key provisions we support and then offer several suggestions to strengthen.

What the bill does:

1. **Bolstering the use of Advanced Transmission Technologies (ATTs) by:** 1) Requiring that utilities consider them as alternatives when proposing new transmission infrastructure and, if not used, justifying why they were not used; and 2) Directing the Public Service Commission (PSC) to develop performance-based incentives for the deployment of ATTs

ATTs include a suite of hardware and software upgrades that improve the operation, capacity, and reliability of existing transmission infrastructure, thus reducing strain on the grid and lowering congestion costs without building large new capital projects. Incentivizing the deployment of ATTs can reduce costs borne by ratepayers, lower the likelihood of reliability disruptions caused by constrained transmission lines, and expedite the integration of new clean generation.

2. **Facilitating the siting of transmission and storage infrastructure within existing rights-of-way along state and interstate highways and other property owned by Maryland's Department of Transportation**

Siting transmission and storage in existing state rights-of-way along highways can streamline siting processes, reducing hurdles that might otherwise hinder the deployment of transmission projects. In so doing, this bill would expedite the deployment of necessary infrastructure to meet the state's energy needs and reduce potential conflicts with landowners and natural areas.

3. Providing financial assistance for clean energy projects, prioritizing cost-effective “shovel ready” projects, segmented by market subset (e.g., community solar, utility-scale solar, brownfield and canopy solar, and battery storage)

Over the past year, federal support for clean energy has evaporated, imperiling many projects that could help Maryland meet its energy needs quickly and inexpensively. Providing State support to stabilize and backfill investment gaps for these clean energy projects using the financial mechanism deemed most appropriate would provide a much needed boost for Maryland’s clean energy efforts.

4. Requiring transmission owners (utilities and others) to join PJM, our regional transmission organization (RTO)

Requiring that all transmission owners in Maryland join PJM will promote enhanced system reliability, increased operational efficiency, and lower customer costs.

Recommendations

In addition to the many strengths of this bill, we see opportunities for strategic improvements. To that end, we recommend the following:

1. Broaden consideration, and funding, for other cost-saving “non-wire alternatives”.

The legislation properly requires utilities to consider cost-savings options like Advanced Transmission Technologies, which can reduce need for new large-scale transmission. At the distribution level, there are other “non-wire alternatives,” including demand-response, time-of-use pricing, and Distributed Energy Resources (DERs), that are not being pursued with the same urgency as new generation. We recommend that utilities be directed to prioritize cost-effective “non-wire alternatives” to distribution-system capital investments.

2. Strengthen Guidance for Virtual Power Plants (VPPs)

Another important tool to meet peak electricity demand is a Virtual Power Plant (VPP). A VPP aggregates distributed energy resources—such as rooftop solar, battery storage, bi-directional electric vehicles, smart thermostats, and flexible appliances—and coordinates them so they operate together like a single power plant. Instead of building new centralized generation, a VPP unlocks the capacity and flexibility already located in Maryland homes and businesses. VPPs can be used to offset energy procurement requirements of a utility, or to sell directly into the wholesale markets run by PJM.

Maryland took an important step forward through passage of the DRIVE Act, which established a VPP pilot project specifically to offer “electric distribution system support services.” The PSC recently published rules to launch the pilot, limited just to VPPs serving the utilities. While this

is an important first step, it leaves out a key strategy: expanding participation in the wholesale market.

While the state cannot regulate wholesale markets directly—that authority rests with FERC and PJM—Maryland does retain authority over interconnection rules, metering, coordination requirements, and tariff design. These state-level decisions determine whether VPPs can realistically and efficiently participate in wholesale markets, which could lower consumer prices by allowing VPPs to mitigate demand surges and reduce capacity market prices.

While the PSC’s Interconnection Work Group has explored broader VPP regulations that would facilitate wholesale participation, no decision has been made, and a legislative directive will help.

Specifically, we propose the following suggestions:

- **Broaden the statutory directive in the DRIVE Act.** Amend Public Utilities Article § 7-1001 to expand the definition from “Electric Distribution System Support Services” to “Electric Distribution and Wholesale Market Support Services,” explicitly recognizing dual participation.
- **Make the program permanent rather than pilot-based.** Amend § 7-1005 to authorize a durable VPP framework instead of limiting participation to temporary or pilot programs.
- **Require utilities to consider VPPs as alternatives to new infrastructure, alongside consideration of Advanced Transmission Technology.**

3. Broaden permissible use of funding to Public Service Commission

As a complement to this legislation, the Governor’s budget would provide \$10 million to the PSC for research on “grid-enhancing technologies and advanced transmission technologies” (BRFA, HB392, pg 25, line 9).

While we appreciate the support for grid-enhancing and advanced transmission technologies, there are other important initiatives already underway—including Drive Act implementation, Distribution System Planning, and battery storage task forces—which could also produce better results quickly with a small research budget. The work of several task forces could be accelerated by relying on experts to develop initial proposals for review by stakeholders, rather than taking years pushing unpaid stakeholders through laborious consensus processes.

We have long advocated for growing the PSC’s research budget, as it will help deliver better for ratepayers more quickly. While stakeholder engagement is useful, important processes sometimes rely too heavily on drawn out workgroup consensus when expert consultants could provide quality recommendations more quickly, allowing stakeholders to focus on feedback.



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We recommend broadening the scope of this allocation to include “research and technical support for distribution system planning, Virtual Power Plans, demand response, and other research related to cost saving “non-wire alternatives”.

4. Focus ratepayer relief on low to moderate income ratepayers.

While we recognize that rising rates are impacting all customers, we feel it is critical at this moment for policymakers to prioritize households with high energy burdens for whom the growing rates will bring disproportionate harm. We recommend targeting rebates to low income customers and/or pairing them with targeted energy efficiency programs which bring long-term savings. Here are some alternatives to consider:

- Increase SEIF funding to Department of Social Services (DSS) Office of Home Energy programs (OHEP) EUSP electricity grant funding.
- Utilize funding to pay down EmPOWER debt (which would yield significant savings through avoided interest).

Conclusion

Sierra Club appreciates the opportunity to comment on this valuable legislation which would contribute meaningfully to the state’s efforts to expand clean energy, increase grid reliability, and reduce costs for ratepayers. We urge a favorable report, with supportive amendments.