SB 598: SAVINGS Act

Securing Affordable, Valuable Investments in Next Generation Grid Solutions

Testimony of Senator Katie Fry Hester
March 5, 2026

What problem will the SAVINGS Act address?

- Transmission and Distribution (T&D) are a significant part of your electricity bill, and distribution rates have been far outpacing inflation for a long time.

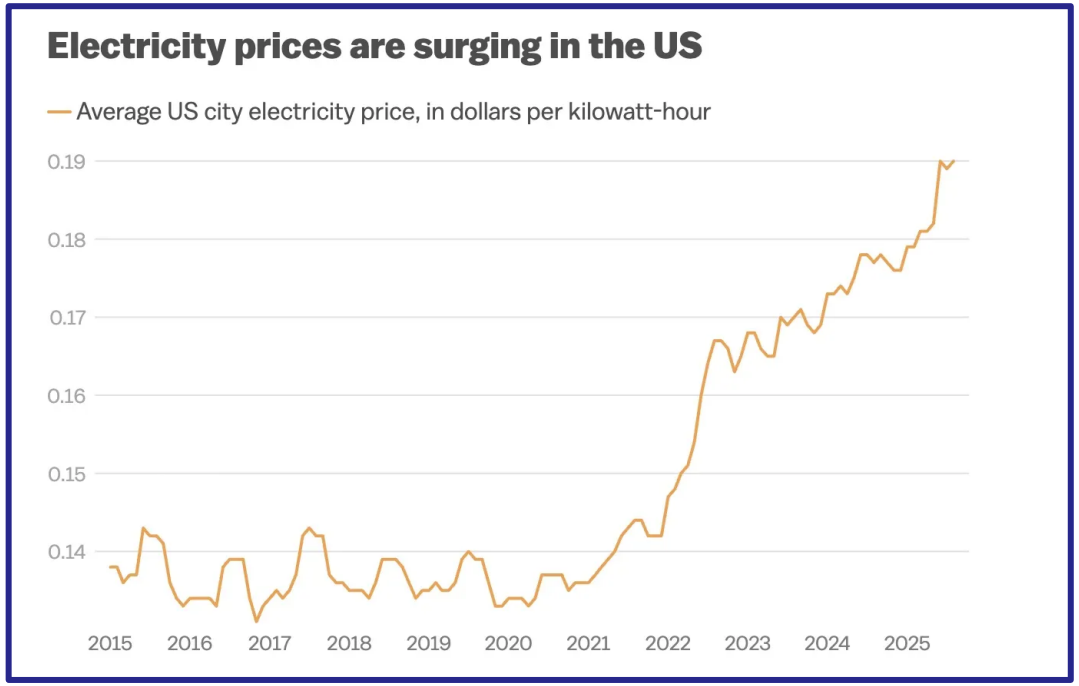
- With increased electrification – such as switching from gas furnaces to heat pumps and EV adoption, plus projected load growth from data centers – it is critical that we ensure necessary upgrades are done as cost-effectively as possible.

Distribution Rates, 2010-2025

- Inflation January 2010 – June 2025: 49%
- Increase in distribution rates per kWh, 2010 – June 2025:
  - Potomac Edison: 35%
  - BGE: 100%
  - DPL: 125%
  - Pepco: 154%

Sources:

- *U.S. Bureau of Labor Statistics' CPI Inflation Calculator.*
- *"A Consumer's Guide to 2025 Summer Electric Rates." OPC.*



Monthly household charges for 1,000 kWh

Utility	Electricity Supply	Transmission & Distribution
Potomac Edison	$98	$33
BGE	$102	$82.65
DPL	$99	$101.43
Pepco	$104	$120.44

In 2022, the average U.S. residential customer used 899 kWh/month (EIA). These numbers are current for residential customers as of June 12, 2025 (OPC).

Big-picture, what will the SAVINGS Act do?

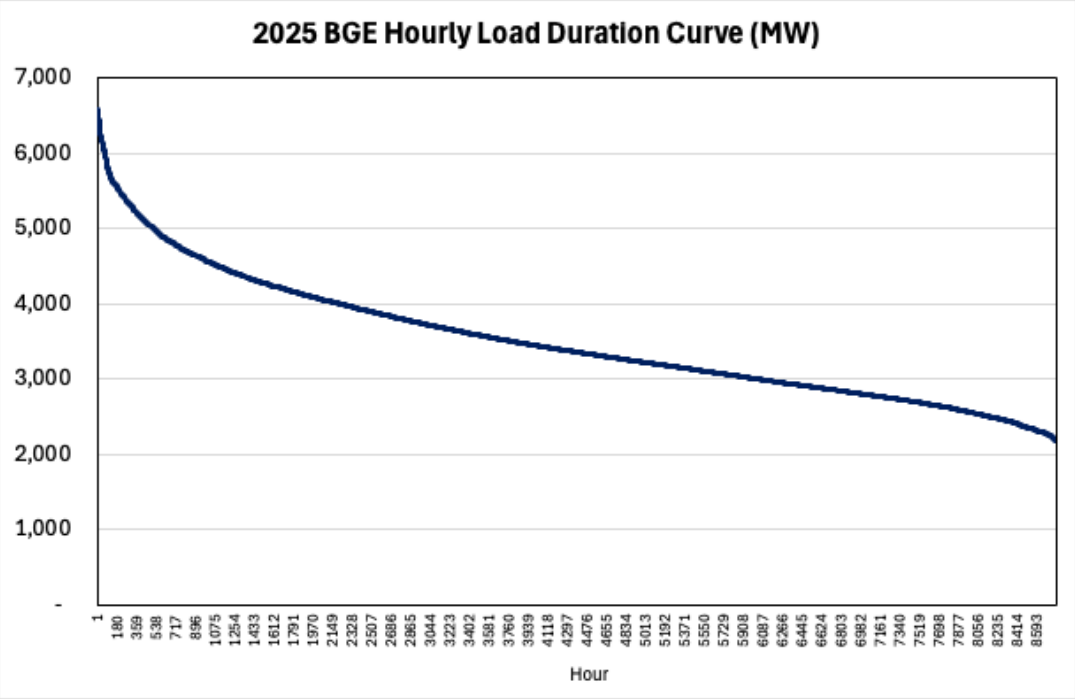
- Electric utilities will create Cost Containment Plans (CCPs) to make necessary improvements to their Distribution (and when applicable, Transmission) systems as cost-effectively as possible. These plans must include:
  - How they plan to provide meaningful savings, using the PSC cost benefit framework
  - List what they are currently doing to contain costs and lower peak demand through existing programs and coordinate transmission and distribution planning
  - Include annual progress reports on the plans to the PSC
- The PSC will approve, deny, or conditionally approve the plans.
- If utilities do not meet a statutory, time-bound, measurable peak demand reduction goal by its deadline, the PSC will have the discretion to decide whether to impose a penalty.

How will the CCPs align with Electric System Planning?

- The PSC just competed regulations following the distribution system planning (DSP) workgroup.
- The outputs from DSP (now Electric System Planning or ESP) will inform the CCPs. (CCPs can also pull in relevant information from other proceedings/programs/plans/etc.)
- The requirement that Commission approve or deny CCPs give more teeth to ESPs.
- We are discussing amendments to clarify that PSC has the option to choose to incorporate CCPs into the ESP or vice versa, as they see fit.

Why is the plan tied to peak load?

- By necessity, our T&D systems are designed to meet peak demand. When we lower peak demand, we need to build less infrastructure.
- Peak demand is driven by a very small number of hours the “tail” in the load duration curve that causes system stress.



These few hours drive infrastructure costs, capacity payments, long-term capital investments. By clipping these, you unlock most of the savings.

What is the potential to reduce peak demand?

A February 2026 study evaluated the entire PJM region. If we roughly double advanced energy deployment by 2035 we can:

- Offset that projected data center load growth
- Reduce peak load by 17% by 2030 and 22% by 2035
- **Save $178 billion by 2035**

What technologies reduce peak demand?

- **Grid-side:** High-performance conductors (HPCs): Transmit more electricity than legacy conductors.
- **Grid-side:** Grid-Enhancing Technologies (GETs): A family of technologies that manage the flow of electricity in response to real-time conditions on the transmission system, to maximize efficiency.
- **Customer-side:** Technologies that manages how much electricity a customer is using and when. Examples: smart thermostats, smart appliances, managed EV charging.
- **Customer-side:** Customer-sited distributed generation.
- **Either:** Battery storage, including bidirectional EV charging.

Maryland's potential to reduce peak demand

Direct Load Control

- The peak demand reduction capability from direct load control* as of December 31, 2024 is 568.8 MW from 670,840 customers.
- About 2 million Maryland customers do not yet have a direct load control device.
- If those 2 million customers received a direct load control device and saved the same amount of energy as in 2024, peak load could reduce by approximately another 1,695 MW.

Rooftop Solar

- Maryland has the potential to generate 416,000 MW of electricity from rooftop solar (Project Sunroof).
- Maryland only has 2,724 MW of solar installed (SEIA).
- By 2030, it is projected Maryland will add another 2,349 MW of solar (SEIA).
- 6.21% of Maryland homes have solar (SEIA).

*Direct load control refers to smart switches on heating and cooling systems, and/or to smart thermostats

Examples

Con Edison, New York City	In 2014, Con Edison deferred a $1.2 billion substation upgrade by instead implementing a portfolio of solutions. By 2017, they had spent $70 million and lowered peak demand 38.6 MW.
NYSERDA & NY Department of Public Service	New York State could use a portfolio of solutions to result in $2.9 billion in annual savings by 2040. Most of the savings would be in avoided costs.
Massachusetts Department of Energy Resources	Leveraging demand flexibility, energy efficiency, and virtual power plants can reduce peak demand 4.5 GW by 2040 and 13.8 GW by 2050. Achieving these reductions would save customers $950 million by 2040 and $4.8 billion by 2050.
Pennsylvania Public Utility Commission	The study proved the financial viability of these programs; projecting estimated a net present value of $43 million for consumers.

Support the SAVINGS Act

- We must do everything possible this year to bring down costs.
- This solution can be implemented quickly advanced energy technologies can deploy faster than building new infrastructure.
- This directly reduces infrastructure costs AND helps lower wholesale energy prices.
- We need a clear, quantified goal with a firm deadline to be our north star.
- By definition, a Cost Containment Plan will only be approved if it demonstrably contains costs.