Statement

of

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before the

Education, Energy, and Environment Committee
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RE: Senate Bill 270 Public Service Commission – Full Costs and Benefits Analysis of Sources of Electricity Generation

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Chairman Feldman, Vice Chair Kagan, members of the Education, Energy, and Environment Committee: Thank you for the invitation to speak with you today about the affordability of electricity for Maryland residents.

My name is Alex Stevens, and I am the Manager of Policy and Communications at the Institute for Energy Research (IER). IER is a not-for-profit organization that conducts research on the functions, operations, and government regulation of global energy markets.

According to the latest data from the Energy Information Administration, Maryland's electricity rates are 35% higher than those of other states in the EIA's South Atlantic region and 20% higher than the national average.[1] Additionally, research from the Berkeley National Laboratory shows that Maryland's electricity rates have increased faster than inflation.[2]

In December 2025, I co-authored an IER report examining state trends in electricity affordability.[3] Our findings align with Berkeley Lab research showing that policies such as renewable portfolio standards and net metering significantly raise retail rates in states that adopt them aggressively.

Renewable portfolio standards (RPS) require electric utilities (or retail electricity providers) to ensure that a specified percentage (or sometimes an absolute amount) of the electricity they sell or supply comes from eligible renewable sources. Net metering is a billing policy that allows customers with small-scale renewable energy systems to receive credits on their electricity bills for the excess energy their systems generate and export to the grid.

Maryland's RPS currently requires utilities to procure an increasing share of electricity from renewable sources, with a current target of 50% by 2030.[4] The state also maintains one of the nation's most aggressive net metering programs, providing full retail-rate credits for excess energy exported to the grid from customer-owned systems, primarily solar.[5]

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[1] U.S. Energy Information Administration. (2026, January). *Table 5.6.A. Average price of electricity to ultimate customers by end-use sector, by state* [Data set]. Electric Power Monthly. https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_6_a

[2] Wiser, R., Barbose, G., Cappers, P., Deason, J., Forrester, S., Gorman, W., O'Shaughnessy, E., Hledik, R., Lam, L., & Yan, A. (2025, October). Recent retail electricity price trends: What do we know… or think we know? [Presentation]. Lawrence Berkeley National Laboratory & The Brattle Group. https://eta-publications.lbl.gov/sites/default/files/2025-10/presentation_retail_price_trends_drivers.pdf

[3] Stevens, A., Pyle, T., Stein, K., Orr, I., & Rolling, M. (2025, December). *Blue states, high rates: Elections have consequences*. Always On Energy Research and the Institute for Energy Research. https://www.instituteforenergyresearch.org/wp-content/uploads/2025/12/Blue-States-High-Rates.pdf

[4] Center for Climate and Energy Solutions. (2024, August). U.S. state electricity portfolio standards. https://www.c2es.org/document/renewable-and-alternate-energy-portfolio-standards/

[5] Maryland Public Service Commission. (2025, November). *Net energy metering in the State of Maryland: Public Utilities Article §7-306(j)* (16th report). Revised November 20, 2025. https://www.psc.state.md.us/wp-content/uploads/2025-Net-Metering-Report-4.pdf

In essence, these policies represent state efforts to favor certain generation technologies over others, resulting in increased costs passed on to ratepayers.

The impact of these policies on customer rates has largely been obscured by frequent comparisons of electricity generation technologies using the Levelized Cost of Electricity (LCOE), a metric that aggregates fixed and variable costs into a single standardized figure.

However, LCOE has faced substantial criticism for failing to account for key factors such as intermittency and non-dispatchability.[6] These limitations are particularly relevant to variable renewable sources such as wind and solar, which can make them appear more cost-competitive than they truly are–especially in systems that require a reliable, around-the-clock supply, such as Maryland's electric grid.

The Levelized Full System Costs approach outlined in SB270 is a better, more holistic framework, incorporating the broader costs required to deliver reliable, demand-matching electricity across an entire electricity system or market, including costs associated with system responsibility, intermittency, balancing, and integration.[7]

Focusing on the full system cost of electricity is the right strategy, as it reflects the amount that we all pay through our utility bills and through taxes. Adopting SB270 would provide Marylanders with transparent insights into how policy choices truly affect their electricity bills, focusing on what matters most: reliable and affordable service.

Thank you.

[6] Emblemsvåg, J. (2025). Rethinking the "Levelized Cost of Energy": A critical review and evaluation of the concept. *Energy Research & Social Science*, 119, 103897. https://doi.org/10.1016/j.erss.2024.103897
[7] Idel, R. (2022). Levelized full system costs of electricity. *Energy*, 259, 124905. https://doi.org/10.1016/j.energy.2022.124905