

Holland & Knight

Testimony of Willie L. Phillips
Before the Maryland Senate Education, Energy, and the Environment Committee
In Support of Senate Bill 26

Date: February 19, 2026

Chairman Feldman, Vice-Chair Kagan, and Distinguished Members of the Committee:

Thank you for the opportunity to testify today in support of Senate Bill 26. My name is Willie L. Phillips, and I appear before you having some experience in energy regulation and grid reliability, drawing on my past as former Chairman of the Federal Energy Regulatory Commission (FERC), Chairman of the District of Columbia Public Service Commission, and Assistant General Counsel for the North American Electric Reliability Corporation (NERC).

I am here today to speak in favor of SB0026 on its merits as sound energy policy that balances innovation with appropriate regulatory oversight.

Throughout my career, I have witnessed firsthand how regulatory frameworks must evolve to keep pace with technological innovation and changing energy infrastructure. SB 26 addresses a genuine gap in Maryland's current regulatory structure by providing clarity for off-grid electricity generation facilities.

Under existing Maryland law, there is ambiguity regarding the regulatory treatment of electricity generation facilities that:

- Do not interconnect with the state's electric grid
- Do not cross state lines, or
- Do not utilize public rights-of-way

This ambiguity creates unnecessary regulatory uncertainty for developers, investors, and local communities.

WHY REGULATORY CLARITY MATTERS

From my time at FERC and the DC PSC, I learned that regulatory certainty is essential for the following:

1. Allocation of Limited Regulatory Resources

State utility commissions have finite resources. The Maryland Public Service Commission must focus its attention on facilities that directly impact ratepayers and the reliability of the interconnected grid. Off-grid facilities that serve discrete loads without interconnection pose fundamentally different regulatory considerations than traditional utility infrastructure.

2. Encouraging Innovation and Energy Resilience

Off-grid generation can enhance energy resilience, particularly for critical infrastructure, and industrial facilities. Appropriate regulatory treatment, creates an environment where innovation can flourish while maintaining necessary safeguards.

3. Maintaining Grid Reliability Standards

During my tenure at NERC, I worked extensively on bulk power system reliability. Off-grid facilities, by definition, do not impact the reliability of the interconnected transmission system in the same way that grid-connected resources do.

THE BILL STRIKES THE RIGHT BALANCE

It Preserves Critical Construction Oversight: The bill maintains PSC jurisdiction over the construction phase through the existing CPCN requirements. This ensures that environmental impacts, and siting considerations remain subject to regulatory review.

It Establishes Clear Boundaries: By defining when a facility ceases to qualify as an off-grid provider, the bill creates bright-line rules that prevent regulatory arbitrage while providing certainty to developers and regulators alike.

It Protects the Public Interest: Off-grid facilities serving private loads do not raise the same consumer protection, rate-setting, or service obligation issues that justify comprehensive utility regulation. The bill tailors regulatory oversight to the actual risks presented.

ADDRESSING POTENTIAL CONCERNS

Some may express concern that this bill creates a “regulatory loophole.” Let me be clear: this is not deregulation; it is appropriate regulation.

The bill does not exempt these facilities from:

- Local zoning and land use requirements
- Environmental permitting under state and federal law
- Workplace safety standards, or
- Construction review and approval by the PSC

What it does is recognize that comprehensive rate regulation by the PSC is not necessary for facilities that do not serve the public, do not interconnect with the grid, and do not utilize public infrastructure.

Moreover, the bill’s “off-ramp” provision, which immediately subjects a facility to full regulation if it later interconnects or utilizes public rights-of-way, provides an important safeguard against abuse.

CONCLUSION

Senate Bill 26 represents thoughtful, balanced energy policy. It provides needed clarity for a category of generation facilities that do not fit traditional utility regulation paradigms.

Based on my decades of experience in energy regulation at the local, regional, and federal levels, I believe SB 26 will:

- Enhance regulatory clarity and efficiency
- Support Maryland's energy resilience and economic development
- Maintain appropriate public interest protections
- Position Maryland as a leader in modern energy policy

I respectfully urge this Committee to issue a favorable report on Senate Bill 26.

Thank you for your consideration.

Willie L. Phillips