



April 2, 2026

Environment & Transportation Committee

SB 270

Public Service Commission -

Full Costs and Benefits Analysis of Sources of Electricity Generation

Sponsor: Senator Mary Beth Carozza

Katie Mettle

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UNFAVORABLE

Dear Chair Korman, Vice Chair Guyton, and esteemed members of the Environment and Transportation Committee:

Advanced Energy United is a national industry association that represents companies operating in the clean and advanced energy spaces. “Advanced energy” broadly refers to technology that consists of, or is compatible with, clean energy generation, and makes our grid more affordable, efficient, reliable, resilient and/or secure.

SB0270 requires the PSC to conduct a study on the “Levelized Full System Cost of Electricity” and to develop recommendations “for policy changes to support the lowest costs and greatest benefits to the ratepayers of the state.” To be frank, the study called for in this legislation is very poorly designed and would not be useful in developing good policy.

First, it is important to recognize that “Levelized Full System Cost of Electricity” was not developed by seasoned energy industry professionals. It was developed as a thought experiment by a graduate student. To the best of my knowledge, this methodology has not been adopted by any decision-making authority anywhere.

It is also important to recognize that Lazard's Levelized Full Cost of Electricity includes solar-plus-storage, and that other methodologies exist and which are used by industry experts and policymakers, including Levelized Cost of Storage, Levelized Avoided Cost of Energy, and Value-Adjusted Levelized Cost of Electricity. These methodologies can and are used in conjunction with Levelized Cost of Energy.

This study requires running models that exist in a vacuum and are disconnected from reality. Here are a few specifics about the flaws in this study's design:

1. The required inputs are vague. It is not clear if the inputs account for siting and permitting, possible delays or cost overruns, possible financing or subsidies that could be passed onto ratepayers, or PJM's interconnection queue process.
2. The study design also appears to assume that Maryland is an island which does not import nor export any electricity. This is especially relevant when we consider the study inputs do not account for transmission costs. The cost of transmission cannot be ignored, particularly since the anticipated increase of large load customers across the PJM region is causing more transmission to be built across the region.
3. It requires comparing sources of energy generation as if the state were only powered by one source. But no serious energy planner would ever suggest running any grid on only one source of generation. In particular, the price of natural gas is volatile (as recent events have demonstrated – the price of LNG has doubled in some markets since the war in Iran began), and gas plants are liable to break down in extreme temperatures. From a pricing and reliability perspective, these attributes are not accounted for in the study design.
4. The study design also does not account for the time it takes to develop any sources of generation. There is a gas turbine supply chain delay that means most new gas plants are at least 4-5 years away. A nuclear plant takes over a decade to build. It also does not account for the supply chain's and labor force's capacity to construct this generation.
5. The study requires studying the cost of additional energy generation to call upon when the sun is not shining or when the wind is weakened, yet doesn't consider that solar and wind power are complimentary. Wind power typically generates the most electricity at night and in winter.
6. The study design does not account for the economic benefits of reducing peak demand through battery storage, or through the use of solar electricity, which tends to generate

the most electricity during the summer months, which are the months with the highest demand in Maryland.

7. In that vein, the study design also completely ignores the costs, benefits, and ability of Advanced Transmission Technologies, Distributed Energy Resources, Demand Response programs, and other advanced energy solutions to avoid new transmission, distribution, and generation.

This study design is simply not useful for determining which energy sources have the lowest costs and greatest benefits to Maryland ratepayers, and this methodology is not proven, nor is it widely accepted.

For these reasons, United respectfully requests an unfavorable report on SB 270.

Best Regards,

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