

HOUSE BILL 1561

ELECTRICITY GENERATION AND STORAGE – INVESTOR-OWNED ELECTRIC COMPANIES FRONT-OF-THE-METER STORAGE (AFFORDABLE ENERGY ACT)

UNFAVORABLE

ENVIRONMENT AND TRANSPORTATION COMMITTEE

March 6, 2026

The Energy Artisans submit these **unfavorable** comments to **HB 1561 – Electricity Generation and Storage – Investor-Owned Electric Companies Front-Of-The-Meter Storage (Affordable Energy Act)**

Energy Artisans is an established membership organization formed in 2017 that is comprised of industry experts to serve various client needs. The group is anchored by individuals who have decades of energy market experience in general purchasing, wholesale and behind-the-meter power plant development and operation, as well as bulk and retail energy delivery, fuel purchasing and delivery, efficiency measures, and direct participation at the membership and stakeholder level in PJM.

We have reviewed this Bill and do not support any aspect of this legislation.

Maryland transitioned to a deregulated commodity electric supply market in 2000 because markets provide a wider range of choices and optimal costs for such choices. In this transition, Maryland customers paid near \$1 Billion in stranded costs to predominantly BGE for over-valued assets. Also, notable is customers in Pennsylvania's transition to a deregulated commodity electric supply market paid nearly \$12 Billion with almost half going to PECO, another Exelon company. Maryland's Constitution is crystal clear on monopolies: Article 41 states, "*That Monopolies are odious, contrary to the spirit of a free government and the principles of commerce, and ought not be suffered*". To expand monopoly investment into free markets contradicts the Maryland Constitution. Further, if monopolies are allowed to build energy infrastructure that is provided by a free market, it would discourage competition. While Maryland may make it more difficult to build electric production resources than surrounding states, a monopoly utility would have no particular advantage relative to a private owner. This would further discourage private business investments in Maryland which are sorely needed, in light of the situation with our federal government. We find the following points particularly objectionable:

Guaranteed Return and Non By-Passable Surcharges

In order for a monopoly to have guaranteed returns, a group of customers must be forced to pay for the investments regardless of whether they are needed or how well they operate. What citizens choice will be sacrificed so that they are no longer customers with a choice, but rather become real "rate payers" subjected to the monopoly's will? Specifically, the Bill includes stranded costs and non-by-passable surcharges which means that even a customer who leaves the monopoly must pay to exit. We've been here before and paid \$1 Billion for the right to have free choice in our energy supply.

Floor Rate of Return

This Bill stipulates a floor rate of return on assets equal to the FERC rate of return (ROR) on transmission rate base. Note transmission rate base averages 1.5%-2.0% higher than the state PSC-approved ROR. As such, this would legally usurp the PSC's authority to set any rate of return on these assets that is lower than the FERC approved ROR, in which the PSC has no input. This is a particularly audacious request illustrative of a monopoly's intent to charge more and remove customer choice.

In conclusion, we do not support HB 1561. If the monopoly utility wishes to engage in electric generation and storage asset investments, they should be free to do so with the same rules as everyone else and in no way provided rates of return and guarantees that are forced upon their customers.

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