



Position Statement

UNFAVORABLE

Environment and Transportation

3/3/2026

House Bill 723 – Electric Companies - Cost Containment Plans - Requirement (Securing Affordable, Valuable Investments in Next Generation Grid Solutions (SAVINGS) Act

Baltimore Gas and Electric Company (BGE) *opposes* **House Bill 723 – Electric Companies - Cost Containment Plans - Requirement (Securing Affordable, Valuable Investments in Next Generation Grid Solutions)**. *House Bill 723* requires electric companies to develop detailed cost containment plans beginning in 2027 and every three years thereafter. These plans must incorporate advanced transmission technologies, automated load management, demand flexibility, distributed energy resources, and non-wires alternatives. The bill also allows the Public Service Commission (Commission) to approve, conditionally approve, or deny these plans and to impose penalties if prescribed load-reduction targets are not met.

First, House Bill 723 adds several overlapping requirements that appear to duplicate and potentially work against existing regulatory frameworks. This kind of redundancy can lead to unnecessary expense and administrative burden, which ultimately undermines the bill's purpose. To provide appropriate context it is important to recognize that Maryland already has several mandatory interrelated regulatory frameworks governing electric system planning. The key milestones are outlined below:

- **2017-2021:** Commission initiated (PC44)- Distribution Planning Workgroup focused on modernizing the grid and advancing distributed energy resources (DER), electric vehicles (EV), and distribution-level planning.
- **2022:** Climate Solutions Now Act establishes new distribution-planning goals and directs the PSC to conduct a statewide electrification and system-capacity study.
- **2023:** PSC issues the first Annual Distribution Planning Report required under CSNA
- **2024:** DRIVE Act establishes requirements for impacting system planning through DER, V2G and time of use rates requirements
- **2024:** Electric System Planning Act (HB1393) shift from distribution planning to comprehensive electric system planning.
- **July 2024:** PSC issues the DRIVE Act implementation order

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's largest energy delivery company.

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- **November 2025:** The new Electric System Planning regulations (**COMAR 20.50.15**) take effect, formalizing the ESP process and associated reporting.
- **December 2025:** PSC publishes the first **Annual Electric System Planning Report** under the updated framework.
- **2026:** Utilities begin participating in the inaugural **Annual Electric System Plan Technical Proceedings** as required by COMAR.

The bill disregards the fact that the Commission has already completed a comprehensive overhaul of the electric system planning process and overlooks years of collaborative work with key stakeholders, *including the Office of People's Counsel, Commission Staff, electric utilities, Advanced Energy United, and multiple consumer advocates*. After countless meetings, technical work sessions, and negotiated compromises, the Commission finalized and implemented major electric system planning regulations in COMAR 20.50.15, which only became effective on **November 24, 2025**. The ink is barely dry on these regulations, yet *House Bill 723* attempts to reopen and rewrite the very processes stakeholders just spent years putting in place.

Currently, utilities are embarking on the **first round** of Electric System Plan Technical proceedings, where utilities will present their electric system plans (ESP) to stakeholders for feedback and further refine them before publishing our final plan. The plans include the planning criteria, forecasting methodologies, load and DER forecasts, reliability metrics, and capacity analysis. During the technical conference, stakeholders evaluate and question progress towards the established goals such as GhG reductions, DER integration, energy storage adoption, prioritization of vulnerable communities, solutions (traditional and non-wired solutions) to address voltage or capacity issues and meeting load growth and provide feedback and proposals of their own. Complying with the proceeding's requirements will incur significant costs-the Maryland utilities estimate compliance with the initial round of regulations proposed in this proceeding will cost \$99 million total - and comes before utilities have even begun presenting the actual plans or considering stakeholder feedback and suggestions. The bill sidesteps this transparent, collaborative effort and instead creates a parallel framework that is redundant.

Second, the bill requires utilities to deploy certain grid modernizing technologies that are already required under existing statutory mandates. For instance:

- **Pg. 4, line 25-27** require including description of electric system constraint solutions[...]including non-wired solutions and distributed energy resources integration that is included in the electric system plan.

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- **Utilities are not authorized to own generation, which would address system constraint. Additionally, we are actively pursuing distribution-level connected storage at the PSC.**
- **Pg. 5, lines 5:** description on use of demand flexibility, and automated load management technologies
 - **Required under the DRIVE Act, which BGE is utilizing in the development of our virtual power plant proposal.**
- **Pg. 5, Line 12:** Requires a description on how utilities are coordinating electric distribution system investments with electric transmission system planning in the PJM region.
 - **Currently under consideration in the PSC Energy Storage Workgroup.**

Third, *House Bill 723* requires utilities to achieve a 20% reduction in peak load by 2030. However, utilities need clarity, stability, and alignment across policy and regulatory directives. The Climate Solutions Now Act of 2022 (Chapter 38), Electric System Planning of 2024 (Chapter 540), and the DRIVE Act of 2024 (Chapter 476) necessitated changes to the electric system planning. However, as written, the bill creates areas of misalignment. While both this bill and the DRIVE Act support grid modernization, this bill establishes a **system-wide 20% peak-demand reduction requirement**, which directly conflicts with the DRIVE Act's **2% peak-reduction cap** for Electric Distribution System Support Services pilots. This bill is not aligned with the DRIVE Act, and this misalignment creates the potential for duplicative and conflicting requirements that would impose significant administrative and operational burdens without corresponding customer benefits. This bill further conflicts with DRIVE, which explicitly limits the scales of distributed energy resources (DER)-based on peak reduction, while this bill would require very large reductions that the DER pilots cannot achieve. The bill would create mismatch resource planning by requiring DERs and non-wired alternatives to be evaluated as cost-containment tools at system scale while DRIVE frames DERs pilots as supplemental grid support services not a substitute for infrastructure.

The bill's requirement to reduce peak load by 20% by 2030 is fundamentally flawed because it relies on measures that are not designed to produce that level of peak reduction. For BGE, which serves more than 1.3 million customers, meeting this target would require reducing approximately 1.3 gigawatts of peak demand. A reduction of this magnitude is unworkable. Customers will not voluntarily reduce their own consumption by 20% without extremely large financial incentives, which would undermine affordability. In addition, rapidly deploying the types of technologies contemplated in the bill at this scale would be cost-ineffective and face

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significant siting and permitting challenges. The solution to meeting growing demand is not to suppress consumption but to increase energy supply and system capacity in a responsible and strategic manner.

Substantively, the bill also rests on unrealistic assumptions about the capabilities and cost effectiveness of certain technologies. It assumes that non-wires solutions, flexible interconnection, and advanced transmission technologies can reliably lower system costs. In reality, these approaches often require much higher investment than traditional infrastructure and have significantly shorter useful lives. For example, a 3megawatt battery costing 5 million dollars with a 15-year service life is unlikely to be less expensive than a wire based solution that can operate for 50 to 75 years. The bill further assumes that distribution level tools can adequately address transmission level needs, which is inconsistent with engineering practice. Achieving the equivalent benefit of a single transmission project would require hundreds of separate distribution level projects, each with its own siting, permitting, interconnection, and cost implications. The cumulative burden of those projects would far exceed that of building one appropriately sized transmission level upgrade.

BGE is committed to working collaboratively with policymakers and regulators, but *House Bill 723* represents a step backward, not forward. It undercuts ongoing regulatory processes, ignores technical feasibility, and imposes mandates that are at odds with the State's own recent decisions. Moving in this direction disrupts, rather than strengthens, Maryland's energy planning framework.

For these reasons, BGE respectfully requests an unfavorable report on *House Bill 723*.

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