



Bill: **House Bill 1561 - Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)**

Committee: **Environment and Transportation**

Date: **March 10, 2026**

Position: **Unfavorable**

The Apartment and Office Building Association (AOBA) of Metropolitan Washington is a nonprofit trade association representing the owners and managers of more than 23 million square feet of commercial office space and 167,000 apartment rental units in Montgomery and Prince George's counties. AOBA submits the following testimony in opposition to House Bill 1561.

HB 1561 would allow investor-owned utilities to construct, own, and operate generation facilities and recover the costs of those projects directly from ratepayers through regulated charges. This proposal represents a significant shift away from Maryland's long-standing competitive electricity market structure.

Allowing utilities to rate-base power generation transfers financial risk from private investors to Maryland ratepayers. Under the bill, utilities could recover all prudently incurred costs plus a guaranteed return, even if projects experience cost overruns, operate less frequently than expected, or ultimately become unnecessary. In contrast, under the current competitive market structure, developers bear the financial risk associated with building and operating power plants.

Maryland restructured its electricity market in 1999 specifically to separate competitive generation from regulated transmission and distribution services. This policy has helped encourage competition and protect consumers from the financial risks associated with large generation investments. Analyses of Maryland's competitive electricity market show that consumers have benefited significantly from competition. For example, studies estimate that Maryland customers would have paid more than \$11 billion in additional electricity costs over the past 15 years if retail rates had grown at the same pace as vertically integrated markets.¹

¹ <https://www.allianceforcompetitivepower.org/s/Competitive-Power-Benefits-for-the-State-of-Maryland>

At the same time, increases in electricity bills in Maryland have largely been driven by rising transmission and distribution costs rather than the cost of power generation itself.² Reintroducing regulated utility generation risks undermining these benefits. Utilities operate under a regulated “cost-plus” model that guarantees recovery of capital expenditures and provides a return on equity tied to their rate base. This model inherently rewards increased capital spending and reduces incentives to control costs.

Allowing utilities to build and rate-base new generation assets could encourage excessive spending and increase electricity bills for Maryland consumers. While ensuring reliable and affordable electricity is an important goal, HB 1561 would move Maryland away from a competitive electricity supply market that has protected consumers for decades. Allowing utilities to build and rate-base new generation would shift risk to customers, weaken competition, and likely increase energy costs over time.

For these reasons, AOBA urges an unfavorable report on House Bill 1561. For more information, please contact Brian Anleu at banleu@aoba-metro.org.

² https://powerlines.org/wp-content/uploads/2025/04/PowerLines_UTILITY-BILLS-ARE-RISING_2025-1.pdf