



March 10, 2026

MAREC ACTION TESTIMONY HB1561: UNFAVORABLE

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

MAREC Action (informally, “Mid-Atlantic Renewable Energy Coalition”) writes in strong opposition to HB1561 which would upend the competitive market for electricity generation and raise consumer costs at the exact time Maryland needs to be drawing new power plant investments and stabilizing prices. MAREC Action is a Maryland-based coalition of over 50 utility-scale solar, wind, and battery storage developers and manufacturers dedicated to the growth and development of renewable energy across the PJM grid region.

Unfortunately, as I will explain, this legislation would empower monopoly utilities at the expense of ratepayers, under the guise of solving the growing disparity between the supply and demand of electricity, as well as very real barriers to new Maryland power plant deployment.

In short you should oppose HB1561 because:

- Maryland has a reliable electricity supply today and competition can keep it that way at least cost for ratepayers.
- There are real barriers to power plant development, but utility ownership of electricity generation papers over the problem with ratepayer dollars rather than addressing core issues of interconnection cost and incentive reform.
- Affordability is paramount, and costs will continue to rise if the risks of power plant project development are shifted to Marylanders.
- Existing Maryland energy policies, like the Next Generation Energy Act, are working well to attract more private investment to the state.

I understand the rationale for this legislation is grounded in worries that Maryland will not have enough electricity supply to meet demand.¹ There IS an emerging electricity supply-demand imbalance, driven by a combination of factors, namely 1) retirement of aging and inefficient power plants exceeding the deployment of new capacity, 2) a dramatic increase in projected electricity demand, primarily due to data centers and AI, and 3) significant revisions to resource accreditation (especially for gas and solar) by PJM in response to Winter Storm Elloitt and a shift of PJM from a summer peaking to winter peaking system. The fact remains that Maryland’s electricity supply is currently reliable, and competitive markets provide the most efficient solution to future reliability needs.

MAREC’s member companies are the businesses that currently compete to deliver new power plants, and we fully agree that there are real barriers to deployment of new energy

¹ <https://marylandmatters.org/2025/11/03/exelon-power-plant-regulated-generation/>



resources. High costs to plug into the power grid (otherwise known as interconnection), high land costs, and comparatively low incentives for new generation (through the state’s Renewable Portfolio Standard) are among the factors that make Maryland less competitive for private power plant investment relative to other states in the region. These barriers exist for competitive developers and regulated utilities alike, so this legislation would simply allow monopoly utilities to throw ratepayer money at the problems.

Utility ownership of generation would shift the risks associated with new power plant investments to Maryland ratepayers and away from private investors, who carry the risk in today's competitive market. Currently, a competitive developer must carry the risk and expense of all development and construction costs until the point at which that project is generating electricity. A competitive developer only earns profits when they can find the right business opportunity, if they make a bad investment those funds are lost. If a competitive project doesn’t pencil out somewhere along the way (say, if interconnection costs come back too high), the developer will cut their losses and pull the plug on a bad investment—all before Marylanders pay a dime.

In contrast, under HB1561, a monopoly utility would keep powering through, charging ratepayers to pay for expensive interconnection upgrades, to compensate for supply chain disruptions, or to appeal a rejected permit in court. Specifically, the legislation authorizes a utility to “recover all of the prudently incurred and verifiable costs incurred...in constructing, acquiring, owning, or leasing and operating the generating facilities plus a reasonable return”. Said plainly, this means a utility would be guaranteed (by the ratepayers!) a profit margin on top of all expenses associated with developing, building, and operating a power plant. The legislation goes on to say that these recoverable costs include “acquisition, design, siting, permitting, construction, operation, maintenance, taxes, fuel, labor, cash working capital and other carrying costs...[as well as] expenses or costs of investments that become stranded for any reason.”

If this bill were to pass, those inequities would eliminate competition and private power plant development in Maryland. There is no way for a private developer to match the guaranteed profits that a utility would have access to. As MAREC and our members have seen in monopoly utility states, once a utility is granted these advantages it is very hard to unwind them and utilities are further empowered to influence legislation on energy issues because they possess unmatched access to technical data.

The good news is that competition and well-designed policies are working to deploy more energy resources in Maryland. Just this week, the Maryland Public Service Commission announced they received five bids, totaling 1,375 megawatts, of transmission-connected energy storage capacity pursuant to last year’s Next Generation Energy Act². These are the kind of projects that will make a real dent in the supply/demand imbalance, particularly during periods of peak demand. Ultimately the PSC will only select the best subset of these projects, those that

² <https://www.pscmaryland.com/news/2026/maryland-psc-receives-5-transmission-connected-energy-storage-applications-under-the-next-generation-energy-act/>



are the best deal for ratepayers. The procurement was successful in attracting robust, competitive bids because it established a regionally-competitive incentive that will help developers overcome deployment barriers. Ratepayers can feel confident these are the right incentive levels (in contrast to a fixed profit margin given to utilities by HB1561) because prices were discovered through a competitive process. Even still, these projects won't see any ratepayer funding until they come online.

We urge the legislature to keep your focus on efforts like the Next Generation Energy Act (or this year's Affordable Solar Act) that make Maryland project development more cost-competitive with other states, including through reforms that right-size renewable energy incentives and expand the capacity of our state's electric grid to integrate more in-state generation projects.

I thank the Committee for your close consideration and ask that you take an unfavorable position and swiftly reject HB1561. Unfortunately, even the hearing of this legislation becomes a risk factor that investors will take into account as they consider future Maryland energy projects. At your convenience, I would be happy to answer questions about how competitive clean energy project developers are showing up in Maryland and what the legislature can do to ensure competition continues to deliver wins for ratepayers.

Best regards,

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