

## Written Testimony to the Maryland House Energy and Transportation Committee

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

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Position: Informational

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Dear Chair Korman, Vice Chair Guyton, and Members of the Committee,

Thank you for the opportunity to submit this written testimony.

### Introduction

I am an energy economics consultant at Charles River Associates (CRA), a leading global consulting firm. I have worked at CRA for over 18 years, leading numerous engagements analyzing energy markets, policies, and investments for a wide range of clients. I have worked extensively on issues pertaining to the PJM region and have deep expertise in resource adequacy topics.

In February 2026, I co-authored a study titled “*Utility-Owned Generation as a Solution: An Analysis of Economic & Reliability Impacts of Increased State-Regulated Generation in PJM Delivery Year 2028/29*,” available at this [link](#).<sup>1</sup> I submit this informational testimony to share the study’s findings, which I believe are directly relevant to the Committee’s deliberations on the future of energy supply in Maryland.

The findings presented here are based solely on publicly available data, independent research, and our analysis using power sector models. This testimony is not intended, and should not be interpreted, as advocating for any specific legislative outcome. The opinions expressed herein are solely my own and are not intended to represent the positions of Charles River Associates, my co-authors, or any entity for which CRA has performed work.

### Background: A Rapidly Changing PJM Market

Maryland is part of the PJM Interconnection (PJM), the largest wholesale electricity market in the United States. The challenging generation supply conditions PJM faces have significant implications for Maryland customers' electricity affordability and reliability. For much of the past two decades, PJM operated with surplus generation and modest demand growth, keeping electricity prices relatively low. That dynamic has fundamentally changed. PJM's 2026 Load Forecast Report projects that peak demand will grow from 153 GW to 222 GW over the next decade, a 3.6% annual growth rate, compared to roughly 0.7% over the last decade.

New supply is not keeping pace. The two most recent PJM capacity auctions cleared at administrative price caps, signaling scarcity. The 2027/28 auction cleared short of PJM's reliability requirement by over 6 GW. Market signals alone have not induced timely or sufficient new entry.

### Study Approach and Findings

Considering this expected capacity shortfall in the current market construct, our study aimed to evaluate the economic and reliability impacts of increased state-regulated generation in PJM, looking at the PJM Delivery Year 2028/29 period (June 2028 to May 2029). Our study evaluated two scenarios: 1) a **Business as Usual (BAU)** case reflecting the most likely real-world trajectory, and 2) a **Planned Utility Resources (PUR)** case in which utilities had developed additional state-regulated

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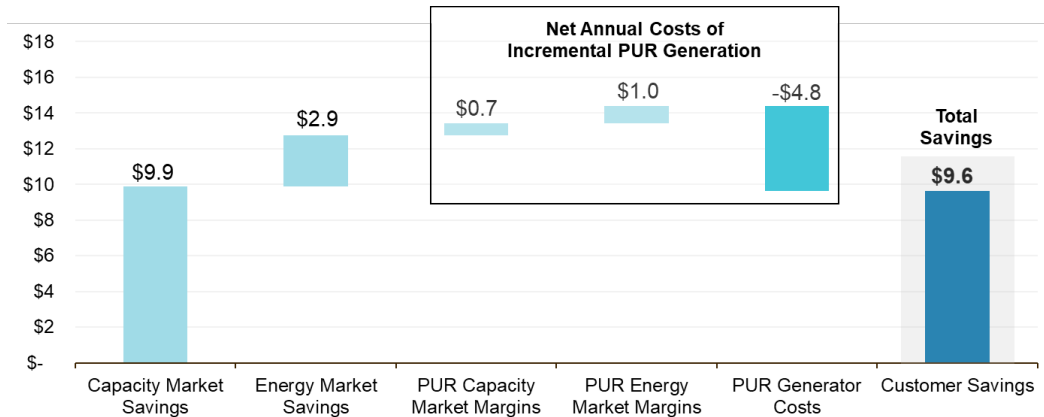
<sup>1</sup> <https://www.crai.com/insights-events/publications/utility-owned-generation-as-a-solution/>. Study commissioned by Exelon.

generation and energy storage under state oversight in advance of emerging reliability challenges stemming from generation shortfalls.

The results across three dimensions were striking:

- **Affordability Benefits:** The PUR case delivers between \$9.6 billion and \$20.0 billion in electricity supply cost savings for PJM customers in a single delivery year, depending on whether FERC accepts the proposed price collar extension. Capacity costs fall drastically as additional accredited supply relieves market scarcity. Wholesale energy costs decline as newer, more efficient resources displace older, higher-cost units. These savings far exceed the estimated net annual cost of the incremental generation.

#### Net Costs/Savings of Planned Utility Resources (PUR), Low Case, \$ billion



- **Reliability Improvements:** The PUR case reduces Expected Unserved Energy (EUE), demand that cannot be met due to insufficient generation, by 85% (398 GWh). This can translate to over \$10 billion in reliability benefits. Critically, under higher-risk conditions such as extreme weather or elevated generator outages, the difference between the two cases is even more pronounced. In the BAU case, there is a 75% probability that annual unserved energy exceeds 200 GWh; in the PUR case, that probability falls to just 3%.
- **Policy Alignment:** State-regulated resource planning enables utilities to develop resources aligned with state storage targets and policy objectives. These goals are not forecasted to be achieved in the BAU case.

#### State-Regulated Generation Complements the Market

There are meaningful barriers to timely market-driven investment: capacity market commitments of only one year create revenue uncertainty for long-lived assets; supply chain constraints and interconnection timelines lengthen development schedules; and environmental and regulatory policy uncertainty dampens investment appetite.

State-regulated utility generation provides a complementary development mechanism. Utilities, through close engagement with local customers and regulators, can anticipate localized load growth and plan ahead. The regulated cost-recovery framework provides long-term revenue certainty that enables development of capital-intensive resources with higher reliability value. Structured planning processes also allow regulators to explicitly manage the asymmetric risks of under-procurement - where the costs of shortfalls, whether through extreme price spikes or power outages, can substantially exceed the costs of modest over-procurement.

#### Relevance to Maryland

While the study evaluated the entire PJM region, Maryland customers are directly exposed to PJM capacity and energy prices, as well as unreliability stemming from shortages. The scarcity conditions modeled in our BAU case will affect electricity bills and reliability outcomes for Maryland households and businesses. Our study demonstrates that, in this environment, expanding the role of state-regulated utility generation has the potential to materially reduce supply costs and improve reliability.