March 3, 2026

112 West Street
Annapolis, MD 21401

Oppose – House Bill 723- Electric Companies – Cost Containment Plans – Requirement (SAVINGS Act)

Potomac Electric Power Company (Pepco), and Delmarva Power & Light Company (Delmarva Power) oppose **House Bill 723 – Electric Companies - Cost Containment Plans - Requirement (Securing Affordable, Valuable Investments in Next Generation Grid Solutions**. House Bill 723 requires electric utilities to submit a cost containment plan to the Public Service Commission (PSC) by January 1, 2027. Among other requirements, the plan must combine to reduce the utility's peak electric system load by at least 20% from 2025 levels by 2030.

House Bill 723 mandates a 20% reduction in peak load by 2030. For Pepco and Delmarva Power, this represents nearly 950 megawatts of capacity—over 740 MW for Pepco Maryland and more than 210 MW for Delmarva Power. To put this in context: A single 1 MW of capacity can serve 400 to 900 homes. Meeting this target with battery storage alone would require enough batteries to serve the equivalent of 380,000 to 855,000 customers. This is not a targeted or needs-based investment. It is a blanket requirement that ignores actual system conditions and engineering constraints. Just the battery units themselves would cost an estimated $492 million, not including: Land acquisition—which is both limited and expensive in our Maryland service territories, Interconnection upgrades, Site development, or Ongoing operations and maintenance.

It is also important to note that these batteries must be charged through the PJM wholesale market, adding further cost. And because PJM—not the State—controls transmission system dispatch, even new distributed energy resources cannot be directed by Maryland for its specific peak-reduction goals. This requirement forces utilities to build major rate-base assets without any demonstrable capacity need or justification—a concept fundamentally misaligned with cost-effective planning principles.

This legislation assigns the Public Service Commission and stakeholders responsibility for reviewing and approving complex cost-containment plans. While the Commission is a skilled regulator, neither the Commission nor the stakeholder community possesses the highly specialized engineering and utility planning expertise required to evaluate or approve such plans. This creates a risk of technically flawed or conflicting directives. House Bill 723 imposes significant punitive measures—including fines, return-on-equity reductions, and the potential to deny cost recovery—if utilities fail to meet the unattainable 20% peak-reduction mandate.

These provisions introduce substantial financial risk during a period when utilities are already undertaking major transformations to meet existing state requirements. The bill also conflicts directly with the State's newly adopted electric system planning regulations under COMAR 20.50.15, which took effect November 24, 2025, following three years of intensive work among utilities, State agencies, and stakeholders.

Utilities are already required under COMAR to submit Annual Plan Updates and full Electric System Plans; House Bill 723 creates duplicative and conflicting requirements. Cost Containment Plans were never contemplated in the Electric Distribution System Planning Work Group and are not part of the new COMAR framework. The bill requires utilities to identify capital project deferrals not aligned with COMAR 20.50.15.03 or .04. It also requires inclusion of "investments from other filings," without explaining how these would both avoid costs and improve reliability and resilience—two conflicting objectives.

Finally, it is critical to recognize that Maryland does not have jurisdiction over bulk transmission assets. PHI's transmission system is operated entirely under PJM authority. Even if PHI invested in sufficient distributed resources to theoretically achieve a 20% reduction, the State cannot require how or whether those resources are dispatched.

PHI supports Maryland's clean energy and affordability goals and is committed to continued collaboration with policymakers and regulators. However, House Bill 723 imposes technically unworkable mandates, creates major unfunded obligations, and conflicts with the State's newly established regulatory framework. For these reasons, we respectfully request an unfavorable report on House Bill 723.

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