



Maryland

Energy Administration

TO: Chair Chair Korman, Vice Chair Guyton, and Members of the Environment and Transportation Committee

FROM: MEA

SUBJECT: SB 270 - Public Service Commission - Full Costs and Benefits Analysis of Sources of Electricity Generation

DATE: April 2, 2025

MEA Position: LETTER OF OPPOSITION

Senate Bill 270 mandates the Public Service Commission (PSC) to conduct a specific cost-benefit analysis of electricity generation sources in Maryland.

MEA has concerns with the bill's proposed Levelized Full System Cost of Electricity (LFSCOE) model. LFSCOE has no bearing on energy policy design or project development and is not widely accepted by energy policy professionals. LFSCOE is based on an unrealistic set of circumstances, it assumes that an entire electric system can be served by a single generation technology, paired with energy storage to meet demand at all hours. This does not reflect how modern electric grids are planned, operated, or financed. No utility, state, or regional transmission organization would ever meet its load using the energy mix specified.

While varied evaluations can be valuable, this bill prioritizes short-term financial costs while failing to adequately consider critical factors such as environmental sustainability, public health impacts, and market conditions, such as fluctuating global fuel prices, limited pipeline capacities, and long build timelines. This model would result in a flawed analysis and would not incorporate positive societal benefits associated with clean energy, such as carbon emissions, air quality degradation, and associated public health risks.

Maryland has made significant progress in reducing greenhouse gas emissions through policies such as the Clean Energy Jobs Act and the Climate Solutions Now Act. This bill risks undermining these efforts by using a narrow cost-analysis model that does not account for the broader benefits of clean energy. Fossil fuel-based energy sources contribute significantly to climate change and air pollution, and are not as readily deployable as other forms of energy to lower energy costs for Maryland ratepayers.

Furthermore, the bill fails to acknowledge the long-term economic benefits of renewable energy investments, including job creation in the offshore wind and solar industries, reduced healthcare costs, and insulation from fossil fuel market volatility. Given the current global energy landscape, where fossil fuel markets are increasingly volatile due to geopolitical conflict and supply chain disruptions, Maryland ratepayers are at risk of being exposed to price spikes that are entirely outside of state control. In

contrast, local clean energy sources such as wind and solar, coupled with storage, offer a fundamentally different cost and development structure. They provide long-term price certainty and act as a hedge against the volatility of fossil fuel markets. Ignoring these factors skews the analysis in favor of short-term fossil fuel interests.

Maryland's commitment to achieving its energy and environmental goals remains a priority. SB 270 introduces unnecessary obstacles to this goal by promoting an incomplete cost evaluation that disregards the full impact of energy generation.

For these reasons, MEA urges the committee to issue an **unfavorable report**.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Landon Fahrig, Legislative Liaison, at landon.fahrig@maryland.gov or 410.913.1537.