



## Position Statement

Support  
Environment and Transportation  
3/10/2028

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

Baltimore Gas and Electric (BGE) supports *House Bill 1561 – Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)*. *House Bill 1561* authorizes the Public Service Commission (PSC) to direct regulated utilities to develop new renewable generation and transmission battery storage assets when needed to strengthen reliability and affordability.

Additionally, *House Bill 165* establishes consumer protections to ensure that ratepayers are not adversely affected by utility-owned generation. Under this bill, the PSC may direct utilities to develop renewable energy or battery storage only when necessary to address resource adequacy concerns or to stabilize energy prices. Furthermore, before a utility is required to comply with an order to construct, acquire, lease or operate generation assets, safeguards must be met to protect ratepayers from rate impacts resulting from project terms that could weaken the company's credit metrics.

BGE supports *House Bill 1561*, which would allow regulated utilities to own generation assets as a way to strengthen and complement ongoing efforts to address the State's energy crisis.

### **Tales of two deregulated States: Maryland and Virginia**

In 1999, Maryland policymakers enacted the *Electric Customer Choice and Competition Act*, restructuring the state's electric utility model and opening the generation market to competition. At the time, the goal was straightforward: to introduce more energy suppliers into the marketplace to drive affordability through competitive pressure.

To achieve this restructuring, Maryland encouraged its utilities to fully divest their generation assets, and most did, which fundamentally changed the generation landscape in Maryland and left the state's electric supply entirely to the forces of an unregulated wholesale market. For more than 25 years, this model has allowed multiple independent power producers as well as retail suppliers to participate in Maryland's energy economy, expanding consumer choice and fostering innovation. However, it has also meant that electricity generation, and even more importantly the electricity prices paid by customers,

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's largest energy delivery company.

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are largely left to the whim of market conditions, subject to volatility in fuel costs, infrastructure constraints, and wholesale price fluctuations.

By contrast, Virginia pursued a more balanced and deliberate path. Under the 1999 Virginia Electric Utility Restructuring Act, the state deregulated generation but explicitly prohibited its State Corporation Commission (SCC) from requiring utilities to divest their power plants, ensuring that incumbent utilities retained generation assets and the operational stability that comes with them. This policy choice has delivered concrete benefits to Virginia customers. The average residential electricity rate in Virginia is approximately 15.41¢ per kWh as of May 2025, compared to a national average of 17.47¢ per kWh, placing Virginia roughly 19% below the national average.<sup>1</sup>

Virginia's cost advantage was visible particularly in more recent years when PJM wholesale prices spiked in 2024. Dominion Energy customers experienced only about a \$2 increase, while BGE customers faced the largest increases of up to \$20 per month. This reinforces an important point: by maintaining utility-owned generation rather than forcing divestiture, Virginia insulated its residents from market volatility that Maryland customers directly absorb. Virginia's more balanced structure has consistently produced lower and more stable rates for its residents.

**These differing approaches translate into real dollars on customer monthly bills, creating a cost burden that Maryland customers must now grapple with.**

### **Current Energy Landscape**

Maryland's generation shortfall is now a full-fledged reliability crisis. Generation additions have been "*dwarfed by their retirements.*"<sup>2</sup> Since 2018, the state has retired roughly 6,000 MW of thermal generation while adding only about 1,600 MW of new capacity - a staggering 4,400 MW net loss in less than a decade. With Maryland and D.C. combined having only ~10,898 MW of installed capacity, the state has effectively lost about 40% of its in-state generation base.

For three consecutive years, PJM capacity auctions have cleared at the price cap, about \$333/MW-day, which is driven by shrinking supply, accelerating retirements, and surging demand from electrification and data centers. Reserve margins have already dipped below PJM's reliability targets, meaning customers are paying more while reliability erodes. The newest results show the situation worsening. For the 2027/28 delivery year, PJM's reserve margin dropped to 14.9%, more than five points below its

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<sup>1</sup> [Electric Power Monthly - U.S. Energy Information Administration \(EIA\)](#)

<sup>2</sup> Jason Stanek, PJM Briefing before Maryland Education, Energy, and Education Committee on January 29, 2026.

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20% target. This was the first time the entire region failed to meet its reliability requirement and leaving a 6,625 MW shortfall. Accordingly, PJM now acknowledges the gap, urging states to “help bring new generation resources onto the system as soon as possible,” a clear concession that merchant developers alone cannot deliver the scale or timing of new generation needed to stabilize the grid.

In response to the growing need for reliable energy solutions, the State enacted the **2025 Next Generation Act** to incentivize new generation development and call for more than 3,000 MW of additional capacity. While this was an important step forward, the response from the market fell significantly short of the State’s goals. In total, only **five** (5) proposals were submitted, and only 2 projects for dispatchable generation remain as of today. The projects, which are gas-fired power plants, are projected to bring a total of **714 MW** online. So, of the 3,000 MW need that was solicited for by the State, only 714 MW remain. Altogether, the State received less than half of the capacity it set out to procure, *underscoring the urgency for additional tools and policies that can drive meaningful investment and ensure long-term reliability.*

### **The Solution: Renewable Generation and Transmission-Level Battery Storage Would Help Rebalance Maryland’s Energy Market**

Regulated generation, focused on renewable generation such as community solar and transmission-level battery storage, is an additional direct, accountable, and affordable path that complements the existing framework. *House Bill 1561* would authorize public utilities to build new, affordable energy supply under strict public oversight, prevent power outages by shoring up reliability, while placing downward pressure on prices. Recent analysis conducted by Charles River Associate<sup>3</sup> found that allowing utilities to generate power could save customers across PJM’s footprint between \$9 billion and \$20 billion. The risk of load shedding caused by supply shortages falls by 85% with the addition of utility-owned generation. Finally, *House Bill 1561* provides a more diverse resource portfolio for Maryland that is better aligned with state policy, including over 6 GW of additional transmission-level battery storage capacity.

#### *Utility Success with Solar and Storage*

Utilities are better positioned to navigate siting, permitting, interconnection, and financing at speed, which is precisely what is needed to close the supply-demand gap created by rapid retirements and surging load.

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<sup>3</sup> [Utility-Owned Generation as a Solution | Reports | CRA](#)

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Energy storage is a core part of BGE's commitment to advancing Maryland's clean-energy and decarbonization goals. Encouraging utilities to own new renewable generation and transmission-level battery storage would strengthen these efforts by supporting renewable integration, reducing dependence on fossil-fuel peaking plants, and meeting rising demand from electrification. BGE has already delivered two distribution-level battery storage projects, including in Chesapeake Beach, improving reliability for more than 9,000 customers and avoiding other major infrastructure investments. These projects, completed under the state's Energy Storage Pilot Project Act, demonstrate how strategically deployed storage can deliver immediate customer benefits. BGE has also proposed 29 MW of new distribution-level storage under the Next Generation Energy Act, with an additional 58 MW distribution-level battery storage proposal scheduled for 2026, better ensuring reliability during extreme weather and reducing strain in capacity-constrained areas.

To maximize the value of storage investments and to contribute more fully to solving Maryland's resource adequacy challenge, BGE also urges the General Assembly to allow utilities to develop and own community solar projects. BGE has a long history of serving low- and moderate-income customers and is well positioned to expand equitable access to clean energy. Our experience includes projects such as the 155-kW solar array at the Spring Gardens facility, which generates roughly 206,000 kWh annually and reduces facility demand on the grid. Allowing utility participation in community solar would build on this progress and enable BGE to deliver low-cost, reliable clean energy to the customers and communities that need it most.

We recognize that amendments to House Bill 1561 are forthcoming, and we remain committed to working collaboratively with the bill sponsor and all stakeholders to refine and strengthen the legislation. BGE respectfully requests a favorable Committee report on House Bill 1561.

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