

KUMAR P. BARVE
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PUBLIC SERVICE COMMISSION

Chair Marc Korman
Environment and Transportation Committee
250 Taylor House Office Building
Annapolis, MD 21401

RE: HB 1404– Information – Public Utilities - Energy Generation and Transmission

Dear Chair Korman and Committee Members:

The Public Service Commission (“the Commission”) appreciates the opportunity to provide this informational testimony for HB 1404. HB 1404 requires the Public Service Commission to require one or more electric companies to develop and submit to the Commission a resource adequacy plan, should the Commission determine there is insufficient resource adequacy in the State or a price stability event has occurred. Subsequently, the Commission may require or allow an investor-owned electric company to construct, acquire, own, or lease and operate its own generating facilities and the transmission facilities necessary to interconnect the generating facility with the electric system. Further, HB 1404 makes changes to pricing structures and revenue treatment for storage projects participating in the Commission’s front-of-the-meter (“FTM”) transmission energy storage procurement.

The state of Maryland is considered a de-regulated state with regards to electric generation. Currently, distribution electric companies are prohibited from owning, building and operating generation facilities. Prior to the passage of The Electric Customer Choice and Competition Act of 1999, both the Commission and the General Assembly investigated the potential costs and benefits of moving to a restructured electric system. Implementation of the transition took place over a number of years.

HB 1404 seeks to reverse this transformation without the benefit of investigating potential costs and benefits to the ratepayers. It is unknown at this time if allowing electric utilities to again own, build and operate will increase or decrease costs to ratepayers. Section 2 of the Renewable Energy Certainty Act (2025) requires the Commission to “conduct a study to establish a process which the Commission may establish power purchase agreements, partnerships between electric companies and electricity suppliers, or other procurement models for electricity generation projects” among other things. The Commission has identified a consultant to conduct this study and anticipates completion of the study as required. This study will provide important information for the General Assembly to consider before returning to a system where electric companies own, build and operate generation facilities.

If the legislature chooses to move forward with HB 1404 without the benefits of the study currently required by the Renewable Energy Certainty Act (2025) the Commission believes amendments are necessary to ensure effective regulatory oversight and additional time to implement. The Public Service Commission appreciates the opportunity to provide this informational testimony for your consideration for bill HB 1404. Please contact the Commission's Director of Legislative Affairs, Niki Wiggins, if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kumar', with a stylized flourish extending to the right.

Kumar P. Barve
Chair, Maryland Public Service Commission