



CLIMATE COALITION
Montgomery County, MD

Testimony on: HB1561- Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)
Committee: Environment & Transportation
Submitting: Karl Held
Position: Unfavorable
Hearing Date: March 10, 2026

Dear Chair Korman, Vice Chair Guyton, and Committee Members:

Thank you for allowing our testimony today on HB1561 – Affordable Energy Act. The Climate Coalition Montgomery County, a group of 20 local organizations whose mission is to lead action on climate change, advance a sustainable and just economy, and build resilience. I urge you to vote unfavorable on HB1561.

The bill requires the Public Service Commission (PSC) to require one or more electric companies to develop and submit a resource adequacy plan (Plan) if the PSC determines there is insufficient resource adequacy in the state or a price stability event has occurred. The Plan must include the electric company’s plans to invest in, operate, and maintain generating or transmission facilities needed to address resource inadequacies or a price stability event. The Plan must prioritize renewable energy and may include the development of both renewable generation and large capacity energy resources. The bill further authorizes the PSC to allow an investor-owned electric company to recover costs and investments from constructing, acquiring, owning, or leasing and operating generating facilities.

While we understand the need for electric resource adequacy in Maryland and appreciate the impact that data center load growth has had on the capacity market and ratepayers, we do not support the bills’ approach to these issues. Maryland deregulated the electric industry in 1999, and in doing so, removed the requirement for integrated resource planning (among other requirements). This bill would take a step back by allowing Maryland utilities to own generation without the benefit of a comprehensive regulatory approach. The HB1561 resource adequacy plan is not comparable to an integrated resource plan in a regulated vertically integrated market.

It is unclear why allowing monopoly utilities to own generation, albeit in a more limited way, would do a better job in addressing resource inadequacy and price instability, than what we already have – especially given the Next Generation Energy Act and Resource Adequacy Planning Act passed last year. Utilities don’t have a special advantage in building new generation and will likely contract out the work. It also opens the door for utilities like Baltimore Gas and Electric (BGE) and Pepco to earn greater profits and rate-base them, at a time when Maryland utilities already earn an outsized return on equity (ROE). The average expected long-term aggregate market ROE is 6.7%; however, Maryland investor-owned monopoly utilities

have an average ROE of 9.7%, despite the fact that regulated monopolies are one of the least risky industries.

In fact, Exelon owned electric generation before they spun off Constellation. Exelon can build generation now, but cannot charge Maryland ratepayers the cost, because their local utilities (BGE, Pepco and Delmarva Power) cannot own generation. Rate-basing the cost of building new generation gives companies a guaranteed rate of return and therefore, an incentive to spend more on the infrastructure thus raising ratepayer impacts.

While the bill purports to prioritize new renewable energy sources and storage, because it allows utilities to build "large capacity resources," it is highly likely that the utilities, like Exelon, would use this provision to build or overbuild on new, fossil fuel generation. There are better solutions to increasing renewable generation, like wind and solar, and energy storage in Maryland, without the considerable risk from new, costly fossil fuel generation, increased utility profits, and higher rates for electric customers.

For these reasons, I urge this Committee to give HB1561 an UNFAVORABLE report.