Timothy R. Troxell, CEcD
Senior Advisor, Government Affairs
301-830-0121
ttroxell@firstenergycorp.com

10802 Bower Avenue
Williamsport, MD 21795

OPPOSE – House Bill 0345

HB0345 – Public Utilities - Solar Energy Generating Systems and Solar Renewable Energy Credits (Affordable Solar Act)
Environment and Transportation Committee
Tuesday, February 10, 2026

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 293,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Maryland, Ohio, Pennsylvania, New Jersey, New York, and West Virginia.

Unfavorable

Potomac Edison / FirstEnergy requests an Unfavorable report on HB-345 – *Public Utilities - Solar Energy Generating Systems and Solar Renewable Energy Credits (Affordable Solar Act)*.

While we strongly support the state's clean-energy goals and continue to invest in the infrastructure needed to integrate renewable resources safely and reliably onto our system, HB-345 introduces a series of costly mandates, operational risks, and regulatory requirements that would ultimately harm customers and undermine the reliability and affordability of the electric grid.

Establishing aggressive new obligations requiring utilities to procure substantial quantities of Solar Renewable Energy Credits (SRECs and SREC-IIs), with annual procurement levels set and continually adjusted by the Public Service Commission (PSC) is concerning. Utilities that fall short of these targets must make mandatory compliance payments, straining utility resources and further increasing the cost of electricity.

The bill also mandates that utilities recover SREC and SREC-II costs through a non-bypassable surcharge applied to every customer bill. This mechanism, combined with escalating compliance costs, will increase electricity rates statewide and place additional financial pressure on households, seniors, low-income customers, and Maryland's business community.

HB-345 also creates a host of new administrative and regulatory requirements for electric utilities, including establishment and management of state-mandated escrow accounts; expanded compliance tracking, verification, and reporting; negotiation of community benefit agreements; and ongoing program adjustments tied to PSC-driven reviews. These new obligations will require additional staffing, system changes, and continuous regulatory engagement – all of which will increase costs to customers at a time when affordability is a top concern. This will also increase compliance risk and make long-term grid planning more uncertain and costly.

4,000 Megawatts of in-state solar by 2035 - paired with new portable solar incentives, new credit classes, and recurring PSC program resets - risks destabilizing Maryland's energy market. Utilities are likely to face cash-flow strain from purchasing credits in volatile markets; competitive displacement by subsidized distributed solar providers; difficulty forecasting system needs due to shifting statutory requirements; and higher long-term costs that will pass through to ratepayers. All these conditions introduce uncertainty at a time when electric utilities must already navigate increasing electrification demands, grid modernization needs, and extreme-weather resilience challenges.

One of our greatest concerns with HB-345 is the operational and safety risks associated with the portable solar provisions. The bill requires utilities to accept growing quantities of ad hoc, customer-owned generation, without proper controls and standards. These systems could introduce serious risks, such as unintended back-feeding during outages, placing line workers and public safety in jeopardy. Frequency synchronization challenges on distribution equipment not designed for irregular intermittent generation could also threaten system stability. While indemnification language could address legal liability, it would not resolve the operational hazards or the infrastructure upgrades needed to accommodate widespread adoption of portable solar systems.

Although framed as an affordability measure, HB-345 includes provisions that effectively constrain large energy users from expanding in Maryland. Limiting procurement flexibility is likely to increase costs, which could lead these capital-intensive industries to invest elsewhere. Predictable, scalable, and affordable energy solutions make the state more competitive and more attractive for these job producing entities.

For these reasons, Potomac Edison / FirstEnergy respectfully requests an <u>Unfavorable</u> report on HB-345. This bill imposes costly mandates, expands regulatory burdens, introduces operational risks, and creates the possibility of market disruption that will ultimately be borne by Maryland's ratepayers. We remain committed to collaborating with the General Assembly, the PSC, and all stakeholders to advance renewable energy in a manner that protects customers, maintains grid safety, and supports a balanced and sustainable energy transition.