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March 10, 2026

Oppose: HB 1561 Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)

Mr. Chair and Members of the Committee:

Maryland LCV Opposes HB 1561 Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act).

HB 1561 would significantly expand the authority of investor-owned electric companies to construct, acquire, own, and operate generating facilities and large-scale energy storage, while guaranteeing cost recovery, including stranded costs, through nonbypassable surcharges and a minimum rate of return.

Although framed as a resource adequacy and affordability measure, **the bill shifts financial risk from shareholders to ratepayers and weakens Maryland's reliance on competitive wholesale markets.** Moreover, while the bill prioritizes renewable resource generation, it allows utilities to build and own gas generation if the PSC determines there is a resource adequacy issue or a PJM capacity price even. **Renewables are the most cost-competitive source of new power generation, but allowing utilities to decide what type of generation to build does not ensure that the lowest-cost and least-polluting resources will be selected. Without clear guardrails, the bill could result in ratepayers financing new fossil fuel infrastructure that risks becoming stranded as Maryland works to meet its climate and clean energy goals.**

Under [§7-510\(c\)\(6\)](#) of the Public Utilities Article, the Public Service Commission already has authority to require or allow utilities to own generation when necessary to meet long-term demand. HB 1561 goes further by creating new triggers tied to PJM capacity market prices and “price stability events”, expanding circumstances under which utilities may enter generation ownership. It guarantees recovery of all prudently incurred costs, including investments that later become stranded “for any reason,” meaning assets that become economically unviable or obsolete before their expected end-of-life (e.g. what is anticipated for gas infrastructure), and ensures a rate of return at least equal to the

utility's FERC-approved transmission return. This structure socializes market risk while privatizing returns.

Maryland participates in PJM's competitive wholesale electricity market, where independent power producers compete to build generation and bear market risk. Allowing regulated utilities to rate-base generation with guaranteed recovery and minimum returns creates an uneven playing field and may crowd out private investment. Independent developers do not receive guaranteed cost recovery or protection from stranded costs. By contrast, HB 1561 would insulate utilities from those risks, potentially undermining competitive procurement and distorting market signals.

For these reasons, Maryland LCV urges an unfavorable report on this bill.