



Maryland Energy Administration

TO: Chair Korman, Vice Chair Guyton, and Members of the Environment & Transportation Committee
FROM: MEA
SUBJECT: HB 1404 - Public Utilities - Energy Generation and Transmission
DATE: March 10, 2026

MEA Position: LETTER OF OPPOSITION

The Maryland Energy Administration (MEA) respectfully submits this letter of opposition for House Bill 1404.

House Bill 1404 would significantly alter Maryland's long-standing competitive electricity market structure by authorizing investor-owned electric utilities and electricity suppliers to construct, acquire, or lease their own generation facilities and associated transmission infrastructure. The bill would also allow utilities to recover the full costs of these investments (including acquisition, construction, financing, fuel, operational costs, and any stranded costs) directly from ratepayers through electric rates or nonbypassable surcharges.

Maryland transitioned to a competitive electricity generation market more than two decades ago in order to separate generation from regulated utility monopolies and to encourage competition that protects ratepayers from bearing the financial risk of generation investments. House Bill 1404 would reverse this framework by allowing utilities to return to owning generation assets while shifting the financial risk of those investments directly onto Maryland ratepayers.

Under the bill, utilities would be permitted to recover all prudently incurred costs associated with utility-owned generation, including fuel costs and investments that may later become stranded. This structure places ratepayers in the position of guaranteeing recovery of potentially billions of dollars in generation infrastructure regardless of long-term market performance or changes in technology, energy demand, or fuel prices. Such a framework significantly increases the risk that customers will be required to pay for assets that may become uneconomic or unnecessary over time.

The bill also introduces the potential for substantial ratepayer impacts by allowing cost recovery through nonbypassable surcharges, meaning that customers would be required to pay these costs regardless of their electricity supplier. This could weaken competitive market signals and increase costs for Maryland households and businesses.

Additionally, authorizing regulated utilities to own generation assets while simultaneously operating within competitive wholesale markets raises concerns about market distortion and reduced

competition. Maryland's current framework has encouraged private investment in generation resources without placing the financial burden of those investments on utility customers. Reintroducing utility-owned generation risks undermining that structure and shifting investment risk from private developers to ratepayers.

While reliability and resource adequacy are critical priorities for Maryland's energy system, solutions should maintain strong protections for ratepayers and preserve competitive market structures that promote cost discipline and innovation.

For the reasons listed above, MEA urges the committee to issue an **unfavorable report**.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Megan Outten, Policy manager, at megan.outten@maryland.gov or 443.842.1780.