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Position: Favorable on HB 1561, Affordable Energy Act



Power for Tomorrow Testimony to the Environment and Transportation Committee in Support of Maryland House Bill 1561 – Affordable Energy Act

Chair Marc Korman and Members of the Committee,

[Power for Tomorrow](#) (PFT) is the nation's leading resource for providing practical research, commentary, and information on the consumer benefits of the regulated electric utility model.

PFT strongly supports HB 1561 because it will result in two critical outcomes: (1) it will enhance grid reliability and (2) it will ultimately protect Maryland's electric customers.

Like most states, Maryland faces rising electricity prices and growing reliability concerns as demand accelerates due to data centers, electric vehicles, and the electrification of many new household appliances and devices. And yet, at this critical moment, the mid-Atlantic grid operator, PJM, is failing in its primary mission: providing affordable, available power.

In December, PJM held an auction for capacity, with the price reaching an all-time high and, more importantly, falling massively short of its reliability requirement: 6.6 gigawatts short, to be exact – that's equivalent to the entire annual residential demand of Maryland.

This market failure at this particular moment is why HB 1561 is so important. If passed, this bill would address the dual challenges of reliability and price head-on by allowing the state's regulated electric utilities to produce and own clean and renewable energy. If passed, the legislation would ease electricity shortages and offer utility customers relief from rising power bills.

Until 25 years ago, when Maryland deregulated electricity generation, the state's regulated electric utilities were allowed to build and own power plants, charge customers for these facilities, and sell the electricity they generated. Once the state deregulated, electricity could no longer be owned or produced by utilities; it could only be generated by independent power producers (IPPs). Maryland then joined the regional PJM market as part of its deregulation effort, seeking lower costs and access to a larger power pool, and, for a while, it seemed to work. But in the last few years, as demand has grown, prices have skyrocketed, and the market hasn't made enough supply available.

HB 1561 is necessary to ensure utilities can account for all the generation that PJM can't produce. Maryland's current market regime incentivizes IPPs to intentionally withhold from building new power plants because doing so would devalue the ones they currently own in the market – to be clear: IPPs' profits rise with higher market prices. And, as a part of the RTO structure, PJM cannot require IPPs to build new generation, even when the grid desperately

needs it to maintain reliability. Because Maryland is unlikely to leave PJM and will therefore remain a market participant, it will continue to be subject to rising electricity prices – unless something changes. HB 1561 is the change customers need.

It will work by allowing the Public Service Commission (PSC) to act when resource adequacy is insufficient or prices spike, and require utilities to add more generation when the grid depends on it. The PSC will have ultimate regulatory oversight to ensure the utilities' investments are prudent. The result will be precisely what is needed in this moment: lower prices for customers and increased reliability in Maryland, as utilities will be incentivized to build more generation and will be subject to least-cost planning oversight by the PSC. HB 1561 is not abandoning PJM – it is creating a state-level solution to remedy market failures.

For those concerned about the bill's feasibility: consider your neighbor to the South, Virginia. It also participates in PJM, but it allows its regulated utility to build and own generation. Because of this structure, Virginia's electricity prices are significantly lower than Maryland's (approximately 30% lower based on 2024 data), despite hosting more data centers than any other state. Virginia has proven that the model outlined in HB 1561 can and will work within PJM and is a viable solution to rising electricity costs.

As the state's policymakers, you have an opportunity to drive toward an immediate, positive solution with HB 1561. This bill will restore balance to Maryland's energy framework by strengthening reliability and promoting clean energy development, all while ensuring utility actions are subject to regulatory oversight. This combination of policies will ultimately bring down costs for Maryland's customers, just as it has in other states where utilities can own and operate generation. Creating this same opportunity in Maryland via HB 1561 is a gift to all customers because it is a thoughtful, customer-focused solution designed to strengthen Maryland's electric grid and ensure the state can meet growing demand at lower prices.

For all of these reasons, PFT urges you to move forward with HB 1561 to protect Marylanders now and in the future.

Thank you.

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