Maryland Energy Administration

TO: Chair Korman, Vice Chair Guyton, and Members of the Environment & Transportation Committee
FROM: MEA
SUBJECT: HB 723 - Electric Companies - Cost Containment Plans - Requirement (Securing Affordable, Valuable Investments in Next Generation Grid Solutions (SAVINGS) Act)
DATE: February 24, 2026

MEA Position: FAVORABLE WITH AMENDMENT

The Maryland Energy Administration respectfully submits this letter of support with amendments for House Bill 723.

House Bill 723 directs electric companies to prioritize cost-effective, flexible grid solutions that reduce unnecessary capital expenditures and protect ratepayers. The Maryland Energy Administration supports the intent to elevate cost containment and grid optimization alongside the state's electric system planning process and its intent to to give cost containment and grid utilization meaningful enforcement tools, including potential fines, return on equity adjustments, and cost recovery limitations. However, HB 723 requires utilities to reduce systemwide peak electric system load by at least 20 percent from 2025 levels by 2030. Reducing system load alone does not necessarily contain costs. Reducing system loan simply moves less energy through a system that is already built and paid for. The bill does not address locational peak or temporal constraints. Grid modernization requires utilities to reduce load at the right place and the right time. A systemwide target alone does not guarantee that utilities relieve local distribution constraints or defer specific capital projects.

MEA recommends amending subsection (D) to require utilities to demonstrate reductions in both system peak and identified locational or feeder-level peaks, where cost-effective and supported by data. This refinement will ensure that cost containment efforts align with real grid needs. For example, Section (D) could be amended to say that "The utility shall prioritize Peak Load Management specifically as a 'Non-Wires Alternative' (NWA). A peak reduction project shall only be approved if the utility demonstrates, through a verified cost-benefit analysis approved by the Commission, that the cost of load reduction is less than the revenue requirement of the traditional distribution upgrade (e.g., substation expansion or feeder reinforcement) it is intended to defer or displace."

House Bill 723 also envisions a separate three-year cost containment proceeding that runs parallel to the existing electric system plan process as established under Md. Code, Public Util. Art. §7-804 and Commission Case No. 9665. This structure risks duplicative filings, duplicative analysis, and unnecessary administrative burden. MEA recommends amending the bill to clarify that the Cost

Containment Plan either: (1) serves as a defined section within the existing electric system planning process, or (2) expressly modifies and strengthens ESP requirements rather than duplicating them.

House Bill 723 also introduces several new definitions that may conflict with, or duplicate, definitions already embedded in Maryland statute and the Maryland Public Service Commission ("Commission") practice. The bill defines "distributed energy resource" by cross-reference to § 7-1001, which limits DERs to resources located on a customer's premises. At the same time, the bill includes "energy storage used as transmission" and "energy storage used as distribution" as eligible technologies. Storage used as transmission or network-level distribution assets may not sit on a customer's premises and therefore may not meet the existing statutory DER definition. MEA recommends clarifying that, for purposes of this section, storage used as transmission or distribution qualifies as an eligible cost-containment resource even if it does not meet the § 7-1001 DER definition.

Finally, House Bill 723 directs utilities to expand non-wires solutions, but utilities currently lack a standardized framework to measure, verify, and compare non-wires alternatives. Before the Commission can meaningfully penalize utilities for failing to meet a peak target, it must establish transparent tracking metrics, data reporting standards, and consistent evaluation methodologies. MEA recommends adding language that directs the Commission to establish measurable performance metrics and reporting standards for non-wires solutions and other flexible resources as part of the Electric System Process. House Bill 723 reflects a well-intentioned effort to control costs and accelerate flexible grid solutions.

With targeted amendments that streamline planning requirements, harmonize definitions, clarify peak reduction metrics, and establish measurement frameworks, the bill can strengthen accountability without creating duplicative processes or statutory ambiguity. MEA urges the committee to issue a **favorable report with the recommended amendments.**

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Landon Fahrig, Legislative Liaison, at landon.fahrig@maryland.gov or 410.913.1537.