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**BILL NO.:** Senate Bill 0598/House Bill 0723 – Electric Companies - Cost Containment Plans - Requirement (Securing Affordable, Valuable Investments in Next Generation Grid Solutions (SAVINGS) Act)

**COMMITTEE:** Education, Energy, and the Environment  
Environment and Transportation

**HEARING DATE:** February 26, 2026 (EEE)  
February 24, 2026 (ENT)

**SPONSOR:** Senator Hester  
Delegates Qi, Boyce, Foley, Fraser-Hidalgo, Guyton, Lewis, Lopez, Moreno, Spiegel, Terrasa, Watson, Wims, and Woorman

**POSITION:** Favorable with amendments

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The Office of People’s Counsel (OPC) respectfully offers the following comments in support of Senate Bill 0598/House Bill 0723, the “SAVINGS Act,” with the amendments described below. SB 0598/HB 0723 is aimed at a problem Maryland customers feel every month: Electric bills are rising in significant part because of the costs of building and maintaining the electric system to meet peak demand. SB 0598/HB 0723 would put cost containment on the front end of utility planning by requiring each electric company to file a plan showing how it will reduce or defer those peak-related system costs through lower-cost strategies before turning to traditional capital projects. This structure should help limit future cost growth without sacrificing reliability, resilience, or system capacity.

SB 0598/HB 0723 would require each electric company to file a recurring “cost containment plan” with the Public Service Commission (PSC), describing how the company will avoid or minimize capital spending by using grid enhancing technologies and “non-wires” solutions, such as distributed energy resources, demand flexibility, automated load management, flexible interconnection, virtual power plants, and related measures. The bill also directs utilities to address how they will better coordinate

distribution investments with PJM transmission planning and increase reliance on regional transmission planning relative to local or supplemental transmission solutions. Put simply, SB 0598/HB 0723 is designed to require utilities to demonstrate—up front and in a transparent filing—that they have evaluated and pursued lower-cost options before defaulting to traditional, often high-cost, capital projects.

SB 0598/HB 0723 advances a straightforward ratepayer principle: Customers should not pay for avoidable capital spending when lower-cost options can meet the same system need. Customers cannot be expected to absorb indefinite bill growth, particularly when some of the most expensive investments can be deferred or avoided through well-designed demand flexibility and other non-wires strategies. Done correctly, the bill’s approach can reduce long-run costs by targeting investments that drive customer bills, especially transmission and capacity costs.

OPC offers the following targeted amendments to ensure the bill’s requirements are clear, enforceable, and implemented in a way that protects customers.

**1. File cost containment plans as part of the electric system plan process.**

OPC recommends simplifying subsection (b) so cost containment plans are filed as part of the electric system planning process, rather than potentially as part of a multiyear rate plan application or a rate case filing. Cost containment plans are forward-looking planning documents meant to identify system needs and evaluate lower-cost alternatives before utilities commit to major capital projects. By contrast, a rate case is primarily a backward-looking proceeding to determine a utility’s revenue requirement and set rates based on recorded and known-and-measurable costs, with limited time and space for a comprehensive planning record. Filing cost containment plans in the electric system planning process will allow the PSC and parties to evaluate the proposed strategies on a focused record, without forcing them into already complex rate proceedings where the planning analysis is likely to be rushed or diluted.

**(II) ADJUST THE SUBMISSION PLAN DEADLINE IF THE COMMISSION REQUIRES OR ALLOWS AN ELECTRIC COMPANY TO SUBMIT ITS COST CONTAINMENT PLAN AS A PART OF:**

- ~~1. A MULTIYEAR RATE PLAN APPLICATION;~~**
- ~~2. A RATE CASE FILING; OR~~**
- 3. AN ELECTRIC SYSTEM PLAN.**

This change keeps the filing aligned with the proceeding designed for integrated, forward-looking system planning, and it avoids turning a planning requirement into one more issue folded into an already resource-constrained rate case or multiyear rate plan proceeding.

**2. Define “peak electric system load” to account for the impacts of weather and exclude any load from large load customers.**

OPC recommends clarifying the requirement in subsection (d) to reduce peak electric system demand to focus on the elements that are within an electric company’s control. SB 0598/HB 0723 sets a major outcome target: The measures in the cost containment plan must “combine to reduce the utility’s peak electric system load by at least 20% from 2025 levels by 2030.” OPC understands that a forthcoming amendment from the sponsor will spread the required reductions out over a longer period of time: 10 percent by 2030 and 20 percent by 2035. If implemented effectively, these targets should help slow future cost growth by reducing the need for peak-driven infrastructure and related system costs. But as drafted, the reduction target(s) do not account for (1) the impact of variations in weather; or (2) the potential additions to an electric company’s peak load that may come from large load customers such as data centers.

**(D) THE COST CONTAINMENT PLAN SUBMITTED UNDER SUBSECTION (C) OF THIS SECTION SHALL COMBINE TO REDUCE THE UTILITY’S PEAK ELECTRIC SYSTEM LOAD BY AT LEAST 20% FROM 2025 LEVELS BY 2030. FOR THE PURPOSES OF MEASURING COMPLIANCE WITH THIS SECTION, A UTILITY’S PEAK ELECTRIC SYSTEM LOAD SHALL:**

**(I) BE MEASURED ON A WEATHER NORMALIZED BASIS; AND**  
**(II) NOT INCLUDE ANY LOAD ASSOCIATED WITH A LARGE LOAD CUSTOMER INTERCONNECTED PURSUANT TO TARIFFS ADOPTED UNDER PUA § 4-212.**

The addition of this language ties the bill’s target(s) to what electric companies can actually control.

**3. Clarify that approval of a cost containment plan is not preapproval of cost recovery.**

OPC recommends clarifying subsection (e) to confirm that PSC approval of a cost containment plan is not an approval to recover implementation costs from customers. A cost containment plan is a planning document. PSC approval should not be construed as a pre-prudence determination that limits the ability of OPC, PSC Staff, or other parties to evaluate whether specific expenditures were reasonable, necessary, and prudently incurred. Implementation costs should remain subject to prudence review and verification in the appropriate proceeding before any recovery through rates.

**(E) (3) APPROVAL OF A COST CONTAINMENT PLAN UNDER THIS SECTION DOES NOT CONSTITUTE A DETERMINATION THAT ANY COSTS INCURRED TO IMPLEMENT THE PLAN ARE RECOVERABLE THROUGH**

**RATES, AND THOSE COSTS REMAIN SUBJECT TO PRUDENCE REVIEW IN THE APPROPRIATE PROCEEDING.**

This safeguard prevents plan approval from being used later as a shield against meaningful prudence review, and it preserves the Commission’s and parties’ ability to ensure customers pay only for reasonable and prudently incurred implementation costs.

**4. Clarify that “fines” means the Commission’s existing civil penalty authority.**

OPC recommends clarifying subsection (g)(1) to make explicit that any “fines” for noncompliance may be imposed under the Commission’s existing civil penalty authority in Public Utilities Article (PUA) § 13-201. As drafted, the reference to “one or more fines” is vague. Cross-referencing the Commission’s established penalty statute will avoid confusion about the source and scope of the Commission’s enforcement authority and will make the compliance mechanism clearer to utilities and stakeholders.

**(G)(1) IMPOSE ~~ONE OR MORE FINES~~ CIVIL PENALTIES UNDER § 13-201 OF THIS ARTICLE.**

This change is simple, but it provides needed clarity: it anchors “fines” to an existing, well-understood enforcement tool and reduces the risk of side fights over what penalties the bill is (or is not) authorizing.

**Recommendation:** OPC requests a favorable Committee report on SB 0598/HB 0723 with the friendly amendments described above.