

March 10, 2026

**Chairman Marc Korman
House Environment and Transportation Committee
250 Taylor House Office Building
Annapolis, Maryland 21401**

FAVORABLE

RE: House Bill 1494: Electricity and Retail Gas Supply - Customer Choice, Consumer Protection, and Green Power (Retail Energy Modernization and Consumer Choice Act)

Constellation is a leading competitive energy supplier that serves over 2 million residential, public-sector, and business customers—including about 75% of the Fortune 100, pairing energy supply with customizable products and sustainability solutions to help customers meet cost and environmental goals. In Maryland, Constellation has always been an active participant in the state's competitive supply landscape and has emphasized customer value through offerings like innovative plan designs—such as time-of-use concepts that can leverage Maryland's smart-meter investments—and cleaner-power options, including emissions-free products and services. Constellation is interested in developing advanced products that combine retail supply with customer-side technologies and grid-interactive solutions. A central focus of that innovation is demand response—programs that actively reduce peak demand, lower system costs, and deliver tangible savings to customers.

House Bill 1494 restores the legal and operational framework necessary for Constellation and other suppliers to offer these consumer-beneficial demand response solutions in Maryland.

Restoring the Ability to Offer Demand Response and Grid Interactive Products

The legislation allows residential customers to once again access long-term fixed-price plans, including time-of-use rates that reflect how energy is actually consumed throughout the day. These plans are foundational to effective demand response programs because they align customer behavior with real system conditions and price signals.

Critically, HB 1494 restores the ability to offer clean and emission-free energy products, including offerings combined with energy efficiency tools, advanced analytics, and distributed energy resources. These components are the building blocks of modern demand response programs. By integrating smart devices, usage data, and customer incentives, Constellation can help customers reduce overall usage, shift consumption away from peak periods, and provide measurable support to grid reliability—particularly during highstress PJM peak events.

Demand response is fundamentally different from traditional commodity supply. It is not about simply selling kilowatt-hours; it is about actively managing when and how energy is used. When deployed at scale, residential demand response reduces peak demand, lowers capacity costs in PJM, and mitigates the very price volatility that has driven concern for residential customers in

recent years. HB 1494 appropriately recognizes this distinction by carving out space for these products to operate

Bundled Offerings That Enable Demand Response Participation

In addition, HB 1494 authorizes suppliers to bundle electricity or natural gas service with emissions-free energy certificates, efficiency services, and demand-response programs. These bundled offerings are essential to making demand response work for residential customers.

Prior to 2024's Senate Bill 1, many customers voluntarily chose these types of products because they offered long-term price stability, environmental benefits, and the opportunity to actively participate in reducing grid costs. Those options were subsequently restricted—even though they were knowingly and willingly selected by customers. HB 1494 restores access to these customer-driven choices and enables suppliers like Constellation to design programs that reward customers for flexible usage and participation in demand response events.

For customers, this means lower bills and greater resilience. For the system, it means reduced peak demand, improved reliability, and downward pressure on PJM capacity costs that ultimately flow back to all ratepayers

Maintaining Strong Consumer Protections While Enabling Demand Response

HB 1494 ensures that these innovations occur within a strong consumer-protection framework. To that end, the legislation:

- Maintains limits on variable pricing, ensuring customers are protected from excessive or unpredictable rate swings;
- Prohibits incentive-based sales commissions, reducing the risk of high-pressure or inappropriate sales practices; and
- Directs the Public Service Commission to adopt new regulations governing consolidated billing, cybersecurity standards, transparent information-sharing, and nondiscriminatory interconnection procedures.

These provisions are particularly important for demand response programs, which rely on secure data exchange, clear billing, and fair access to utility infrastructure. Together, they improve oversight, reduce confusion, and ensure that a competitive retail market operates in customers' interests while allowing demand response and other grid-supportive innovations to scale.

A Targeted Path Forward for Demand Response and Value-Added Energy Products

There is a clear path forward. Maryland can modernize its energy framework by carving out Demand Response programs and value-added products from the restrictive provisions of current law. These solutions would empower consumers and support the state's energy goals:

- **Demand Response Solutions:** Fixed-rate energy plans with SmartMeter insights, whole-home battery options, and participation in Maryland's Demand Response market. During

peak events, stored energy can be dispatched, helping to stabilize the grid and potentially lower market prices.

- **Virtual Power Plant (VPP) Integration:** Networks of home energy devices—batteries, EV chargers, smart appliances—can work together to enhance grid reliability and reduce costs for ratepayers.
- **Value-Added Products:** Emission Free Energy Certificates (EFECs), time-of-use plans to encourage EV adoption and reduce peak demand, and incentives for smart home investments. These options leverage Maryland’s SmartMeter infrastructure and support local jobs and clean energy generation.

Maryland’s climate strategy depends on economy-wide electrification and the expanded use of zero-carbon resources to meet the State’s ambitious greenhouse-gas reduction goals. Accordingly, the exemption would apply only to retail products sold to Maryland customers that deliver emissions-free electricity or help reduce emissions—such as (i) time-of-use (TOU) plans that encourage off-peak electric-vehicle charging, (ii) products incorporating emissions free energy certificates (EFECs) and (iii) bundled offerings that incorporate distributed energy resources (DER). This focused legislation would enable innovative supplier products that accelerate EV adoption and electrification, support efficient grid use, and strengthen Maryland’s leadership in achieving its climate goals.

Conclusion

House Bill 1494 takes a measured and necessary step toward restoring Maryland’s residential retail energy market. By removing barriers to demand response, time-of-use pricing, and grid-interactive products—while preserving strong consumer protections—the bill empowers customers to manage costs, supports PJM system reliability, and advances Maryland’s clean energy goals.

Constellation respectfully urges a **Favorable** report on HB 1494 and looks forward to working with the Committee, the Public Service Commission, and stakeholders to ensure Maryland customers can once again benefit from demand response programs and a competitive, innovative retail energy market

Respectfully,

Mason Emnett
Senior Vice President, Public Policy
Constellation
Mason.Emnett@constellation.com