February 6th, 2026

To Chair Korman and Committee Members:

Thank you for the opportunity to file written testimony in opposition to H.B. 345.

My name is Michael Daley. I serve on behalf of Carbon Solutions Group ("CSG"). CSG develops technology, supports the deployment of distributed energy resources, and aggregates energy attribute certificates throughout the U.S. CSG has heavily invested in Maryland distributed solar. Thanks to the geothermal carve-out sponsored by Del. Charkoudian, CSG is also investing heavily in Maryland's housing sector where we are decreasing consumer energy costs by developing new-build communities outfitted with geothermal heating and cooling systems.

Without Maryland's Renewable Portfolio Standard (RPS), everyday citizens would be locked out of the energy economy and the grid would be less secure today.

But the energy economy remains forever in flux. Throughout the country, RPS Programs are now hitting an inflection point. As a market participant in PJM and MISO, CSG can attest to the fact that statehouses everywhere are reexamining past policy decisions and having tough conversations about how to structure tomorrow's markets in the face of an emergent technological revolution. For it is well agreed upon that commoditized artificial intelligence promises untold economic gains for certain corporations—but the question is at what cost? Unless new policies evolve new policy-based markets, working families will disproportionately bear the energy burden.

In this spirit, CSG appreciates the intent of H.B. 345. The reality of this bill, however, is that—while it may be a temporary solution to a political problem—it is not a material solution to the underlying challenge facing energy markets. The challenge is, fundamentally, to develop a new price signal for renewable power. H.B. 345 does the opposite. Rather than evolve Maryland's RPS price signal in response to a fast-moving affordability crisis, the bill would force Maryland to take several inadequate steps back with a cumbersome, bureaucratic model.

While there are particular design flaws in the bill, I think it is most important to zoom out on the broader picture. The systemic picture is the most critical element missing in H.B. 345.

For one, it must be stated that Maryland does not necessarily need another 2 GW of utility-scale midday solar that is not coupled with energy storage and that is not embedded within a holistic market. An administratively set price signal for midday solar has limited value in a world in which mounting large load demand is 24/7 365. Continuing to subsidize daytime utility-scale renewable generation in this *ad hoc* manner will only become a greater political liability.

Any new procurement framework ought to establish a strong price signal for overnight power in order to meet new 24/7 demand. The price signal for overnight power begins with the nature of the compliance obligation itself. If the compliance obligation, like H.B. 345's, is simply an aggregate MW value accounted for annually, no behavioral change will result in the marketplace. To tackle 24/7 demand, hourly energy accounting and hourly compliance must be codified within a single diversified renewable energy portfolio. Hourly energy accounting is already being embraced by major U.S. energy companies, technology/AI companies, and international standards bodies such as the Greenhouse Gas Protocol.

There is another conceptual error in H.B. 345 that is worth highlighting. This is encapsulated in the provision: *"The Commission shall balance the need for continued market development for each market segment while limiting the net residential ratepayer cost* [...]*"*

While politically inconvenient, it must be acknowledged that what is needed for meaningful "continued market development" may never balance with a 5% limitation on the net residential ratepayer cost. This is, at its core, the policy deadlock that so many legislatures are facing.

There is no free lunch but the solution is clearer than may first appear. If the Assembly feels it is reaching the ceiling on what it can ask ratepayers to finance—it would be sensible to establish a new RPS Program in which large loads are the obligated party. An RPS for large load customers could effectively codify and build upon existing energy procurement behaviors of leading technology companies and ensure that this power is delivered where and when it is needed for Maryland. This approach results in specified procurement following the directive of the legislature. That directive must necessarily send hourly price signals for deliverable renewable power. To emphasize, this approach is already underway in other markets, led by the technology companies themselves.

This is, of course, just one potential avenue to pursue. The Committee will no doubt be presented with a variety of potential solutions to today's crisis. While action must be taken to address today's energy challenges, just any action is insufficient. I respectfully urge you to patiently and methodically work towards a solution that may materially transform Maryland for the better.

Respectfully,

Michael Daley
SVP, Policy & Regulatory Affairs
Carbon Solutions Group