

OPPOSE – House Bill 0723

HB0723 – Electric Companies - Cost Containment Plans - Requirement (Securing Affordable, Valuable Investments in Next Generation Grid Solutions (SAVINGS) Act)

**Environment and Transportation Committee
Tuesday, March 3, 2026**

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 293,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Maryland, Ohio, Pennsylvania, New Jersey, New York, and West Virginia.

Unfavorable

Potomac Edison / FirstEnergy respectfully requests an Unfavorable report on HB-723 - *Electric Companies - Cost Containment Plans - Requirement (Securing Affordable, Valuable Investments in Next Generation Grid Solutions (SAVINGS) Act*, as currently drafted, due to significant concerns regarding feasibility, cost-effectiveness, operational practicality, and unintended consequences for Maryland ratepayers.

The bills requirement that electric utilities reduce peak electric system load by 20% from 2025 levels by 2030 is unrealistic and exposes utilities to significant, uncontrollable compliance risk. Utilities do not control customer load growth -- which continues to be driven by state-supported building electrification policies, electric vehicle adoption, industrial expansion, and various other climate initiatives that increase load. For example, EmPOWER Maryland's electrification initiatives are intended specifically to increase electric consumption -- and are in direct conflict with HB-723's requirement to reduce system load. Without adjustments for natural load growth and policy-driven electrification, this bill will penalize utilities for factors beyond their control and create substantial non-compliance risk.

Non-wires alternatives, distributed energy resources, and other advanced technologies may offer long-term value as part of a modernized electric grid. However, today these options generally involve higher upfront and higher ongoing costs than traditional utility infrastructure -- and often shift costs rather than reducing them overall. Recent benefit-cost analyses of Potomac Edison filed programs such as virtual power plants and battery storage show that, at current scale and cost, expected benefits are materially below program costs -- resulting in upward pressure on customer bills. While the long-term economics of these programs will continue to evolve, conventional utility infrastructure investments can often address system needs more reliably and at significantly lower cost in the near term. Additionally, measures such as flexible interconnections may accelerate generation interconnection, but they do not reduce system load or meaningfully mitigate peak demand and therefore cannot be relied upon to meet the bill's requirements.

The presumption that Maryland utilities can avoid or eliminate system investments by addressing transmission constraints is misplaced -- those decisions are not normally within our authority. PJM Interconnection, not the utilities, often selects solutions to regional transmission needs -- and these projects are not guaranteed to be

awarded to, or constructed by, in-state utilities. Maryland electric companies cannot rely on PJM planning to meet state-imposed mandates, so it is neither practical nor appropriate to hinge state compliance on PJM decisions. In addition, current demand response and distributed energy resource programs are limited in scale, rely heavily on third-party implementers, and cannot provide the hundreds of megawatts of long-duration dispatch capability that would be required to meet the bill's mandates.

Although framed as an affordability and savings bill, the financial penalties associated with non-compliance in this act are extreme and disconnected from many elements the utilities can control. These penalties would lead to increased borrowing costs for utilities, impeding investment in reliability and modernization projects, and ultimately raising costs for customers – the opposite of the bill's intent.

While FirstEnergy supports efforts to modernize Maryland's electric grid and manage energy costs responsibly, HB-723 imposes requirements that are operationally infeasible, economically disruptive, and inconsistent with other state policies that actively increase electric load. We strongly encourage the General Assembly to collaborate with Maryland's electric utilities to develop more realistic, flexible, and data-driven targets that meaningfully support system planning, reliability, and affordability.

Potomac Edison / FirstEnergy respectfully requests an Unfavorable report on HB-723. As written, the bill represents a significant overreach into core grid-planning functions, offers questionable ratepayer benefits, and would impose substantial new risks and costs on Maryland utilities and customers.