



March 6, 2026

Delegate Marc Korman
Chair
House Environment and
Transportation Committee
250 Taylor House Office Building
251 Taylor House Office Building
Annapolis, MD 21401

Delegate Michele Guyton
Vice Chair
House Environment and
Transportation Committee
250 Taylor House Office Building
251 Taylor House Office Building
Annapolis, MD 21401

RE: HB1561: Generation and Storage – Investor Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)

Position: Unfavorable

Chair Korman, Vice Chair Guyton, and Members of the Environment and Transportation Committee:

I am writing on behalf of the Solar Energy Industries Association (SEIA) in **opposition** to HB1561 (Queen).

Founded in 1974, SEIA is the national trade association for the solar and storage industries, building a comprehensive vision for the advancement of these technologies. As the voice of the industry, SEIA works to support solar and energy storage as they become a mainstream and significant energy source by expanding markets, reducing costs, increasing reliability, removing market barriers, and providing education on the benefits and capabilities of solar and energy storage technologies. We work with our 1,200+ member companies, which include solar and storage manufacturers, service providers, residential, community and utility-scale solar developers, installers, construction firms, and investment firms, as well as other strategic partners, to shape fair market rules that promote competition and the growth of reliable, low-cost energy storage and solar power.

While SEIA shares the goal of improving reliability and affordability in Maryland's electric system, HB 1561 would allow investor-owned utilities to construct, acquire, own, and operate generation and energy storage resources and recover those costs from ratepayers through regulated rates. As drafted, the bill would significantly expand utility ownership of distributed clean energy resources and risks undermining competitive markets that reduce energy costs and accelerate innovation.

Competitive markets for distributed energy resources (DERs), including battery storage and distributed solar, provide substantial benefits for ratepayers. Privately developed projects must compete for contracts and revenue streams, creating strong incentives to control costs, optimize project design, and ensure systems perform efficiently. Developers assume construction risk and investors assume performance risk. Payment occurs only when systems operate and deliver value.

By contrast, utility-owned projects are typically rate-based. Under this model, project costs are passed directly to customers regardless of project performance. Ratepayers ultimately assume the financial risk,



and cost overruns are generally recoverable through rates. Real-world examples illustrate the cost implications of this model. The Fox Hills Battery Energy Storage System in Richmond, New York experienced a 68 percent cost overrun, increasing the project's cost from \$22 million to \$36.9 million. The project now costs ratepayers approximately \$966 per kW-year, nearly three times the compensation received by comparable privately developed storage projects operating in competitive markets.

There are several similar examples that highlight the risks associated with allowing regulated utilities to own competitive energy assets. Because utilities are regulated monopolies responsible for grid planning and operations, expanded authority to own distributed energy resources creates the potential for market distortion. Utilities may have the ability to prioritize their own projects in planning decisions or discourage private investment in emerging technologies. Interconnection processes for existing programs already experience significant delays, this bill could exacerbate those issues.

Competitive development enables more cost-effective deployment of distributed resources while protecting ratepayers. Utilities should continue to focus on planning and operating the grid and procure distributed energy services through competitive processes such as non-wires alternatives, targeted solicitations, and market-based programs.

Limited exceptions for demonstration projects or situations where competitive markets cannot deliver a needed reliability resource may be appropriate. However, broadly authorizing utility ownership of distributed clean energy assets risks increasing costs for Maryland customers while slowing the growth of private investment and innovation.

For these reasons, SEIA respectfully urges the Committee to issue an unfavorable report on HB1561. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Georgina Arreola-Lennox". The signature is written in a cursive, flowing style.

Georgina Arreola-Lennox
Mid-Atlantic Regional Director
Solar Energy Industries Association
garreola@seia.org