

Md Washington Minority Companies Association - Kor

Uploaded by: Allyson Black-Woodson

Position: FAV



Md. Washington
Minority Companies Association
Connecting Large & Small Businesses to Work Together

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March 4, 2026

Delegate Marc Korman, Chairman
Environment and Transportation Committee
250 Taylor House Office Building
Annapolis, Md. 21401

Reference: House Bill 1561- Electric Generation & Storage- Investor-Owned Electric Companies (Affordable Energy)

Dear Chairman, Korman:

It has come to my attention that the Environment and Transportation Committee will hear public comments on one House Bill 1561 Electric Generation and Storage, Investor-Owned Electric Companies, and its features to expand affordable energy generation throughout the state of Maryland.

Please understand that it is my distinct pleasure to provide testimony representing the members and 25,000 E-subscribers of the Maryland Washington Minority Companies Association (MWMCA) located in Baltimore City Maryland. Since 2002 MWMCA has operated as a building, and material-commodity trade association with hundreds of its members and thousands of its virtual E-subscribers. We advocate for total social economic engineering inclusion in all segments of government and private procurement.

Now comes an opportunity for the “Free State” of Maryland to provide new opportunities and incentives to public utility/energy providers with the ability to finance, design, build and own electric energy generation plants. Currently, the law restricts for such ownership by Public Service Commission (PSC) regulated public utilities to generate electrical energy. If approved, we believe that new generation will ultimately lower consumer energy costs.

House Bill 1561 is a practical solution because it restores accountability. Under current rules, utilities are responsible for reliability, but they are restricted from building generation to meet surging demand. As a result, no single entity is accountable for ensuring Maryland has enough supply. The Affordable Energy Act addresses this by allowing the PSC to direct regulated utilities to develop new renewable generation and battery storage assets when needed for reliability and affordability. Just as importantly, this approach brings energy generation under strong public oversight. Regulators can evaluate costs, determine what will get built, and ensure resources align with Maryland’s policy goals. This is about

complementing competitive markets and not eliminating them. Other states already used this model. In fact, thirty states allow utilities to build regulated generation alongside competitive markets. Maryland should not be at a disadvantage simply because our laws restrict us from responding to clear power supply shortfalls.

This bill is about three things; reining in cost by increasing Maryland's supply and bringing generation under oversight; ensuring that new resources will be built to meet demand; control and accountability so Maryland is not dependent upon unstable status quo. This legislation also supports realistic timelines, modern planning tools, streamline permitting, and coordinated infrastructure deployment so that we do not sacrifice affordability and reliability.

Furthermore, it will also create thousands of new jobs in the design and construction of said plants, as well as thousands of new jobs in plant operations, transmission, and distribution of said electricity. Therefore, from MWMCA's economic position, scores of minority and women owned businesses will benefit from design, construction and material supplying of goods and products use in constructing the new plants. It will create an economic boom for the state's GDP!

For these reasons, I respectfully request your total support for house bill 1561.

Sincerely

A handwritten signature in black ink, appearing to read 'Wayne R. Frazier, Sr.', with a long horizontal line extending to the right.

Wayne R. Frazier, Sr
President
MWMCA

HB 1561 Testimony.pdf

Uploaded by: Ari Lewis

Position: FAV

Organization: JenesaisQuoi

Position: Support

Bill: House Bill 1561

Committee: House Environment and Transportation Committee

JenesaisQuoi respectfully submits this testimony **in support of House Bill 1561**, legislation that advances electric grid reliability, price stability, and long-term energy resilience for Maryland residents and businesses.

My name is Ari Lewis, and I am here today on behalf of JenesaisQuoi. Our mission is to establish sustainable systems for the future through the means of construction and agriculture. Energy price volatility has substantially increased over the past two years which has directly affected material pricing, workforce development, and business operation overhead. These pain points have a direct impact on the small businesses and employees' morale resulting in disproportionate burden on the working class of citizens leading to increased anxiety, increased health issues, and tremendous financial debt. Small businesses are a major driver for over 70% of net job increases in the state of Maryland. Also, Maryland is the top state for minority-owned businesses and launched the Maryland Community Business Compass to help all entrepreneurs find funding and resources to navigate challenges.

I am here to urge your support of HB 1561, the Affordable Energy Act, because Maryland is facing growing challenges and a near future crisis: the system is 6,600 megawatts short which equates roughly to 6 nuclear power plants. Electricity demand is growing rapidly due to technological advancement, data farm expansion (Amazon Quantum Loop project in Fedrick), Greater Baltimore Tech Hub designation, and affordable housing/ redevelopment (Reinvest Baltimore Action Plan) to mention a few.

As Maryland's economy continues to grow, the demand for electricity will exponentially increase due to artificial intelligence (AI), autonomous equipment, digital currency, and data farms. Without better strategic planning and stronger accountability, this growth will strain our aging electrical infrastructure eventually leading to rolling blackouts predicted for 2027.

With all this in mind, the swift adoption of House Bill 1561 will allow for a better quality of life, electric grid reliability, and long-term energy resilience. So lets take action now and be proactive, instead of being reactive after experiencing a crisis. Thank you for your time and your consideration.

HB1561_FAV_ENT_Metro Baltimore Hispanic Contractor

Uploaded by: Benjamin F. Guy Andes

Position: FAV



RE: House Bill 1561

March 5, 2026,

Good afternoon Mr. Chair Korman,

My name is Rich Skayhan, and I am speaking today on behalf of the Metro Baltimore Hispanic Contractors Association as proud board member.

Our association works with Hispanic-owned construction and trade businesses across the Baltimore region. In addition to our core membership, we maintain an active network of more than 5,300 contractors, small business owners, workforce professionals, and industry stakeholders who receive our regular communications, updates, and program information.

Through this broader business and workforce network, we stay closely connected to the challenges facing small and emerging contractors throughout Maryland. These businesses build homes, schools, roads, and infrastructure across our state, and the economic conditions they face directly affect their ability to hire, grow, and remain competitive.

Many of the contractors we engage with are small and family-owned businesses that are working hard to create jobs, expand opportunities, and contribute to economic mobility within Maryland's diverse business community.

For our members and the broader network we engage with, reliable and affordable electricity is not just a policy issue — it directly affects whether their businesses can grow and create jobs.

When energy prices rise sharply, it impacts everything. It increases the cost to run fabrication shops, raises operating costs for offices and equipment, and makes it harder for small contractors to stay competitive.

Many of our members are already feeling the pressure of higher energy bills. For small and mid-size businesses, those increases matter.

That is why we support House Bill 1561, the Affordable Energy Act.

Maryland is facing a growing challenge with energy supply and rising demand. As our economy grows and electricity needs increase, we must make sure our state has enough reliable power available.

If supply does not keep up with demand, the result is simple — prices go up and reliability becomes uncertain.

Businesses need predictability. They need to know that the lights stay on and that energy costs will not suddenly spike.

HB 1561 is important because it gives Maryland additional tools to plan ahead and strengthen our energy supply.

The bill allows the Public Service Commission to work with utilities to develop new renewable generation and battery storage when it is necessary for reliability and affordability.

Just as important, it places these decisions under public oversight, helping ensure that investments are responsible and aligned with Maryland's long-term energy goals.

Other states already use similar approaches to help maintain reliable power systems while supporting economic growth.

From the perspective of our association, this bill is about stability and planning.

When businesses have predictable energy costs, they can invest in equipment, hire workers, expand operations, and continue contributing to Maryland's economy.

For the Hispanic contractors and workforce professionals we engage with, those opportunities are critical.

In closing, reliable and affordable energy is essential for Maryland's small business community.

HB 1561 provides a practical step toward strengthening our energy system while supporting economic growth.

For these reasons, the Metro Baltimore Hispanic Contractors Association respectfully supports HB 1561.

Thank you for your time and consideration.

Sincerely,

Rich Skayhan
Board Member
MBHCA

BViator PFT MD Testimony - HB 1561 (1).pdf

Uploaded by: Brad Viator

Position: FAV

Brad Viator
Power for Tomorrow
4075 Wilson Blvd Arlington, Virginia
bviator@bstrategiccdc.com
(202) 257-5394
Position: Favorable on HB 1561, Affordable Energy Act



Power for Tomorrow Testimony to the Environment and Transportation Committee in Support of Maryland House Bill 1561 – Affordable Energy Act

Chair Marc Korman and Members of the Committee,

[Power for Tomorrow](#) (PFT) is the nation's leading resource for providing practical research, commentary, and information on the consumer benefits of the regulated electric utility model.

PFT strongly supports HB 1561 because it will result in two critical outcomes: (1) it will enhance grid reliability and (2) it will ultimately protect Maryland's electric customers.

Like most states, Maryland faces rising electricity prices and growing reliability concerns as demand accelerates due to data centers, electric vehicles, and the electrification of many new household appliances and devices. And yet, at this critical moment, the mid-Atlantic grid operator, PJM, is failing in its primary mission: providing affordable, available power.

In December, PJM held an auction for capacity, with the price reaching an all-time high and, more importantly, falling massively short of its reliability requirement: 6.6 gigawatts short, to be exact – that's equivalent to the entire annual residential demand of Maryland.

This market failure at this particular moment is why HB 1561 is so important. If passed, this bill would address the dual challenges of reliability and price head-on by allowing the state's regulated electric utilities to produce and own clean and renewable energy. If passed, the legislation would ease electricity shortages and offer utility customers relief from rising power bills.

Until 25 years ago, when Maryland deregulated electricity generation, the state's regulated electric utilities were allowed to build and own power plants, charge customers for these facilities, and sell the electricity they generated. Once the state deregulated, electricity could no longer be owned or produced by utilities; it could only be generated by independent power producers (IPPs). Maryland then joined the regional PJM market as part of its deregulation effort, seeking lower costs and access to a larger power pool, and, for a while, it seemed to work. But in the last few years, as demand has grown, prices have skyrocketed, and the market hasn't made enough supply available.

HB 1561 is necessary to ensure utilities can account for all the generation that PJM can't produce. Maryland's current market regime incentivizes IPPs to intentionally withhold from building new power plants because doing so would devalue the ones they currently own in the market – to be clear: IPPs' profits rise with higher market prices. And, as a part of the RTO structure, PJM cannot require IPPs to build new generation, even when the grid desperately

needs it to maintain reliability. Because Maryland is unlikely to leave PJM and will therefore remain a market participant, it will continue to be subject to rising electricity prices – unless something changes. HB 1561 is the change customers need.

It will work by allowing the Public Service Commission (PSC) to act when resource adequacy is insufficient or prices spike, and require utilities to add more generation when the grid depends on it. The PSC will have ultimate regulatory oversight to ensure the utilities' investments are prudent. The result will be precisely what is needed in this moment: lower prices for customers and increased reliability in Maryland, as utilities will be incentivized to build more generation and will be subject to least-cost planning oversight by the PSC. HB 1561 is not abandoning PJM – it is creating a state-level solution to remedy market failures.

For those concerned about the bill's feasibility: consider your neighbor to the South, Virginia. It also participates in PJM, but it allows its regulated utility to build and own generation. Because of this structure, Virginia's electricity prices are significantly lower than Maryland's (approximately 30% lower based on 2024 data), despite hosting more data centers than any other state. Virginia has proven that the model outlined in HB 1561 can and will work within PJM and is a viable solution to rising electricity costs.

As the state's policymakers, you have an opportunity to drive toward an immediate, positive solution with HB 1561. This bill will restore balance to Maryland's energy framework by strengthening reliability and promoting clean energy development, all while ensuring utility actions are subject to regulatory oversight. This combination of policies will ultimately bring down costs for Maryland's customers, just as it has in other states where utilities can own and operate generation. Creating this same opportunity in Maryland via HB 1561 is a gift to all customers because it is a thoughtful, customer-focused solution designed to strengthen Maryland's electric grid and ensure the state can meet growing demand at lower prices.

For all of these reasons, PFT urges you to move forward with HB 1561 to protect Marylanders now and in the future.

Thank you.

Brad Viator

President, Power for Tomorrow

Mayor Sydnor Testimony - HB1561-House Environment

Uploaded by: Crystal Hypolite

Position: FAV

City of Laurel, Maryland
Office of the Mayor

Bill Number: HB 1561

Bill Title: The Affordable Energy Act

Position: SUPPORT

Committee: House Environment and Transportation Committee

Chair, Vice Chair, and Honorable Members of the House Environment and Transportation Committee:

My name is Keith R. Sydnor, and I am the Mayor of the City of Laurel, Maryland. I write in strong support of House Bill 1561, The Affordable Energy Act, because energy affordability and grid reliability are essential to public safety, household stability, and sustainable economic growth for communities like Laurel.

Laurel is a growing and diverse municipality situated along a major regional corridor. Our residents include working families, seniors on fixed incomes, and small business owners who are particularly vulnerable to rising electricity costs. When wholesale energy prices increase, the impact is immediate and tangible, placing strain on household budgets, local employers, and municipal operations. The City must also operate critical public facilities without interruption, and escalating energy costs directly affect our ability to deliver essential services responsibly.

Grid reliability is a public safety concern. During periods of extreme weather and heightened regional demand, the City of Laurel has coordinated closely with emergency management partners and shared conservation guidance to help maintain system stability. These experiences underscore the importance of proactive, long-term energy planning rather than reactive responses during emergencies.

Laurel's economic vitality depends on dependable and predictable access to electricity. Local businesses, retail establishments, public safety facilities, and employers tied to the region's technology and institutional infrastructure require a stable power supply to operate efficiently. Energy market volatility increases operating costs and creates uncertainty that can discourage long-term investment in our community.

The City of Laurel is also advancing sustainability initiatives to support responsible growth and environmental stewardship. Achieving these goals requires a reliable electric grid and a clear, coordinated pathway for renewable generation and energy storage development, one that balances innovation with affordability and protects ratepayers.

House Bill 1561 strengthens Maryland's ability to plan for adequate energy supply under the oversight of the Public Service Commission. By establishing a structured mechanism

City of Laurel, Maryland
Office of the Mayor

to address reliability and affordability risks when market conditions fail to deliver sufficient resources, this legislation promotes cost predictability, resilience, and thoughtful long-term planning.

For communities like Laurel, HB 1561 represents a balanced and forward-looking approach to meeting Maryland's energy needs. For these reasons, I respectfully urge the Committee to issue a favorable report on House Bill 1561.

Respectfully submitted,

Keith R. Sydnor
Mayor, City of Laurel, Maryland

Testimony – HB1561.pdf

Uploaded by: Dewan Clayborn

Position: FAV



Dewan Clayborn Testimony
Central Maryland Chamber of Commerce

Chair, Vice Chair, and Members of the Committee:

My name is **Dewan Clayborn**, and I submit this written testimony on behalf of the **Central Maryland Chamber of Commerce**, representing businesses across **seven counties and Baltimore City**, a regional footprint that serves more than **2.7 million Maryland residents** through employers, workforce partners, healthcare providers, contractors, technology firms, and small businesses that drive our state's economy.

The Chamber represents businesses of every size—from small employers operating on narrow margins to major regional job creators—and one message is consistent across sectors: **energy affordability directly affects business growth, hiring, and investment decisions in Maryland.**

For these reasons, I respectfully urge your support for **HB 1561 – The Affordable Energy Act.**

Maryland's economy cannot remain competitive if electricity costs continue rising while supply becomes less reliable. Employers need predictable operating costs to plan payroll, expand facilities, purchase equipment, and remain competitive with neighboring states. When energy costs spike, those pressures move quickly through the economy—raising the cost of doing business, increasing prices for consumers, and slowing job creation.

Maryland is now facing a clear structural energy challenge. Demand is growing rapidly due to economic expansion, electrification goals, data center growth, and the retirement of existing generation resources. Yet new supply is not being developed fast enough to keep pace.

That imbalance has serious consequences.

Businesses across our region are already feeling the impact through higher electricity bills that reduce capital available for hiring, expansion, and wage growth. For many employers, energy is now one of the most volatile cost pressures in their operating budgets.

Importantly, these higher bills are being driven by **power supply costs**, not by distribution charges. Delivery costs remain regulated and transparent. Supply prices, however, are determined through regional wholesale markets largely outside Maryland's direct control, and those wholesale costs are passed directly onto Maryland ratepayers.



The warning signs are significant. PJM capacity prices have increased dramatically—nearly **600 percent**—reflecting a tightening supply environment across the region. Even at those record-high prices, PJM’s most recent auction still failed to secure enough generation to meet future reliability targets, leaving a shortfall of more than **6,600 megawatts**.

For employers, that is not simply a market signal—it is a warning that the current system is not producing enough supply to support long-term economic growth.

HB 1561 offers Maryland a practical, pro-growth solution.

Under current law, utilities remain responsible for maintaining reliability, but they are restricted from developing generation resources when supply gaps emerge. That creates a structural disconnect: responsibility exists, but authority is limited.

HB 1561 restores accountability by allowing the **Public Service Commission** to direct regulated utilities to develop new renewable generation and battery storage resources when reliability and affordability require it.

This matters because it creates certainty that needed energy infrastructure will actually be built.

It also places generation decisions under public oversight. Regulators can evaluate cost, necessity, timing, and alignment with Maryland’s broader economic and energy goals. This is not about replacing competitive markets—it is about ensuring Maryland has a reliable backstop when markets fail to deliver adequate supply.

Other states already recognize this reality. **Thirty states currently allow utilities to develop regulated generation alongside competitive market systems.** Maryland should not be limited by a policy structure that leaves businesses exposed to supply shortages and price volatility.

From a business perspective, HB 1561 advances three priorities that matter immediately:

- **Lower long-term energy cost pressure** by increasing available power supply
- **Greater certainty that new resources will be developed when demand requires it**
- **More accountability so Maryland businesses are less exposed to wholesale market instability**



Central Maryland Chamber
Conduit of Commerce

The legislation also supports realistic planning timelines, modern infrastructure deployment, and more efficient permitting—critical tools if Maryland intends to attract investment, support economic development, and retain employers.

For the Central Maryland Chamber of Commerce, reliable and affordable electricity means more than utility policy—it means stronger business confidence, more stable operations, and a better environment for long-term growth.

Maryland’s employers need an energy system that supports expansion, protects competitiveness, and allows businesses to invest with confidence.

For these reasons, I respectfully request a favorable report on **HB 1561**.

Thank you for your time and consideration.

Respectfully submitted,

Dewan Clayborn, IOM

President & CEO

Central Maryland Chamber of Commerce

1344 Ashton Road, Suite 205

Hanover, Maryland 21076

HB 1561.pdf

Uploaded by: Geoffrey Pohanka

Position: FAV

Pohanka

Automotive Group

Since 1919

Chair Marc Korman, Vice-Chair Michael Guyton, and members of the committee....

My name is Geoffrey Pohanka and I am the chairman of the Pohanka Automotive Group. Our company was founded in 1919 and includes thirteen automobile dealerships and 850 team members within the State of Maryland. I am very concerned, as are many Maryland residents and businesses, with the ever rising price of electricity within our State.

I urge you to support House Bill 1561, The Affordable Energy Act. In-State energy generation is in decline while energy consumption is increasing. The rule of supply and demand dictates that prices will continue to rise as long as this condition continues. Maryland relies on other states to provide forty-two percent of our electricity which is equal to the consumption of all Maryland households. Imported power costs more and often results in higher emissions. This is one reason why delivery costs are increasing faster than the cost of energy generation.

For our organization, rising energy prices have a significant impact on our economic well being and that of our customers. The warning signs are clear, PJM capacity prices have increased 600% and even this did not procure enough energy generation to meet reliability targets which have come up 6,600 megawatts short.

There are several benefits from House Bill 1561...

1. The Public Service Commission will allow utilities to generate their own electricity which would increase supply and provide greater competition in the marketplace
2. The PSC will direct utilities to develop new renewable and battery storage assets when needed for reliability and affordability
3. This bill will bring generation under direct regulatory oversight. Currently only delivery is so regulated.
4. The bill is the most efficient and practical way to increase energy availability within the State and at the lowest possible price.

Maryland's energy challenge is structural. The current system is preventing enough supply and at a reasonable cost.

For the Pohanka Automotive Group, this means greater cost predictability, improved operational stability, stronger competitiveness, and the confidence to invest, hire, and grow in Maryland without the fear of volatile energy prices. Please support House Bill 1561.

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FREDERICKSBURG, VA
Honda
Nissan
Hyundai

STAFFORD, VA
Nissan

pohanka.com

Sincerely,

A handwritten signature in black ink, appearing to read 'Geoffrey Pohanka', with a long horizontal flourish extending to the right.

Geoffrey Pohanka

Chairman, Pohanka Automotive Group

gpohanka@pohanka.com

Office: 301-423-1541

BGE_SUPP_ENT_ House Bill 1561 – Electricity Genera

Uploaded by: John Frain

Position: FAV



Position Statement

Support
Environment and Transportation
3/10/2028

House Bill 1561 – Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)

Baltimore Gas and Electric (BGE) supports *House Bill 1561 – Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)*. *House Bill 1561* authorizes the Public Service Commission (PSC) to direct regulated utilities to develop new renewable generation and transmission battery storage assets when needed to strengthen reliability and affordability.

Additionally, *House Bill 165* establishes consumer protections to ensure that ratepayers are not adversely affected by utility-owned generation. Under this bill, the PSC may direct utilities to develop renewable energy or battery storage only when necessary to address resource adequacy concerns or to stabilize energy prices. Furthermore, before a utility is required to comply with an order to construct, acquire, lease or operate generation assets, safeguards must be met to protect ratepayers from rate impacts resulting from project terms that could weaken the company's credit metrics.

BGE supports *House Bill 1561*, which would allow regulated utilities to own generation assets as a way to strengthen and complement ongoing efforts to address the State's energy crisis.

Tales of two deregulated States: Maryland and Virginia

In 1999, Maryland policymakers enacted the *Electric Customer Choice and Competition Act*, restructuring the state's electric utility model and opening the generation market to competition. At the time, the goal was straightforward: to introduce more energy suppliers into the marketplace to drive affordability through competitive pressure.

To achieve this restructuring, Maryland encouraged its utilities to fully divest their generation assets, and most did, which fundamentally changed the generation landscape in Maryland and left the state's electric supply entirely to the forces of an unregulated wholesale market. For more than 25 years, this model has allowed multiple independent power producers as well as retail suppliers to participate in Maryland's energy economy, expanding consumer choice and fostering innovation. However, it has also meant that electricity generation, and even more importantly the electricity prices paid by customers,

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's largest energy delivery company.

Brittany Jones | Guy Andes | Dytonia Reed | 410.269.5281

Position Statement

are largely left to the whim of market conditions, subject to volatility in fuel costs, infrastructure constraints, and wholesale price fluctuations.

By contrast, Virginia pursued a more balanced and deliberate path. Under the 1999 Virginia Electric Utility Restructuring Act, the state deregulated generation but explicitly prohibited its State Corporation Commission (SCC) from requiring utilities to divest their power plants, ensuring that incumbent utilities retained generation assets and the operational stability that comes with them. This policy choice has delivered concrete benefits to Virginia customers. The average residential electricity rate in Virginia is approximately 15.41¢ per kWh as of May 2025, compared to a national average of 17.47¢ per kWh, placing Virginia roughly 19% below the national average.¹

Virginia's cost advantage was visible particularly in more recent years when PJM wholesale prices spiked in 2024. Dominion Energy customers experienced only about a \$2 increase, while BGE customers faced the largest increases of up to \$20 per month. This reinforces an important point: by maintaining utility-owned generation rather than forcing divestiture, Virginia insulated its residents from market volatility that Maryland customers directly absorb. Virginia's more balanced structure has consistently produced lower and more stable rates for its residents.

These differing approaches translate into real dollars on customer monthly bills, creating a cost burden that Maryland customers must now grapple with.

Current Energy Landscape

Maryland's generation shortfall is now a full-fledged reliability crisis. Generation additions have been "*dwarfed by their retirements.*"² Since 2018, the state has retired roughly 6,000 MW of thermal generation while adding only about 1,600 MW of new capacity - a staggering 4,400 MW net loss in less than a decade. With Maryland and D.C. combined having only ~10,898 MW of installed capacity, the state has effectively lost about 40% of its in-state generation base.

For three consecutive years, PJM capacity auctions have cleared at the price cap, about \$333/MW-day, which is driven by shrinking supply, accelerating retirements, and surging demand from electrification and data centers. Reserve margins have already dipped below PJM's reliability targets, meaning customers are paying more while reliability erodes. The newest results show the situation worsening. For the 2027/28 delivery year, PJM's reserve margin dropped to 14.9%, more than five points below its

¹ [Electric Power Monthly - U.S. Energy Information Administration \(EIA\)](#)

² Jason Stanek, PJM Briefing before Maryland Education, Energy, and Education Committee on January 29, 2026.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's largest energy delivery company.

Position Statement

20% target. This was the first time the entire region failed to meet its reliability requirement and leaving a 6,625 MW shortfall. Accordingly, PJM now acknowledges the gap, urging states to “help bring new generation resources onto the system as soon as possible,” a clear concession that merchant developers alone cannot deliver the scale or timing of new generation needed to stabilize the grid.

In response to the growing need for reliable energy solutions, the State enacted the **2025 Next Generation Act** to incentivize new generation development and call for more than 3,000 MW of additional capacity. While this was an important step forward, the response from the market fell significantly short of the State’s goals. In total, only **five** (5) proposals were submitted, and only 2 projects for dispatchable generation remain as of today. The projects, which are gas-fired power plants, are projected to bring a total of **714 MW** online. So, of the 3,000 MW need that was solicited for by the State, only 714 MW remain. Altogether, the State received less than half of the capacity it set out to procure, *underscoring the urgency for additional tools and policies that can drive meaningful investment and ensure long-term reliability.*

The Solution: Renewable Generation and Transmission-Level Battery Storage Would Help Rebalance Maryland’s Energy Market

Regulated generation, focused on renewable generation such as community solar and transmission-level battery storage, is an additional direct, accountable, and affordable path that complements the existing framework. *House Bill 1561* would authorize public utilities to build new, affordable energy supply under strict public oversight, prevent power outages by shoring up reliability, while placing downward pressure on prices. Recent analysis conducted by Charles River Associate³ found that allowing utilities to generate power could save customers across PJM’s footprint between \$9 billion and \$20 billion. The risk of load shedding caused by supply shortages falls by 85% with the addition of utility-owned generation. Finally, *House Bill 1561* provides a more diverse resource portfolio for Maryland that is better aligned with state policy, including over 6 GW of additional transmission-level battery storage capacity.

Utility Success with Solar and Storage

Utilities are better positioned to navigate siting, permitting, interconnection, and financing at speed, which is precisely what is needed to close the supply-demand gap created by rapid retirements and surging load.

³ [Utility-Owned Generation as a Solution | Reports | CRA](#)

BGE, headquartered in Baltimore, is Maryland’s largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company’s approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation’s largest energy delivery company.



Position Statement

Energy storage is a core part of BGE's commitment to advancing Maryland's clean-energy and decarbonization goals. Encouraging utilities to own new renewable generation and transmission-level battery storage would strengthen these efforts by supporting renewable integration, reducing dependence on fossil-fuel peaking plants, and meeting rising demand from electrification. BGE has already delivered two distribution-level battery storage projects, including in Chesapeake Beach, improving reliability for more than 9,000 customers and avoiding other major infrastructure investments. These projects, completed under the state's Energy Storage Pilot Project Act, demonstrate how strategically deployed storage can deliver immediate customer benefits. BGE has also proposed 29 MW of new distribution-level storage under the Next Generation Energy Act, with an additional 58 MW distribution-level battery storage proposal scheduled for 2026, better ensuring reliability during extreme weather and reducing strain in capacity-constrained areas.

To maximize the value of storage investments and to contribute more fully to solving Maryland's resource adequacy challenge, BGE also urges the General Assembly to allow utilities to develop and own community solar projects. BGE has a long history of serving low- and moderate-income customers and is well positioned to expand equitable access to clean energy. Our experience includes projects such as the 155-kW solar array at the Spring Gardens facility, which generates roughly 206,000 kWh annually and reduces facility demand on the grid. Allowing utility participation in community solar would build on this progress and enable BGE to deliver low-cost, reliable clean energy to the customers and communities that need it most.

We recognize that amendments to House Bill 1561 are forthcoming, and we remain committed to working collaboratively with the bill sponsor and all stakeholders to refine and strengthen the legislation. BGE respectfully requests a favorable Committee report on House Bill 1561.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's largest energy delivery company.

Brittany Jones | Guy Andes | Dytonia Reed | 410.269.5281

Queen_2026-testimony-HB1561-E&T-energy.pdf

Uploaded by: Pamela Queen

Position: FAV



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Sponsor Testimony - Request for Favorable Recommendation
HB 1561 – Affordable Diversification Energy Act

Greetings Chair Marc Korman, Vice-Chair Michele Guyton, and members of the Environment and Transportation Committee,

As amended, the intent of **HB 1561** is to provide another **tool** to address Maryland’s Energy Crisis. This bill focuses on strategies for **energy generation** that align with *availability, reliability, and affordability* goals.

However, to accomplish these goals, Maryland’s energy policy needs a “course adjustment” with guidance and guardrails that:

1. Expand energy generation options.
2. Increase in-state renewable energy generation.
3. Improve grid stability and reliability.
4. Ensure energy projects are reviewed and approved for affordability.

Expand energy generation options: Complements competitive energy markets, rather than replacing them, by adding stable, publicly accountable energy supply to meet growing demand. Thirty other states, including Virginia, already allow regulated utilities to build generation *alongside* competitive markets.

Increase in-state renewable energy generation: Enables battery storage and renewables to be deployed in-state which will advance Maryland’s clean energy goals and future energy needs.

Improve grid stability and reliability: Provides predictable and reduces price spikes caused by power shortages and dependence on out-of-state energy generation.

Ensure energy projects are reviewed and approved for affordability: Only when resource adequacy or price stability is needed, the Public Service Commission (PSC) may direct regulated utilities to develop renewable energy or battery storage. Energy generation occurs under full PSC oversight including cost review, siting approval, and performance accountability. The Utilities will offset costs to ratepayer bills from energy and capacity market earnings.

The bottom line is that Maryland's 20+ years of energy deregulation have not resulted in the benefits promised. High energy prices are driven by power generation costs.

So, Maryland can solve its energy affordability, reliability, and demand challenges by focusing on energy generation. HB 1561 outlines a proven energy generation approach with added guardrails that can increase power supply, advance clean energy goals, lower prices, and align with customer needs.

I ask that you consider the benefits of HB 1561 as you hear testimony of industry experts, policymakers, and advocates. I request a favorable recommendation for HB 1561 to add another tool to address Maryland's energy crisis.

Cordially,

A handwritten signature in cursive script, appearing to read "Amanda L. Green".

20260306_HB1561 Affordable Energy Act.pdf

Uploaded by: Patricia Mir

Position: FAV

March 6, 2026

In Support of HB 1561, the Affordable Energy Act

Submitted by: Maryland Hispanic Chamber of Commerce

To: Maryland House Environment and Transportation Committee

Chair, Vice Chair, and members of the Committee:

My name is Marco Ávila, P.E., and I am here today on behalf of the MD Hispanic Chamber of Commerce. The Chamber represents and supports Hispanic-owned small businesses across Maryland, many of which operate on narrow margins and rely heavily on predictable operating costs. Rising energy prices reduce profitability, limit opportunities for expansion, and constrains job creation in communities throughout the state. Reliable and affordable electricity strengthens entrepreneurship, promotes economic inclusion, and supports sustainable growth for Maryland's diverse business community.

I'm here to urge your support for HB 1561, the Affordable Energy Act. Maryland is facing an energy crisis due to power supply not keeping pace with rapidly increasing demand. When available supply lags, customers experience higher bills and greater reliability risks, which are outcomes that affect families and businesses across the state. These rising costs stem overwhelmingly from power supply prices set in regional wholesale markets, which Maryland does not control.

HB 1561, the Affordable Energy Act, offers a solution that encourages increased energy generation to Maryland's system without disruption to the current market. Currently, utilities are required to maintain reliability, yet they are prohibited from building the generation needed to meet growing demand. With no entity responsible for closing the supply gap, Maryland is left exposed to market volatility and reliability concerns.

The bill addresses this by authorizing the Public Service Commission to direct regulated utilities to develop renewable generation and battery storage resources when necessary to protect affordability and grid stability. This approach places development under strong public oversight – allowing regulators to evaluate costs, approve what gets built, and ensure that new resources align with Maryland's policy objectives.

The Maryland Hispanic Chamber of Commerce believes that reliability of the energy system matters, because economic stability matters. Greater predictability in energy costs strengthens competitiveness and provides a stronger environment for investment and growth.



HB 1561 equips Maryland with a dependable strategy to control rising costs, reinforce reliability, and secure the state's economic future.

For these reasons, the Maryland Hispanic Chamber of Commerce respectfully ask for a favorable vote for HB 1561.

A handwritten signature in blue ink that reads "Marco V. Avila, P.E." with a horizontal line underneath.

President/CEO
Maryland Hispanic Chamber of Commerce

IBEW Local 1900's Testimony for MD HB-1561 (03-10-

Uploaded by: Poetri Deal

Position: FAV



International Brotherhood of Electrical Workers
Local Union 1900
1400 Mercantile Lane, Suite 256
Largo, Maryland 20774



March 10, 2026

IBEW Local 1900 – Testimony

Position: SUPPORT

Chair Korman and Members of the Committee:

My name is Jerry R. Williford Jr., President, Business Manager, and Financial Secretary of the International Brotherhood of Electrical Workers (IBEW) Local 1900. IBEW Local 1900 represents approximately 1,200 skilled utility workers across Maryland, including employees who operate, maintain, and support the electric and gas systems that keep our communities powered every day. For our members, long-term energy supply planning and infrastructure investment are essential. Predictable investment creates stable project pipelines, supports apprenticeship and workforce development programs, and sustains family-supporting union careers. Reliable energy investment strengthens Maryland's electric grid and provides economic stability for working families across the state.

We support HB 1561, the Affordable Energy Act, because reliability and affordability are inseparable, and right now Maryland is headed toward a supply shortfall that threatens both.

For IBEW Local 1900 members and their families, rising energy bills are not an abstract issue. Higher and more volatile power costs affect household budgets and create uncertainty for the very workers responsible for keeping the system running. They also make it harder for employers and public institutions to plan, invest, and operate reliably.

HB 1561 is a responsible step forward to meaningfully address increased supply prices and insufficient generation because it creates opportunity for necessary investment in energy generation in an accountable and transparent way.

HB 1561 empowers the PSC to require a resource adequacy plan when needed and enables investor-owned utilities, under Commission oversight, to develop or own generation and front-of-the-meter storage under defined circumstances.

This is why IBEW Local 1900 supports HB 1561: it restores clear accountability for getting resources built.

From a workforce standpoint, HB 1561 also supports the kind of predictable, long-term investment that allows utilities and contractors to plan for training, staffing, and safety. When projects are sporadic or uncertain, it's harder to sustain apprenticeship pipelines and maintain the skilled workforce that Maryland depends on for grid reliability. When investment is planned and accountable, it strengthens careers that let working families stay in Maryland and thrive.

Through passage of this legislation, Maryland's commitment to building infrastructure and developing talent provides IBEW Local 1900 with reassurance that future demand will be met safely and dependably.

Representing the Employees of

|| Architect of the Capitol || Bureau of Engraving and Printing || Capitol Compliance Associates, Inc. || GenOn || IBEW (Headquarters) North American Energy Services ||
|| United States Government Publishing Office || National Institute of Standards and Technology || Potomac Electric Power Company || Washington Gas Light (Frederick) ||

For these reasons, I respectfully ask for a favorable report on HB 1561. Thank you for your time and consideration.

A handwritten signature in blue ink that reads "Jerry R. Williford Jr." with a stylized, cursive script.

Jerry R. Williford Jr.

President, Business Manager, Financial Secretary

International Brotherhood of Electrical Workers (IBEW) Local 1900

HB1561 FAV 3.10.26 PHI.pdf

Uploaded by: Rob Leming

Position: FAV

March 10, 2026

112 West Street
Annapolis, MD 21401

Support – House Bill 1561 – Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)

Potomac Electric Power Company (Pepco), and Delmarva Power & Light Company (Delmarva Power) support **House Bill 1561 – Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)**. House Bill 1561 authorizes the Public Service Commission (PSC) to direct regulated utilities to develop new renewable generation and battery storage assets when needed to ensure reliability and affordability, allows utilities to build and own generation under full public oversight, including cost review, siting approval, and performance accountability and requires stronger planning and coordination to align energy development with Maryland’s clean energy goals, load growth, and infrastructure needs. This legislation complements competitive energy markets, rather than replaces it, by adding stable, publicly accountable supply to meet growing demand.

Maryland is operating in a supply deficit as in-state demand exceeds generation supply. Many Maryland generation plants have retired and have not been replaced, leading to increased costs and reliability risks. Maryland relies on generation plants located in other states like Pennsylvania to transfer energy via transmission lines to the state. Transferring energy from other PJM states is increasingly risky as the grid operator is facing a widening gap between rising electricity demand and lagging generation supply. **Maryland cannot afford to wait.** Maryland must secure its own energy future. During peak days, PJM will have less margin for error, that includes the possibility of system failures for generation plants or transmission outages due to failure or maintenance work. The more Maryland relies on out of state generation and transmission to meet its peak capacity needs, the more risk exists to grid vulnerabilities. The state must act now to stabilize energy costs, reduce dependence on out-of-state power, and protect reliability during extreme weather - while staying on track to meet clean energy goals.

Maryland’s current energy rules prevent regulated utilities from building power generation to meet surging demand, even though utilities are responsible for keeping the lights on. A relatively small number of private power plant companies control much of the available power supply and benefit financially when capacity is tight. Capacity prices in the regional PJM market have increased nearly 600%, reflecting tightening power supply and driving up customer bills. Rising energy supply costs and falling reserve margins in PJM have sparked concerns about customer affordability and reliability. High price signals have not led to adequate generation plant construction to increase supply even in the face of rapid load growth. As solutions are explored, the need for better planning and for customer-accountable entities to overcome market uncertainty has led to consideration of expanding utility-owned generation in PJM.

Amber Perry | Anne Klase | Allyson Black-Woodson | Poetri Deal | **410 980 5347**

Despite record-high prices, PJM's most recent auction still failed to procure enough power to meet reliability targets, leaving the system more than 6,600 megawatts short, about the equivalent of six nuclear plants. Maryland now imports roughly 40% of its energy, often at the highest regional prices, exposing customers to volatility they cannot control and puts them at risk for frequent extended outages. On peak days (really hot or cold), Maryland imports more expensive electricity from other states via transmission lines, and that is we can get it at all. Electricity can get "trapped" in other states due to transmission congestion, and that can eventually lead to black outs.

The Affordable Energy Act addresses these structural problems by putting Maryland back in control of its energy future. As drafted, House bill 1561:

- Authorizes the PSC to direct regulated utilities to develop new renewable generation and battery storage assets when needed to ensure reliability and affordability.
- Allows utilities to build and own generation under full public oversight, including cost review, siting approval, and performance accountability.
- Requires stronger planning and coordination to align energy development with Maryland's clean energy goals, load growth, and infrastructure needs.
- Provides predictable, regulated cost recovery, reducing exposure to volatile wholesale market prices and protecting ratepayers over the long term.
- Complements competitive energy markets, rather than replacing them, by adding stable, publicly accountable supply to meet growing demand.
- Directs that customers receive bill credits, reflecting the energy and capacity market earnings of the resources, helping offset costs.

This legislation is not a unique concept. **Thirty other states, including Virginia, already allow regulated utilities to build generation alongside competitive markets.** States can expand the role of utility-owned generation alongside market-driven developments by Independent Power Producers (IPPs). PJM currently operates, and always has operated, in states with varying regulatory environments for generation. In some states, only IPPs develop new resources. In other states, vertically integrated utilities do so in parallel to IPPs. In these hybrid states, new utility-owned generation is planned through state commission regulated resource planning processes that include significant public stakeholder engagement which can better align investment decisions with long-term system needs, policy objectives, and citizens' concerns. Expanding the use of utility-owned generation could provide states with a more deliberate mechanism to ensure resource adequacy and support affordability. Under this framework, utilities would site and develop new generation under state guidance, based on long-term load forecasts, reliability requirements, and state policy goals, consistent with standard practices

How the Affordable Energy Act lowers costs and improves reliability

House Bill 1561 will allow for more in-state supply, which can help reduce price spikes caused by power shortages and dependence on out-of-state generators. Regulated generation brings costs under PSC oversight, rather than leaving customers exposed to unregulated market volatility.

This clear accountability will ensure that an in-state utility is responsible for meeting Maryland's future energy needs. Additionally, battery storage and renewables can be deployed faster and more strategically to support reliability while advancing clean energy goals.

Bill Impacts

The cost of building in-state generation and battery storage by utilities would be offset by revenue these assets make in the PJM market. Basically, the utilities are building this generation on behalf of Maryland customers to ensure the lights stay on and energy prices stabilize. Under the utility-owned generation framework, customers receive credit for the energy and capacity market earnings of the resources, offsetting costs. Furthermore, utility-owned generation acts as a hedge by providing a stable supply of power to customers, which offsets the volatility of energy and capacity market prices.

Clarifying Amendments

Pepco and Delmarva Power continue to work with the bill sponsor and stakeholders on amendments to clarify and update bill language and will continue to work with all stakeholders.

What this means for Marylanders

House Bill 1561 will mean greater stability in energy bills by increasing reliable power supply. It also will reduce the risk of outages during heat waves and winter storms. This increased protection will help provide additional safeguards for seniors, medically vulnerable residents, schools, and essential services. Maryland's energy affordability and reliability challenges are solvable. House Bill 1561 provides a proven, accountable framework to increase power supply, moderate prices, and protect customers while supporting the state's clean energy goals.

Pepco and Delmarva Power know higher energy costs are hard for families and businesses to manage, which is why finding solutions to lower costs is a top priority. We are working every day to provide meaningful assistance, protect customers from unfair cost impacts, and push for long-term solutions that help keep costs as low as possible. Pepco and Delmarva Power remain committed to partnering with all members of the General Assembly to find solutions to address high energy costs and respectfully request a favorable report on House Bill 1561.

HB 1561 - Electricity Generation and Storage - Aff

Uploaded by: Robert Cassilly

Position: FAV

ROBERT G. CASSILLY
Harford County Executive



ROBERT S. McCORD
Director of Administration

March 6, 2026

The Honorable Marc Korman
Chair, House Environmental and Transportation Committee
250 Taylor House Office Building
Annapolis, MD 21401

RE: Letter of Support – House Bill 1561 - Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)

Chair and Members of the Committee:

Harford County's economy is built on manufacturing, defense-related industries, small businesses, and skilled trades that depend on reliable and uninterrupted power. From Aberdeen Proving Ground and its surrounding defense contractors to advanced manufacturing facilities and logistics operations, our employers require consistent and affordable electricity to remain competitive.

Reliability is not partisan. It is operational. When electricity prices rise due to supply constraints and wholesale market volatility, the impact is immediate. Employers face higher operating costs. Families experience increased utility bills. Local governments must manage growing energy expenses within already constrained budgets.

Maryland is experiencing rising demand driven by economic growth, electrification policies, and the retirement of older generation resources. At the same time, supply has not expanded at the pace necessary to ensure long-term stability. Without stronger planning authority and accountability mechanisms, the imbalance between supply and demand will continue to create price pressure and reliability risk.

HB 1561 strengthens Maryland's ability to ensure adequate in-state supply and reduce exposure to regional market volatility. It provides a more proactive and accountable framework for generation planning under regulatory oversight. That approach is essential for counties like Harford, where economic development, workforce stability, and public safety all depend on dependable energy infrastructure.

Harford County Celebrates 250 Years ~ 1773-2023

410.638.3350 | 410.879.2000 | 220 South Main Street, Bel Air, Maryland 21014 | www.harfordcountymd.gov

THIS DOCUMENT IS AVAILABLE IN ALTERNATIVE FORMAT UPON REQUEST

The Honorable Marc Korman

March 6, 2026

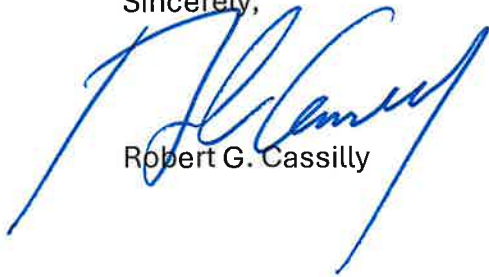
Page 2

For our working families and employers, energy stability means economic stability. Predictable electricity costs support business investment, job retention, and household affordability. Reliable power ensures that hospitals, emergency services, schools, and critical facilities can operate without disruption.

HB 1561 represents a practical step toward protecting ratepayers while strengthening Maryland's long-term energy planning capacity. It recognizes that affordability and reliability must remain central to our state's energy strategy.

For these reasons, I respectfully urge favorable consideration of HB 1561.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Cassilly", is written over the printed name. The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert G. Cassilly

Frisby.pdf

Uploaded by: Russell Frisby

Position: FAV

March 6, 2026

Dear Chair Korman, Vice Chair Guyton, and Members of the Committee,

Thank you for the opportunity to provide testimony on Maryland's electricity system and the policy considerations raised by House Bill 1561. I support actions like **House Bill 1561 – Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)** because they give Maryland needed tools to solve affordability and reliability issues plaguing the state.

Last year I authored an opinion article in the Baltimore Sun titled "*Blame Maryland's broken energy market for rising electricity bills.*" In that article, which is attached, I discussed how allowing utilities to own generation can help deliver a more affordable, reliable and secure energy future.

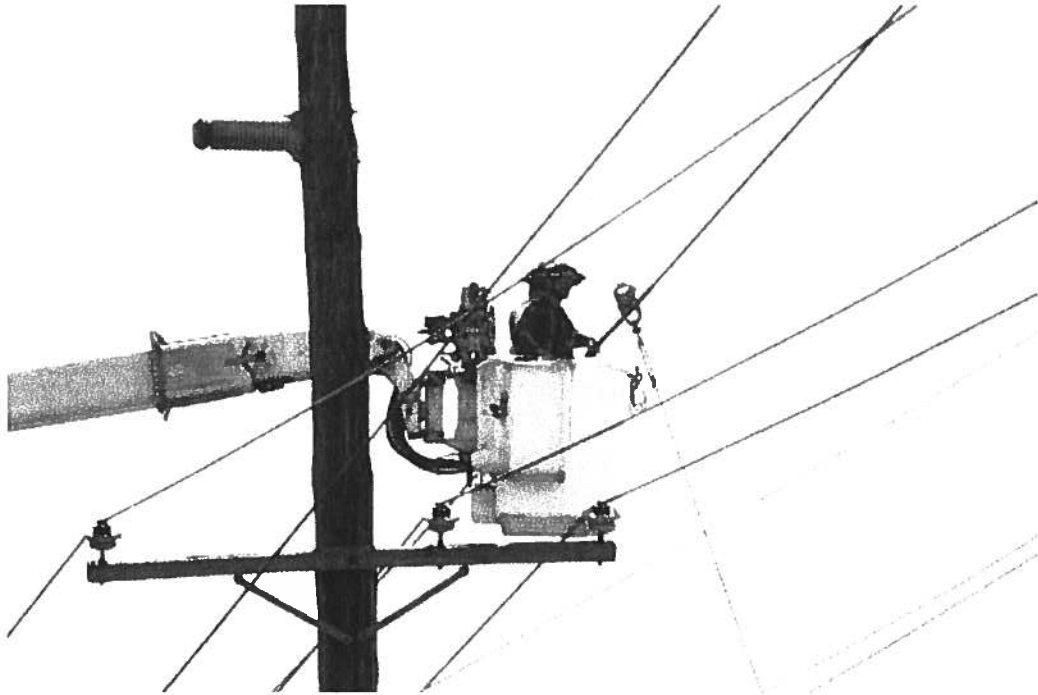
I urge the Committee to issue a favorable report for House Bill 1561.

Russell Frisby

Former chairman of the Maryland Public Service Commission and current consultant for the Edison Electric Institute.

OPINION COMMENTARY

Blame Maryland's broken energy market for rising electric bills | GUEST COMMENTARY



BGE crews work on repairing lines to utility poles along Route 140 in Westminster on Tuesday, Aug. 8, 2023.

By H. RUSSELL FRISBY

PUBLISHED: February 16, 2025 at 11:00 AM EST

If you've noticed the price you pay for electricity growing higher than ever, you're not alone. Across Maryland and the region served by PJM — the electric transmission operator for 13 states and the District of Columbia — customers are feeling the pressure of rising electricity costs. While it's easy to blame the local utility, the truth is far more complicated. The real culprit behind these skyrocketing bills isn't BGE or its energy delivery rates — it's a broken energy supply system that is failing to keep up with demand, leaving customers footing the bill for a crisis that has been years in the making.

To understand why electricity prices are rising, it's important to examine your bill. Your electric bill consists of three main parts: the supply portion, the delivery portion and a state-mandated charge that funds energy efficiency and assistance programs.

The supply portion covers the actual energy we use. This is where the biggest cost increases have occurred, with supply costs surging by over 30% due to high demand, power plant retirements and regulatory challenges that have slowed the development of new power generation.

The delivery portion, which local utilities including BGE manage, covers the cost of transporting electricity through power lines, maintaining infrastructure and ensuring the grid remains resilient. These rates are highly regulated and approved by independent bodies.

The third part of your bill is a charge that goes toward programs that help low-income residents, improve energy efficiency and reduce greenhouse gas emissions.

At the heart of the issue is a fundamental imbalance between supply and demand. Energy demand is climbing rapidly, particularly during extreme weather months. The expansion of data centers and artificial intelligence, the rise in electric vehicle adoption and increased industrial activity are also contributing to higher demand. However, while demand is growing, supply is shrinking, as many fossil fuel plants are being retired before replacement generation can come online.

The transition to clean energy must be managed carefully to avoid shocking consumers with unsustainable price increases. Retiring plants too quickly is a key reason electricity prices have surged.

Marylanders should not have to choose between affordability and sustainability. A balanced approach is necessary. That may mean slowing down the pace of plant retirements until alternative energy sources are fully operational. As important, it also means investing in new energy resources, including renewables, nuclear and battery storage.

Compounding the problem is a sluggish regulatory process that hinders the approval and development of new energy projects. It can take years for power plants to navigate the approval system, and a growing backlog of projects is stuck in federally regulated interconnection queues, waiting for permission to connect to the grid. Many plant operators are hesitant to invest in new generation because of the uncertain regulatory landscape, exacerbating supply shortages and price volatility.

To fix this, policymakers must take immediate action at both the state and federal levels. First, in some cases, slow the retirement of fossil fuel plants until adequate replacement generation is in place. There must also be a stronger push to encourage power plant development and competition. The regulatory process that governs new energy projects must also be streamlined to ensure that shovel-ready clean energy projects can come online as quickly as possible. Waiting years for approval only deepens the crisis and delays relief for customers.

Another important step is reconsidering Maryland's deregulated energy market structure, which currently forces utilities to purchase power from external suppliers rather than generating their own electricity. This setup exposes customers to volatile wholesale market prices, making it difficult to control costs. Subject to the antitrust laws, allowing utilities to own and operate generation would introduce greater stability, reduce dependence on out-of-state suppliers and improve overall grid resilience.

Unless state and federal leaders take action to fix these structural issues, consumers will continue to suffer from unpredictable and ever-increasing electricity costs. It is time to act decisively by slowing premature plant retirements, accelerating the approval of new energy projects, fostering competition in power generation and allowing utilities to own generation assets. Marylanders deserve an affordable, reliable and secure energy future. The time for policy change is now.

H. Russell Frisby is the former chairman of the Maryland Public Service Commission.

Sekwan Merritt - Testimony on HB 1561 Affordable

Uploaded by: Sekwan Merritt

Position: FAV

Testimony on HB 1561 – Affordable Energy Act

Position: Favorable

Good afternoon Mr. Chair, Madam Vice Chair, and members of the Committee. My name is **Sekwan Merritt**, and I am the owner of **Lightning Electric**, a minority-owned electrical contracting company based in Baltimore City.

I support HB 1561 because this issue is not theoretical for me. It is personal, it is professional, and it is happening in real time.

As an electrical contractor, I deal every day with the pressure of keeping projects moving, keeping crews working, managing suppliers, and trying to maintain cash flow while still delivering quality work. When energy costs rise and reliability becomes uncertain, that pressure hits small businesses like mine first and hardest. It increases costs, creates delays, disrupts planning, and makes it even harder for minority-owned contractors to stay ahead.

That speaks directly to my experience right now.

My company has had to fight through real financial strain while still trying to protect payroll, keep vendors satisfied, and keep active jobs alive. When the system is unstable, businesses like mine feel it first. We are the ones trying to hold everything together while also creating jobs and opportunities in the communities that need them most.

That is why HB 1561 matters.

This legislation provides a more effective pathway for Maryland to improve energy reliability and affordability

From where I stand, that means more than policy language. It means a better chance for stable projects, better planning, and more confidence for businesses trying to grow and hire.

And for my community, this is also about opportunity.

When Maryland invests in energy infrastructure, generation, and storage, that creates real work for electricians, contractors, apprentices, and suppliers. It creates a pipeline for workforce development. It opens doors for young people, returning citizens, and people from underserved communities who need access to real careers, not just temporary jobs.

For me, workforce development is not just a talking point. It is part of the work I am trying to build every day. I know what it means to come from a community where opportunity feels limited. I also know what it means when the trades provide a real path forward. Reliable and affordable energy can support not only economic growth, but also community growth.

I urge this committee to give HB 1561 a favorable report because affordable and reliable energy does not just power buildings. It powers businesses, families, and futures.

MD HB 1561 Testimony - Vince Duane.pdf

Uploaded by: Vincent Duane

Position: FAV

Vince Duane
Copper Monarch
120 St Georges Road, Ardmore PA
vincent.duane@coppermonarch.com
(484) 919-7638



Position: Favorable on HB 1561, Affordable Energy Act

Vince Duane Testimony to the Environment and Transportation Committee in Support of Maryland House Bill 1561 – Affordable Energy Act

Chair Korman and Members of the Environment and Transportation Committee:

Maryland is facing a capacity crisis, driven by accelerated demand for power from electrification and data centers and worsened by the power market in which it participates. In Maryland, except for smaller on-site backup or emergency generators at hospitals, businesses, or homes, all generation is procured through the mid-Atlantic's electricity market and grid operator, PJM.

PJM's energy and ancillary services markets provide a stream of revenue to compensate competitive generation for its operating costs, such as fuel procurement and payroll. About 20 years ago, PJM and its many stakeholders determined that these revenue streams were insufficient to support new investment and, in some cases, to retain needed existing generation. As a solution, PJM's capacity market was created to add a new revenue stream, intended to drive investment in new power plants when needed, whether due to growing demand or the retirement of aging infrastructure. The result, though, was a process that has proven much less direct and purposeful.

While PJM's capacity auctions have attributes designed to harness competitive forces, their single clearing price outcomes are problematic, in my opinion, because they persist in treating all megawatts of generation, from all technology types, as a fungible commodity, with each MW serving as an economic and operational substitute for the next. This foundational flaw means PJM's auctions work very differently from the competitive markets we are accustomed to in the broader economy. Price formation in the capacity market is hardly the work of Adam Smith's invisible hand. Instead, there are thousands of pages of byzantine rules, business manuals and FERC orders establishing administrative elements and inputs that bear on the so-called design of the capacity market.

The term "market design" is an oxymoron, like the old joke about "military intelligence." If a market must be so heavily designed and so removed from one that would organically arise simply where supply and demand preferences meet, is it really a market at all? For this reason, most of us in the PJM community describe it as a "capacity construct" rather than a market.

So why is the capacity construct not delivering capacity when it is so obviously needed? Because PJM's construct is like a 1970s Italian roadster – beautiful to look at (at least to economists) but always in the shop. The design is short-sighted (it provides price certainty for only one year) and subject to continual change; this uncertainty introduces risk, which ultimately drives up costs for all parties, including Maryland ratepayers. Importantly, it also means less capital investment – and in this specific context, less capital investment means less power generation. Any *theoretical* promise that prices would signal correct investment has proven, in practice, to be a false hope.

Enter HB1561, a modest response to PJM's extensive capacity market challenges. Allowing regulated utilities in Maryland to own and operate solar and storage resources is a step toward reducing Maryland's reliance on PJM's capacity construct to deliver generation.

While some may remark that such action will expose ratepayers in the state to the investment risks associated with generation, allowing utilities to develop resources under a cost-of-service model balances risk and cost: it may expose ratepayers to the investment risk, *but also* could bring potential benefits of such investment in the form of more reliability and lower costs. Including utility-owned generation as part of the utility's overall wholesale power supply portfolio will serve as a hedge to moderate the price volatility and uncertainty demonstrated by PJM's capacity market. It provides a fixed price for a small piece of a supply mix that is otherwise subject to floating prices, subject to yearly fluctuation, in PJM's capacity market. And as a hedge, utility-owned generation provides a prudent alternative to the illiquid and limited tenor limitations attendant to potential contracting bilaterally with generators or third-party risk management trading firms.

Unlike merchant investment, a utility is positioned to make siting decisions that purposefully optimize the location of these technologies in places where they are most beneficial to the operation of the transmission and distribution systems, and to the particular profile of the utility's customers.

Passing HB 1561 is a viable solution that will guarantee new solar and storage capacity comes to Maryland, without waiting and hoping that PJM establishes an environment that supports merchant companies' investment in such projects.

Thank you for your time today.

Vince Duane
Principal, Copper Monarch

HB1561 Julio Palomo PBWLDC, LiUNA (FAV W_AMENDMENT

Uploaded by: Julio Palomo

Position: FWA



March 10, 2026

The Honorable Marc Korman, Chair
The Honorable Michele Guyton, Vice Chair
Environment and Transportation Committee
250 and 251 Taylor House Office Building
Annapolis, MD 21401

**Testimony of Julio Palomo, President & Assistant Business Manager of the
Philadelphia/Baltimore/Washington Laborers' District Council on
HB 1561: Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage
(Affordable Energy Act)
Position: FAVORABLE WITH AMENDMENTS**

Thank you Chair Korman, Vice Chair Guyton, and members of the committee for the opportunity to provide written testimony on HB 1253. My name is Julio Palomo. I am the President and Assistant Business Manager of Philadelphia/Baltimore/Washington Laborers' District Council. We are an affiliate of LiUNA – the Laborers' International Union of North America.

On behalf of the Laborers' International Union of North America (LiUNA) and its members across the State of Maryland, we write in strong support of House Bill 1561, the Affordable Energy Act. LiUNA represents working men and women in the construction, public works, and energy sectors throughout Maryland. Our members build and maintain the infrastructure of this State — including its energy infrastructure — and they have a direct and material interest in both the reliability of Maryland's power grid and the affordability of electricity for working families. LiUNA supports House Bill 1561 and urges this Committee to report the bill favorably.

The Problem Is Structural and Urgent

Maryland's current regulatory framework prohibits regulated utilities from building generation capacity to meet surging demand — even as those same utilities bear statutory responsibility for keeping the lights on. The consequences of this structural misalignment are measurable and severe:

- Capacity prices in the PJM regional market have increased nearly **600%**, driven by tightening supply and driving up electricity costs for households, businesses, and public institutions across Maryland.
- PJM's most recent capacity auction **failed to procure sufficient power to meet reliability targets**, leaving the system more than **6,600 megawatts short** — the equivalent of approximately six nuclear plants.
- Maryland now **imports roughly 40% of its electricity**, frequently at the highest prices available in the regional market, exposing ratepayers to volatility entirely outside the State's control.
- Despite record-high capacity prices, **new generation investment is not materializing** at the pace required to meet demand growth driven by electrification, economic expansion, and data center load.

Why This Matters for LiUNA Members

The energy affordability crisis is a labor issue. When electricity costs rise, working families bear a disproportionate share of the burden. Fixed and low-income households spend a larger percentage of their income on energy than higher-income households. Persistent price volatility erodes real wages and household purchasing power in ways that do not show up in wage negotiations but are felt at the kitchen table every month.

Beyond affordability, HB 1561 creates direct workforce benefits. The construction of new in-state renewable generation and battery storage assets will generate **skilled craft jobs** for LiUNA members and other building trades workers. Utility-scale construction projects — planned years in advance under regulatory oversight — provide the kind of **stable, long-lead project pipelines** that support workforce planning, apprenticeship utilization, and sustained employment in the construction trades.

When Maryland imports 40% of its electricity, it also exports the jobs associated with generating that power. HB 1561 begins to reverse that equation.

It is worth noting that organized labor has a long and documented history of building this nation's energy infrastructure. From the construction of hydroelectric dams and coal-fired power plants in the early twentieth century, to nuclear generating stations, natural gas facilities, and the modern buildout of utility-scale wind and solar, it has been union craftworkers — operating engineers, laborers, ironworkers, pipefitters, and electricians — who have physically constructed the generation assets that power American homes, businesses, and industries. Maryland's energy future should be built the same way: by a skilled, trained, and fairly compensated workforce.

Labor Standards — Recommended Amendment

Should this Committee report HB 1561 favorably, LiUNA strongly encourages the Committee to consider amending the bill to include enforceable labor standards applicable to the construction of any generation or storage assets authorized under the Act. Specifically, LiUNA recommends the Committee consider amendments that would require:

- Payment of **prevailing wages** on all publicly authorized or ratepayer-funded construction projects under the Act, consistent with Maryland's prevailing wage law;
- Use of **registered apprenticeship programs** meeting standards established by the Maryland Apprenticeship and Training Council for a defined percentage of craft labor hours;
- **Project labor agreement (PLA) authority**, granting the PSC or utilities the discretion to require PLAs on large-scale projects to ensure labor peace, workforce coordination, and compliance with applicable standards; and
- **Reporting requirements** to the PSC on workforce composition, wage rates, and apprenticeship utilization for projects constructed under the Act.

These standards would ensure that the public investment authorized by HB 1561 delivers commensurate public benefit — not only in the form of grid reliability and cost savings, but in the form of quality jobs that support Maryland's working families and strengthen the State's construction workforce pipeline.

Conclusion

The Maryland General Assembly has an opportunity to address one of the most consequential infrastructure and affordability challenges facing the State. The Affordable Energy Act is a measured, well-structured response grounded in the experiences of thirty peer states and supported by independent economic analysis demonstrating substantial customer savings and reliability gains.

LiUNA respectfully urges this Committee to report House Bill 1561 favorable with amendments and advance it to the full chamber for passage. Should you have any questions or wish to discuss our position further, please contact our lobbyist, William Kress.

HB1561 Ray Baker BDCBT (FAV W_AMENDMENTS).pdf

Uploaded by: Ray Baker

Position: FWA



March 10, 2026

The Honorable Marc Korman, Chair
The Honorable Michele Guyton, Vice Chair
Environment and Transportation Committee
250 and 251 Taylor House Office Building
Annapolis, MD 21401

**Testimony of Ray Baker, Maryland Director, Baltimore DC Metro Building Trades Council on
HB 1561: Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage
(Affordable Energy Act)
Position: FAVORABLE WITH AMENDMENTS**

Thank you Chair Korman, Vice Chair Guyton, and members of the committee for the opportunity to provide written testimony on HB 1561. My name is Ray Baker. I am the Maryland Director of the Baltimore-DC Building Trades (BDCBT). The BDCBT's 28 affiliates represent more than 30,000 union construction workers across Maryland, Virginia, and the District of Columbia.

The BDCBT writes in strong support of House Bill 1561, the Affordable Energy Act. Maryland's current regulatory framework prohibits regulated utilities from building generation capacity to meet surging demand — even as those same utilities bear statutory responsibility for keeping the lights on. The consequences of this structural misalignment are quite significant:

- Capacity prices in the PJM regional market have increased nearly **600%**, driven by tightening supply and driving up electricity costs for households, businesses, and public institutions across Maryland.
- PJM's most recent capacity auction **failed to procure sufficient power to meet reliability targets**, leaving the system more than **6,600 megawatts short** — the equivalent of approximately six nuclear plants.
- Maryland now **imports roughly 40% of its electricity**, frequently at the highest prices available in the regional market, exposing ratepayers to volatility entirely outside the State's control.
- Despite record-high capacity prices, **new generation investment** is not keeping the pace needed to meet demand growth driven by electrification, economic expansion, and data center load.

When electricity costs rise, working families bear a disproportionate share of the burden. Fixed and low-income households spend a larger percentage of their income on energy than higher-income households. Price volatility erodes real wages and household purchasing power in ways that do not show up in wage negotiations but are felt at the kitchen table.

Beyond affordability, HB 1561 creates direct workforce benefits. The construction of new in-state renewable generation and battery storage assets will generate **skilled craft jobs** for building trades workers. Utility-scale construction projects — planned years in advance under regulatory oversight — provide the kind of **stable, long-lead project pipelines** that support workforce planning, apprenticeship utilization, and sustained employment in the construction trades.

When Maryland imports 40% of its electricity, it also exports the jobs associated with generating that power. HB 1561 begins to reverse that equation. It is also worth noting that organized labor has a long and documented history of building this nation's energy infrastructure. From the construction of hydroelectric dams and coal-fired power plants in the early twentieth century, to nuclear generating stations, natural gas facilities, and the modern buildout of utility-scale wind and solar, it has been union craftworkers — operating engineers, laborers, ironworkers, pipefitters, and electricians — who have physically constructed the generation assets that power American homes, businesses, and industries. Maryland's energy future should be built the same way: by a skilled, trained, and fairly compensated workforce.

Labor Standards — Recommended Amendment

Should this Committee report HB 1561 favorably, the BDCBT strongly encourages the Committee to consider amending the bill to include enforceable labor standards applicable to the construction of any generation or storage assets authorized under the Act. Specifically, the BDCBT recommends the Committee consider amendments that would require:

- Payment of **prevailing wages** on all publicly authorized or ratepayer-funded construction projects under the Act, consistent with Maryland's prevailing wage law;
- Use of **registered apprenticeship programs** meeting standards established by the Maryland Apprenticeship and Training Council for a defined percentage of craft labor hours;
- **Local hiring** targets ensuring that workers on such facilities are Maryland residents with ties to the local community;
- **Project labor agreement (PLA) authority**, granting the PSC or utilities the discretion to require PLAs on large-scale projects to ensure labor peace, workforce coordination, and compliance with applicable standards; and
- **Reporting requirements** to the PSC on workforce composition, wage rates, and apprenticeship utilization for projects constructed under the Act.

These standards would ensure that the public investment authorized by HB 1561 delivers commensurate public benefit — not only in the form of grid reliability and cost savings, but in the form of quality jobs that support Maryland's working families and strengthen the State's construction workforce pipeline.

Conclusion

The Maryland General Assembly has an opportunity to address one of the most consequential infrastructure and affordability challenges facing the State. The Affordable Energy Act will deliver significant customer savings and reliability gains.

The BDCBT respectfully urges this committee to report House Bill 1561 favorable with amendments and advance it to the full chamber for passage.

FirstEnergy FWA ENT - HB1561.pdf

Uploaded by: Timothy Troxell

Position: FWA

FAVORABLE WITH AMENDMENTS – House Bill 1561

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

**Environment and Transportation Committee
Tuesday, March 10, 2026**

Potomac Edison serves approximately 293,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington) and is dedicated to safety, reliability, and operational excellence.

Favorable with Amendments

Potomac Edison appreciates and supports the General Assembly’s taking steps to address resource adequacy. We believe that Marylanders benefit when additional generation is developed, however, cost allocation is an important factor. We believe that costs associated with this development should only be recovered from customers of the investor-owned utility making the investment and should not be allocated to customers of other utilities.

We believe it is the intent of this legislation to reflect that reality, but we respectfully propose the following addition to clarify that concept.

A) SUBJECT TO SUBSECTION (B) AND (C) OF THIS SECTION, AN INVESTOR-OWNED ELECTRIC COMPANY REQUIRED OR AUTHORIZED TO CONSTRUCT, ACQUIRE, OWN, OR LEASE AND OPERATE ENERGY STORAGE DEVICES OR ITS OWN GENERATING FACILITIES UNDER § 7-510 OF THIS TITLE MAY RECOVER ALL OF THE PRUDENTLY INCURRED OR EXPECTED TO BE INCURRED COSTS PURSUANT TO AN APPROVED RESOURCE ADEQUACY PLAN INCURRED BY THE INVESTOR-OWNED ELECTRIC COMPANY IN CONSTRUCTING, ACQUIRING, OWNING, OR LEASING AND OPERATING THE ENERGY STORAGE DEVICES OR GENERATING FACILITIES PLUS A REASONABLE RETURN. **ANY COST RECOVERY AUTHORIZED UNDER THIS SUBSECTION SHALL BE COLLECTED SOLELY FROM THE CUSTOMERS OF THAT INVESTOR-OWNED ELECTRIC COMPANY, AND MAY NOT BE ASSESSED AGAINST, OR RECOVERED FROM, THE CUSTOMERS OR RATEPAYERS OF ANY OTHER INVESTOR-OWNED ELECTRIC COMPANY IN THE STATE.**

BGE and Pepco Holdings support this proposed change that further clarifies cost allocation, and with this change we offer our contingent support for this legislation.

Potomac Edison respectfully requests a Favorable with Amendments report on HB-1561.

HB1561_merged.pdf

Uploaded by: Barry Glassman

Position: UNF

Consumer Rate-Based Generation Threatens Competition and Benefits

Maryland’s electricity reliability and affordability are at risk. Legislative proposals that would allow utilities to directly saddle ratepayers with the costs and risks of building new generation will make the problem worse, not better.

Senate Bill 954 and House Bill 1561 would result in a costly policy shift in Maryland that would undermine electricity market restructuring, which has created a competitive, efficient marketplace that benefits consumers.

Giving utilities the ability to rate-base power generation for consumers again will reverse our progress, leading to higher bills, less innovation and less dependable power.

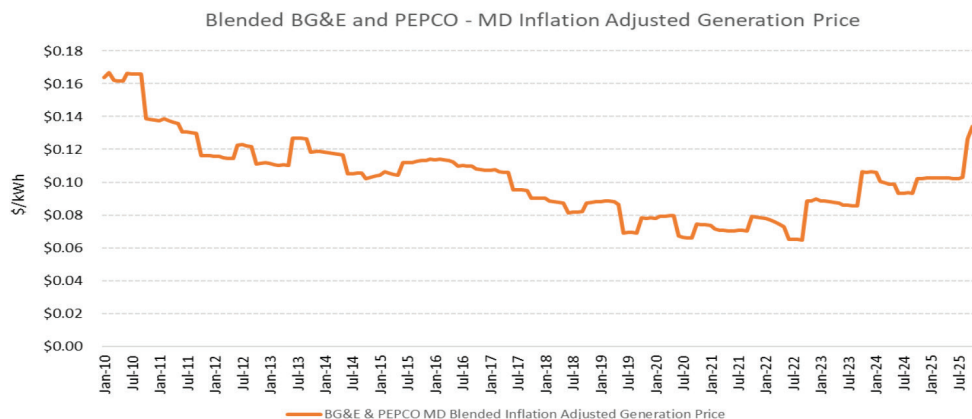
Consumer rate-based generation shifts financial risk to ratepayers

The risks associated with new power generation investments would be transferred from investors to utility ratepayers. This model creates a risk-free financial environment for utilities while obligating ratepayers to subsidize generation projects, regardless of performance or market competitiveness. While Maryland policymakers have expressed concerns about PJM capacity prices at around \$300/Mwday, the price of capacity in Virginia, where utilities build and own generation, is over \$460/Mwday.

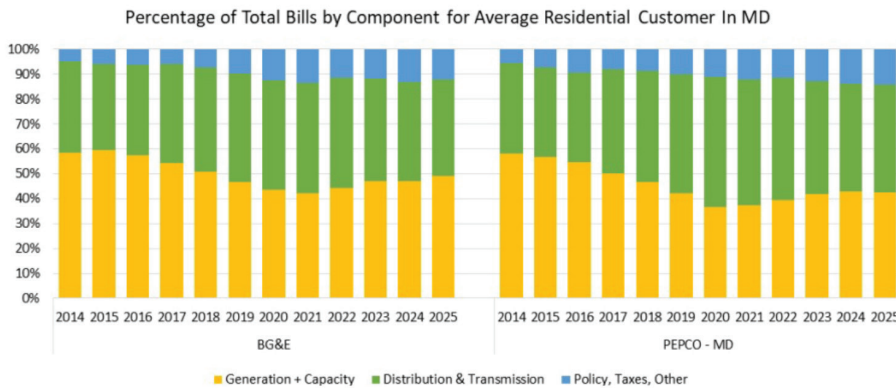
A competitive market structure benefits consumers in Maryland

In 1999, Maryland’s Electric Customer Choice and Competition Act restructured the market by separating generation from transmission and distribution to **reduce high electricity costs through competition, not a rate-based, guaranteed profit model**. This reform lowered prices and improved service through generator competition.

Historical data indicates that **generation costs in Maryland for the state’s two largest electric utilities, BG&E and PEPCO, have remained consistent relative to prior years** in the study period, as detailed in a [recent Energy Tariff Experts study](#). In fact, generation prices in 2025 were nearly identical to 2014 prices.



When looking at the overall cost of electricity in Maryland, the chart on the next page demonstrates that the percentage share of generation and capacity is actually lower than it was 10 years ago. Distribution and transmission costs, and policy and taxes make up a larger share of the average residential customer bill today than in 2014.



SB 954/HB 1561 is unnecessary, costly and bad public policy

Current Maryland law already allows utilities, including BG&E and PEPCO, to petition the Public Service Commission to rate base power generation if they believe there is a compelling case to do so. The same law also empowers the commission to require or allow utilities to build, acquire or operate power generation facilities to meet long-term, anticipated electricity demand. SB 954/HB 1561 would create an untested process that asks the PSC to make vague determinations that would open the door to additional charges to consumers' bills while eroding the benefits of the competitive market.

These legislative changes will not make utility bills more affordable and will most certainly lead to higher costs to consumers over the long run.

Strengthening competition is the best path forward

We believe that properly designed, fairly regulated and well-functioning competitive wholesale electricity markets without artificial market subsidies are the most effective means of:

- Ensuring a reliable supply of power to Maryland and the entire PJM region
- Facilitating the investment of at-risk capital in both new and existing technologies to deliver competitively priced power to consumers
- Complementing state and federal environmental objectives

About the PJM Power Providers Group (P3)

P3 is a nonprofit organization that supports the development of properly designed and well-functioning power generation markets in the PJM region, which includes all of Maryland. P3 members own more than 108,000 megawatts of generation assets, producing enough power to supply over 63 million homes, and are poised to invest further in Maryland, with recent announcements of more than 2,200 megawatts of new and updated generation and energy storage projects planned for the state.

Our members have invested tens of billions of dollars into facilities in the PJM marketplace without any regulatory guarantee of a return on that investment. P3 members own and operate virtually all forms of electricity generation (gas, wind, solar, nuclear, coal, hydrogen, battery storage), provide demand response and battery storage services in certain markets and serve end-use consumers through retail affiliates.

P3 MEMBER MD ASSETS

Alpha Gen

- Keys Energy Center - 766 MW (natural gas)

Cogentrix

- Rock Springs - 744 MW (natural gas)

Constellation

- Calvert Cliffs Clean Energy Station - 1,790 MW (nuclear)
- Conowingo Hydroelectric Generation Station - 572 MW (hydroelectric)
- Criterion Wind Project - 70 MW (wind)
- Fair Wind Project - 30 MW (wind)
- Fourmile Wind Project - 40 MW (wind)
- Perryman Generation Station - 404 MW (dual-fuel)
- Philadelphia Road Generating Station - 61 MW (oil)

CPV

- St. Charles Energy Center - 745 MW (natural gas)
- Backbone Solar - 160 MW (solar) Under construction

Rockland Capital

- Dickerson Power - 294 MW (dual-fuel)
- Chalk Point Power - 1,612 MW (natural gas and fuel oil)

Talen Energy

- Brandon Shores Power Plant - 1,289 MW (coal)*
- H.A. Wagner Generating Station - 702 MW (oil)*

* Scheduled to retire in 2029

Testimony of the PJM Power Providers Group
Before the House Environment and Transportation Committee
Maryland House Bill 1561 – Opposed
March 10, 2026

The PJM Power Providers Group (P3) respectfully submits this testimony in opposition to House Bill 1561.¹ P3 is a nonprofit organization representing competitive power suppliers that own and operate a diverse portfolio of generation resources throughout the PJM region, including substantial investments in Maryland. Our members collectively own more than 108,000 megawatts of generation capacity and have invested tens of billions of at risk capital dollars—without guaranteed recovery from ratepayers—to ensure reliable and competitively priced electricity.

House Bill 1561 Would End Maryland’s Competitive Market Structure

House Bill 1561 would authorize utilities to return to rate-based ownership of generation, fundamentally reversing Maryland’s electric restructuring framework established under the Electric Customer Choice and Competition Act of 1999. That restructuring separated generation from transmission and distribution specifically to reduce costs through competition rather than guaranteed utility returns.

The competitive wholesale market has delivered measurable benefits to Maryland consumers. Inflation-adjusted default generation prices for Maryland’s consumers have remained stable over time, with 2025 prices nearly identical to 2014 levels. The generation price chart included in the supporting materials (Page 1) illustrates this long-term value proposition delivered by competitive market.

Rate-Based Generation Shifts Financial Risk to Consumers

HB 1561 would allow utilities to recover generation investment costs directly from ratepayers while transferring the risks associated with construction and performance to those same ratepayers. This pre-2000 approach transfers financial risk from investors to captive customers and creates a risk-free investment environment for utilities while obligating consumers to subsidize projects regardless of competitiveness or performance.

Experience in neighboring states raises additional concerns. While policymakers have expressed concern about PJM capacity prices around \$300/MW-day, capacity prices in Virginia—where utilities own and rate-base generation—exceed \$450/MW-day, demonstrating that utility

¹ The views expressed in this testimony represent the views of P3 as an organization and not necessarily the views of any P3 members. For more information on P3: www.p3powergroup.com. A list of the assets P3 members own in Maryland is attached.

ownership does not reduce costs.² Moreover, Virginia, under its utility owned generation structure, has consistently failed to keep up with rising demand, putting pressure on states like Maryland to build generation and transmission to support its shortfall.³

House Bill 1561 Is Unnecessary

Current Maryland law already allows utilities, including BG&E and PEPCO, to petition the Public Service Commission (PSC) to rate-base generation if a compelling need exists. The PSC also retains authority to require or approve generation development to meet long-term electricity demand. HB 1561 would create an untested and vague regulatory process that risks opening the door to additional customer charges while eroding the benefits of Maryland's competitive market structure.

Generation Is a Smaller Share of Customer Bills Today and Capped Prices Going Forward Suggest Stability Going Forward

Data included in the supporting materials show that generation and capacity represent a smaller share of residential electricity bills today than they did a decade ago, while distribution, transmission, policy costs, and taxes now make up a larger portion of customer bills (see chart on page 2).

Moreover, PJM's capacity prices are currently capped until May 31, 2028, and PJM has proposed that these capacity price caps continue until May 31, 2030. With capacity prices capped for the next four years, any increase in generation costs to Maryland consumers will be directly tied to the wholesale price of natural gas which is completely out of the hands of Maryland policymakers. If gas prices remain steady it is highly likely that generation rates will remain steady. The recent results of the New Jersey default service auction stand as a testament that generation rates may not see significant increases in the near future.⁴

Data Center Demand is Fueling the Need for More Generation and PJM is Actively Working on Measure to Allocate the Costs of Needed New Generation to Those Entities

PJM Interconnection is actively implementing market, planning, and operational reforms to address the rapid growth of large-load data centers and ensure that reliability and cost allocation remain aligned with system needs. PJM has enhanced its interconnection and load forecasting processes to better account for high-density, geographically concentrated demand, while coordinating closely with transmission owners and state regulators to identify infrastructure upgrades required to maintain reliability. PJM is also refining its resource adequacy and capacity market frameworks to ensure that new load entering the system is matched with sufficient dispatchable and flexible generation resources and assigned the costs of those upgrades. In

² See, <https://www.pjm.com/-/media/DotCom/markets-ops/settlements/frr-lse-capacity-rates/2025/schedule-8-1-appendix-2.pdf>

³ See, <https://www.eia.gov/todayinenergy/detail.php?id=64104>

⁴ See, <https://www.nj.gov/bpu/newsroom/2026/approved/20260212.html>

addition, PJM is advancing improved transparency around large-load interconnection requests, studying co-location and behind-the-meter arrangements, and evaluating tariff revisions so that costs associated with serving large, rapidly developing loads are appropriately assigned to those creating the demand rather than broadly socialized to existing customers. Together, these efforts are intended to support data center growth while preserving grid reliability and protecting consumers from undue cost shifts.⁵

Competitive Markets Best Support Reliability and Investment

Competitive wholesale markets encourage investment using private capital rather than customer guarantees. PJM members remain prepared to invest in Maryland's energy future, with more than 6,000 megawatts of new and updated generation and energy storage projects planned for the state.⁶ Properly designed and well-functioning competitive markets help ensure reliability, facilitate innovation across technologies, deliver competitively priced electricity, and complement state and federal environmental objectives.

Conclusion

House Bill 1561 represents a costly and unnecessary departure from Maryland's successful competitive electricity framework. By shifting investment risk to consumers, weakening competition, and duplicating authorities already available to regulators, the bill would likely increase long-term costs while undermining innovation and reliability.

For these reasons, the PJM Power Providers Group respectfully requests an **unfavorable report** on House Bill 1561.

⁵ See, <https://www.pjm.com/-/media/DotCom/about-pjm/who-we-are/public-disclosures/2026/20260116-pjm-board-letter-re-results-of-the-cifp-process-large-load-additions.pdf>

⁶ For example, <https://www.constellationenergy.com/news/2025/11/constellation-offers-maryland-a-menu-of-new-generation-options-to-meet-rising-demand.html>

P3 Member Maryland Assets

AlphaGen

- Keys Energy Center in Brandywine, MD, Prince George's County, Natural Gas, 766 MW

Cogentrix

- Rock Springs, Rising Sun, Cecil County, Maryland, 744 MW, Natural Gas

Constellation

- Calvert Cliffs Clean Energy Station, Lusby, MD, Nuclear, 1,790 MW
- Conowingo Hydroelectric Generation Station, Darlington, MD, Hydro, 572 MW
- Criterion Wind Project, Oakland MD, Wind, 70 MW
- Fair Wind Project, Oakland MD, Garrett County, Wind, 30 MW
- Fourmile Wind Project, Frostburg MD, Garrett County, Wind, 40 MW
- Perrymen Generation Station, Aberdeen MD, Natural Gas and Oil, 404 MW
- Philadelphia Road Generating Station, Baltimore MD, Oil, 61 MW

Competitive Power Ventures (CPV)

- CPV St. Charles Energy Center, Charles County, MD, Natural Gas, 745 MW
- CPV Backbone Solar – Garrett County, MD, Solar, 160 MW

NRG

- Vienna Unit 8, Vienna, Maryland, 153 MW, Residual Oil (Primary), Distillate (Start-Up)
- Vienna Unit 10, Vienna, Maryland, 14 MW, Distillate
- NRG Chalk Point CT (Aquasco, Maryland, 80 MW, Natural Gas (Primary), Distillate (Secondary))

Rockland Capital

- Dickerson Power, Dickerson, Montgomery County, Dual fuel units (natural gas and fuel oil), 294 MW
- Chalk Point Power Aquasco, Prince George's County, Natural gas-only units and dual fuel units (natural gas and fuel oil), 1,612 MW

Talen Energy

- Brandon Shores Power Plant - 1,289 MW (coal)*
- H.A. Wagner Generating Station - 702 MW (oil)*

*Scheduled to retire in 2029.

20260306_HB1561_Testimony_Ltr.-HBW.pdf

Uploaded by: Bert Wilson

Position: UNF

HOUSE BILL 1561

ELECTRICITY GENERATION AND STORAGE – INVESTOR-OWNED ELECTRIC COMPANIES FRONT-OF-THE-METER STORAGE (AFFORDABLE ENERGY ACT)

UNFAVORABLE

ENVIRONMENT AND TRANSPORTATION COMMITTEE

March 6, 2026

The Energy Artisans submit these **unfavorable** comments to **HB 1561 – Electricity Generation and Storage – Investor-Owned Electric Companies Front-Of-The-Meter Storage (Affordable Energy Act)**

Energy Artisans is an established membership organization formed in 2017 that is comprised of industry experts to serve various client needs. The group is anchored by individuals who have decades of energy market experience in general purchasing, wholesale and behind-the-meter power plant development and operation, as well as bulk and retail energy delivery, fuel purchasing and delivery, efficiency measures, and direct participation at the membership and stakeholder level in PJM.

We have reviewed this Bill and do not support any aspect of this legislation.

Maryland transitioned to a deregulated commodity electric supply market in 2000 because markets provide a wider range of choices and optimal costs for such choices. In this transition, Maryland customers paid near \$1 Billion in stranded costs to predominantly BGE for over-valued assets. Also, notable is customers in Pennsylvania's transition to a deregulated commodity electric supply market paid nearly \$12 Billion with almost half going to PECO, another Exelon company. Maryland's Constitution is crystal clear on monopolies: Article 41 states, "*That Monopolies are odious, contrary to the spirit of a free government and the principles of commerce, and ought not be suffered*". To expand monopoly investment into free markets contradicts the Maryland Constitution. Further, if monopolies are allowed to build energy infrastructure that is provided by a free market, it would discourage competition. While Maryland may make it more difficult to build electric production resources than surrounding states, a monopoly utility would have no particular advantage relative to a private owner. This would further discourage private business investments in Maryland which are sorely needed, in light of the situation with our federal government. We find the following points particularly objectionable:

Guaranteed Return and Non By-Passable Surcharges

In order for a monopoly to have guaranteed returns, a group of customers must be forced to pay for the investments regardless of whether they are needed or how well they operate. What citizens choice will be sacrificed so that they are no longer customers with a choice, but rather become real "rate payers" subjected to the monopoly's will? Specifically, the Bill includes stranded costs and non-by-passable surcharges which means that even a customer who leaves the monopoly must pay to exit. We've been here before and paid \$1 Billion for the right to have free choice in our energy supply.

Floor Rate of Return

This Bill stipulates a floor rate of return on assets equal to the FERC rate of return (ROR) on transmission rate base. Note transmission rate base averages 1.5%-2.0% higher than the state PSC-approved ROR. As such, this would legally usurp the PSC's authority to set any rate of return on these assets that is lower than the FERC approved ROR, in which the PSC has no input. This is a particularly audacious request illustrative of a monopoly's intent to charge more and remove customer choice.

In conclusion, we do not support HB 1561. If the monopoly utility wishes to engage in electric generation and storage asset investments, they should be free to do so with the same rules as everyone else and in no way provided rates of return and guarantees that are forced upon their customers.

H. Bertram Wilson, Sr.

H. Bertram Wilson, CFA
Energy Artisans, LLC
bertwilson@theenergyartisans.com
443.286.1397 (Cell)

AOBA HB1561 UNF.pdf

Uploaded by: Brian Anleu

Position: UNF



Bill: **House Bill 1561 - Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)**

Committee: **Environment and Transportation**

Date: **March 10, 2026**

Position: **Unfavorable**

The Apartment and Office Building Association (AOBA) of Metropolitan Washington is a nonprofit trade association representing the owners and managers of more than 23 million square feet of commercial office space and 167,000 apartment rental units in Montgomery and Prince George's counties. AOBA submits the following testimony in opposition to House Bill 1561.

HB 1561 would allow investor-owned utilities to construct, own, and operate generation facilities and recover the costs of those projects directly from ratepayers through regulated charges. This proposal represents a significant shift away from Maryland's long-standing competitive electricity market structure.

Allowing utilities to rate-base power generation transfers financial risk from private investors to Maryland ratepayers. Under the bill, utilities could recover all prudently incurred costs plus a guaranteed return, even if projects experience cost overruns, operate less frequently than expected, or ultimately become unnecessary. In contrast, under the current competitive market structure, developers bear the financial risk associated with building and operating power plants.

Maryland restructured its electricity market in 1999 specifically to separate competitive generation from regulated transmission and distribution services. This policy has helped encourage competition and protect consumers from the financial risks associated with large generation investments. Analyses of Maryland's competitive electricity market show that consumers have benefited significantly from competition. For example, studies estimate that Maryland customers would have paid more than \$11 billion in additional electricity costs over the past 15 years if retail rates had grown at the same pace as vertically integrated markets.¹

¹ <https://www.allianceforcompetitivepower.org/s/Competitive-Power-Benefits-for-the-State-of-Maryland>

At the same time, increases in electricity bills in Maryland have largely been driven by rising transmission and distribution costs rather than the cost of power generation itself.² Reintroducing regulated utility generation risks undermining these benefits. Utilities operate under a regulated “cost-plus” model that guarantees recovery of capital expenditures and provides a return on equity tied to their rate base. This model inherently rewards increased capital spending and reduces incentives to control costs.

Allowing utilities to build and rate-base new generation assets could encourage excessive spending and increase electricity bills for Maryland consumers. While ensuring reliable and affordable electricity is an important goal, HB 1561 would move Maryland away from a competitive electricity supply market that has protected consumers for decades. Allowing utilities to build and rate-base new generation would shift risk to customers, weaken competition, and likely increase energy costs over time.

For these reasons, AOBA urges an unfavorable report on House Bill 1561. For more information, please contact Brian Anleu at banleu@aoba-metro.org.

² https://powerlines.org/wp-content/uploads/2025/04/PowerLines_UTILITY-BILLS-ARE-RISING_2025-1.pdf

HB1561 Written Testimony IBEW LU 410.pdf

Uploaded by: Brian Terwilliger

Position: UNF



**LOCAL UNION 410
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS**

March 10th, 2026

Committee: Environment and Transportation Committee

Testimony on HB 1561 Affordable Energy Act 2026

Position: Unfavorable

Hearing Date: March 10th, 2026, at 1:00 PM

Dear Chair Korman and Members of the Committee:

On behalf of the more than 1,450 hardworking members of the International Brotherhood of Electrical Workers (IBEW) Local 410, who represent skilled utility workers at Baltimore Gas and Electric (BGE) and other employers throughout the Baltimore metropolitan area, I write to express our strong opposition to House Bill 1561. Our members build, operate, and maintain Maryland's electric infrastructure every day, and we are deeply concerned that HB 1561 would harm both ratepayers and the workers who keep the lights on.

At its core, HB 1561 is not an affordability bill; it is a risk-transfer bill. The cost-recovery framework in proposed § 7-219.2 allows investor-owned utilities to recover **100 percent of all prudently incurred costs**, including construction, operation, fuel, taxes, carrying costs, and even **stranded investments "for any reason."** On top of that, utilities are guaranteed a "reasonable" rate of return that can be no lower than the FERC-approved transmission return on equity, currently among the highest ROEs utilities earn.

Recent experience further underscores why this approach is deeply concerning. Exelon and its subsidiaries have embarked on an unprecedented expansion of capital spending across the PJM region, with multibillion-dollar infrastructure and energy investments that continue to grow in scale and cost. Public reporting and company filings show that these projects are increasingly complex, subject to supply chain pressures, rising financing costs, and changing market conditions. Under traditional competitive market rules, those risks fall on investors. Under HB 1561, however, those same risks would be shifted almost entirely onto ratepayers through guaranteed cost recovery and non-bypassable charges. When projects exceed initial budgets or assumptions prove wrong, Maryland families and businesses, not shareholders, would be required to absorb the consequences. That is precisely the outcome this legislation would lock into law.

IBEW Local 410's Written Testimony
Unfavorable of HB 1561
March 10th, 2026
Page 2 of 2

This structure reveals the bill's true intent. HB 1561 is carefully designed to preserve utility shareholders' highest returns while shielding them from virtually all downside risk. Costs are shifted to ratepayers through a **non-bypassable surcharge** on every customer's bill, even as utilities continue to retain net revenues from participation in the PJM wholesale market. In effect, utilities are guaranteed profits whether projects succeed or fail, while Maryland families and businesses are left holding the bag.

That is not how competitive energy markets are supposed to work. In PJM, independent generators bear real financial risk, and consumers benefit when lower-cost resources outperform higher-cost ones. HB 1561 flips that model entirely, socializing **losses, privatizing gains, and locking in utility profits at the expense of affordability**. If market conditions change, renewable costs continue to fall, or projects become uneconomic, ratepayers, not shareholders, will absorb every dollar of that risk.

Equally troubling, and of direct concern to our members, is what HB 1561 leaves out entirely: **worker protections**. Nowhere in the bill does it require prevailing wage standards for the construction, acquisition, or operation of utility-owned generation or front-of-the-meter storage projects. It includes no requirements for project labor agreements, community benefit agreements, local hiring, apprenticeship utilization, or targeted workforce development for Maryland workers.

Maryland has long recognized that large-scale energy and infrastructure investments should support family-sustaining jobs and skilled local labor. HB 1561 creates a sweeping new category of utility-owned assets, funded by ratepayers, while abandoning those long-standing labor standards. The result would be public-funded projects that fail to deliver the high road, union jobs our members perform every day at BGE.

IBEW Local 410 supports responsible investments in resource adequacy and energy storage. But we cannot support legislation that guarantees investor-owned utilities their highest returns, insulates them from market risk, and does so **without any enforceable labor standards** to protect workers or meaningful safeguards to protect ratepayers.

For all of these reasons, we respectfully request that the Environment and Transportation Committee **vote unfavorably on House Bill 1561**.

Respectfully,

International Brotherhood of Electrical Workers
Local 410

HB1561_CCANAF_UNF.pdf

Uploaded by: Brittany Baker

Position: UNF

TESTIMONY OF
LAUREN GREACEN GYGAX
MARYLAND PROGRAM ASSOCIATE

—
TESTIMONY OF
BRITTANY BAKER
MARYLAND DIRECTOR

—
MIKE TIDWELL
EXECUTIVE DIRECTOR



**HB 1561 - Electricity Generation and Storage - Investor- Owned Electric Companies and
Front-of-the-Meter Storage**

UNFAVORABLE

Environment and Transportation

March 6, 2026

Dear Chair Korman, Vice Chair Guyton, and Members of the Committee,

Allowing utility companies to own generation will not solve Maryland's energy affordability problem. **In fact, it would most likely work against the affordable, clean energy goals of the state.**

Currently, utilities make their profits off big capital spending on local transmission lines and distribution infrastructure. Exelon owned utility companies have already been driving up bills for Marylanders with their costly and unnecessary \$41.3 B 4-year capital expenditure plan, while reporting \$2.8 billion in record-breaking profits.¹ The current affordability crisis is driven by these distribution expenditure decisions, proving that utilities mismanage what the capital investments that they already control. In fact, gas rates have more than tripled since Exelon acquired BGE in 2012,² demonstrating the correlation between Exelon's ownership, intentional overspending on distribution infrastructure, and rate shock. **The last thing the legislature should do is let them do the same for power generation.**

Exelon owns all the biggest utility companies in Maryland - BGE, PEPCO, Commonwealth Edison and Delmarve Power & Light and has a captive customer base. Exelon already acts as a monopoly under these conditions but it is allowed to because regulation can keep them in check. Utilities actually benefit from cost overruns because inflated costs grow their rate base and profits, whereas in competitive markets, investors bear the risk of cost overruns and can even go bankrupt. With utilities, customers take on all risk, and regulators won't let utilities fail, so they'll approve cost increases even from bad decisions. Exelon should not expand their monopoly power by owning another part of the process to bring energy to Marylanders. Monopolies are

¹ <https://www.utilitydive.com/news/exelon-transmission-data-center-capex-earnings/812200/>

² <https://www.thebanner.com/economy/bge-bill-increase-P3REUMUEBRCBRLJSTBNXFQJAPE/>

TESTIMONY OF
LAUREN GREACEN GYGAX
MARYLAND PROGRAM ASSOCIATE

TESTIMONY OF
BRITTANY BAKER
MARYLAND DIRECTOR

MIKE TIDWELL
EXECUTIVE DIRECTOR



known to grow corporate power, raise prices for consumers and reduce innovation. We must ensure that Exelon's scope remains limited to distribution.

Further, there is no reason to believe that Exelon has the knowledge, capacity, or expertise to build and own generation. There are serious concerns about how they currently operate, especially with poor management of their call center, and the lack of transparency and major cost overruns around their large transmission projects. One example includes a recent transmission project that has grown from \$800 million to \$1.5 billion in just one year and isn't finished yet, costs will likely continue rising.³ Yet, BGE cannot or will not explain how much power this transmission will bring into the area or what the reliability impacts will be for what is currently a constrained zone.

Finally, Exelon's own investor presentations reveal their true priority is rate base growth, not clean energy. Their investor presentations show how they want to spend capital on infrastructure to grow their rate base. The real solution to energy affordability is to diversify our energy sources. We must be expanding access to solar, batteries, and wind power through the competitive market, as these are cheaper and quicker to get onto the grid.⁴ This is what will bring down energy prices on the supply side of the bill, not giving utility companies more opportunities to profit.

Please note the two addendums to this testimony. Document 1 is testimony from Maria Sears. She is a Baltimore resident who Brittany Baker, our Maryland Director, has been working with for 7 months to help her navigate signing up for utility assistance. Document 2 is testimony from Councilmember Mark Conway, District 4 Baltimore City, who was eager to engage on this issue.

I request an unfavorable report of HB1561.

³https://opc.maryland.gov/Portals/0/Files/Bills/2026/House/Briefing%20for%20the%20Environment%20and%20Transportation%20Committee%201-20-26%20clear%20graphs.pdf?ver=s88g-db2NYD6X8u42ag_sA%3D%3D

⁴<https://www.scientificamerican.com/article/wind-and-solar-energy-are-cheaper-than-electricity-from-fossil-fuel-plants/>

Maria Spears
District 41 Resident
4000 Ayrdale Ave, Baltimore Md 21215

**HB 1561 - Electricity Generation and Storage- Investor-Owned Electric Companies and
Front -of the meter storage (Affordable Energy Act)**

Environment and Transportation

Unfavorable

March 3, 2026

Dear Chair Korman, Vice Chair Guyton, and Committee Members,

I am Maria Spears, a District 41 resident and I am testifying unfavorably to the idea of my utilities bills going up any further due to BGE making money off ratepayers. There are 8 people in my household, 4 adults and 4 children aged 10, 8, 5, and 3. I am the head of the household and I am an advocate for myself and the women and children in my community.

Just recently in November of 2025, me and my family almost lost our housing voucher due to our utilities being shut off. I had 30 days to come up with \$2,000 in order to have services back on. I got my balance down to .01 in December only for me to have another outstanding balance of \$1,900 in January. It seems as if I was charged over 1,000 for one month.

I haven't even begun to breathe from the weight that my BGE bill has put on me. BGE has never been helpful. Budget billing really only makes you owe the actual balance which is always expensive and they do not give a lot of solutions when you call the call center.

For these reasons, I don't think BGE should get more privileges of additional charges to put on utility bills.

Sincerely,
Maria

Testimony of Councilman Mark Conway

Baltimore City Council – Fourth District

HB1561 – Position: Unfavorable

Chair, Vice Chair, and Members of the Committee,

Thank you for the opportunity to submit testimony on House Bill 1561. My name is Mark Conway, and I serve as the Baltimore City Councilman for the Fourth District.

I am writing today to express serious concerns about the potential impact of this legislation on Maryland ratepayers, especially those in Baltimore City and on the Eastern Shore. Residents in these areas already experience some of the highest energy burdens in the state. Many families are struggling to keep up with rising utility costs, often forced to choose between paying their energy bills and meeting other basic needs.

Unfortunately, Baltimore Gas and Electric's recent track record does not inspire confidence that expanding new mechanisms tied to utility investment will benefit ratepayers. Through initiatives such as Operation Pipeline and a series of local transmission projects, BGE has advanced infrastructure proposals that ultimately translate into higher customer rates. While reliability investments are important, they should not become a vehicle for repeatedly increasing costs for residents who are already under significant financial pressure.

At the same time, BGE's operational performance has raised additional concerns. The Public Service Commission recently found the company's call center operations to be performing so poorly that it suspended BGE's authority to conduct utility shut-offs until after April 1st. When residents cannot reliably reach their utility provider to resolve billing issues or access assistance programs, it undermines public trust and places vulnerable households at greater risk.

Maryland residents deserve a utility partner that prioritizes affordability, accountability, and reliable service. Until stronger protections are in place for ratepayers, it would be premature to expand new pathways that could further increase costs for Maryland families.

For these reasons, I respectfully urge the Committee to give HB1561 an unfavorable report.

Thank you for your time and consideration.

Mark Conway

Councilman, Baltimore City Council – Fourth District

Chair, Public Safety Committee

Baltimore City Hall

100 N. Holliday Street

Baltimore, MD 21202

HB1561 utility rereg.pdf

Uploaded by: Bryan Dunning

Position: UNF



March 10, 2026

**Testimony of Bryan Dunning
Senior Policy Analyst
Center for Progressive Reform**

**Before the Maryland House of Delegates' Environment and Transportation Committee:
Requesting an Unfavorable Report on HB1561: Electrical Generation and Storage –
Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy
Act)**

Dear Chairman Korman, Vice-Chair Guyton, and the members of the Environment and Transportation Committee,

Thank you for the opportunity to provide testimony on HB1561 on behalf of the Center for Progressive Reform (the Center). The Center is a research and advocacy organization that focuses on advancing good governance and achieving equitable public protections. Maryland — along with other 12 states and Washington, D.C. — is served by the Regional Transmission Organization (RTO) PJM. In recent years, these states have seen increased volatility in electric markets, contributing to major questions as to current and continued affordability of electric services through PJM. It is laudable that the legislative assembly has taken up several bills to address this issue, but HB1561 – authorizing Maryland's Electric Companies to rate base generation assets for the first time since 1999 – is not the solution this problem. As such, and for the reasons discussed below, the Center respectfully requests an **unfavorable** report on this bill.

HB1561 is Self-Executing, and even if it were not, it creates perverse incentives to utilities

HB1561's language presents the pathway to a return to utility-owned rate-based generation only if certain conditions are triggered. The conditions are twofold if either –

1. There is insufficient resource adequacy in the state; or,
2. A price stability event has occurred.

While only one of these conditions needs to be met to begin the path to utility owned rate-based generation, it important to note that *arguably*, both conditions have already been met.

Resource Adequacy

Resource adequacy is defined by the bill as a “measure of whether transmission lines have sufficient capacity and reserves to reliably balance electricity supply and demand within the State.” This is qualitative rather than quantitative, as no clear definition is given as to what constitutes “sufficient capacity and reserves.” That said, there is colorable arguable that this condition has already been triggered — either in December 2025, when the Base Residual Auction (BRA) (commonly referred to as the “capacity auction”) for years 2027 and 2028 saw PJM miss its RTO wide reliability target for the first time ever. Or, in June of 2024, when the capacity auction for years 2025 and 2026 saw the locational deliverability area of BGE constrained.

Even if the resource adequacy condition has not been met, there is a second concern, given that the Maryland electrical utilities own a substantial amount of the state’s grid (particularly those under the Exelon banner): The condition that allows grid owners to profit in instances of poor reliability creates fundamentally perverse incentives.

Price Stability

HB1561 is more specific in its definition of a “price stability event,” which is triggered when the clearing price in the PJM capacity market either has exceeded, or is expected to exceed, the net cost of new entry (CONE) for a generating facility that would be owned by a utility. As an example, the NET CONE across PJM in the 2027/2028 BRA was approximately \$289/MW-day. Even with the price collar in place, the clearing price was \$325/MW-day — exceeding the cost of new entry, and qualifying as a price stability event as defined in this bill.

Takeaways

Ultimately, all of this is a comparatively small issue with this bill — absent perhaps the perverse incentive presented to a utility that wishes to own rate-based generation as relates to grid reliability. However, it is important for legislators to understand that, while the conditional language in the bill suggests that such triggers are not certain, or only potential future events, the reality is that prior to the bill’s passage, at least one, if not both, of the conditions have already been met. This bill, if passed, would immediately require the Public Services Commission (MD PSC) to begin the process of allowing utilities to own rate-based generation. There would be no concrete difference between this bill and one that explicitly directs MD PSC to initiate that process.

The Conditions Impacting Electricity Prices are Ubiquitous

There are multiple barriers to entry for generation developers in the state of Maryland, and across the PJM RTO, and many of these are a function of PJM’s operational processes. These include issues with transmission planning and timely review of projects in the interconnection queue, the latter of which has contributed to rising costs, uncertainty, and delayed timelines. In the larger

economy, the supply chain for construction materials has been substantially impacted for the past six years, which only compounds those problems.

These barriers to entry are ubiquitous, applying to competitive market generators and utility generators alike. Allowing utilities to own rate-based generation in the state of Maryland again won't solve a single one of the issues I've described, but ratepayers could be forced to absorb cost overruns from utilities who would now own generation for the first time in 25 years.

HB1561 is Anti-Competitive and Exposes Marylanders to Higher Costs and Risks

Allowing Maryland Utilities to own rate-based generation again places developers of market-competitive generation at an economic disadvantage. Functionally, when a market competitor seeks to come online and sell electricity into the wholesale energy market (or to a discrete offtaker through a power purchase agreement), their project's construction, operations, and fuel costs must be carefully tailored to be market competitive. In other words, it's necessary for competitive generators to keep costs down. This is fundamentally the driving force behind Maryland's decision in the 1990s to shift to a reconstructed energy market and cease rate-based utility generation. The market fundamentals underpinning this decision have not changed in the last 27-odd years.

Currently, in the PJM footprint, as discussed above, developers face barriers of the interconnection queue, transmission costs, and supply chain costs. For cost-competitive generation projects, delays or surprise costs from transmission¹ or materials can lead to cost overruns that preclude a project from moving forward. Rate-based utility generation, which allows a guaranteed return on investment for capital investments, does not have this problem, as cost overruns can be absorbed by the utility as they get a guaranteed return on investment on those costs. This is a good thing for the utility, as it means greater profit, and it may be a "good" thing for PJM, as it provides an easier mechanism for ensuring projects come online — though it allows PJM to skirt the harder question of reforming their queue or engaging in meaningful long term transmission planning.

But rate-based utility generation is a bad thing for market-competitive generation developers in Maryland, as they are placed at a comparative economic disadvantage in securing financing for their projects; and it is a **terrible** thing for Maryland ratepayers, who are ultimately footing the bill for these projects. To provide an example of how cost overlays must be spread through to the public, one can look to Exelon's Brandon Shores Retirement Mitigation Project, which was [approved without a competitive process](#). From its initial price tag of \$796 million, the project has

¹ For instance, PJM's Resource Reliability Initiative, which selected 51 "shovel ready" projects to receive an expedited interconnection queue review, has seen approximately 40 percent of the approved projects (by generation, not by total project number) withdraw their interconnection applications after receiving the initial cost projection for transmission costs after PJM's phase 1 review. Although these projects were removed by the developer without comment as to reason, and understanding that correlation is not causation, the timing of these withdraws indicates that transmission cost in PJM represents a substantial barrier to new generation.

ballooned through cost overruns to \$1.51 billion, all of it allocated to Maryland ratepayers. Absent other provisions of this bill, discussed below, allowing re-regulation will ask Maryland ratepayers to absorb the costs of non-competitive projects and exacerbate the affordability crisis in the state.

However, the negative impacts of HB1561 expand beyond the costs of rate-based projects to Maryland ratepayers. The bill specifically contains a provision that a utility may recover (with a return on interest) stranded assets. In short, if a utility elects to build a generation project that is functionally a “bridge to nowhere”, regardless of how improbable the long-term necessity of the project is, this bill guarantees that ratepayers are on the hook for the costs and then some. And the bill goes even further by allowing the utility to petition MD PSC for the right to recover these costs through a non-bypassable surcharge on their bill. Writ otherwise, once a utility gets approval for such a project, a ratepayer has no ability to offsetting their electric bill by other means — like investing in rooftop or community solar, or in home energy. Under these circumstances, if a ratepayer is connected to the grid, *they are paying*.

Shifting this risk from the developer to the public is of particular concern given uncertainty in load projections in PJM. Load has been steeply growing in the PJM footprint tied to the explosion of large load interconnection (functionally data center facilities). However, how much of the projected load will actually come online (let alone stay online over the lifespan of a generation project) is incredibly uncertain. After PJM’s December 2025 capacity auction for the 2027/2028 year, the RTO issued an [updated load](#) forecast only one month later, walking load growth back by approximately 4.5 GW. Allowing for spreading risk from the developer to the public is extremely dangerous to ratepayer’s ability to afford electricity given the volatility of load projections in PJM.

HB1561 opens the door to massive gas generation build out

Although HB1561 prioritizes the development of renewables, it leaves open for utilities the possibility of developing rate base thermal generation (i.e. fossil fuels and nuclear generation), including applying for an expedited CPCN process as a large capacity energy resource.

As noted, load growth in PJM is currently being driven by large load, which is subject to a great amount of volatility. PJM has recently filed its decisional letter regarding its “critical issue fast path” (CIFP) process towards meeting large load. The RTO intends to hold a reliability backstop auction at some point in the near future, and this has already led to a filing of an expedited interconnection track (EIT) for interconnection studies with FERC. Although details of the backstop auction are still being discussed, the EIT language clearly preferences facilities with 250 MW of unforced capacity. What all of this points to is functionally more thermal, or fossil fuel, generation, with some preference for project proposals that would pair with large load facilities.

The timing of this legislation allows utilities to return to owning rate-based generation in the state just as we seem poised for “boom time” for new generation to serve load (and perhaps BGE’s enthusiasm to [invest in public ad buys](#)). Coupled with the risk-shielding provisions of this legislation, the elements at play are all strongly suggestive that the utilities see this load spike as a potential for a major financial windfall – albeit a risky one, whose downsides they seek to ensure they are protected from. If the utilities and their holding companies wish to pursue this, they could do so through competitive markets, not as rate based entities with a guaranteed rate of return and investment risk spread to the general public. To do otherwise is fundamentally unfair to Maryland ratepayers, already burdened by high electric costs.²

Re-Regulation does not solve local generation issues and opens the door to greater issues

One argument for re-regulation often put forth is that it will foster “local” generation (i.e. instate) and potentially shift Maryland from being a net importer of electricity to something approximating import-neutral. One has only to look south to Virginia to see that, if this is a concern, re-regulation is not the answer. Since re-regulating Dominion Energy in 2007, Virginia has become the number one net importer of any state in the Union as of 2023. Further, in that time frame, Dominion has become [routinely one of the top five lobbyists](#) in the state of Virginia – often the top – by total expenditure. Opening the door to reregulation will not solve Maryland’s status as a net importer, but does open the door to substantially expanding the political clout of the utilities in the state.

Conclusion

Lowering bills and ensuring resource adequacy in the state of Maryland is an important task for the legislature to undertake, and there are a number of excellent bills in 2026 as well as in recent years that would advance this – notably, largely focused on reining in utility spending, or requiring competition or low-cost alternatives to traditional energy infrastructure. However, HB1561 will not achieve these goals, and would in fact have the effect of suppressing market competition and socializing costs and risks to Marylanders to the benefit of utility shareholders. For these reasons the Center respectfully requests an **unfavorable** reading of this bill.

² Much of which is driven not by commodity prices for electricity but spiking transmission and distribution costs – something the utilities do get a rate of return for in the state of Maryland, and have been increasing year over year at a rate [greater than inflation](#) for certain Maryland utilities – particularly those under the Exelon banner.

HB 1561 - OPC Testimony and slides.pdf

Uploaded by: David Lapp

Position: UNF

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BILL NO.: House Bill 1561 – Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)

COMMITTEE: Environment and Transportation

HEARING DATE: March 10, 2026 (ENT)

SPONSOR: Delegate Queen

POSITION: Unfavorable

The Office of People’s Counsel (OPC) respectfully offers the following comments in opposition to House Bill 1561, Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage. HB 1561 is styled as the Affordable Energy Act, but paving the way for Maryland’s distribution utilities to own generation is anything but affordable.

As a general matter, HB 1561 is premised upon a misleading narrative—advanced by Baltimore Gas and Electric Company and its parent company, Exelon—that recent increases in PJM’s capacity-market supply costs are to blame for spiking energy bills. To be sure, energy supply is in the news and warrants serious attention, but higher supply costs from the now infamous capacity market auctions at PJM were *not* in residential customer bills last winter—when this Committee and local officials held hearings on high utility bills¹—and were *not* in residential BGE customer bills for the winter months of this year. For BGE, these costs have only been in its customer bills in three months,

¹ [Joint Briefing on Maryland’s Rising Energy Prices](#) (Mar. 12, 2025); Balt. City Council, [Informational Hearing on High Utility Bills, Rate Increases, and Winter Shutoffs](#) (Feb. 20, 2025).

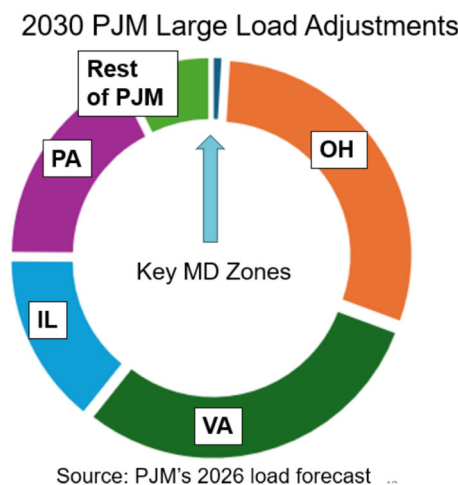
September to November 2025, and then again starting March 1.² Pepco and Delmarva Power customers also are not seeing the impacts of the escalated capacity market costs in their bills and will not see the full impact until late summer. Exhibit A to these comments show the timing of the customer impacts of the capacity market increase on Exelon utility customer bills.

Moreover, the energy crisis last winter was largely attributable to high gas—not electric—bills, largely driven by increases in gas distribution rates, combined with high consumption due to cold weather. *Gas distribution rate increases have nothing to do with electricity or the electric capacity market.* The same is true this winter when customers are again seeing massive utility bills.

This overstated messaging blaming supply costs serves two purposes: it distracts attention from rising distribution costs, and it supports Exelon’s theory that legislation should be enacted to allow it to create a new ratepayer-funded profit center — power generation.

But Exelon’s effort would require Maryland utility customers to pay the costs of generation that is primarily—if not only—needed to cover the city-sized energy needs of data centers, mostly located outside of Maryland. As documented by the PJM Independent Market Monitor, data centers have raised the price in the last three auctions by \$23 billion.³ As the figure below shows, that projected growth in demand is almost entirely outside Maryland.

Figure 1: Large load growth (2030)

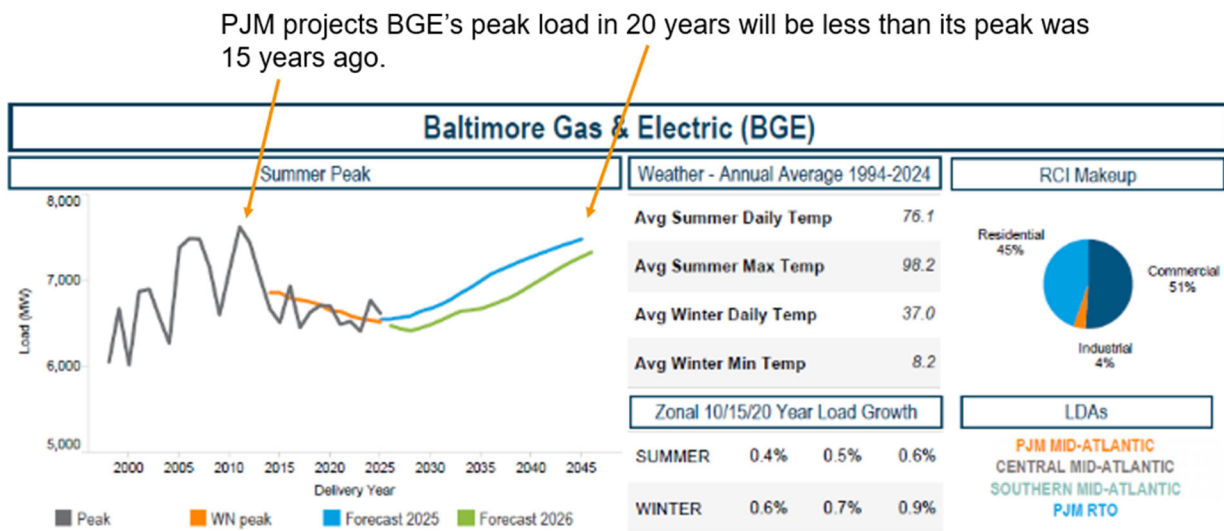


² Md. Pub. Serv. Comm’n, Letter Order (May 29, 2025) #4, 4/23/25 AM; Maillog Nos. 316774, 319193 (deciding issue presented at the April 23, 2025 administrative meeting); *see also*, Balt. Gas and Elec. Co., Supplement No. 736 to P.S.C. Md. E-6, Maillog No. 319295 (Case Nos. 9056, 9064, June 2, 2025) at 1.

³ *See Analysis of the 2027/2028 RPM Base Residual Auction*, Independent Market Monitor for PJM (Jan. 5, 2026) (explaining that “[t]he total increase in costs to other PJM customers as a result of data center load in the last three BRAs was \$23,100,955,341.”).

Meanwhile, PJM’s forecasts for load growth *in Maryland*—based on information in part provided by the utilities themselves—are modest. PJM now projects that the Maryland Exelon utilities’ power demands decrease—not increase—through 2029. Aside from small data center growth compared to PJM—growth that Maryland customers should not be responsible for—the Exelon utilities’ projected demands increase only modestly beginning in 2030, at a growth rate much lower than historical growth rates. In fact, the PJM illustration below shows that BGE’s electric demand today (6,500 megawatts (MW)) is significantly less than it was in 2011 (about 7,600 MWs) and never reaches the 2011 level of load through 2046, 20 years from now.⁴

Figure 2: BGE Summer Peak—PJM 2026 Forecast



Source: [PJM 2026 load forecast](#)

To be sure, PJM has a problem with data centers. As a member of PJM, Maryland cannot ignore this problem, which requires a regional solution. OPC is vigorously advocating for policies that prevent residential customers from bearing the costs of data centers. But Maryland customers should not take on risks or responsibility for the monumental projections of increased energy demand. Maryland customers are not driving the power demands and should not bear the costs necessary to meet those rising demands, whether they are real or phantom. This principle of “cost causation” is a fundamental tenet of public utility regulation and core to the legal standard that utility rates be “just and reasonable.”⁵ As PJM’s Independent Market Monitor (“IMM”) points out, the best solution to protect customers and prevent reliability issues is for data centers

⁴ [2026 PJM Load Forecast Report](#) at 15.

⁵ PUA § 4-201 (“[A] public service company shall charge just and reasonable rates for the regulated services that it renders.”).

to bring their own power supply.⁶ Many efforts are underway to ensure that data centers are responsible for their own power needs and infrastructure costs.

While any generation may lower costs in the medium to long term, utility-owned generation would do so at much greater risk to existing utility customers and likely at a much higher cost than relying on independent power producers to construct more generation in the competitive market. Since 1999 in Maryland, law allows utilities to build and own generation subject to Public Service Commission approval, but this law has not been utilized.

Allowing monopoly utilities to build generation poses significant risks to Maryland's utility customers, with few offsetting benefits.

First, power generation is a competitive business, not a monopoly service. But under HB 1561 captive utility customers—rather than the investors of private, competitive “merchant” generation companies—would bear all the risks that the future costs paid to the utilities would be higher than market prices. That is the opposite of how risks are allocated currently—which is to the *investors* of competitive generation companies. And no one knows what future generation markets (for capacity or energy) will be. Indeed, speaking about the volatility of capacity and energy market revenues, Exelon's own consultant explained to the PSC last year that “[i]t is very difficult to forecast tomorrow's prices, let alone a 15-year stream.”⁷

Second, outside of future market prices, utility customers would bear all the other risks associated with building a power plant (or plants) at costs that could easily be billions of dollars. A non-exhaustive list of potential risks includes:

- Picking the wrong type of plant;
- Building it in the wrong place;
- Transmission costs for interconnection being higher than anticipated;
- Permitting delays;
- Cost overruns;
- Mechanical failures once operational; and
- Penalties for failure to perform when called upon.

Cost overruns are of particular concern, given the utilities' record of poor forecasting of costs and the frequency with which they exceed their budgets. Exhibit B shows how, as part of its first multiyear rate plan, BGE far exceeded its forecasted budget. Exhibit C provides just a few examples of cost Exelon utility cost overruns. These cost overruns

⁶ [Analysis of the 2027/2028 RPM Base Residual Auction](#), Independent Market Monitor for PJM (Jan. 5, 2026).

⁷ See Md. Pub. Serv. Comm'n, [Legislative Style Hearing on Energy Storage](#) (Case No. 9715, Apr. 15, 2025) at 20:55.

occur in the utilities' areas of core competency—transmission and distribution—and one can reasonably expect more cost overruns for non-core businesses. In fact, in a hearing on geothermal networks last year, BGE opposed a *reporting* requirement for 10 percent cost overruns, on the grounds that “we’ve never built one of these systems before”⁸—a fact that would be true of any generation plant as well.

Third, utility ratepayers could bear uneconomic costs. Maryland ratepayers would still have to cover power plant costs (plus a profit margin) if the units are never completed or if they sit unused because there are other lower-cost generators available to serve customers or they are incompatible with federal or State climate goals. Indeed, data shows that New Jersey customers narrowly avoided paying nearly a half billion dollars above the market in previous years because a proposal to build out-of-market generation was overturned by the courts.

Fourth, utilities have no inherent advantages in constructing generation over non-utilities other than their ability to recover all their costs—no matter how high—from their captive customers. Non-utility generation companies, in fact, purchase the equipment to build generating plants from the same vendors as a Maryland utility would. Also, non-utility companies have much greater experience actually building generation, which utilities have not done for about three decades.

Fifth, utilities should focus on their core activities. Like any private enterprise with monopoly power, utilities want to expand their business activities into new areas—beyond their core competencies. Utilities frequently exceed their projected costs on matters within their core competencies (Exhibit C), such as transmission and distribution; and utilities are likely more challenged to contain costs for businesses in which they have little or no experience.

Several provisions of HB 1561 reflect just how risky a proposition it is to build and operate a billion-dollar generating facility. For example, HB 1561 would require that a premier credit rating agency provide a “rating assessment” that finds that the terms of the construction, acquisition, or lease and operation of the generating facility is “not likely to be credit negative.” That assessment is only necessary because of the massive costs and inherent risks of generation that would fall to ratepayers under the bill. And the rating assessment depends on ratepayers taking on risks that today fall to investors of merchant generators.

HB 1561 would also give utilities unprecedented statutory protection from the consequences of building power plants that turn out to be unnecessary by explicitly guaranteeing that utilities can recover “any expenses or costs of investments that become

⁸ Md. Pub. Serv. Comm’n., [Legislative Style Hearing on Pilot Thermal Energy Network Systems](#) (Case No. 9749, Sept. 30, 2025).

stranded for any reason.” That provision turns the traditional paradigm of utility regulation on its head. Under standard regulatory practices, utilities are only able to recover costs associated with infrastructure that is “*used and useful*.”⁹ HB 1561 shifts to customers *all* risk that the facility is not ultimately built, is more costly than anticipated, does not perform as anticipated, is ultimately unnecessary or otherwise becomes uneconomic.

To make matters worse, HB 1561 would also require the PSC to award the utility more profits than the PSC normally allows. It expressly gives utilities a rate of return that is no less than the utility’s rate of return on its transmission rate base that is approved by the Federal Energy Regulatory Commission. Not only is that rate of return regularly greater than the rate of returns approved by the PSC, but this requirement would also remove the PSC’s discretion to set a rate of return it deems *reasonable*.

Ultimately, if policymakers want ratepayers to take on risks of new generation, there are far less risky and better alternatives than having utilities invest in generating facilities. Establishing a competitive procurement for generation, for example, would be more protective of utility customers because it would be *competitive* and avoid some—though not all—of the problems described immediately above.

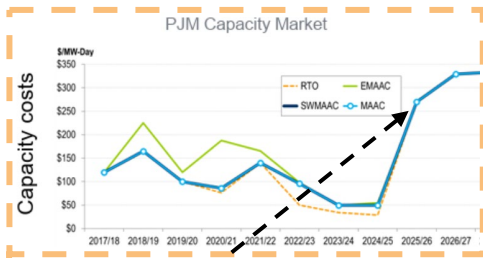
OPC appreciates the opportunity to provide these comments on HB 1561 and remains available to work with the Committee to develop solutions to address energy affordability.

Recommendation: OPC requests an unfavorable Committee report on HB 1561.

⁹ PUA § 4-101(3) (“‘just and reasonable rate’ means a rate that: ... will result in an operating income to the public service company that yields, after reasonable deduction for depreciation and other necessary and proper expenses and reserves, a reasonable return on the fair value of the public service company's property used and useful in providing service to the public.”).

Exhibit A

Timing of customer cost impacts from July 2024 capacity auction price auction spike



Pepco & Delmarva

Cost recovery set over 24 months on rolling 12-month average beginning in August 2025. 2024 auction costs will continue to contribute to customer bills through August 2027.

BGE—PSC order instructed BGE cost recovery to be placed in spring/fall months—Sept-Nov 2025 and March-April 2026.

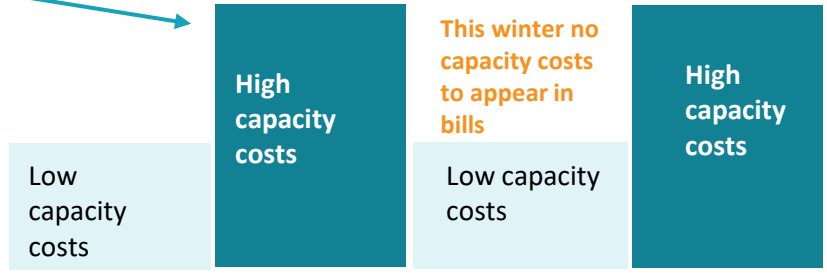
Auction held in July 2024—but customers don't see bill impacts for more than a year

Capacity Costs only in customer bills for 3 months so far

PJM capacity market auction price spikes

For wholesale delivery year June 1, 2025 — May 31, 2026

High levels of complaints of high bills from customers begin



July 2024

Jan 2025

June 2025

Sept 2025

Nov 2025

Mar 2026

June 2026

Sept 2026

The figure above depicts the impact of the initial capacity market price spike resulting from the July 2024 capacity market auction. Subsequent auctions, not depicted, will continue high prices for at least two years. OPC has a pending FERC complaint on the July 2024 auction price spike, and many efforts are underway to address capacity market high prices caused by projections of data center demand.

Exhibit B

BGE budgeting: massive overspending beyond PSC-approved budget

BGE spending over budget: 1st Multiyear Rate Plan (millions)

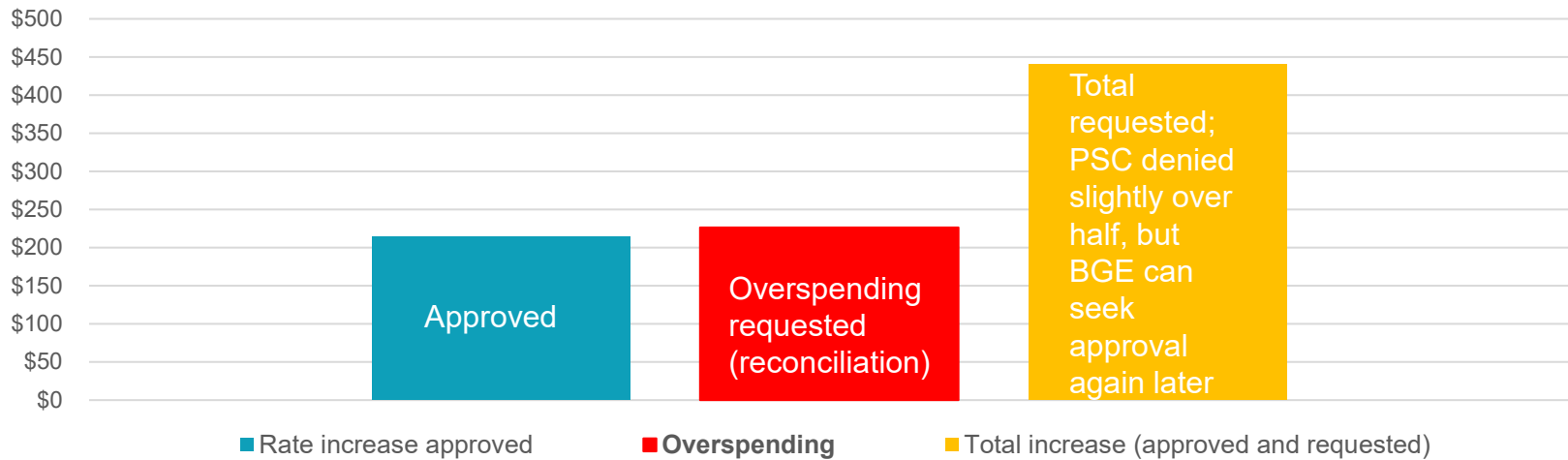


Exhibit C

Cost Overrun Examples

	Project Name	Initial Budget	Cost Increase	Updated Amount
Core utility work	BGE's Brandon Shores Transmission Projects	\$738,830,000	\$775,130,000	\$1,513,960,000
	BGE Pole Replacements	\$5,400,000	\$7,100,000	\$12,500,000
	BGE's Annapolis Substation	\$77,000,000	\$47,000,000	\$124,000,000
	Pepco's Priority Feeder Improvements	\$12,157,000	\$9,912,000	\$22,069,000
	BGE's Fairhaven Substation Battery	\$9,841,000	\$6,237,531	\$16,078,531

HB1561_RatebasingGeneration_MDPIRG_UNF.pdf

Uploaded by: Emily Scarr

Position: UNF

Maryland PIRG

HB1561: Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage
Environment and Transportation
March 10th, 2026
Emily Scarr, Maryland PIRG
UNFAVORABLE

Maryland PIRG is a state based, small donor funded public interest advocacy organization with grassroots members across the state. We work to find common ground around common sense solutions that will help ensure a healthier, safer, more secure future.

Maryland PIRG opposed generation restructuring in 1999, but regardless of whether you think vertical integration or competition in generation is the better model, **having competition where one of the competitors is the distribution utility is the worst of both worlds.**

Unlike its competitors, Exelon, or any other regulated utility, has captive customers and can pass on - and profit off of - cost overruns. Without an incentive to contain costs, or functionally an incentive to create cost overruns, enabling utility owned generation is likely more expensive and could drive up costs in the entire competitive market. If the generation produced by a regulated utility becomes a stranded asset, customers could be responsible, unlike competitors where investors would have to eat the stranded asset. Since Exelon bought BGE and Pepco, energy customers rates have risen dramatically, along with utility profits.

Rates:

- Since BGE was acquired by Exelon in 2012, gas delivery charges have more than tripled, about 3 times the rate of inflation. BGE gas customers now pay BGE roughly \$2 for delivery for every \$1 they spend on gas to heat their homes.
- Electric delivery rates for BGE and Pepco have risen faster than inflation as well, doubling or more than doubling since 2010.

Profits:

- BGE profits were consistently under \$150 million until the utility was bought by Exelon in 2012, since profits have rapidly increased to \$527 million in 2024, and are on pace to be even higher in 2025.
- Pepco profits were \$205 million in 2018, the year after the company's merger with Exelon, and have already nearly doubled to \$390 million in 2024.

In the face of rising delivery and supply costs, we're relying on the legislature to make wise decisions for Marylanders short and long term financial security. We respectfully request an unfavorable report.

MAREC Action testimony MD HB1561 2026 UNFAV.pdf

Uploaded by: Evan Vaughan

Position: UNF



March 10, 2026

MAREC ACTION TESTIMONY HB1561: UNFAVORABLE

Chair Korman, Vice Chair Guyton, members of the Environment and Transportation Committee,

MAREC Action (informally, “Mid-Atlantic Renewable Energy Coalition”) writes in strong opposition to HB1561 which would upend the competitive market for electricity generation and raise consumer costs at the exact time Maryland needs to be drawing new power plant investments and stabilizing prices. MAREC Action is a Maryland-based coalition of over 50 utility-scale solar, wind, and battery storage developers and manufacturers dedicated to the growth and development of renewable energy across the PJM grid region.

Unfortunately, as I will explain, this legislation would empower monopoly utilities at the expense of ratepayers, under the guise of solving the growing disparity between the supply and demand of electricity, as well as very real barriers to new Maryland power plant deployment.

In short you should oppose HB1561 because:

- Maryland has a reliable electricity supply today and competition can keep it that way at least cost for ratepayers.
- There are real barriers to power plant development, but utility ownership of electricity generation papers over the problem with ratepayer dollars rather than addressing core issues of interconnection cost and incentive reform.
- Affordability is paramount, and costs will continue to rise if the risks of power plant project development are shifted to Marylanders.
- Existing Maryland energy policies, like the Next Generation Energy Act, are working well to attract more private investment to the state.

I understand the rationale for this legislation is grounded in worries that Maryland will not have enough electricity supply to meet demand.¹ There IS an emerging electricity supply-demand imbalance, driven by a combination of factors, namely 1) retirement of aging and inefficient power plants exceeding the deployment of new capacity, 2) a dramatic increase in projected electricity demand, primarily due to data centers and AI, and 3) significant revisions to resource accreditation (especially for gas and solar) by PJM in response to Winter Storm Elloitt and a shift of PJM from a summer peaking to winter peaking system. The fact remains that Maryland’s electricity supply is currently reliable, and competitive markets provide the most efficient solution to future reliability needs.

MAREC’s member companies are the businesses that currently compete to deliver new power plants, and we fully agree that there are real barriers to deployment of new energy

¹ <https://marylandmatters.org/2025/11/03/exelon-power-plant-regulated-generation/>



resources. High costs to plug into the power grid (otherwise known as interconnection), high land costs, and comparatively low incentives for new generation (through the state’s Renewable Portfolio Standard) are among the factors that make Maryland less competitive for private power plant investment relative to other states in the region. These barriers exist for competitive developers and regulated utilities alike, so this legislation would simply allow monopoly utilities to throw ratepayer money at the problems.

Utility ownership of generation would shift the risks associated with new power plant investments to Maryland ratepayers and away from private investors, who carry the risk in today's competitive market. Currently, a competitive developer must carry the risk and expense of all development and construction costs until the point at which that project is generating electricity. A competitive developer only earns profits when they can find the right business opportunity, if they make a bad investment those funds are lost. If a competitive project doesn’t pencil out somewhere along the way (say, if interconnection costs come back too high), the developer will cut their losses and pull the plug on a bad investment—all before Marylanders pay a dime.

In contrast, under HB1561, a monopoly utility would keep powering through, charging ratepayers to pay for expensive interconnection upgrades, to compensate for supply chain disruptions, or to appeal a rejected permit in court. Specifically, the legislation authorizes a utility to “recover all of the prudently incurred and verifiable costs incurred...in constructing, acquiring, owning, or leasing and operating the generating facilities plus a reasonable return”. Said plainly, this means a utility would be guaranteed (by the ratepayers!) a profit margin on top of all expenses associated with developing, building, and operating a power plant. The legislation goes on to say that these recoverable costs include “acquisition, design, siting, permitting, construction, operation, maintenance, taxes, fuel, labor, cash working capital and other carrying costs...[as well as] expenses or costs of investments that become stranded for any reason.”

If this bill were to pass, those inequities would eliminate competition and private power plant development in Maryland. There is no way for a private developer to match the guaranteed profits that a utility would have access to. As MAREC and our members have seen in monopoly utility states, once a utility is granted these advantages it is very hard to unwind them and utilities are further empowered to influence legislation on energy issues because they possess unmatched access to technical data.

The good news is that competition and well-designed policies are working to deploy more energy resources in Maryland. Just this week, the Maryland Public Service Commission announced they received five bids, totaling 1,375 megawatts, of transmission-connected energy storage capacity pursuant to last year’s Next Generation Energy Act². These are the kind of projects that will make a real dent in the supply/demand imbalance, particularly during periods of peak demand. Ultimately the PSC will only select the best subset of these projects, those that

² <https://www.pscmaryland.com/news/2026/maryland-psc-receives-5-transmission-connected-energy-storage-applications-under-the-next-generation-energy-act/>



are the best deal for ratepayers. The procurement was successful in attracting robust, competitive bids because it established a regionally-competitive incentive that will help developers overcome deployment barriers. Ratepayers can feel confident these are the right incentive levels (in contrast to a fixed profit margin given to utilities by HB1561) because prices were discovered through a competitive process. Even still, these projects won't see any ratepayer funding until they come online.

We urge the legislature to keep your focus on efforts like the Next Generation Energy Act (or this year's Affordable Solar Act) that make Maryland project development more cost-competitive with other states, including through reforms that right-size renewable energy incentives and expand the capacity of our state's electric grid to integrate more in-state generation projects.

I thank the Committee for your close consideration and ask that you take an unfavorable position and swiftly reject HB1561. Unfortunately, even the hearing of this legislation becomes a risk factor that investors will take into account as they consider future Maryland energy projects. At your convenience, I would be happy to answer questions about how competitive clean energy project developers are showing up in Maryland and what the legislature can do to ensure competition continues to deliver wins for ratepayers.

Best regards,

Evan Vaughan
Executive Director
MAREC Action
PO Box 3335
Silver Spring, MD 20918

HB1561 Georgina Lennox SEIA UNF

Uploaded by: Georgina Lennox

Position: UNF



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

Testimony on House Bill 1561.pdf

Uploaded by: Gita Lefstein

Position: UNF

Testimony on House Bill –Unfavorable

HB1561 Electricity Generation and Storage – Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordability Energy Act)

Environment and Transportation Committee

March 6, 2026

Dear Honorable Chair Korman, Vice Chair Guyton, and Members of the Committee,

My name is Gita Lefstein, and I am a resident of Baltimore County, Maryland. I am writing in opposition to HB1561.

This bill is an attempt by BGE and other Exelon-owned utilities to control electricity from generation all the way to the customer. Exelon has a track record. It is not interested in affordable energy. It is interested in providing profits for its investors. David Lapp, of the Maryland Office of People’s Counsel, has pointed out clearly that while the bill talks about clean energy sources, the wording leaves open the door to building more fossil fuel generation. If we want to make energy affordable, we need to make sure that independent companies are able to build solar, wind, and battery generation and storage and connect to the grid. We do not need to guarantee Exelon investors a return for their investment.

For these reasons, I respectfully urge the committee to issue an **unfavorable report** on **HB1561**.

Thank you.

HB1561 - Affordable Energy Act - E&T - CCMC - Unfa

Uploaded by: Karl Held

Position: UNF



CLIMATE COALITION
Montgomery County, MD

Testimony on: HB1561- Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)
Committee: Environment & Transportation
Submitting: Karl Held
Position: Unfavorable
Hearing Date: March 10, 2026

Dear Chair Korman, Vice Chair Guyton, and Committee Members:

Thank you for allowing our testimony today on HB1561 – Affordable Energy Act. The Climate Coalition Montgomery County, a group of 20 local organizations whose mission is to lead action on climate change, advance a sustainable and just economy, and build resilience. I urge you to vote unfavorable on HB1561.

The bill requires the Public Service Commission (PSC) to require one or more electric companies to develop and submit a resource adequacy plan (Plan) if the PSC determines there is insufficient resource adequacy in the state or a price stability event has occurred. The Plan must include the electric company’s plans to invest in, operate, and maintain generating or transmission facilities needed to address resource inadequacies or a price stability event. The Plan must prioritize renewable energy and may include the development of both renewable generation and large capacity energy resources. The bill further authorizes the PSC to allow an investor-owned electric company to recover costs and investments from constructing, acquiring, owning, or leasing and operating generating facilities.

While we understand the need for electric resource adequacy in Maryland and appreciate the impact that data center load growth has had on the capacity market and ratepayers, we do not support the bills’ approach to these issues. Maryland deregulated the electric industry in 1999, and in doing so, removed the requirement for integrated resource planning (among other requirements). This bill would take a step back by allowing Maryland utilities to own generation without the benefit of a comprehensive regulatory approach. The HB1561 resource adequacy plan is not comparable to an integrated resource plan in a regulated vertically integrated market.

It is unclear why allowing monopoly utilities to own generation, albeit in a more limited way, would do a better job in addressing resource inadequacy and price instability, than what we already have – especially given the Next Generation Energy Act and Resource Adequacy Planning Act passed last year. Utilities don’t have a special advantage in building new generation and will likely contract out the work. It also opens the door for utilities like Baltimore Gas and Electric (BGE) and Pepco to earn greater profits and rate-base them, at a time when Maryland utilities already earn an outsized return on equity (ROE). The average expected long-term aggregate market ROE is 6.7%; however, Maryland investor-owned monopoly utilities

have an average ROE of 9.7%, despite the fact that regulated monopolies are one of the least risky industries.

In fact, Exelon owned electric generation before they spun off Constellation. Exelon can build generation now, but cannot charge Maryland ratepayers the cost, because their local utilities (BGE, Pepco and Delmarva Power) cannot own generation. Rate-basing the cost of building new generation gives companies a guaranteed rate of return and therefore, an incentive to spend more on the infrastructure thus raising ratepayer impacts.

While the bill purports to prioritize new renewable energy sources and storage, because it allows utilities to build "large capacity resources," it is highly likely that the utilities, like Exelon, would use this provision to build or overbuild on new, fossil fuel generation. There are better solutions to increasing renewable generation, like wind and solar, and energy storage in Maryland, without the considerable risk from new, costly fossil fuel generation, increased utility profits, and higher rates for electric customers.

For these reasons, I urge this Committee to give HB1561 an UNFAVORABLE report.

2026.03.10_HB1561_UNFAV_Advanced Energy United.pdf

Uploaded by: Katie Mettle

Position: UNF



March 10, 2026

Environment & Transportation Committee

HB 1561

Electricity Generation and Storage – Investor–Owned Electric Companies and Front–of–the–Meter Storage (Affordable Energy Act)

Sponsor: Delegate Pam Queen

Katie Mettle

Policy Principal, Maryland & New Jersey, Advanced Energy United

UNFAVORABLE

Dear Chair Korman, Vice Chair Guyton, and esteemed members of the Environment and Transportation Committee:

Advanced Energy United is a national industry association that represents companies operating in the clean and advanced energy spaces. “Advanced energy” broadly refers to technology that consists of, or is compatible with, clean energy generation, and makes our grid more affordable, efficient, reliable, resilient and/or secure. Our mission is to accelerate the transition to 100% clean energy economy.

HB 1561 would require utilities to build and rate-base new generation, creating the potential for stranded assets and ratepayer harms.

Maryland already permits utilities to petition the PSC to allow them to build and own new generation if there is a need for utilities to build it, who have not successfully made that case at the PSC to date.

This bill would be a major step towards vertically integrating the State’s utilities once again, which would be terrible for ratepayers. The State separated generation from distribution in

1999 for a reason. Under our current framework, electricity is sold competitively on a wholesale market. This keeps costs lower for ratepayers. Utilities purchase that electricity and pass it onto ratepayers at-cost. This bill would undo that progress, and drive up wholesale electricity costs for ratepayers, while adding the extra costs of forcing ratepayers to finance the new generation.

This bill also creates a financial incentive for utilities to argue that they need to build new generation at ratepayer cost. The reality is that we can do a lot to reduce our energy demand before we build new generation. Although new generation is needed, ratepayers are best served by first ensuring we are leveraging planning and forecasting and making sure we are reducing our energy demand through advanced energy technologies like distributed rooftop solar, behind-the-meter battery storage, bidirectional EV charging, heat pumps, and smart thermostats, etc.

For the new generation that we do need to build, we should ensure that it is being done as affordably as possible – and that means not only building it only if we truly need it – which this bill will not ensure – but it also means making sure that generation is being built and sold competitively by companies that are willing to take on the risks of investment, because they’ve done the math and realize there is enough demand to meet the supply they will generate. This bill risks passing exorbitant costs onto ratepayers for electricity we do not truly need to generate.

Thank you for your time and consideration. Advanced Energy United respectfully requests an unfavorable report.

Best Regards,

Katie Mettle, Policy Principal
Advanced Energy United
kmettle@advancedenergyunited.org
202.380.1950 x3197

HB1561_Affordable Energy Act_EnT_CJW_UNFAV.pdf

Uploaded by: Laurie McGilvray

Position: UNF



Testimony on: HB1561- Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)
Committee: Education, Energy and the Environment
Organization: Maryland Legislative Coalition Climate Justice Wing
Submitting: Laurie McGilvray, Co-Chair
Position: Unfavorable
Hearing Date: March 10, 2026

Dear Chair Korman, Vice Chair Guyton, and Committee Members:

Thank you for allowing our testimony today on HB1561 – Affordable Energy Act. The Maryland Legislative Coalition Climate Justice Wing, a statewide coalition of 32 grassroots and professional organizations focused on climate justice, urges you to vote unfavorable on HB1561.

The bill requires the Public Service Commission (PSC) to require one or more electric companies to develop and submit a resource adequacy plan (Plan) if the PSC determines there is insufficient resource adequacy in the state or a price stability event has occurred. The Plan must include the electric company’s plans to invest in, operate, and maintain generating or transmission facilities needed to address resource inadequacies or a price stability event. The Plan must prioritize renewable energy and may include the development of both renewable generation and large capacity energy resources. The bill further authorizes the PSC to allow an investor-owned electric company to recover costs and investments from constructing, acquiring, owning, or leasing and operating generating facilities.

While we understand the need for electric resource adequacy in Maryland and appreciate the impact that data center load growth has had on the capacity market and ratepayers, we do not support the bills’ approach to these issues. Maryland deregulated the electric industry in 1999, and in doing so, removed the requirement for integrated resource planning (among other requirements). This bill would take a step back by allowing Maryland utilities to own generation without the benefit of a comprehensive regulatory approach. The HB1561 resource adequacy plan is not comparable to an integrated resource plan in a regulated vertically integrated market.

It is unclear why allowing monopoly utilities to own generation, albeit in a more limited way, would do a better job in addressing resource inadequacy and price instability, than what we already have – especially given the Next Generation Energy Act and Resource Adequacy Planning Act passed last year. Utilities don’t have a special advantage in building new generation and will likely contract out the work. It also opens the door for utilities like Baltimore Gas and Electric (BGE) and Pepco to earn greater profits and rate-base them, at a time when Maryland utilities already earn an outsized return on equity (ROE). The average expected long-term aggregate market ROE is 6.7%; however, Maryland investor-owned monopoly utilities

have an average ROE of 9.7%, despite the fact that regulated monopolies are one of the least risky industries.

In fact, Exelon owned electric generation before they spun off Constellation. Exelon can build generation now, but cannot charge Maryland ratepayers the cost, because their local utilities (BGE, Pepco and Delmarva Power) cannot own generation. Rate-basing the cost of building new generation gives companies a guaranteed rate of return and therefore, an incentive to spend more on the infrastructure thus raising ratepayer impacts.

While the bill purports to prioritize new renewable energy sources and storage, because it allows utilities to build "large capacity resources," it is highly likely that the utilities, like Exelon, would use this provision to build or overbuild on new, fossil fuel generation. There are better solutions to increasing renewable generation, like wind and solar, and energy storage in Maryland, without the considerable risk from new, costly fossil fuel generation, increased utility profits, and higher rates for electric customers.

For these reasons, we urge this Committee to give HB1561 an UNFAVORABLE report.

350MoCo

Cedar Lane Unitarian Universalist Church Environmental Justice Ministry

Chesapeake Earth Holders

Chesapeake Physicians for Social Responsibility

Climate and Law and Policy Project

Climate Parents of Prince George's

Climate Reality Project

ClimateXChange

Coming Clean Network, Union of Concerned Scientists

DoTheMostGood Montgomery County

Echotopia

Elders Climate Action Maryland

Fix Maryland Rail

Glen Echo Heights Mobilization

Greenbelt Climate Action Network

HoCoClimateAction

IndivisibleHoCoMD

Maryland Legislative Coalition

Maryland Third Act

Mizrahi Family Charitable Fund

Mobilize Frederick

Montgomery County Faith Alliance for Climate Solutions

Montgomery Countryside Alliance

Mountain Maryland Movement

Nuclear Information & Resource Service

Progressive Maryland

Safe & Healthy Playing Fields

Takoma Park Mobilization Environment Committee

The Climate Mobilization MoCo Chapter

Unitarian Universalist Legislative Ministry of Maryland

Constellation_HB1561_Oppose.pdf

Uploaded by: Mason Emmett

Position: UNF

March 10, 2026

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

POSITION: OPPOSE

**HB 1561 Electricity Generation and Storage - Investor-Owned Electric Companies and
Front-of-the-Meter Storage (Affordable Energy Act)**

Constellation, a Fortune 200 company headquartered in Baltimore, is the largest private-sector power producer in the world, the nation's largest producer of clean and reliable energy, and a leading competitive retail energy supplier to millions of homes, institutional customers, the public sector, community aggregations, and businesses. With 55 gigawatts of generating capacity from nuclear, natural gas, geothermal, hydro, wind, and solar facilities, our current fleet has the capacity to power the equivalent of 27 million homes, providing about 10% of the nation's clean energy and delivering the around-the-clock reliability needed to power America's growing economy.

In Maryland, Constellation produces 90% of the state's clean electricity and powers nearly half of the state's overall electricity use. We have invested over one billion dollars in power generation in the state at the Calvert Cliffs Clean Energy Center, Conowingo Dam and Western Maryland wind projects entirely through the competitive market without guaranteed cost recovery from captive ratepayers. And we're doing more, offering a range of near- and long-term generation and battery storage options for the state that includes 800 megawatts of battery storage, more than 700 megawatts of natural gas-powered generation, and expanded investment in Calvert Cliffs including extending the plant's life to operate for another 20 years, increasing output by 10 percent (190 megawatts), and doubling the site's capacity through the addition of 2,000 megawatts of new next-generation nuclear. Our 2,500 Maryland employees – who have volunteered more than 28,000 of their hours annually with Maryland nonprofits – are working hard every day to demonstrate that private capital and competitive markets are fully capable of meeting Maryland's reliability and clean energy needs.

Maryland's Energy Framework Has Worked

Maryland has had a clear energy policy for over 25 years to protect consumers from high utility costs. In 1999, the General Assembly deliberately separated the competitive business of generating

electricity from the monopoly business of delivering it. That decision shifted the financial risk of building and operating power plants away from captive customers and onto private investors.

House Bill 1561 would reverse this long-standing policy by allowing Maryland's monopoly utilities to own generation assets and recover costs through regulated rates. Simply put, utilities like BGE and its Illinois-based Fortune 200 parent Exelon want to expand their monopoly to create a new ratepayer funded profit center in the power generation space. In essence, HB 1561 would guarantee profit for generating electricity — in the same way profits are guaranteed for its distribution system. That means they would earn a 9.5 percent profit on every dollar spent, and these returns would be guaranteed even though building significant amounts of generation capacity carries substantial risks – for example if future electricity demand projections are indeed overinflated or if the AI and data center bubble bursts. HB 1561 would allow utilities to avoid these risks by placing it on utility ratepayers instead.

That structure proposed under HB1561 would reward spending rather than efficiency and expose ratepayers to long-term financial risk if projects are delayed, over budget, or no longer needed. What the utilities aren't telling you is that current state law already allows utilities like to build power generation, just like any market generator (including Constellation) and take market risk. Current law also allows utilities to go to the PSC and seek permission to build and recover the costs of new power plants in regulated rates.¹ In that scenario, the PSC has broad discretion as to whether the utility generation is in the public interest and at what level of utility return on investment it will allow. Utilities don't need HB1561 to build new generation, they only need it to guarantee a risk-free return on any investment in new generation, regardless of whether that investment is in the best interests of Maryland ratepayers or at the lowest cost.

Furthermore, utilities cannot get new generation online any quicker or cheaper than the companies that currently produce energy for the state. They would face the exact same approval processes and procurement challenges that current competitive providers face, and in the case of new gas generation in Maryland, the same natural gas infrastructure and supply constraints. Utilities would be subject to the same interconnection queue and would have to manage the same supply chain issues that any other developer does. In fact, the private market is much more likely to have existing inventory and efficiencies in operation to streamline development, including strong relationships with suppliers that stopped doing business with regulated utilities decades ago. If they believe otherwise, then they should begin producing electricity through one of their unregulated affiliates immediately and without a law change.

¹ Section 7-510(c)(6) of the MD Public Utilities code states: "In order to meet long-term, anticipated demand in the State for standard offer service and other electricity supply, the Commission may require or allow an investor-owned electric company to construct, acquire, or lease, and operate, its own generating facilities, and transmission facilities necessary to interconnect the generating facilities with the electric grid, subject to appropriate cost recovery."

Ratebased Generation Will Further Exacerbate the Increasing Portion of Utility Charges on Customer Bills

There is no good reason to undo Maryland’s competitive market for power generation, as that law has been a win for consumers by keeping power supply prices essentially flat. That remains true even factoring in recent increases in the cost of generation capacity, which BGE falsely blames as the sole cause of higher energy bills. An FTI consulting report issued earlier this year highlights this analysis.² In its analysis, FTI found that transmission and distribution costs charged by monopoly utilities have driven rising electricity bills in Maryland, and that energy costs in states with vertically integrated monopoly utilities grew twice as fast as in Maryland since 2010. The study concludes that the competitive market has resulted in lower costs for ratepayers and protected them from the monopoly utilities’ business model that incentivizes spending on complex, expensive projects with guaranteed profits for their shareholders that may not benefit customers.

Specifically, FTI found:

- Without competitive markets, Marylanders would have paid over \$11 billion more for their electricity over the past 15 years.
- Utility spending on transmission and distribution in Maryland has risen by over 25% in the last five years, exceeding \$1.2 billion per year without meaningfully improving system reliability.
- For the average Maryland household, transmission and distribution costs have increased by over \$500 per year over the past 15 years.

Maryland’s participation in the PJM wholesale market, which provides access to a diverse set of generation resources, has helped meet the state’s power demand efficiently and cost effectively. As a result, consumers across the PJM region save an estimated \$3.2 - \$4 billion each year. These utility cost increases will not end anytime soon, as reflected by the PJM Board of Managers approval in February of a new package of transmission projects with a total estimated cost of \$11 billion. Illinois-based Exelon touted BGE’s performance in its most recent investor earnings call stating, “BGE’s adjusted operating earnings for the fourth quarter of 2025 increased to \$181 million from 4175 million in the fourth quarter of 2024, primarily due to distribution rates associated with updated recovery of investments to serve customers....”. Clearly Exelon’s continued profitability does not require the ability to build and ratebase generation, as there is

² See attached [Competitive-Power-Benefits-for-the-State-of-Maryland](#), by FTI Consulting on behalf of the Alliance for Competitive Power, January 2026

plenty of money being made through their core job relating to the transmission and distribution of energy.

HB 1561 is Unnecessary and Untimely

On January 16th, the PJM Board directed its staff to implement a new procurement mechanism to address the tightening supply and demand situation across the region. On the very same day, Governor Moore joined governors from across the PJM footprint to join the federal government in releasing a set of principles to guide PJM's implementation of this procurement mechanism. Constellation is working with other stakeholders, including Maryland utilities, to work with PJM on this effort, and PJM has stated that it will file the new procurement mechanism with federal regulators in May so that it can be implemented this fall. Efforts to enhance the reliability backstop mechanism, which were contemplated as early as August 2025, have since intensified with many parties working together to develop the rules and implement an auction in Q3 2026. It is unnecessary for Maryland to undue decades of policy precedent in advance of implementation of applicable regional proposals.

Front-of-the-Meter Storage Should Be Competitively Procured

Constellation supports front-of-the-meter energy storage as part of a modern, resilient grid. However, these resources should be deployed through competitive procurement to ensure innovation, cost discipline, and accountability. Rate-basing storage investments risks locking customers into long-term costs for rapidly evolving technologies.

Conclusion

HB 1561 is not an affordability solution. It would increase costs by expanding guaranteed utility returns, undermine competition, and dismantle consumer protections that have served Maryland well for decades. **For these reasons, Constellation respectfully urges the Committee to issue an UNFAVORABLE report on House Bill 1561.**

Respectfully submitted,

Mason Emmett

Senior Vice President, Public Policy
Constellation

January 2026



Competitive Power Benefits for the State of Maryland

This report evaluates the benefits that the competitive generation market has provided to the state of Maryland and the significant risks that potential utility owned generation would pose.

DISCLAIMER

This report was commissioned by The Alliance for Competitive Power.

The analysis and findings expressed herein are those of the author(s) and not necessarily the views of The Alliance for Competitive Power and its individual members, or FTI Consulting, Inc., its management, its subsidiaries, its affiliates, or its other professionals.

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Executive Summary

Aiming to encourage competition within electricity markets, the Energy Policy Act of 1992 prompted state-level restructuring efforts across the United States, including in the state of Maryland. Following enactment of this federal legislation, the Maryland General Assembly passed the 1999 Electric Customer Choice and Competition Act, restructuring its electricity sector to promote greater market efficiency. Under this law, utilities retained monopolies on distribution and transmission but were required to divest from all generating assets, passing the responsibility of owning and operating power plants to Independent Power Producers (“IPPs”) competing in an open market. To promote and encourage consumer choice, the act also allowed customers to choose alternative electricity suppliers rather than requiring them to use power contracted for by local utilities.

These changes encouraged a more efficient market and shifted the financial risk associated with building and operating power plants away from Maryland’s utility customers and on to IPPs. In restructured markets, customers may be served under what is commonly known as a Standard Offer Service (“SOS”) model. Under this framework, utilities procure electricity for customers through competitive bidding processes designed to achieve fair market prices. This approach led to lower costs as well as reliable supply, transparent pricing, and regulatory protection. Specifically,

- Competitive markets have protected Marylanders from growth in power supply costs. Had retail rates in the state grown at the same pace as vertically integrated states, Marylanders would have paid over \$11 billion more for their electricity over the past 15 years.¹
- Rate growth in Maryland over the past 15 years has been driven by services provided by regulated utilities, not IPPs. For the average Maryland household, transmission and distribution costs have increased by over \$500 per year. In contrast, generation costs have fallen over the same period, saving households nearly \$300 per year.²
- Meanwhile, utility spending on transmission and distribution in Maryland has risen by over 25% in the last five years, now exceeding \$1.2 billion per year, but has not delivered meaningful reliability improvements. Recent analysis found that reliability in Maryland’s largest electric utility territory was deteriorating despite increased investment and cost overruns.³
- Large infrastructure projects managed by utilities often exceed their planned budgets, with captive ratepayers ultimately responsible for bearing cost overruns. This includes over \$750 million in cost overruns, thus far, on an ongoing transmission project to mitigate the retirement of a major generation asset in Maryland.⁴
- Maryland benefits from its participation in the PJM power market through resource pooling and access to a diverse set of generation that reduces costs for customers across the region

¹ EIA, *EIA-861 Annual Electric Power Industry Report* ([link](#))

² Ibid.

³ PSC, Case 9353, *OPC Comments on the Maryland Electric Distribution Companies’ 2024 Annual Reliability Performance Reports* ([link](#))

⁴ PJM, *Reliability Analysis Update* ([link](#))

by \$3.2 to \$4 billion each year.⁵ Recent power system modeling has confirmed that the upgrades to PJM's interconnected transmission network already underway will be sufficient to accommodate 2,980 MW of near-term demand growth in Maryland and meet Maryland's long-term demand requirements until at least 2042.⁶

- Maryland does not produce natural gas and must import either electricity or natural gas to fuel local generators to serve the State's growing energy needs. Maryland electric generation is expected to be at least 25% more expensive to produce than the cost of imported electricity.⁷

Despite these consumer benefits, some stakeholders in certain states, including Maryland, have been advocating for legislative changes that would undermine competition by allowing utilities to own and operate certain new generation assets, with the costs plus a guaranteed return paid by ratepayers, that would directly compete with privately owned and operated generation. Proponents of this change claim that this is necessary to meet rapidly increasing demand and ensure reliability. These arguments critically ignore the significant and long-term financial risk that ratepayers would again face under the utility ownership model that rewards utilities and their shareholders for maximizing spending.

This report assesses the benefits that the competitive market for generation has provided in Maryland and evaluates the risks that ratepayers would be exposed to if rate-based utility owned generation were allowed to participate in the competitive markets. The analysis concludes that utility ownership of generation assets in Maryland would expose ratepayers to unnecessary risk, lead to higher energy costs, and undermine the efficient functioning of the competitive market.

Independent ownership of power generation protects electric customers from bearing the financial risk of project delays and cost overruns during large infrastructure projects, and from the burden of paying for stranded assets should future energy demand fail to meet current projections. Competitive markets are more adaptive than vertically integrated markets in response to changing market conditions, such as the shift away from coal generation assets during the U.S. shale boom. Allowing utilities to build new generation in Maryland under cost-of-service rates would chill market participation from private companies. Utilities can establish competitive affiliates if they wish to participate in the competitive wholesale electricity market on a level playing field.

⁵ PJM, *Fact Sheet for Policy Makers* ([link](#))

⁶ OPC, *Impact of Brandon Shores deactivation projects on Maryland generation needs* ([link](#))

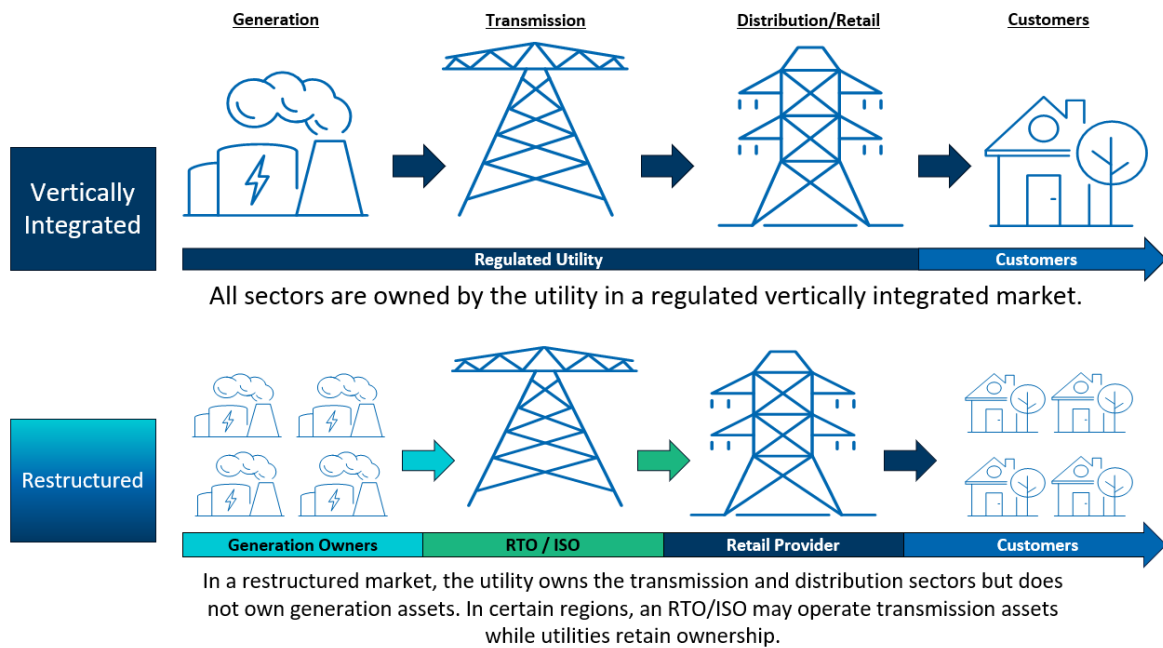
⁷ FTI Analysis

Competitive Generation Ownership Benefits in Maryland Electricity Market Structures

The electric grid consists of three interconnected systems: generation, transmission, and distribution. Power plants generate electricity, high-voltage transmission lines move that power over long distances, and low-voltage distribution lines deliver it directly to consumers. The Federal Energy Regulatory Commission (“FERC”) regulates interstate commerce, including most long-distance transmission. States retain jurisdiction over generation, intrastate transmission, and distribution. To manage this interconnected system, many regions utilize a Regional Transmission Organization (“RTO”) or Independent System Operator (“ISO”). These neutral, independent entities coordinate the movement of electricity and manage competitive markets.

Over time, states have generally adopted one of two electricity market structures: “vertically integrated” or “restructured” markets.

Figure 1: Vertically Integrated vs. Restructured Electricity Markets⁸



Under the vertically integrated model, states grant utilities a monopoly on power generation, in addition to transmission and distribution, subject to oversight by state regulatory agencies (“regulators”). Utilities are guaranteed cost recovery plus a reasonable rate of return on their capital expenditures (“CAPEX”), called the “rate base.” The financial risk associated with a utility’s

⁸ Vertically integrated utilities may operate within an RTO/ISO by retaining ownership of their generation and transmission assets while ceding functional control of the grid and wholesale market dispatch to the independent regional operator to ensure coordinated energy flow across the region.

rate base is implicitly underwritten by ratepayers who must pay for these investments even if the final costs are higher or final benefits lower than a utility's initial estimate.⁹

To manage this risk, regulators are empowered to oversee the costs that utilities recover from ratepayers through several monitoring and enforcement mechanisms. In most states, vertically integrated utilities must follow a multi-step process to receive regulatory approval and cost recovery for new capital investments. This multi-stage oversight mechanism is necessary to ensure utilities act prudently because rate-of-return regulation creates a natural incentive for utilities to overspend on the projects that contribute to their rate base, often referred to as “gold-plating.” Customers must pay the costs for utility projects, plus a return, and may do so even for projects that ultimately prove to be unneeded (i.e., “stranded costs”).

Several states, including Maryland, addressed the limitations of vertically integrated electricity markets through a restructuring of the electric industry. Maryland legislation passed in 1999 effectively required utilities to divest from their power-generating assets. Instead of generating power and selling it directly, utilities started purchasing electricity through new competitive wholesale markets and selling it to customers.¹⁰ IPPs took on the role of developing and operating the power plants that supplied these wholesale markets and now supply nearly all power in the state of Maryland.

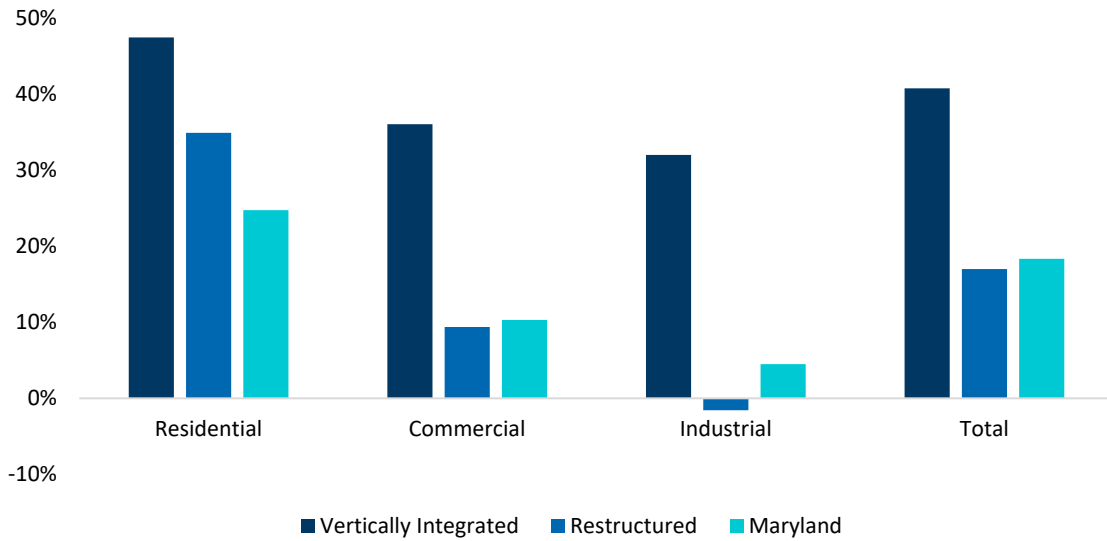
Competition drives down the cost of generating electricity by stimulating innovative improvements to plant efficiency and enabling flexible responses to price signals. Retail prices paid by customers include the cost of generating, transmitting, and distributing electricity; taxes; and all other fees.¹¹ As shown in Figure 2 below, retail prices have risen more than twice as fast over the last 15 years in regions with vertically integrated markets relative to Maryland and other restructured markets. Had retail prices in Maryland increased at the same rate as vertically integrated markets, customers in Maryland would have paid over \$11.5 billion more for their electricity over the 15 year period.

⁹ For utility-owned portions of electric service, state regulators oversee customer rates, ensuring they cover a utility's operational and investment costs, along with a reasonable rate of return. In contrast, the costs of generation and purchased power is passed on to customers without markup.

¹⁰ Maryland's restructuring also created “retail competition,” where third-party companies could sell power directly to consumers. Customers who did not elect a third-party supplier default to the utility's SOS, where utilities sell power purchased from the competitive wholesale market.

¹¹ EIA, *Electric Power Annual Technical Notes* ([link](#)); OPC, *Utility Rates and Basics* ([link](#))

Figure 2: Percentage Retail Price Change by Market and Customer Type (2010-2024)¹²



The restructured generation model also shifts the risk of project delays and cost overruns from ratepayers to private companies because IPPs recover the cost of building and operating power plants by selling electricity on the competitive wholesale market, not through regulated rates that guarantee cost recovery. When an IPP exceeds a power plant’s construction budget or operates a plant inefficiently, IPP shareholders incur the financial loss rather than captive utility customers. Restructuring also protects ratepayers by shifting the risk of stranded assets to private shareholders. With current forecasts predicting significant demand growth to serve data center load, there is risk of overbuilding if new large power consumers fail to materialize or power demand declines before the end of new assets’ useful lives.¹³ Were utilities to build new generators based on these high forecasts, customers could end up paying for assets they do not need. Under the current restructured model, that stranded asset risk is borne by private investors, not Maryland customers.

Maryland recognized the potential benefits of competition and responded by restructuring its electricity market decades ago. State policymakers concluded that allowing utilities to own generation stifled innovation and prevented the electricity market from accessing the inherent benefits of competitive markets observed in other industries. The model proposed by utilities today, in which both utilities and independent producers own power plants, would put the competitive benefits realized by Maryland at risk.

History of Restructuring in Maryland

Prior to the 1990s, electric service in the U.S. was primarily provided by vertically integrated utilities that owned generation, transmission, and distribution assets. Under this model, utilities had significant market power over pricing and resource planning due to their ownership and control

¹² EIA, *EIA-861 Annual Electric Power Industry Report* ([link](#))

¹³ PJM, *PJM Long-Term Load Forecast Report* ([link](#))

across the electricity supply chain. Maryland formally identified the potential for electricity market restructuring to deliver lower electricity prices in 1994. An investigation by the Maryland Public Service Commission (“PSC”) into restructuring concluded that although it was not in the public interest at the time, largely because the rules for wholesale competition had not been established at the federal level and no other states had restructured their electricity industries, they did “see the need to begin a process of sensible and progressive change,” because, “when a competitive market can be established, it can create strong incentives to cut costs, increase efficiency, and develop new products and services.”¹⁴

Maryland began restructuring with the passage of the Electric Customer Choice and Competition Act of 1999, which took effect in July 2000.¹⁵ This legislation effectively forced the separation of the function of generating power, best structured as a competitive market where costs are driven down by many suppliers competing for market share, from the function of delivering power, which is considered a natural monopoly due to the extremely high up-front costs and complexity of building and operating power grid infrastructure. To comply with restructuring, Baltimore Gas & Electric (“BG&E”) and Delmarva Power and Light Company (“DPL”) transferred their generating assets to competitive affiliate power generation companies, while Potomac Electric Power Company (“PEPCO”) auctioned off their assets to unaffiliated companies.^{16,17} Under the new retail competition model created by the legislation, customers could purchase electricity from a third-party supplier instead of a utility. For customers who did not choose a third-party supplier, the legislation required utilities to procure power from IPPs, who compete with one another, at regular auctions and deliver it to those customers instead of generating the power themselves.

Under Maryland’s restructured framework, utilities stopped generating power and began to focus on their regulated transmission and distribution businesses. As market forces evolved after restructuring, these dynamics increasingly favored the separation of competitive generation from regulated utility operations, as seen through Exelon’s divestiture of Constellation in 2022.¹⁸ Separating generation from transmission and distribution shifted the financial risk of building and operating generation assets away from captive ratepayers and onto IPP shareholders, who must recover their costs through competitive wholesale market revenues rather than from captive ratepayers.

Allowing utilities to re-enter the business of generating power, even to a limited degree, would be a step backward for Maryland’s electricity industry and would create an incentive for utilities to unfairly favor their own facilities. For example, utilities could use their influence over the interconnection and siting process to place their facilities in locations that are expected to receive

¹⁴ PSC, Case 8678, *Order 72136 (Docket No. 101)* ([link](#))

¹⁵ PSC, *State Analysis and Survey on Restructuring and Re-Regulation* ([link](#))

¹⁶ During Maryland’s restructuring, an “affiliate” was defined as any entity that controls, is controlled by, or holds an economic interest in the utility. These generation affiliates, like existing IPPs, must compete in the competitive market and are not guaranteed return on their investments from Maryland ratepayers.

¹⁷ PSC, *State Analysis and Survey on Restructuring and Re-Regulation* ([link](#))

¹⁸ Joe Cornell, *Exelon Completes Spin-Off of Constellation Energy* ([link](#))

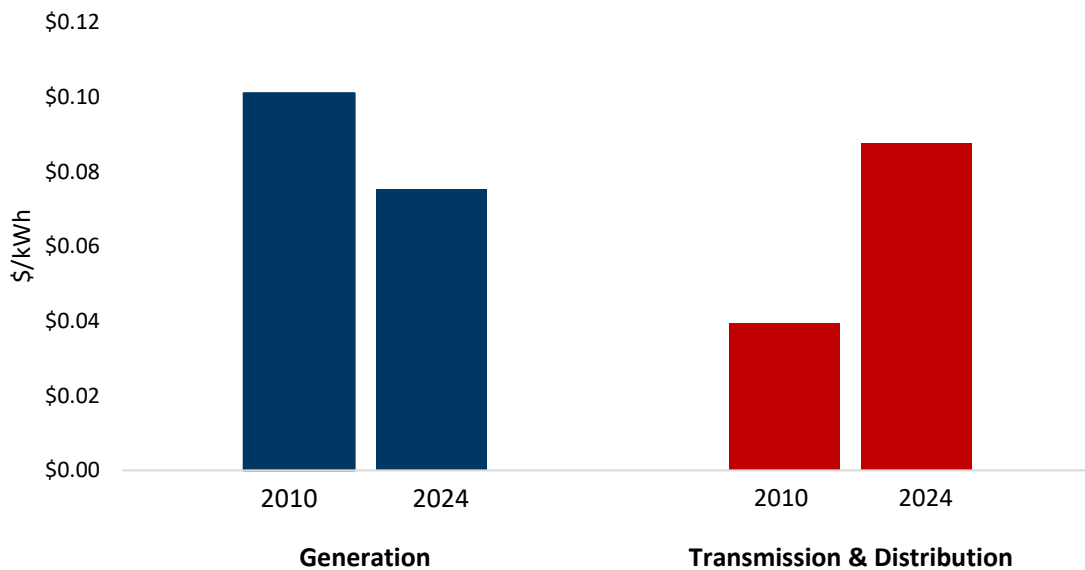
higher prices from existing or potential transmission constraints. Similarly, utilities could attempt to influence regional transmission planning and favor projects that most benefit their own assets.

Affordability and Reliability

Since 2010, the cost of power generated and delivered to residential customers in Maryland has declined by over 25%, reducing bills for the average residential customer by nearly \$25 per month. In contrast, the cost of transmission and distribution services provided by utilities has increased steadily, more than doubling over the last 15 years, increasing bills for the average residential customer by almost \$45 per month. This increase in transmission and distribution costs has more than offset the savings to customers from declining generation costs, such that the average residential customer bill is over 20% higher now than it was in 2010.

Electricity infrastructure in Maryland and across the U.S. is in significant need of repairs, upgrades, and additions, all of which will require significant utility capital. The Edison Electric Institute (“EEI”), a trade organization that represents investor-owned utilities (“IOUs”), projected that IOUs will invest more than \$1.1 trillion into the grid between 2025 and 2029, while Exelon’s Fall 2025 investor report shows that across BG&E, PEPCO, and DPL, Exelon plans to spend \$11.6 billion from 2025 to 2028 on electric transmission and distribution.^{19,20}

Figure 3: Maryland Residential Customer Bill Components²¹



Utilities satisfy their core mandate to provide safe and reliable electricity service by investing in transmission and distribution to maintain and enhance the physical power grid that moves electricity from power plants to homes and businesses. Over the last 10 years, despite transmission

¹⁹ Exelon, *Fall 2025 Investor Presentation* ([link](#))

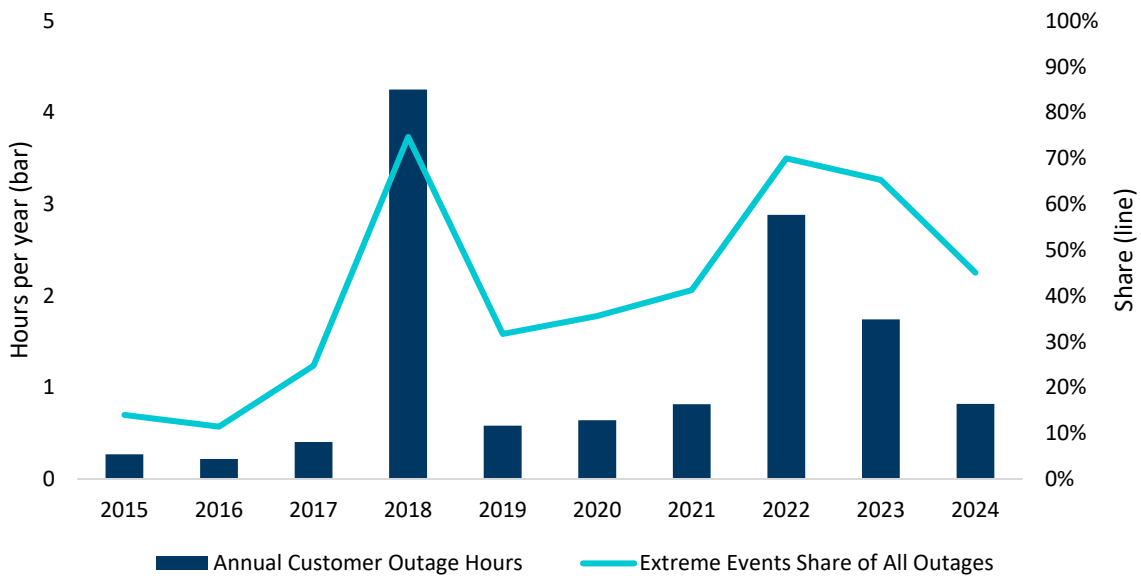
²⁰ Edison Electric Institute, *Strengthening America’s Energy Infrastructure to Increase Reliability & Lower Costs* ([link](#))

²¹ EIA, *EIA-861 Annual Electric Power Industry Report* ([link](#))

and distribution spending rising steadily, maintaining reliable service has become increasingly difficult for utilities, in large part due to extreme weather events.

Recent survey results from Maryland’s Office of the People’s Counsel (“OPC”) note that Marylanders “don’t want to pay for marginal improvements” and “are most concerned about major outage events.” As shown in Figure 4, the impact of outages attributable to “major events” has been growing over the last 10 years.²² Prior to 2022, major events only accounted for approximately 33% of the average total time customers experienced outages over the year, but in recent years that impact has nearly doubled to approximately 60%.

Figure 4: Maryland Reliability Trends²³



This trend has emerged despite greater utility spending on transmission and distribution, which will only accelerate in the coming years as Exelon plans to “invest \$38 billion over the next four years to strengthen and modernize the T&D system” across all of its service territories in the Mid-Atlantic and Northern Illinois.²⁴ The effectiveness of these future investments is questionable: A recent report from the OPC concluded that utilities “are increasingly investing in capital-intensive projects that fail to deliver corresponding improvements in reliability or resilience.”²⁵ For example, the report notes that increased spending has actually been associated with declining reliability in BG&E’s service territory, while at the same time the company overspent its combined transmission and distribution CAPEX budget by over \$75 million in 2024, a more than 20% increase over budget.

²² The EIA-861 survey collects reliability information measured by the System Average Interruption Duration Index (“SAIDI”), with and without Major Event Days (“MED”). SAIDI measures outages as the sum of customer outage hours divided by the number of customers served. MED is an abbreviation for Major Event Days, which are defined as days with a SAIDI more than 2.5 standard deviations from the historical average.

²³ EIA, *EIA-861 Annual Electric Power Industry Report* ([link](#))

²⁴ *Exelon Sustainability Report 2024* ([link](#))

²⁵ PSC, Case 9353, *OPC Comments on the Maryland Electric Distribution Companies’ 2024 Annual Reliability Performance Reports* ([link](#))

Utilities must focus on delivering these projects as efficiently and on as short a timeline as possible. Taking on the additional responsibility of building generation at a time when the electric grid requires historic levels of investment in transmission risks distracting utilities from their core function and places an unnecessary risk on Maryland ratepayers.

Improving Customer Outcomes in Maryland

Since 1956, Maryland has been a member of the Pennsylvania-New Jersey-Maryland Interconnection (“PJM”), the RTO that is responsible for managing the transmission grid and balancing electricity supply and demand in a competitive wholesale market across 13 states and the District of Columbia. The integration of Maryland’s electricity market into the combined footprint of the PJM grid grants access to out-of-state generation provided by a diverse pool of resources to meet growing demand and reliability requirements in the state.

As a member of PJM, Maryland benefits from several distinct mechanisms. First, the expansive geographic footprint of PJM increases the diversity of accessible resources, allowing the state to import surplus power from regions with excess generation at any given time. Power transfers throughout the region also reduces the amount of power capacity Maryland must hold in reserve. Because peak electricity demand does not occur simultaneously across the entire PJM footprint, the total amount of generation capacity needed to maintain overall PJM reliability is significantly lower than the sum of each state’s individual capacity requirements. Lastly, PJM’s competitive energy and capacity markets force IPPs to compete on the cost of generation, with generation dispatched across the region based on lowest marginal cost, forcing out inefficient generators that cannot match the marginal cost of newer, more efficient or lower-cost units.

Historically, Maryland has imported power to meet a significant portion of its needs.²⁶ This is not an indication that the state lacks adequate local resources, but rather the result of the wholesale market operating economically. As the largest regional grid operator in the United States, PJM leverages its scale to generate significant economic efficiencies through the coordination of wholesale markets, strategic transmission planning, and centralized grid management. These integrated operations result in estimated cost reductions for regional consumers totaling between \$3.2 billion and \$4 billion each year.²⁷ If not for this participation, the state would be required to build and maintain enough generation to meet peak demand, plus a reserve margin, strictly with local generation assets. This would necessitate maintaining expensive peaking plants that might only run for a few hours per year during the periods of highest demand.

Existing plants in Maryland are often available to generate additional power but not dispatched by the grid operator because it is less expensive to import power from out-of-state resources. It is generally most economically efficient to site generation near optimal fuel sources, for example wind farms in regions where the wind blows faster and more often, or natural gas plants in regions

²⁶ PJM, *Maryland Needs Energy Infrastructure* ([link](#))

²⁷ PJM, *Fact Sheet for Policy Makers* ([link](#))

with direct access to low-cost shale gas. A lack of local generation is not the critical vulnerability for Maryland because transmission allows for the lowest cost power to flow freely into the state.

In 2023, Talen Energy, the owner of two large coal plants in Maryland, determined that operating the aging units was no longer economically viable and notified PJM that it intended to deactivate the facilities in 2025. PJM determined that the retirement of these units would result in severe reliability violations, and that the units could not be taken offline before a robust replacement solution was put in place.²⁸ While various options were considered to address the issues presented by the retirement of these units in Maryland, it was ultimately determined that additional transmission capacity that allowed for increased power imports into Maryland was the optimal solution. Expanding transmission was determined to be the best option because it allowed Maryland to access diverse, lower cost, out-of-state resources while avoiding the long-term inefficiency of building more expensive local generation.

The Brandon Shores replacement project significantly enhances Maryland’s ability to import power by creating a high-capacity transmission corridor. A power flow analysis commissioned by the OPC concluded that the increase in Maryland’s import capabilities attributable to the Brandon Shores replacement project would be “sufficient to accommodate at least 2,980 MW of load growth” and “exceed PJM’s projected 2028 peak load in Maryland’s service territories by more than 24 percent,” enabling Maryland’s grid to meet demand until at least 2042.²⁹

Additionally, key cost differentials between new in-state generation relative to new out-of-state generation imported into Maryland further supports the conclusion that importing power is preferable to building potentially unnecessary and expensive in-state generation, based on an evaluation of new 800 MW natural gas combined cycle (“NGCC”) plants built in Maryland and neighboring Pennsylvania.

Natural Gas Fuel Prices

Natural gas generators are long-lived assets, and projected fuel costs over a 30-year technical life suggest a stark difference between delivered natural gas prices in Maryland and Pennsylvania. Pennsylvania sits atop the Marcellus and Utica Shale Basins and is one of the largest natural gas producers in the United States. Maryland produces almost no natural gas and acts purely as a downstream consumer. As a result, it is generally less costly to deliver gas in Pennsylvania due to its proximity to the production regions. A power plant located in Maryland could pay a significant natural gas price premium relative to Pennsylvania, particularly if import pipelines into Maryland are constrained.

²⁸ PJM, *PJM Working to Mitigate Reliability Impacts of Retiring Wagner Units* ([link](#))

²⁹ OPC, *Impact of Brandon Shores deactivation projects on Maryland generation needs* ([link](#))

Since 2020, natural gas delivered to Maryland citygates has been priced \$1.37 higher per MMBtu on average than gas delivered to Pennsylvania citygates.^{30,31} As shown in Table 1, an 800 MW NGCC operating over a 30-year technical life located in Pennsylvania would pay \$1 billion less in fuel costs.

Table 1: Projected Natural Gas Fuel Costs (800 MW NGCC at 60% Annual Capacity Factor)³²

State	30-year Fuel Consumption (Million MMBtu)	Delivered Price (\$/MMBtu)	Fuel Costs (\$MM)
MD	784	\$6.64	\$5,203
PA	784	\$5.27	\$4,129
Difference	-	\$1.37	\$1,073

Natural Gas Infrastructure

As shown in Table 2 below, a review of the most recently completed gas pipeline projects in Maryland and Pennsylvania indicates that constructing a new lateral pipeline to connect to the bulk natural gas transportation system for a NGCC plant may be more than 60% more expensive in Maryland than Pennsylvania.

Table 2: Projected Gas Pipeline Interconnection Costs (800 MW NGCC)

State	Project Name	Completion Year	Cost/Mile (2025 \$MM)	Average Cost/Mile (2025 \$MM)	Connection Length (Miles)	Connection Cost (2025 \$MM)
MD	Line MB extension project	2014	\$8.6	\$9.2	13.1	\$120
	Rock Springs Expansion	2016	\$9.8			
PA	UGI Sunbury Pipeline	2017	\$6.8	\$5.7		
	Line N to Monaca Project	2019	\$5.7			
	Birdsboro Pipeline Project	2018	\$4.6			

In addition, Pennsylvania boasts a robust natural gas pipeline network that has been expanded and maintained over many years due to the state's role as a top natural gas producer. A new natural gas plant sited in Pennsylvania would likely have more access to large interstate pipelines than a plant located in Maryland. This could potentially avoid the need to expand the bulk natural gas transportation system, which can be costly. For example, the proposed Capital Area Project on the Eastern Gas Transmission and Storage pipeline would increase deliverability from Pennsylvania into Maryland and Virginia by 67,500 DTH/day to serve gas utility demand.³³ This marginal increase is estimated to cost over \$170 million and require upgrades to three separate compressor stations but would only supply approximately half the fuel consumed by an 800 MW NGCC.

³⁰ A citygate is "a point or measuring station at which a distributing gas utility receives gas from a natural gas pipeline company or transmission system." ([link](#))

³¹ EIA, *EIA-857*; EIA, *EIA-910* ([link](#))

³² Annual capacity factor is based on historical monthly capacity factors for similar units, as detailed in the Appendix.

³³ FERC, *Notice of Application and Establishing Intervention Deadline; Eastern Gas Transmission and Storage, Inc.* ([link](#))

Projects to expand the bulk natural gas transportation system are also subject to a complex regulatory and legal environment, spanning many different local, state, and federal jurisdictions. This can lead to construction delays, cost overruns, or even project abandonment after capital investments have been made. Table 3 illustrates the high variability in timelines and costs for recent pipeline expansions large enough to support the fuel requirements of an 800 MW NGCC.

Table 3: Example Natural Gas Pipeline Expansion Costs³⁴

State(s)	Project Name	Application Year	In-Service Year	Cost (2025 \$MM)	Additional Capacity (DTH/day)	2025\$ per DTH/day
VA,NC	Southgate Amendment Project (MVP)	2025	2028	\$524	550,000	\$953
PA,MD,NJ	Regional Energy Access Expansion Project	2021	2024	\$978	829,400	\$1,180
NY,MA,CT	Atlantic Bridge Project	2015	2021	\$762	132,705	\$5,741
NY,CT,MA,RI	Algonquin Incremental Market	2014	2017	\$1,519	342,000	\$4,443
NY,NJ,CT	Ramapo Project	2006	2008	\$404	325,000	\$1,243
MA	HubLine Project	2000	2003	\$565	230,500	\$2,451

Detailed assumptions, calculations and sources for the natural gas analysis are provided in the Appendix.

Assessing Customer Impacts of Utility-Owned Generation

Customer Risks of Utility-Owned Generation

Utility Project Management Failures and Cost Control Deficiencies

Under rate of return regulation, the financial risk of large, complex generation projects is transferred away from investors and onto captive ratepayers. If a utility project is delayed or exceeds its budget, the utility is most often able to recover those additional costs, plus a rate of return, directly from customers — sometimes even when assets have become stranded.

Projects that have been guaranteed by utility ratepayers frequently feature significant cost overruns and delays, as has been the case in Maryland. For example, BG&E's transmission project to support the Brandon Shores deactivation has seen its budget increase from \$739 million to \$1.5 billion, a 105% overrun. Multiple planning and operational oversights have been cited as contributing to this increased cost, including underestimated equipment cost, a substation redesign, and additional reviews of design and engineering plans.³⁵

³⁴ EIA, *Pipeline Projects, October 2025* ([link](#)); FTI analysis of Federal Register FERC Notices

³⁵ PJM, *Reliability Analysis Update* ([link](#))

Cost overruns and projects delays in Maryland have not been limited to electric utilities. Maryland's gas utilities have also demonstrated an inability to control costs when granted additional flexibility from regulators. In 2013, the state passed the STRIDE Act to encourage proactive replacement or repair of gas infrastructure by authorizing early recovery of project costs during, or even before, construction.³⁶

Under the STRIDE framework, utilities are directed to propose infrastructure replacements and repairs to the PSC that they expect to complete in the upcoming five-year period, along with a budget. In 2022, the PSC found that Washington Gas had, "overpromised and under-delivered, depriving customers of the benefits anticipated under the STRIDE statute, including accelerated pipeline replacement" by "materially deviating from its projections regarding the amount of work that would be completed, the costs of the projects, and the benefits."³⁷ In four out of five years, the utility had completed only 60% of its planned main distribution pipeline mileage and yet remained on track to exceed its five-year budget. In 2025, the STRIDE legislation was significantly revised so that utilities would be required to make stronger justifications for projects in terms of the magnitude of the risk addressed and the cost-effectiveness of the proposed solution.³⁸

Additional examples of costs being passed on to customers for budget overruns, delays and project failures include:

- An abandoned \$1 billion joint PEPCO-DPL transmission project, the Mid-Atlantic Power Pathway, cost ratepayers \$80 million over three years despite never breaking ground. The costs of abandonment were calculated in a "black box" settlement between the project owners, state regulators, and other stakeholders.³⁹
- The Potomac-Appalachian Transmission Highline project ultimately cost ratepayers \$250 million despite never reaching commercial operation.⁴⁰ The project was proposed in 2007 to bring power generated by West Virginia coal plants to high-demand areas of Virginia and Maryland.⁴¹ The project was canceled in 2012 after changing market conditions greatly reduced the projected benefits of the project, making it uneconomical to complete.⁴²
- Virginia's State Corporation Commission staff estimated in 2020 that continuing to operate Dominion's coal-fired Virginia City Hybrid Energy Center would cost ratepayers \$472 million over ten years compared to discontinuing plant operations.⁴³

³⁶ OPC, *STRIDE* ([link](#))

³⁷ PSC, Case 9486, *Order 90099* ([link](#))

³⁸ Emily Scarr, *Factsheet: Ratepayer Protection Act of 2025* ([link](#))

³⁹ FERC, *MAPP Offer of Settlement*, (Docket ER13-607) ([link](#))

⁴⁰ FERC, *Commissioner Christie's Concurrence to Letter Order Approving PATH Settlement*, 185 FERC ¶ 61,198 (2023) ([link](#))

⁴¹ Ethan Howland, *FERC transmission incentives 'way out of whack,' drive up consumer costs: Commissioner Christie* ([link](#))

⁴² *PJM Interconnection, LLC*, 141 FERC ¶ 61,177, at P 6 (2012) ([link](#))

⁴³ IEEFA, *Virginia Coal Plant's Future Isn't Bright: Preparation for Transition Should Commence Now* ([link](#))

- The cost of Mississippi Power’s Kemper County IGCC power plant increased from \$2.9 billion to more than \$7.5 billion.^{44,45} Although the public service commission ordered the utility to bear the costs of the failed coal-to-gas project, ratepayers were still charged for the costs associated with the natural gas power plant component of the project. In 2016, whistleblowers alleged that poor utility project management was responsible for the cost overruns.⁴⁶
- In 2023, El Paso Electric completed the Newman 6 natural gas combined-cycle power plant 6 months behind schedule and 27% over the initial budget.⁴⁷ Whether ratepayers are responsible for the increased costs will be determined by the Texas public utility commission. However, a panel of Texas administrative law judges recommended that the full \$217 million should be passed on to El Paso Electric’s customers in Texas and New Mexico.⁴⁸

Utilities in Maryland no longer have institutional expertise building and operating generation assets; indeed, as noted above, Exelon divested from its generating business and expertise completely in 2022. It is unreasonable to expect that they will be capable of building new generators more efficiently, faster, or at lower cost than IPPs. Examples like those discussed above demonstrate that utilities are capable of severely underestimating costs and timelines. Allowing utilities to rate-base new generation in Maryland would leave ratepayers financially responsible for projects that may prove to be unneeded or uneconomical.

If utilities are interested in building new generation, they can establish competitive affiliates that can compete with IPPs on even footing. The fact that they wish to retain a cost-of-service model while participating in the competitive market suggests reliance on cost recovery mechanisms that guarantee costs and a return are covered even if there are management failures.

The Regulated Utility Cost-Plus Model

In the vertically integrated utility model, utility profits grow when they are allowed to spend more on capital investments, increasing the utility’s “rate base.” When increased electricity demand creates a need for new infrastructure like transmission lines, utilities earn a profit on the cost of developing those projects. However, recent demand growth for Maryland utilities has been limited, as seen in Figure 5. Without load growth driving the need for additional infrastructure, utilities can turn to other means of increasing profits.

⁴⁴ The relevant CCS portion of Kemper County CCS was officially cancelled in 2017, though onsite natural gas combined cycle assets have been generating power since 2014.

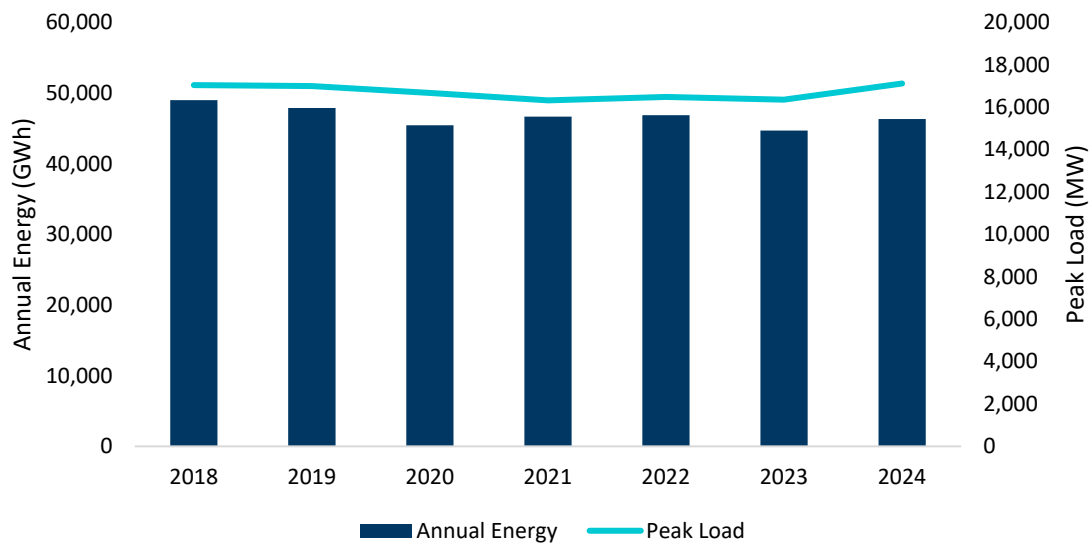
⁴⁵ Darrel Proctor, *Regulators Back Settlement for Costs of Failed Kemper IGCC Project* ([link](#))

⁴⁶ Gavin Bade, *Southern suspends work on Kemper coal gasification units* ([link](#))

⁴⁷ Diego Mendoza-Moyers, *As El Paso Electric rate increase looms, some say utility is seeking to make too much profit* ([link](#))

⁴⁸ Julia Spencer, *El Paso Electric’s rate hike faces resistance as judges recommend lower profit margin* ([link](#))

Figure 5: BG&E, PEPCO, and DPL Annual Energy and Peak Load⁴⁹



The amount of profit, or rate of return, that a utility is allowed to earn on its rate base is determined by state regulators during a rate case. Regulators exercise the most influence over a key component of rate of the return, the utility’s allowed return on equity (“ROE”).⁵⁰ In 2024 alone, Maryland utilities were allowed to earn \$399 million from ROE, or about \$200 per customer.⁵¹

During a rate case, utilities often justify requests for a higher ROE with the argument that an increase is necessary to attract investors, who want high rates of return. If regulators approve an increase, then the utility can earn more profits on their existing rate base without making new investments; however, as seen in Figure 6, the authorized ROE for utilities that operate in Maryland has been stable over the past 15 years.

Utilities can also increase the size of the rate base by choosing capital-intensive projects to address the electricity grid’s needs. This means that, absent rules that direct utilities to invest in cost-effective solutions before pursuing capital intensive projects, utilities may choose not to pursue less expensive solutions like distributed energy resources or demand response initiatives. A recent report on the state of virtual power plants, essentially large groups of synchronized “smart” meters that can reduce electricity demand (and therefore prices) during peak hours, found evidence that suggests utilities have been obstructing virtual power plant providers from accessing PJM’s capacity market by refusing to share necessary smart meter data.⁵²

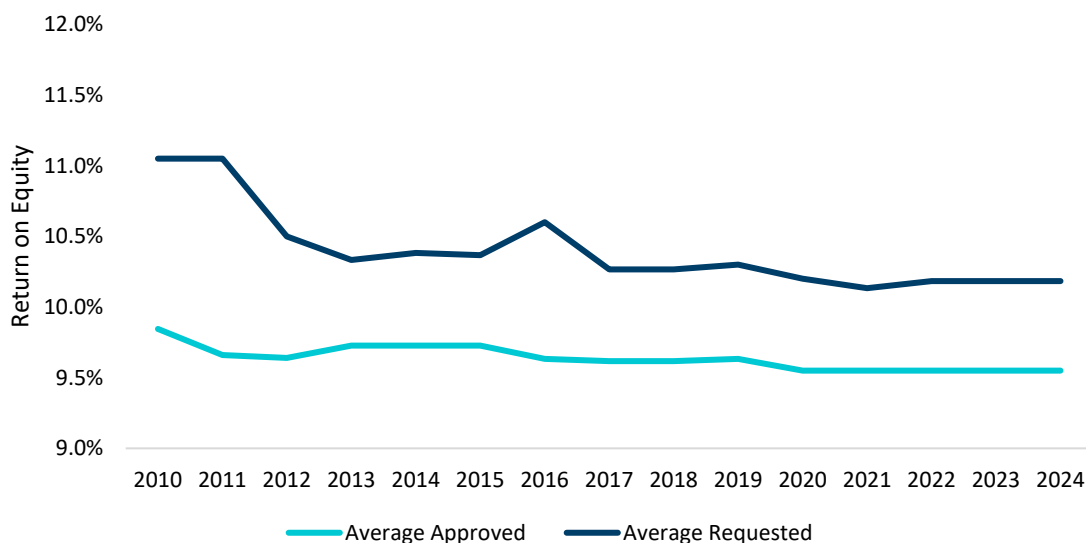
⁴⁹ EIA, *EIA-861 Annual Electric Power Industry Report* ([link](#)) ([link](#)); PJM, *Network Service Peak Loads* ([link](#)). Network Service Peak Load data for PEPCO includes customers in the District of Columbia.

⁵⁰ ROE is the rate of profit utilities are permitted to earn on capital investments.

⁵¹ FTI calculations; EIA, *EIA-861* ([link](#)); PSC, BG&E Case 9692, *Order 90948* ([link](#)); PSC, PEPCO Case 9702, *Order 91181* ([link](#)); PSC, DPL Case 9681, *Order 90445* ([link](#))

⁵² Open Markets Institute, *Fair and Open Markets for Virtual Power Plants* ([link](#))

Figure 6: Average Requested vs. Approved Return on Equity (BG&E, PEPCO, DPL)⁵³



Utilities can also expand their rate bases through “gold-plating” capital projects, increasing the size or complexity and unnecessarily adding costs. For example, if a transmission line needs to be upgraded, utilities are incentivized to convince the relevant transmission planner to approve a large, expensive transmission line instead of making smaller investments in grid-enhancing technologies that increase transmission capacity through improvements to existing infrastructure.

Maryland utilities sometimes attempt to increase profits by asking the PSC to move operational expenditures into the rate base. The PSC makes difficult, sometimes controversial decisions on whether to approve these additions. For example, since 2016, BG&E paid the City of Baltimore to lease space in an underground tunnel system of wires, including electricity distribution equipment. In 2023, BG&E signed a new deal with the City that allowed them to pay in-kind for access from 2023-2027 by working on the tunnels.⁵⁴ BG&E argued in its most recent rate case proposal that the cost of access to the tunnels should be reclassified from an operational expense to a capital expense because of their work on the tunnels.⁵⁵ The PSC approved this reclassification, thereby allowing BG&E to start earning a profit on, and raise customer bills for, what had been a rental fee.

Maryland’s current system allows utilities to earn more when they spend more. Because utilities make a guaranteed profit based on how much they spend on physical assets, they have little incentive to control costs and save customer money.

⁵³ FTI analysis of Maryland utility rate case filings.

⁵⁴ Wambui Kamau and Kristen Mosbrucker, *Baltimore City approves controversial conduit deal, two members don’t show up* ([link](#))

⁵⁵ OPC, *OPC appeals regulators’ decision allowing BGE to bill customers for profits on Baltimore City conduit system work* ([link](#))

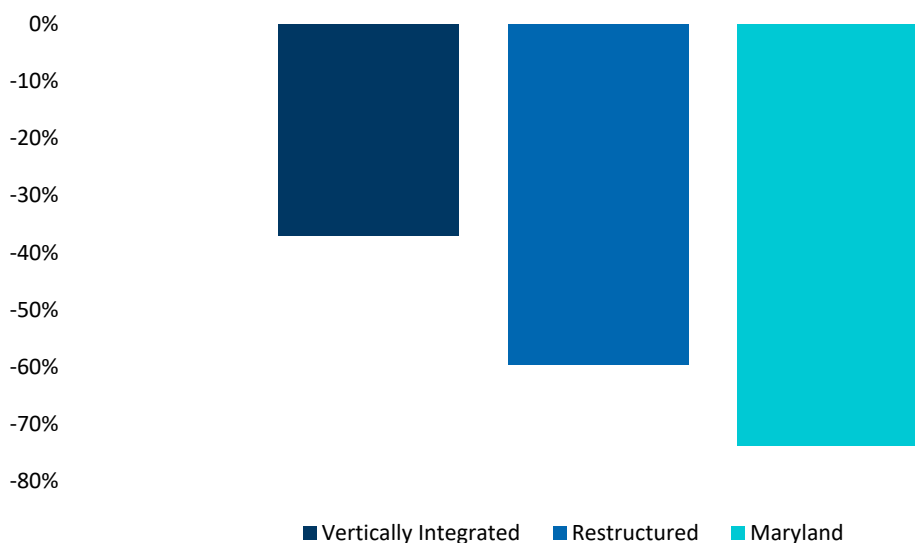
Customer Benefits of Competitive Generation

IPPs shield ratepayers from financial liability, as they recover costs only through competitive market revenues, making their investors the sole bearers of failure risk. In contrast, construction delays, cost overruns and potential stranded investments are transferred directly onto captive consumers under rate-based utility models.

An IPP can only recover the costs of building a power plant by selling electricity into the competitive market. An IPP's investors take on the risk that revenues from electricity sales may not cover the cost of their investment. If the plant does not consistently generate sufficient revenue, investors lose their investment. Utility shareholders do not take on this risk because utilities are guaranteed a return of and on their investment. If a project goes over budget or fails, utilities increase electricity rates to recover unexpected costs. Ratepayers, not investors, take on the risk of utility-owned power plants.

Unlike utilities, which earn on deployed capital once projects are approved, IPPs must compete with one another under uncertain market conditions. As a result, private generation owners are more responsive to changes in price signals and market conditions. For example, in the mid-2000s the shale revolution in the U.S. dramatically impacted the relative cost of coal- and natural gas-fired generation. Figure 7 below shows how restructured markets shifted away from coal-fired generation more rapidly than vertically integrated markets as natural gas generation became more economic. Conversely, coal-fired generation was more likely to be retained in vertically integrated markets, in part because utilities were able to continue earning a return on those investments even when the plants were no longer cost-competitive.

Figure 7: Change in Coal Capacity from 2005-2024 by Market Type⁵⁶



Hybrid Ownership Model Risks Chilling Private Investment

As many states moved away from vertically integrated utility models following the wave of electric sector restructuring in the late 1990s, they established competitive wholesale and retail electric markets that supported equal playing fields for IPPs to compete, provided more favorable prices for customers, and spurred innovation across the sector. Reintroducing utility ownership of generating assets risks undermining the consumer and reliability benefits that restructuring has provided for over two decades.

A hybrid ownership model, where utilities would regain the rights to own certain generating assets, would introduce regulatory uncertainty and create an unsteady market for private developers. Investors rely on free and fair competitive markets to provide trustworthy price signals. Because utility-owned investments can recover development costs outside of capacity and energy markets, IPPs would lose visibility into true market prices created by competitive supply and demand dynamics. This instability would discourage private investment and ultimately undermine the competitive market framework. Facing competition from utilities with guaranteed cost recovery would reduce private investment in Maryland and shift investor interest to states where markets remain competitive.

Regulated utilities that wish to participate in the generation space can and should do so through competitive affiliates that compete on equal footing with IPPs. Allowing regulated utilities to own and rate base new generation assets is unnecessary, would directly introduce regulatory risk, and would destabilize the free and fair competitive market Maryland established over 25 years ago.

The conflicts associated with utility ownership of competitive generation are well-documented and have prompted industry leaders to exit the space entirely. Following Exelon’s acquisition of Constellation Energy Group in 2012, Exelon became a dominant market force in U.S. power

⁵⁶ EIA, *EIA-860 Annual Electric Generator Report* ([link](#))

markets. However, strategic considerations eventually led Exelon to separate its regulated utilities from its competitive generation business in 2022. This move allowed the new Exelon to “focus on customer and community interest in clean, reliable, and affordable energy delivery systems” while providing the “financial and strategic independence to focus on its specific customer needs, while executing its core business strategy.”⁵⁷

Conclusion

Allowing utilities to re-enter the business of power generation in Maryland would expose consumers to the financial risks of the regulated “cost-plus” model. This structure creates a natural incentive for utilities to maximize their rate base and shareholder returns by pursuing capital-intensive generation projects. Under this framework, captive ratepayers would bear financial responsibility for budget overruns, project delays, and management failures that can often occur during large-scale infrastructure projects. These risks are further compounded by the fact that Maryland utilities have divested their generating expertise, making it unlikely they could build new facilities more efficiently or at a lower cost than IPPs.

Any utility seeking to enter the competitive generation market can do so already through competitive affiliates without the safety net of guaranteed ratepayer recovery. This ensures that all market participants compete on even footing. By requiring utilities to compete alongside independent producers, Maryland can ensure that market signals remain transparent and avoid the negative impact on private investment that would result from a hybrid ownership model.

Maryland is already well-positioned to meet its power demand needs thanks to its commitment to a restructured electricity sector. Moving to a restructured model has benefited Maryland customers for more than 25 years and supported a market that incentivizes power supply efficiency while protecting the public from stranded costs.

⁵⁷ *Exelon 2023 Proxy Statement* ([link](#))

Appendix

Cost Comparison of a New Combined Cycle Gas Plant in Maryland and Pennsylvania

Natural Gas Pipeline Interconnection Costs

To interconnect to the natural gas interstate pipeline system, power plants generally require the development and construction of both a gate station and a pipeline lateral to be able to ship the gas from the interconnection point to the power plant site. Gate station costs are likely to be independent of location, but pipeline construction costs are impacted by many factors that can vary between states including navigating natural terrain, population density, and state and local permitting requirements.

To approximate pipeline interconnection costs for Maryland and Pennsylvania, comparable pipeline projects were identified in both Maryland and Pennsylvania constructed since 2014. Cost and mileage data collected and published by the EIA for these projects were used to calculate a dollar per mile cost.⁵⁸ Comparable project costs in Maryland are based on the Line MB extension project and the Rock Springs Extension projects, and UGI Sunbury Pipeline, Line N to Monaca Project, and the Birdsboro Pipeline Project in Pennsylvania.

- The Line MB, operated by Columbia Gas Transmission, was selected as it is the only pipeline expansion project since 2014 to be completely within Maryland’s borders. It included the installation of a 21 mile 26-inch pipe alongside an existing pipeline run through Baltimore and Harford County.
- Rock Springs Extension project, operated by Transcontinental Gas Pipeline, was selected as a comparable project as it was a lateral built specifically to deliver natural gas to a generation facility in Cecil County, MD. This included the construction of 11 miles of new greenfield 20-inch pipeline.
- UGI Sunbury Pipeline is a 35 mile 20-inch pipeline lateral in northeast PA operated by UGI Energy Services to deliver gas out of the Marcellus to northeast PA markets and other interstate pipelines.
- Line N to Monaca is a 4.5 miles 12-inch-diameter pipeline lateral from delivering gas to the Shell ethane cracker plant. This lateral is operated by National Fuel Gas Supply Corporation.
- Although classified as a “New Pipeline System” in the EIA dataset, the Birdsboro Pipeline Project is a lateral extending from the Texas Eastern Transmission interstate pipeline to deliver natural gas to the 485 MW Birdsboro natural gas power plant. This project is a 13-mile 12-inch pipeline located in Southeast PA and is operated by DTE Midstream Appalachia, LLC.

Additional details for the selected pipeline projects are provided in Table 4 below.

⁵⁸ EIA, *Pipeline Projects, October 2025* ([link](#))

Table 4: Proxy Gas Pipeline Construction Projects

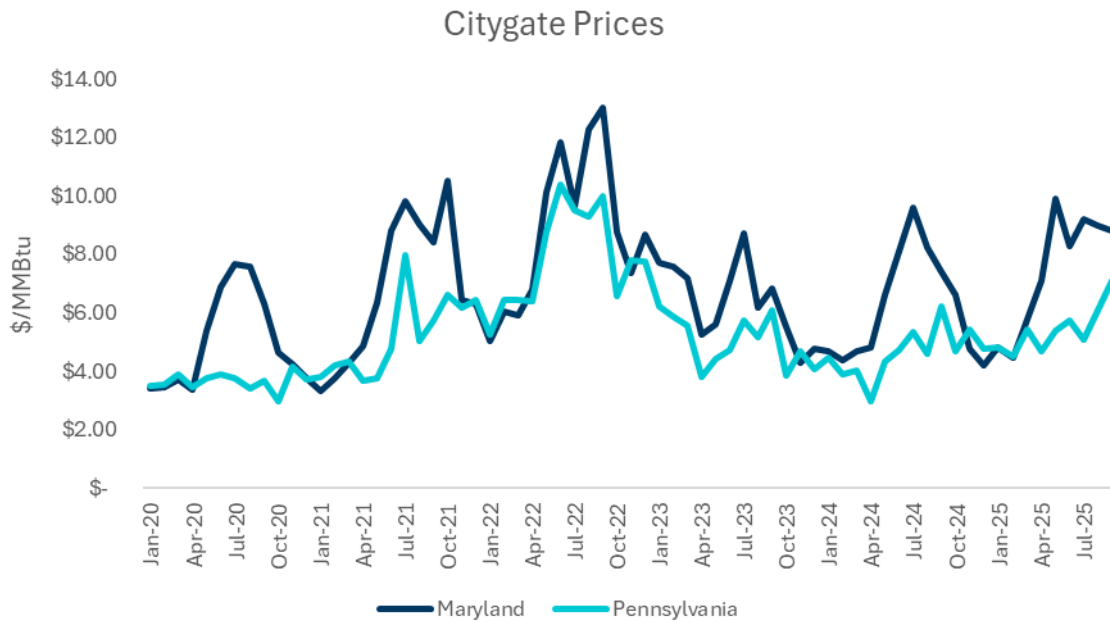
Project Name	Pipeline Operator Name	Year Complete	Beginning State	Ending State	Pipeline Length (miles)	Pipeline Diameter (inches)	Project Cost (2025 \$MM)	Cost per Mile (2025 \$MM)
Line MB Extension Project	Columbia Gas Transmission	2014	MD	MD	21	26	\$180	\$8.6
Rock Springs Expansion	Transcontinental Gas Pipeline	2016	PA	MD	11	20	\$108	\$9.8
UGI Sunbury Pipeline	UGI Energy Services	2017	PA	PA	35	20	\$237	\$6.8
Line N to Monaca Project	National Fuel Gas Supply Corp	2019	PA	PA	5	12	\$25	\$5.6
Birdsboro Pipeline Project	DTE Midstream Appalachia, LLC	2018	PA	PA	13	12	\$61	\$4.6

The length of a typical lateral required to connect a new gas plant to an existing pipeline was estimated using the same EIA dataset and was based on the average length of laterals constructed to serve new gas plants in the US over the last 10 years, approximately 13 miles.

Natural Gas Fuel Costs

Natural gas prices are highly seasonal and vary by location. Monthly historical pricing published by the EIA for Citygate prices in PA and MD, are used to represent the fuel costs a power plant in each state could rely-on without acquiring additional upstream pipeline capacity rights to source gas from outside of the state. In other words, these in-state Citygate prices are a reasonable representation of the difference in the cost of delivered gas between the two states. Historical monthly pricing for each hub is shown below in Figure 8.

Figure 8: Historical Natural Gas Prices by State



The fuel driven operating cost for each generation technology type is also dependent on the technologies overall efficiency as measured by a generators heat rate (MMBtu/MWh). This analysis uses publicly available data from the National Laboratory of the Rockies (“NLR”) as the estimate of a baseline efficiency level of 6.196 MMBtu/MWh for a new natural gas combined cycle plant.⁵⁹

Total annual costs will be dependent on how often a gas plant is running. Monthly estimated power output is calculated using capacity factors published by EIA using the formula below.⁶⁰

$$MWh_m = NPCap * CF_{m,t} * DIM_m * 24$$

Where the subscript *m* indexes the month, *MWh* is the megawatt hours of generation, *NPCap* is the nameplate capacity, *CF* is a monthly capacity factor, *DIM* is the number of days in the month, and 24 is the hours in a day. This analysis assumes that both the nameplate capacity and monthly capacity factors are the same for a plant operating in either Maryland or Pennsylvania, such that the generation output and fuel consumption do not differ across scenarios. Monthly capacity factors applied are based on the average of the 2023 and 2024 capacity factors for natural gas combined cycle units published by the EIA.

⁵⁹ NLR, *Annual Technology Baseline 2024* ([link](#))

⁶⁰ EIA, *Electric Power Monthly* ([link](#))

Opposition Testimony of Alpha Generation - HB 1561

Uploaded by: Matthew Schwall

Position: UNF

Opposition Testimony of Alpha Generation, LLC

Maryland House Bill 1561

Before the House Environment and Transportation Committee

Alpha Generation, LLC (“AlphaGen”), an independent power producer serving customers across the PJM region and Maryland, respectfully submits this testimony in **strong opposition to HB 1561**. We also respectfully note our support for, and alignment with, the testimony submitted by the PJM Power Providers Group (“P3”) regarding this bill.

AlphaGen owns and operates competitive generation facilities across PJM, including the Keys Energy Center, which is a modern, efficient natural-gas combined-cycle plant that provides critically needed capacity, reliability, and grid flexibility to Maryland and the broader regional market.

We are actively evaluating and planning capacity upgrades at the Keys facility, reflecting our commitment to invest private capital to enhance system reliability and reduce costs to consumers. These upgrades represent tens of millions of dollars in potential new investment, funded entirely through competitive markets, not ratepayer surcharges.

Our business model, like that of other PJM competitive generators, is grounded in market discipline, private risk, and performance accountability.

HB 1561 would authorize or enable Maryland electric distribution utilities to own or procure new generation resources outside of the competitive PJM marketplace. As P3 correctly notes, this approach conflicts with:

- More than two decades of Maryland policy that has relied on competitive wholesale markets rather than rate-based utility generation;
- FERC-regulated PJM market structures designed to ensure reliability through least-cost, competitive procurement; and
- Consumer protection principles, which are best served when utilities are not permitted to socialize the costs and risks of generation through ratepayer-backed recovery.

Utility-owned generation, by definition, shifts investment risk from shareholders to captive customers, permitting utilities to recover costs plus guaranteed returns regardless of performance, competitiveness, or alternatives available in the PJM marketplace. Moreover, out of market activity has led to premature retirements of dispatchable generation and led to the current tightening in wholesale markets. Further out of market activity, such as monopoly utility build of generation is likely to have the same impact, exacerbating the capacity supply problem, not solving it.

HB 1561 would create a system in which monopoly utilities recover the costs of generation from ratepayers regardless of whether such investment is cost-effective compared to competitive alternatives, dampening and distorting those signals, ultimately discouraging private investment such as our planned capacity uprates at the Keys Energy Center.

AlphaGen supports and aligns with the comprehensive analysis provided in the opposition testimony submitted by P3 and we echo P3's concerns that HB 1561 undermines decades of Maryland energy policy, jeopardizes the integrity of PJM's competitive markets, and exposes ratepayers to unnecessary financial risk.

Maryland has benefited enormously from competitive generation. There is no reliability or policy justification to abandon that framework in favor of a cost-socialized, utility-owned generation model.

AlphaGen respectfully urges an **UNFAVORABLE** report on HB 1561.

We remain fully committed to providing reliable, affordable, and flexible generation to serve Maryland customers, through private capital investment, including prospective capacity uprates at the Keys Energy Center.

Thank you for your consideration.

Respectfully submitted,

Matthew Schwall
Director, Regulatory Affairs
Alpha Generation, LLC
mschwall@alphagen.com

HB1561 - UNF - Electricity Generation and Storage

Uploaded by: Megan Outten

Position: UNF



Maryland Energy Administration

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

FROM: MEA

SUBJECT: HB 1561 - Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)

DATE: March 10, 2025

MEA Position: UNFAVORABLE

House Bill 1561 may lead to reintegration of Maryland's electric companies. The bill calls for electric companies to create, under certain circumstances, a resource adequacy plan that includes, among other things, plans to invest in, operate, and maintain generating facilities. This is an approach that Maryland abandoned with the creation of a restructured energy market in the year 1999 through the Electric Customer Choice and Competition Act.

The Maryland Energy Administration (MEA) would caution even the possibility of reintegration. Integration of utilities, specifically the vertical integration where a single entity controls generation, transmission, and distribution, is often considered detrimental due to its tendency to foster anti-competitive behavior, increase costs for consumers, and hinder the transition to renewable energy. While designed to provide reliable, centralized service, these monopolies often prioritize shareholder profits over innovation and efficiency. Conversely, the current competitive market system tends to limit price increases in the commodity portion of standard offer service (the supply of energy offered by electric companies)

Rising utility bills are of the utmost concern in the state at this time. However, MEA believes that before any drastic changes to Maryland's energy landscape take place, at the very least a thorough study of reintegration be undertaken before allowing electric companies the legal authority to do so. Reintegration, if left unchecked, may have the opposite effect desired, leading to higher utility costs for Marylanders.

For these reasons, MEA urges the committee to issue an **unfavorable report**.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Landon Fahrig, Legislative Liaison, at landon.fahrig@maryland.gov or 410.913.1537.

HB1561.pdf

Uploaded by: Min. Glenn Smith

Position: UNF

Written Testimony Opposing HB1561

Submission to the House Committee Regarding HB1561

Introduction

Thank you for the opportunity to submit written testimony regarding House Bill 1561 (HB1561). I respectfully urge the committee to issue an unfavorable report on this bill for the reasons outlined below.

Concerns Regarding HB1561

After careful review of HB1561, I have significant concerns about its potential impacts. The bill, as currently drafted, raises questions about its effectiveness, unintended consequences, and long-term implications for our community.

Potential Negative Impacts

- **Unintended Consequences:** HB1561 may introduce complexities or burdens that outweigh its intended benefits. There is a risk that the bill could negatively affect stakeholders who are not the intended targets of its provisions.
- **Insufficient Evidence:** There appears to be a lack of substantive data or research supporting the need for this legislation. Without clear evidence, it is difficult to justify moving forward with HB1561.
- **Fiscal Concerns:** The bill could lead to increased costs for local governments or taxpayers. Before enacting HB1561, a thorough fiscal analysis should be conducted to assess its economic impact.
- **Community Impact:** The proposed changes may disrupt existing systems, programs, or services that currently serve our community well. It is important to preserve what works and avoid unnecessary disruption.

Recommendations

I respectfully recommend that the committee reconsider HB1561 and explore alternative approaches that address the underlying issues without causing harm or undue burden. Additional stakeholder engagement and comprehensive analysis are necessary before moving forward.

Conclusion

For the reasons stated above, I urge the committee to issue an unfavorable report for HB1561.
Thank you for your time and consideration of this testimony.

Min. Glenn Isaac Smith

President of Baltimore Transit Equity Coalition

President of Reconnecting Communities In West Baltimore Coalition

827 N. Arlington Avenue #504

Baltimore, Maryland 21217

443-765-2638

HB 1561_Maryland LCV_UNF.pdf

Uploaded by: Rebecca Rehr

Position: UNF



MARYLAND
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Kevin Loeb

Kim Coble
Executive Director

March 10, 2026

Oppose: HB 1561 Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)

Mr. Chair and Members of the Committee:

Maryland LCV Opposes HB 1561 Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act).

HB 1561 would significantly expand the authority of investor-owned electric companies to construct, acquire, own, and operate generating facilities and large-scale energy storage, while guaranteeing cost recovery, including stranded costs, through nonbypassable surcharges and a minimum rate of return.

Although framed as a resource adequacy and affordability measure, **the bill shifts financial risk from shareholders to ratepayers and weakens Maryland's reliance on competitive wholesale markets.** Moreover, while the bill prioritizes renewable resource generation, it allows utilities to build and own gas generation if the PSC determines there is a resource adequacy issue or a PJM capacity price even. **Renewables are the most cost-competitive source of new power generation, but allowing utilities to decide what type of generation to build does not ensure that the lowest-cost and least-polluting resources will be selected. Without clear guardrails, the bill could result in ratepayers financing new fossil fuel infrastructure that risks becoming stranded as Maryland works to meet its climate and clean energy goals.**

Under [§7-510\(c\)\(6\)](#) of the Public Utilities Article, the Public Service Commission already has authority to require or allow utilities to own generation when necessary to meet long-term demand. HB 1561 goes further by creating new triggers tied to PJM capacity market prices and “price stability events”, expanding circumstances under which utilities may enter generation ownership. It guarantees recovery of all prudently incurred costs, including investments that later become stranded “for any reason,” meaning assets that become economically unviable or obsolete before their expected end-of-life (e.g. what is anticipated for gas infrastructure), and ensures a rate of return at least equal to the

utility's FERC-approved transmission return. This structure socializes market risk while privatizing returns.

Maryland participates in PJM's competitive wholesale electricity market, where independent power producers compete to build generation and bear market risk. Allowing regulated utilities to rate-base generation with guaranteed recovery and minimum returns creates an uneven playing field and may crowd out private investment. Independent developers do not receive guaranteed cost recovery or protection from stranded costs. By contrast, HB 1561 would insulate utilities from those risks, potentially undermining competitive procurement and distorting market signals.

For these reasons, Maryland LCV urges an unfavorable report on this bill.

RJR-(RESA) HB1404.HB1561 (OPPOSED)(2026) - FINAL (

Uploaded by: Richard Reinhardt

Position: UNF



Delegate Marc Korman, Chair
Delegate Michele Guyton, Vice-Chair
House Environment and Transportation Committee
250 Taylor House Office Building
Annapolis, Maryland 21401

**Re: House Bill 1404: Public Utilities - Energy Generation and Transmission – OPPOSED
House Bill 1561: Electricity Generation and Storage - Investor-Owned Electric
Companies and Front-of-the-Meter Storage (Affordable Energy Act) – OPPOSED**

March 6, 2026

Dear Chairman Korman, Vice-Chair Guyton, and Committee Members:

The Retail Energy Supply Association (RESA) **opposes** utility-owned generation in states that have restructured their energy markets, advocating instead for competitive, market-based solutions. RESA’s position is that competitive retail markets, rather than traditional monopoly-protected, rate-regulated utility structures, provide better outcomes for consumers in terms of innovation, price efficiency, and renewable energy adoption.

HB1404 aims to enhance the state's energy generation and transmission systems. As proposed, it allows for the construction, acquisition, and operation of energy-generating systems that produce energy from natural gas. It authorizes investor-owned companies to construct, acquire, lease, and operate their own generating facilities and certain transmission facilities. It also aims to expedite the interconnection process for new thermal generation resources in the state.

HB1561, as proposed, would require the Public Service Commission (PSC) to mandate that electric companies develop resource adequacy plans if electricity supply is insufficient or price-stability events occur. The PSC then has one year to approve or deny the plans. HB1516 would permit utilities to build only renewable energy projects.

Both bills also authorize how investor-owned utilities can recover their investment costs. HB1516 authorizes investor-owned electric companies to recover ‘prudently incurred costs’ for constructing, acquiring, and operating their own generating facilities or front-of-the-meter storage, plus a reasonable return. These investment costs, including ‘stranded costs’, would be recoverable through electric rates or a non-bypassable surcharge on customer bills.

Similarly, HB1404 would authorize investor-owned electric companies to recover ‘prudently incurred costs’ for constructing, acquiring, leasing, and/or operating their own generating facilities through electric rates or a non-bypassable surcharge on customer bills. Additionally, HB1404 would also permit utilities to recoup any “stranded costs” for any reason.

Utilities often contend that competitive markets cannot ensure a reliable and affordable electricity supply. When the Maryland General Assembly passed the *Electric Customer Choice and Competition Act* in 1999, it restructured the electricity sector, requiring utilities to maintain a monopoly of both distribution and transmission, while also requiring them to divest from all generating assets, passing operations and ownership to Independent Power Producers competing in an open market. As a result, it shifted the financial risks associated with building and operating power plants away from Maryland ratepayers to these Independent Power Producers (IPPs).

Allowing utilities to control transmission, distribution, and generation would essentially create a vertically integrated system in Maryland, giving utilities a complete and full monopoly. Utilities are guaranteed cost recovery, *plus* a reasonable rate of return on their capital expenditure, known as ‘rate base’. Consequently, the ratepayers bear the burden associated with the utilities’ rate base and are on the financial hook for these investments, even if the final costs are higher. Ratepayers also shoulder the responsibility for paying for projects that ultimately prove unnecessary, which is referred to as a “stranded cost”.

For nearly three decades, the State has operated under a restructured market in which utilities purchase electricity through competitive wholesale markets, and IPPs have assumed responsibility for operating the power plants that supply these markets. Reintroducing utility ownership of generation would not only undermine the benefits of Maryland's current restructured market, which has been in place for nearly 30 years, but also expose ratepayers to significant financial risks, higher energy costs, and incentives for utilities to favor their own facilities unfairly.

The Alliance for Competitive Power recently commissioned a report, “[Competitive Power Benefits for the State of Maryland](#),” to evaluate the benefits the competitive market has provided to the State of Maryland and the associated risks of utility-owned generation. The 22-page analysis conducted by FTI Consulting, Inc. identified several key data points, including:

- PJM’s competitive energy and capacity markets force IPPs to compete on the cost of generation, which has insulated Marylanders from growth in power supply costs. Had retail rates in the state grown at the same rate as in vertically integrated states, Marylanders would have paid over \$11 million more for their electricity over the past 15 years.
- For the average Maryland household, transmission and distribution have *increased* by over \$500 per year. In contrast, generation costs have *decreased* during the same period, saving households nearly \$300 per year.
- Maryland electric generation is expected to be at least 25% more expensive to produce than the cost of imported electricity.

The debate over utility-owned generation extends far beyond Maryland and into other states in the PJM territory. Neighboring state legislatures, such as Pennsylvania and New Jersey, have introduced legislation to permit utilities to own power plants. Still, those efforts have not materialized at this time. Other states, such as Ohio and Illinois, are seeing similar efforts.

Utilities have framed the narrative that changing the market could advance renewable energy development, while also meeting critical climate goals set forth by the State. Opponents and consumer advocates contend that the underlying motivation is the utilities’ goal of maximizing profits due to the proliferation of data centers. Regardless of the real intentions, it’s uncontested that

changes in state law would allow utilities to enter this market with minimal risk, while the existing players would face high risks and new competitors.

As reported last August by the [Pennsylvania Capital-Star](#), on the issue of utilities regaining the ability to build power plants in PJM:

- Todd Snitchler, president and CEO of the Electric Power Supply Association, a trade group for independent power producers, said lawmakers should be concerned about “a reversal in policy and a return to the monopoly utility approach for generation.”
- Brian Lipman, director for New Jersey’s Division of the Rate Counsel, said, “Competition is good for ratepayers.” He further stated, “Utility-owned generation will likely shift the risk of producing generation away from generation developers and onto ratepayers. This means that if something goes wrong (cost overrun, inaccurate load forecast), that ratepayers, not the generators, will be liable for the costs of that error.”
- Maryland’s Office of People’s Counsel, David Lapp, opined that, “Utilities see an opportunity to grow their profits by expanding their businesses into generation so they can shift risks on the ratepayers and take advantage of data center load growth.”

When it comes to energy policy in Maryland, it’s challenging to find common interests between Democratic and Republican lawmakers. Despite political and philosophical differences over mitigating the recent rise in energy demand, there is one universal question that both parties appear to align on: “*How will this legislative action impact Maryland rate payers?*”

On this issue, we humbly submit FTI Consulting, Inc’s deductions in response.

*“Allowing utilities to re-enter the business of power generation in Maryland would expose consumers to the financial risks of the regulated 'cost-plus' model. This structure creates a natural incentive for utilities to maximize their rate base and shareholder returns by pursuing capital-intensive generation projects. Under this framework, **captive ratepayers would bear financial responsibility for budget overruns, project delays, and management failures that can often occur during large-scale infrastructure projects.** These risks are further compounded by the fact that Maryland utilities have divested their generating expertise, making it unlikely they could build new facilities more efficiently or at a lower cost than IPPs. Any utility seeking to enter the competitive generation market can do so already through competitive affiliates without the safety net of guaranteed ratepayer recovery.”*

It is for the reasons outlined above that RESA is opposed to both HB1404 and HB1561, and we respectfully urge an unfavorable report by this committee.

Sincerely,



Tracy McCormick
Executive Director

HB 1561 UNF Binetti

Uploaded by: Rick Binetti

Position: UNF



WGL Energy Services, Inc.
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WGLEnergy.com

March 9, 2026

To: Chair Korman and Members of the Committee
Subject: HB1561 - Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)
Position: Unfavorable

Dear Chair Korman and Members of the Committee,

WGL Energy Services Inc. (WGL Energy) expresses opposition to House Bill 1561, contending that the proposed policy will impose an extra financial obligation on ratepayers who are already subjected to elevated utility expenses. Furthermore, it could jeopardize the stability of the competitive electricity market that has traditionally functioned within the PJM Interconnection region. Like other states in the PJM Interconnection regional electricity market, Maryland is currently facing high electricity costs. While it's understandable to worry about rising electric bills, allowing electric distribution utilities to own generation assets is not the solution to the current problems.

Maryland has historically benefited from a competitive wholesale electricity market framework that promotes efficiency, innovation, and cost discipline among generation providers. Permitting utilities to recover generation investments via regulated rates would transfer financial risks from investors to ratepayers and compromise the competitive market structure that has directed the region's electricity policy for many years.

Experiences from other states underscore the potential risks associated with this approach. In New Jersey, a comparable bill, Assembly Bill A5439, was introduced but did not pass due to concerns about market disruption and additional costs for consumers. Similarly, Ohio recently reaffirmed its support for competitive electricity markets through House Bill 15 (2025). This legislation enhances safeguards that prevent electric distribution companies from owning generation assets or engaging in wholesale market bidding using ratepayer funds. Ohio deregulated its generation market in 1999, and this provision serves to maintain a competitive environment by ensuring that utilities remain separate from generation providers. These cases illustrate a fundamental policy principle: that competitive markets function most effectively when generation investments are undertaken by entities willing to assume the associated financial risks, rather than regulated utilities that recover costs from customers.

Consequently, WGL Energy respectfully requests policymakers to meticulously evaluate the possible implications of House Bill 1561 concerning market competition, consumer expenses, and the integrity of the regional electricity market. Resolving escalating electricity prices necessitates solutions that uphold competition and safeguard ratepayers, rather than transferring market risks onto them.

We urge an unfavorable report on House Bill 1561.

HB1561 _Information_PSC.pdf

Uploaded by: Barve Barve

Position: INFO

KUMAR P. BARVE
CHAIR

FREDERICK H. HOOVER, JR.
BONNIE A. SUCHMAN
ODOGWU OBI LINTON
RYAN C. MCLEAN



PUBLIC SERVICE COMMISSION

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

RE: HB 1561 – Information – Electricity Generation and Storage - Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)

Dear Chair Korman and Committee Members:

The Public Service Commission (“the Commission”) appreciates the opportunity to provide this informational testimony for HB 1561. HB 1561 requires the Public Service Commission to require one or more electric companies to develop and submit to the Commission a resource adequacy plan, should the Commission determine there is insufficient resource adequacy in the State or a price stability event has occurred. Subsequently, the Commission may require or allow an investor-owned electric company to construct, acquire, own, or lease and operate its own generating facilities and the transmission facilities necessary to interconnect the generating facility with the electric system. Further, HB 1561 makes changes to pricing structures and revenue treatment for storage projects participating in the Commission’s front-of-the-meter (“FTM”) transmission energy storage procurement.

The state of Maryland is considered a de-regulated state with regards to electric generation. Currently, distribution electric companies are prohibited from owning, building and operating generation facilities. Prior to the passage of The Electric Customer Choice and Competition Act of 1999, both the Commission and the General Assembly investigated the potential costs and benefits of moving to a restructured electric system. Implementation of the transition took place over a number of years.

HB 1561 seeks to reverse this transformation without the benefit of investigating potential costs and benefits to the ratepayers. It is unknown at this time if allowing electric utilities to again own, build and operate will increase or decrease costs to ratepayers. Section 2 of the Renewable Energy Certainty Act (2025) requires the Commission to “conduct a study to establish a process which the Commission may establish power purchase agreements, partnerships between electric companies and electricity suppliers, or other procurement models for electricity generation projects” among other things. The Commission has identified a consultant to conduct this study and anticipates completion of the study as required. This study will provide important information for the General Assembly to consider before returning to a system where electric companies own, build and operate generation facilities.

Under the Next Generation Energy Act (2025), Maryland's framework for FTM (front of the meter) transmission storage operates effectively as a partial tolling arrangement in which the State secures the capacity attribute of the storage resource for a 15-year term, while allowing the developer to participate in PJM energy and ancillary services markets. This structure appropriately prioritizes capacity, which is the primary contributor to resource adequacy, whereas energy and ancillary services revenues are not direct contributors to resource adequacy. This arrangement creates a scenario under which capacity revenues are structured for customer benefit while developers retain appropriate incentives to optimize market participation and reduce overall bid prices. The Commission announced on March 3, 2026 that it had received five transmission-connected energy storage applications totalling 1375 MW of capacity under the Next Generation Energy Act provisions, thereby demonstrating the success of a partial tolling arrangement in attracting applications.

HB 1561 changes the framework to a full tolling arrangement. In Order 91812 issued in September 2025 in the Maryland Energy Storage Program docket, the Commission determined utility proposals for both utility-owned and third-party owned transmission-connected energy storage submitted for consideration using this arrangement failed to demonstrate how they provide value over and above the Commission's procurement solicitation requirements in the Next Generation Energy Act for these targeted projects. A full tolling structure would also require the Commission (or its designee) to dispatch the storage resource into PJM markets to optimize revenues. The Commission is not operationally equipped to perform real-time dispatch of energy storage devices and would likely need to procure a third-party scheduling or asset management entity, thereby introducing additional administrative complexity and cost.

If the legislature chooses to move forward with HB 1561 without the benefits of the study currently required by the Renewable Energy Certainty Act (2025) the Commission believes amendments are necessary to ensure effective regulatory oversight and additional time to implement. The Public Service Commission appreciates the opportunity to provide this informational testimony for your consideration for bill HB 1561. Please contact the Commission's Director of Legislative Affairs, Niki Wiggins, if you have any questions.

Sincerely,



Kumar P. Barve
Chair, Maryland Public Service Commission

Plewes_WrittenTestimony_HB1561.pdf

Uploaded by: Jeff Plewes

Position: INFO

Written Testimony to the Maryland House Energy and Transportation Committee

Bill: HB 1561, *Electricity Generation and Storage – Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)*

Submitted by: Jeff Plewes, Principal, Energy Practice, Charles River Associates (CRA)

Date: March 5, 2026

Position: Informational

Dear Chair Korman, Vice Chair Guyton, and Members of the Committee,

Thank you for the opportunity to submit this written testimony.

Introduction

I am an energy economics consultant at Charles River Associates (CRA), a leading global consulting firm. I have worked at CRA for over 18 years, leading numerous engagements analyzing energy markets, policies, and investments for a wide range of clients. I have worked extensively on issues pertaining to the PJM region and have deep expertise in resource adequacy topics.

In February 2026, I co-authored a study titled “*Utility-Owned Generation as a Solution: An Analysis of Economic & Reliability Impacts of Increased State-Regulated Generation in PJM Delivery Year 2028/29*,” available at this [link](#).¹ I submit this informational testimony to share the study’s findings, which I believe are directly relevant to the Committee’s deliberations on the future of energy supply in Maryland.

The findings presented here are based solely on publicly available data, independent research, and our analysis using power sector models. This testimony is not intended, and should not be interpreted, as advocating for any specific legislative outcome. The opinions expressed herein are solely my own and are not intended to represent the positions of Charles River Associates, my co-authors, or any entity for which CRA has performed work.

Background: A Rapidly Changing PJM Market

Maryland is part of the PJM Interconnection (PJM), the largest wholesale electricity market in the United States. The challenging generation supply conditions PJM faces have significant implications for Maryland customers' electricity affordability and reliability. For much of the past two decades, PJM operated with surplus generation and modest demand growth, keeping electricity prices relatively low. That dynamic has fundamentally changed. PJM's 2026 Load Forecast Report projects that peak demand will grow from 153 GW to 222 GW over the next decade, a 3.6% annual growth rate, compared to roughly 0.7% over the last decade.

New supply is not keeping pace. The two most recent PJM capacity auctions cleared at administrative price caps, signaling scarcity. The 2027/28 auction cleared short of PJM's reliability requirement by over 6 GW. Market signals alone have not induced timely or sufficient new entry.

Study Approach and Findings

Considering this expected capacity shortfall in the current market construct, our study aimed to evaluate the economic and reliability impacts of increased state-regulated generation in PJM, looking at the PJM Delivery Year 2028/29 period (June 2028 to May 2029). Our study evaluated two scenarios: 1) a **Business as Usual (BAU)** case reflecting the most likely real-world trajectory, and 2) a **Planned Utility Resources (PUR)** case in which utilities had developed additional state-regulated

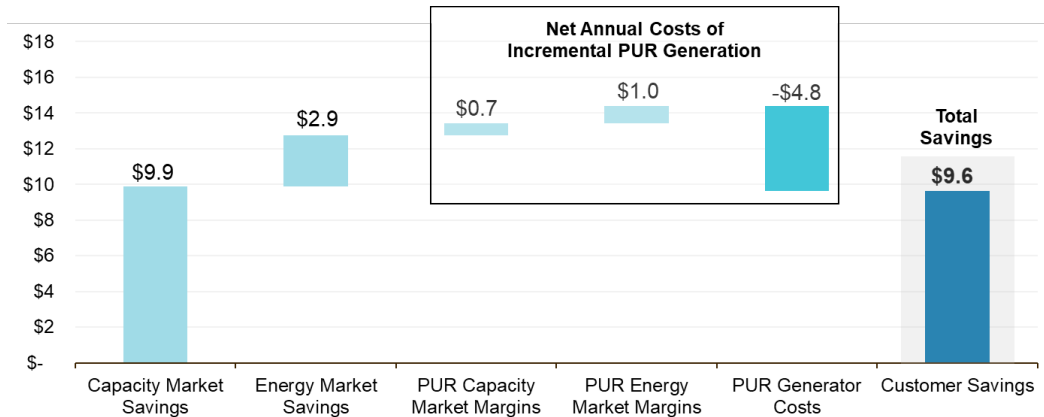
¹ <https://www.crai.com/insights-events/publications/utility-owned-generation-as-a-solution/>. Study commissioned by Exelon.

generation and energy storage under state oversight in advance of emerging reliability challenges stemming from generation shortfalls.

The results across three dimensions were striking:

- **Affordability Benefits:** The PUR case delivers between \$9.6 billion and \$20.0 billion in electricity supply cost savings for PJM customers in a single delivery year, depending on whether FERC accepts the proposed price collar extension. Capacity costs fall drastically as additional accredited supply relieves market scarcity. Wholesale energy costs decline as newer, more efficient resources displace older, higher-cost units. These savings far exceed the estimated net annual cost of the incremental generation.

Net Costs/Savings of Planned Utility Resources (PUR), Low Case, \$ billion



- **Reliability Improvements:** The PUR case reduces Expected Unserved Energy (EUE), demand that cannot be met due to insufficient generation, by 85% (398 GWh). This can translate to over \$10 billion in reliability benefits. Critically, under higher-risk conditions such as extreme weather or elevated generator outages, the difference between the two cases is even more pronounced. In the BAU case, there is a 75% probability that annual unserved energy exceeds 200 GWh; in the PUR case, that probability falls to just 3%.
- **Policy Alignment:** State-regulated resource planning enables utilities to develop resources aligned with state storage targets and policy objectives. These goals are not forecasted to be achieved in the BAU case.

State-Regulated Generation Complements the Market

There are meaningful barriers to timely market-driven investment: capacity market commitments of only one year create revenue uncertainty for long-lived assets; supply chain constraints and interconnection timelines lengthen development schedules; and environmental and regulatory policy uncertainty dampens investment appetite.

State-regulated utility generation provides a complementary development mechanism. Utilities, through close engagement with local customers and regulators, can anticipate localized load growth and plan ahead. The regulated cost-recovery framework provides long-term revenue certainty that enables development of capital-intensive resources with higher reliability value. Structured planning processes also allow regulators to explicitly manage the asymmetric risks of under-procurement - where the costs of shortfalls, whether through extreme price spikes or power outages, can substantially exceed the costs of modest over-procurement.

Relevance to Maryland

While the study evaluated the entire PJM region, Maryland customers are directly exposed to PJM capacity and energy prices, as well as unreliability stemming from shortages. The scarcity conditions modeled in our BAU case will affect electricity bills and reliability outcomes for Maryland households and businesses. Our study demonstrates that, in this environment, expanding the role of state-regulated utility generation has the potential to materially reduce supply costs and improve reliability.

HB 1561 INFO Fuchs Easton Utilities

Uploaded by: Kurt Fuchs

Position: INFO



EASTON UTILITIES

Life. Made better.™

March 10, 2026

To: House Environment & Transportation Committee

From: Easton Utilities Commission

Bill: HB 1561 – Electricity Generation and Storage – Investor-Owned Electric Companies and Front-of-the-Meter Storage (Affordable Energy Act)

Position: Letter of Information

Easton Utilities Commission (EUC) is a small municipally-owned utility and telecommunications company operating the electric, natural gas, water, wastewater, cable TV, and internet services for the Town of Easton and portions of the surrounding area.

Easton Utilities supports a diverse mixture of fuels/sources to address Maryland's current and future base-load energy demands, while being mindful of long-term reliability, resiliency, and sustainability. To ensure high reliability, we utilize a diverse portfolio of energy sources, including solar, ultra-low-sulfur diesel, and clean, affordable natural gas. This enhances energy security and helps insulate our customers from energy disruptions and price volatility.

We are a vertically-integrated electric company, capable of generating enough electricity to serve our customers via 17 generation units with a capacity of 66 MW. These units originally supplied all of Easton's power prior to our joining PJM in the mid-1970s. Since then, they have been used to participate in the PJM market and to hedge energy costs for our customers.

During the recent historic cold spell at the end of January, our units were called upon by PJM to run nearly non-stop for two weeks, providing support to the grid and to our customers. The resulting revenue – which goes directly against the electric supply costs to our customers – translated to an average reduction of \$50 on our residential customers' bills in February.

In an emergency, we can island and operate as a microgrid, providing resilience for the Eastern Shore and serving as a staging area during major grid disturbances or natural disasters - another benefit to owning our own generation.

Though modernized and upgraded over the years, our fleet of generators are aging (our oldest was put into service in 1954) and maintaining our microgrid capability around the clock is imperative, which is why we continue to pursue increased generation.

Increasing in-State generation with an all-of-the-above approach could also alleviate some of the very real concerns about resource capacity currently facing the State in the near and long term.

Please contact Kurt Fuchs with any questions at kfuchs@eucmail.com or 443-786-0855.

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Uploaded by: Ryan Martini

Position: INFO



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March 10, 2026

Invenergy Testimony on HB 1561: Informational Only

Chair Korman, Vice Chair Guyton, and members of the House Environment and Transportation Committee,

Invenergy submits the following testimony on HB 1561, for information only, to provide additional context from the independent power producer perspective related to electric generation and storage procurement.

As a privately held company with a 25+ year track record of responsibly developing, building, owning, and operating wind, solar, transmission, energy storage, and natural gas generation facilities, Invenergy has developed more than 220 projects and 38 GW of generating capacity, enough to power 12 million homes. In Maryland, Invenergy has developed, built, and now operates two solar projects in Dorchester County totaling 70 MW, enough to power over 12,000 Maryland homes.

As demand continues to grow, causing affordability and reliability challenges across the country, maintaining adequate capacity on the grid is critical. Maryland consumers are facing some of the highest capacity costs in the PJM region, with the most recent capacity auction clearing at nearly double the regional average in this area. However, developers are not receiving a clear signal to build, due to the short-term nature of the capacity market and year-over-year changes to the way it is administered.

Invenergy supports competitive procurements and applauds the state for its work to secure capacity from battery storage facilities through the Next Generation Energy Act. Dispatchable, firm capacity from resources like battery storage supports stable prices for ratepayers and ensures that there is a reliable energy system for residential and commercial consumers alike. However, Maryland and the broader PJM region need to attract as much investment and capacity as possible, as soon as possible, and should implement multiple policy reforms to encourage projects to be built right here in Maryland. This includes not only competitive procurements administered by state agencies but also integrated resource planning or resource adequacy planning and pathways for independent power producers to enter into other long-term contracts and build-transfer agreements with utilities. Establishing these additional pathways will send the right signals to developers and will help Maryland secure as much capacity as possible to maintain an affordable and reliable energy system.

Thank you for the opportunity to provide context on HB 1561 from an independent power producer perspective. Invenergy is available as a technical resource as the Committee considers the bill.

Ryan Martini
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