

HOUSE ENVIRONMENT AND TRANSPORTATION COMMITTEE

Delegate Marc Korman, Chair
Delegate Michele Guyton, Vice Chair

January 22, 2026

2:00 PM

House Office Building, Room 250

Maryland's Energy Landscape - Part 3

AGENDA

- I. Introductory Remarks
- II. Utilities
 - John Frain, Vice President, Regulatory Policy and Strategy, Baltimore Gas & Electric (BGE)
 - John Horner, President & CEO, Easton Utilities
 - John Dodge, Associate General Counsel and Director, Regulatory Matters, Washington Gas
 - Tom Dennison, Vice President of Public Affairs and Communications, Southern Maryland Electric Cooperative (SMECO)
- III. Generation
 - Mason Emmett, Senior Vice President, Public Policy, Constellation Energy Corporation
- IV. Questions
- V. Concluding Remarks



Maryland's Energy Landscape

Briefing to the Environment and Transportation Committee

Thursday, January 22, 2026

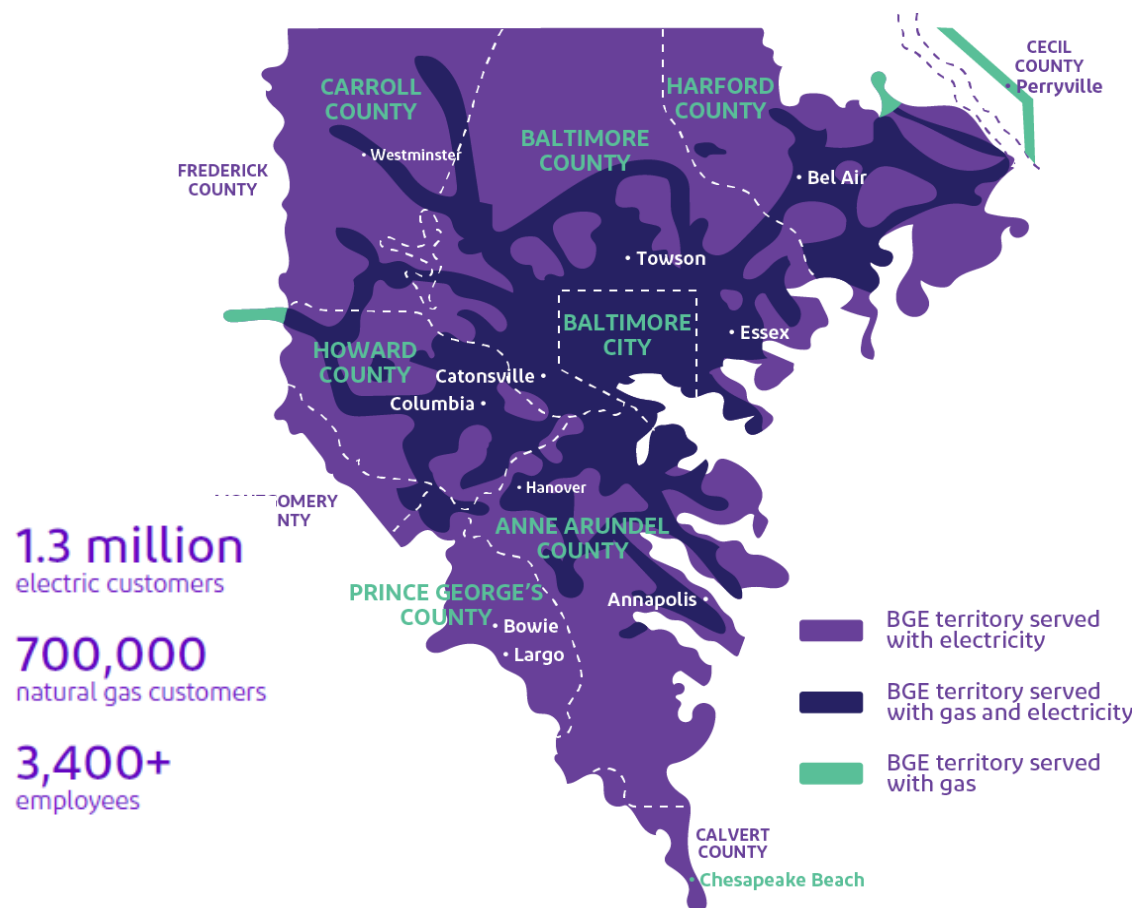
Investor-Owned Utility (IOU)

Investor-Owned Utility - an electric, natural gas, or other utility company that is privately owned by investors. These utilities are regulated by the Maryland Public Service Commission and are responsible for providing electricity and gas retail distribution and electric transmission service to the public. **Investor-owned utilities serve approximately 90% of the state’s utility customers and three-fourths of the nation.**

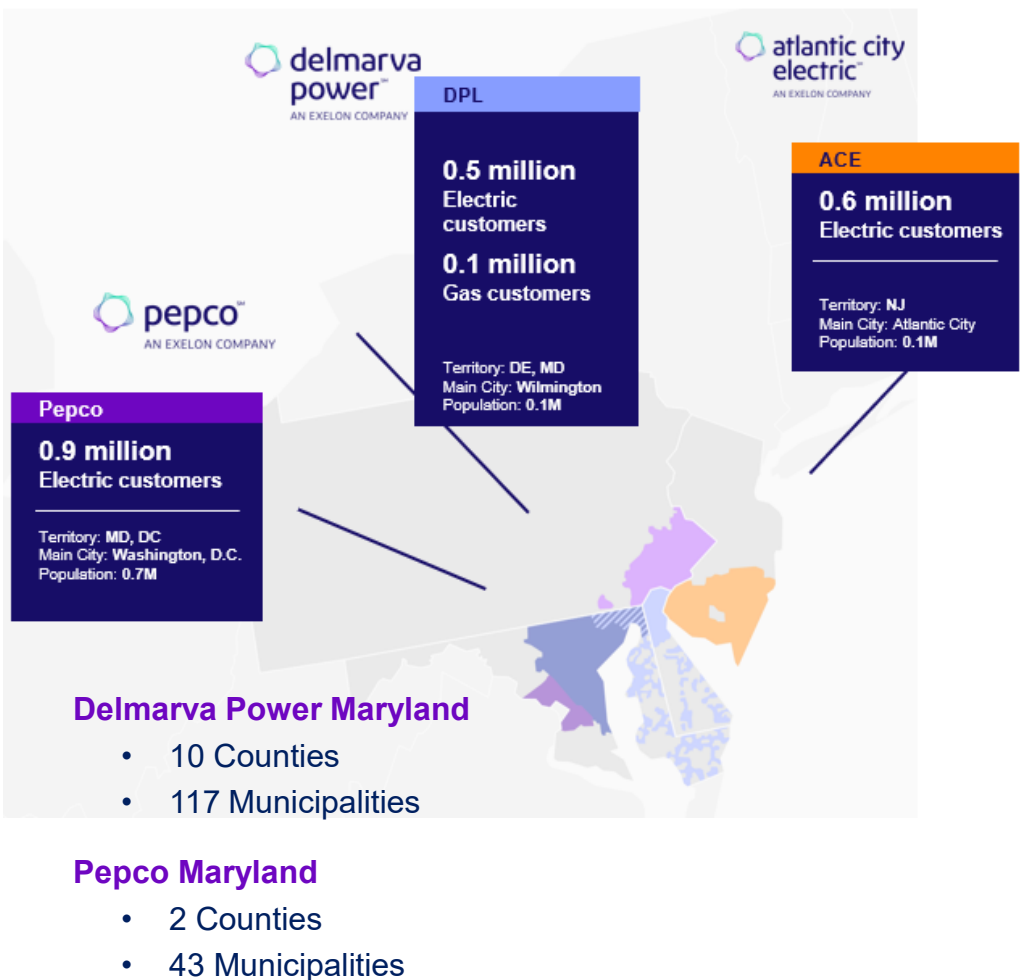
Electric IOUs	Gas IOUs	Electric and Gas IOUs
Delmarva Power	Chesapeake Utilities	Baltimore Gas and Electric
Pepco	Columbia Gas	
Potomac Edison	Washington Gas	

Exelon Utilities in Maryland

Baltimore Gas and Electric (BGE)



Pepco Holdings, Inc. (PHI)



BGE, Delmarva Power, Pepco in the Community

Focused on our customers

- Exelon launched its **Customer Relief Fund** in 2025 to support customers in need
- **\$21.5 million** given to BGE, Pepco, and Delmarva customers in Maryland and DC
- Exelon **expanded its Customer Relief Fund** in 2026 to help customers with winter bills, projected to be higher due to cold temperatures
- **\$4 million** will be distributed to BGE and Pepco customers

Engaged in our communities

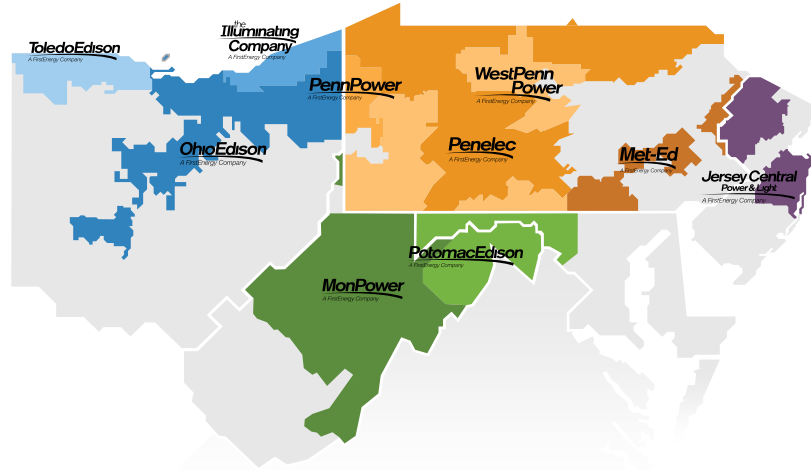
- Corporate Partner:**
- BGE recognized by the Baltimore Business Journal as #1 corporate philanthropist in Greater Baltimore two years in a row (2024 and 2025)
 - Pepco received the Prince George’s County Chamber of Commerce Corporate Citizenship Award in 2025
 - BGE: **\$518M** in diverse supplier spend in 2024; PHI: **\$600M** in diverse supplier spend in 2024
- Energy Assistance:**
- In 2024, BGE connected 37,000 customers to \$51.5M in energy assistance
 - In 2024, Pepco connected over 18,000 customers to nearly \$17M in energy assistance
 - In 2024, Delmarva connected over 1,400 customers to \$14M in energy assistance

Committed to workforce development

- Igniting STEM and family-supporting careers through:**
- Cal Ripken STEM Centers
 - BGE High School Career Academy
 - STEM Leadership Academy
 - Boys to STEM Academy
 - DPL Powering the Workforce Utility Training Program at Cecil College
 - Wor-Wic Powerline Worker Pre-Apprenticeship Training Program
 - Prince George’s Community College Team Builders Academy
 - PowerUP Student Potential - TECH Test Boot Camp (Montgomery College)
 - Youth Apprenticeships
 - HBCU Initiative
 - College Internships
 - Sophomore Externship Experience
 - BGE’s Workforce Collaborative
 - Community CAST test – JumpStart

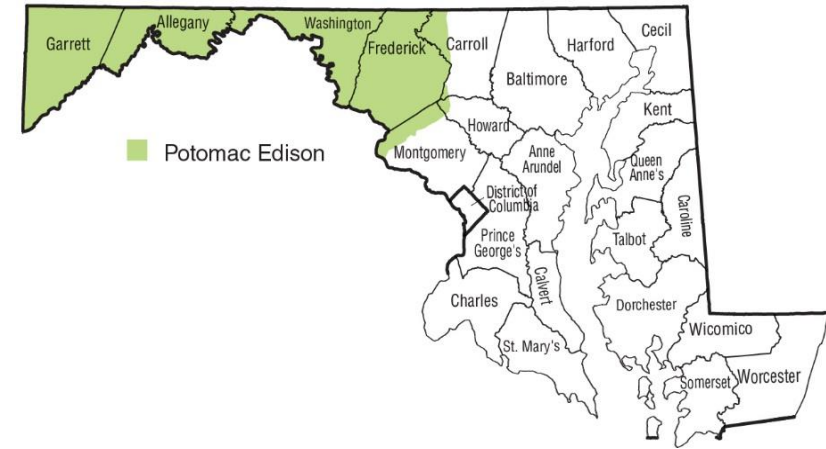
First Energy

FirstEnergy



- FirstEnergy serves more than 6 million customers in Ohio, Pennsylvania, New Jersey, West Virginia, Maryland and New York.
- FirstEnergy controls approximately 3,599 megawatts from regulated scrubbed coal, solar and hydro facilities and operates 24,000 miles of transmission and 269,000 miles of distribution lines.

Potomac Edison



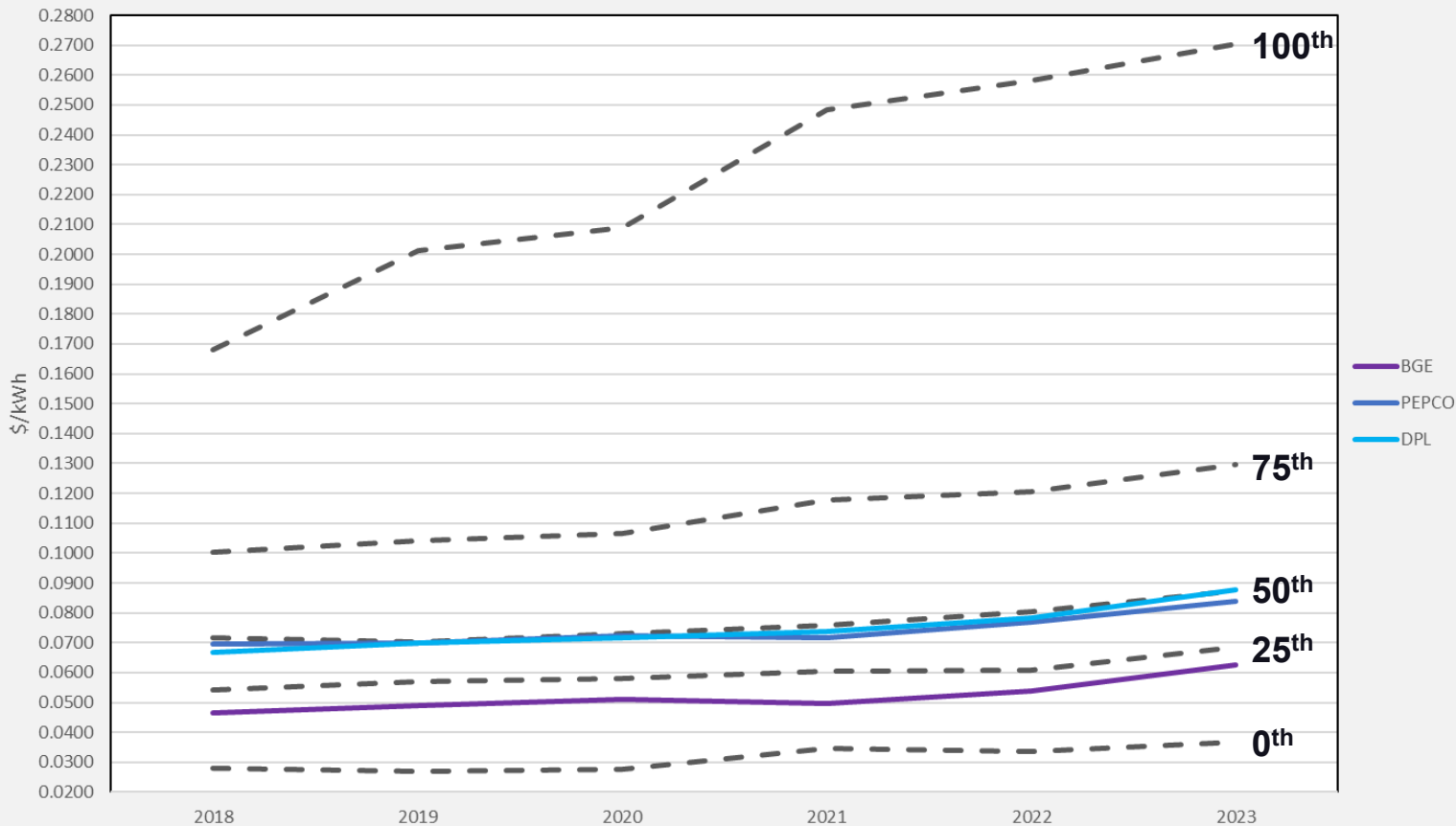
- Potomac Edison is one of 10 regulated distribution companies owned by FirstEnergy.
- PE-MD serves 293,000 customers in western Maryland and operates 11,000 miles of transmission and distribution lines.
- PE-MD Average Residential Bill = \$158/month (30% Below State Peers)



Empowering Affordability while
Achieving Top Reliability Performance

Exelon Utilities Deliver Customer Value with Electric Delivery Rates that are Competitive Nationally

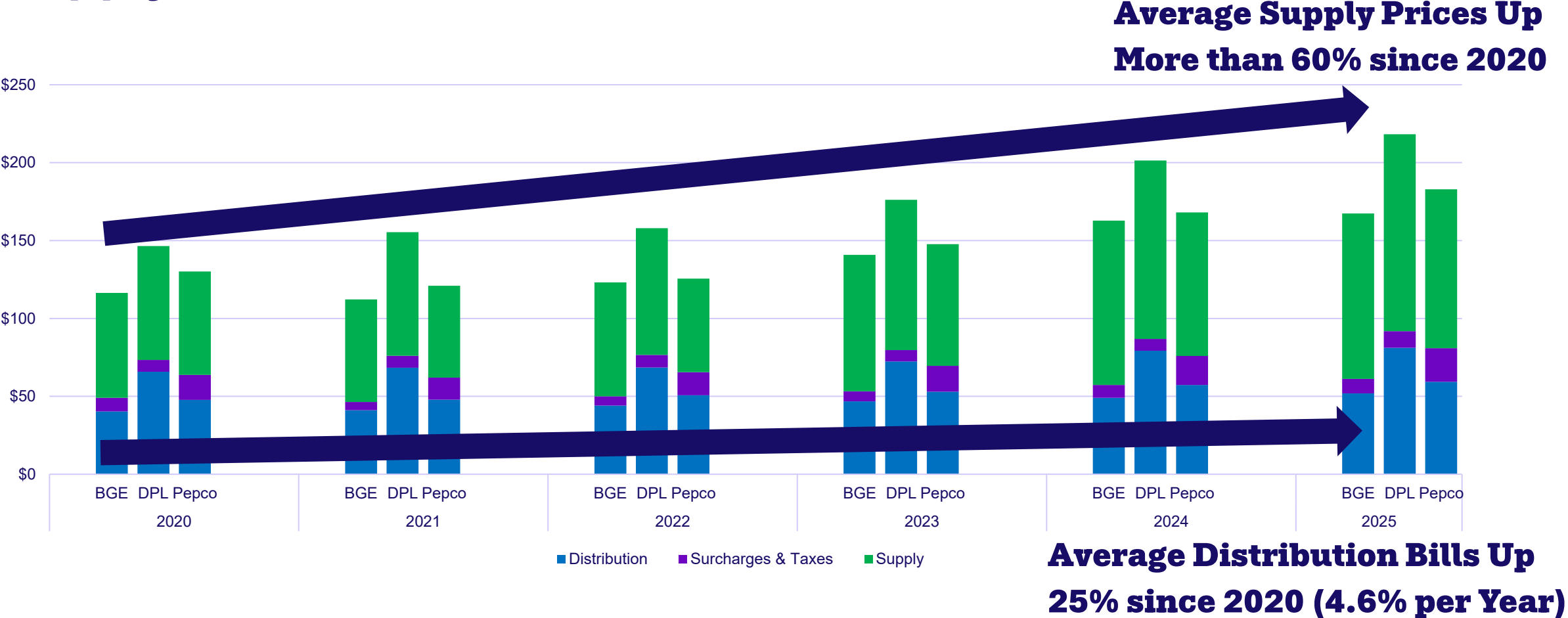
National Electric Delivery Rates 2018 - 2023



Source: EIA available at <https://www.eia.gov/electricity/data/eia861/>

- BGE's residential rates are below ~80% of comparable utilities, while Pepco and DPL rates are in line with national averages
- **While reliability is at its record best**
 - In 2024, BGE, DPL and Pepco delivered the best reliability performance in their history
 - BGE, DPL and Pepco's performance are in the top quartile nationally
- ★ Pepco/Delmarva are ranked #2 and BGE #4 for best reliability in the nation

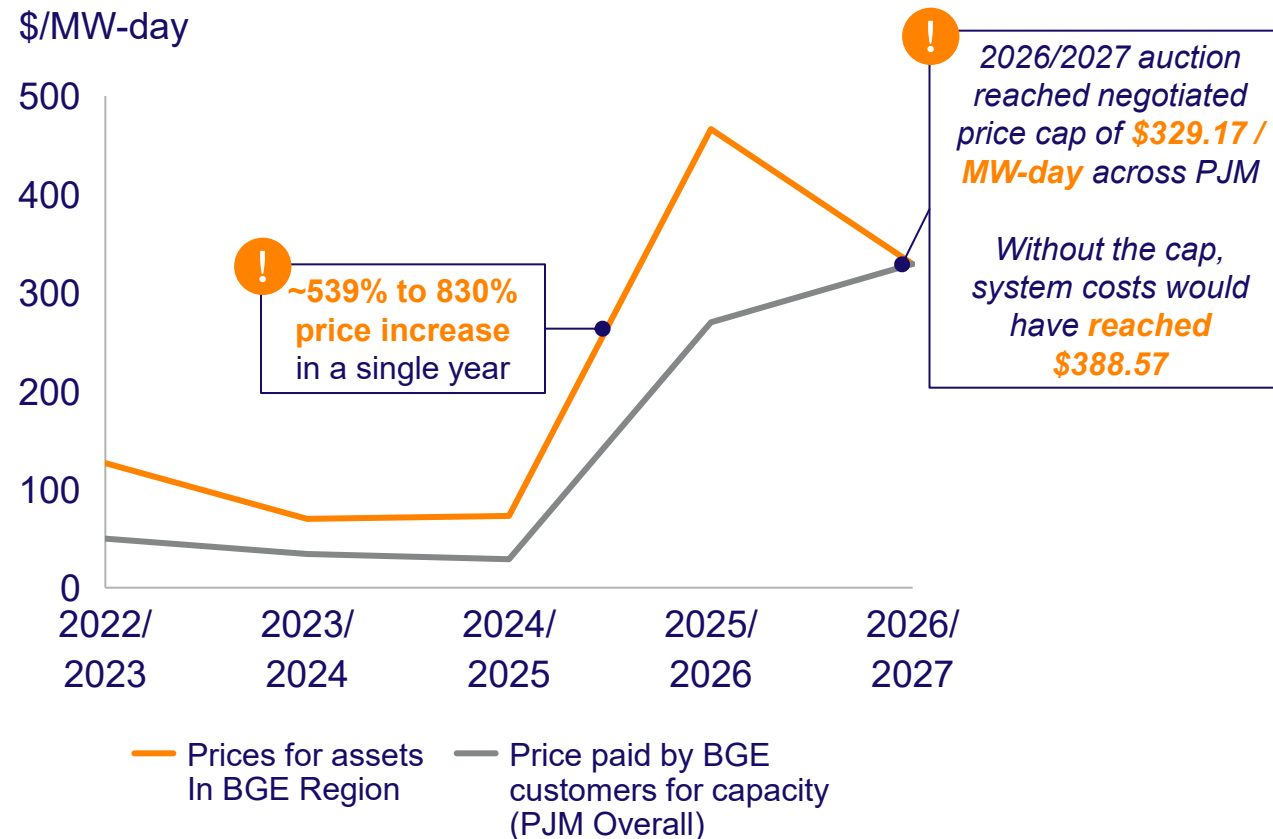
Residential Electric Bill Increases are Primarily Driven by Supply Price Increases



Since 2020, nominal supply increases have outpaced distribution increases by more than threefold, making them the single largest driver of rising customer bills during this period

Capacity Prices – which Directly Impact Customer Rates – Continue to Soar...

PJM RTO capacity prices over past five years



...and still may not be enough to spur needed electric supply

*"To get price signals to developers for new build...We could be looking at price signals that are much, much higher — closer to **\$700 / MW-day**"*

- Richard Levitan, president of Levitan & Associates

*"We have been a bit challenged on the issue of getting the capacity market moving...The load is going up and the market **needs the price signal to react.**"*

- Constellation, earnings call on February 18, 2025

What does this mean for Customer Bills?

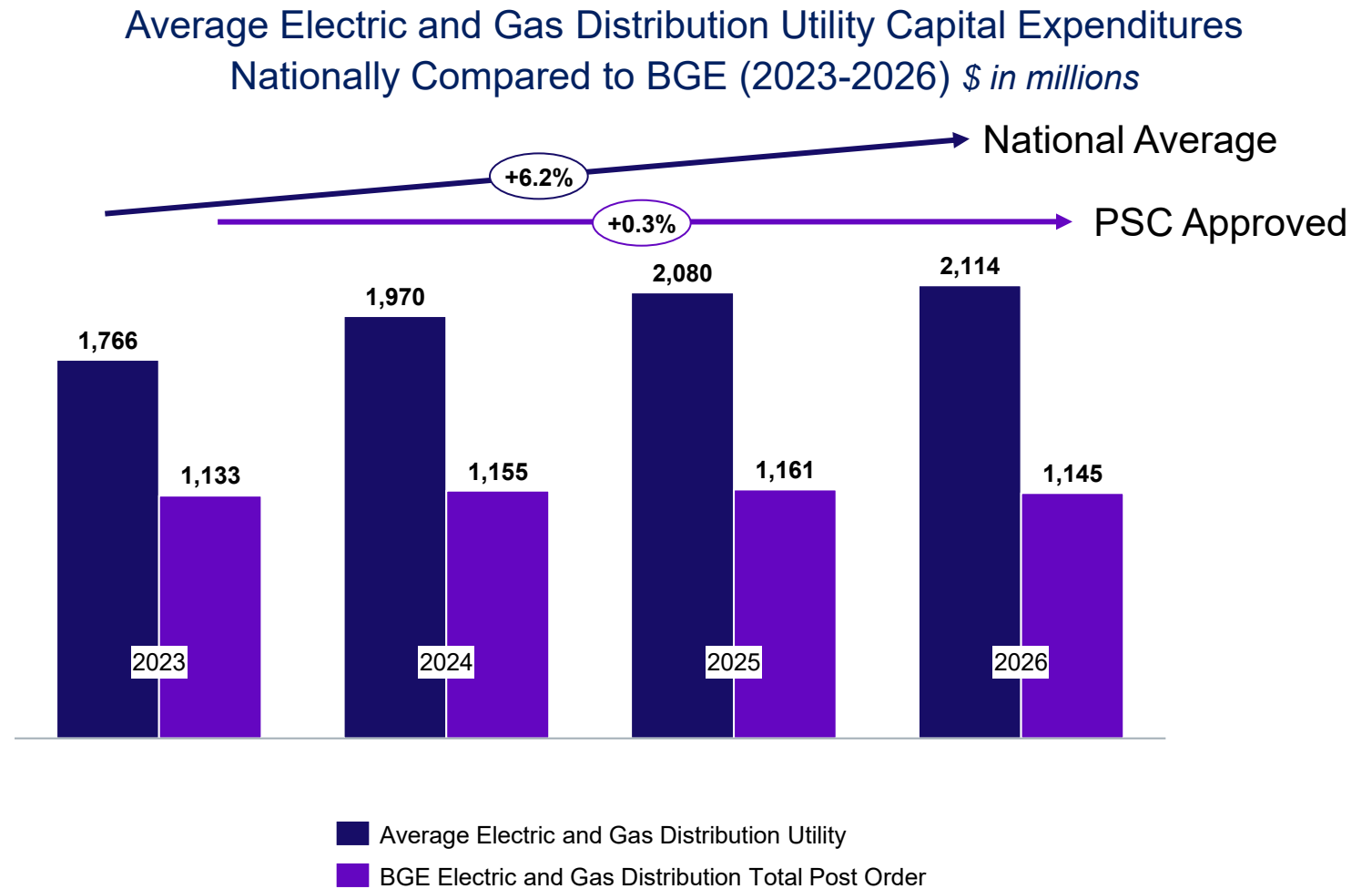
- **Electricity rates are rising** due to capacity & supply prices, and costly RMRs (MD customers pay an extra ~\$20/month, which may double without intervention)
- Maryland has a drastic shortage of in-state generation when looking at projected load growth
 - **Supply costs have increased from \$0.12 per kWh to \$0.16 in October**
 - **The PSC intervened to avoid such a drastic increase during peak demand months:**
 - 9/1/25 – 9/30/25: \$0.15/kWh
 - 10/1/25 – 11/30/25: \$0.16/kWh
 - 12/1/25 – 2/28/26: \$0.13/kWh
 - 3/1/26 – 5/31/26: \$0.16/kWh

Residential - Schedule R				
Billing Period: Aug 29, 2025 - Sep 30, 2025			Days Billed: 32	
Next Scheduled Reading: October 29, 2025				
Meter #D118388111 Read on Sep 30				
Current Reading 2547	-	Previous Reading 1646	=	901 kWh used
ELECTRIC SUPPLY				\$140.86
BGE	56.31 kWh	x	.12587	7.09
	844.69 kWh	x	.15836	133.77
BGE ELECTRIC DELIVERY				\$59.52
Customer Charge				9.65
EmPower MD Chg	901 kWh	x	.01028	9.26
Distribution Chg	901 kWh	x	.04507	40.61
TAXES & FEES				\$1.02
MD Universal Svc Prog				0.32
Envir Srchg	901 kWh	x	.00015	0.14
Franchise Tax	901 kWh	x	.00062	0.56
TOTAL				\$201.40
BGE SUPPLY PRICE COMPARISON INFORMATION				
BGE Supply Price Comparison Information: The current price for Standard Offer Service (SOS) electricity is 15.836 cents/kWh beginning September 1, 2025 through September 30, 2025. SOS electricity will cost 16.587 cents/kWh beginning October 1, 2025 through November 30, 2025. SOS electricity will cost 13.337 cents/kWh beginning December 1, 2025 through February 28, 2026. SOS electricity will cost 16.587 beginning March 1, 2026 through May 31, 2026. The weighted average price of SOS electricity will be 14.422 beginning June 1, 2025 through May 31, 2026. The price for SOS from June 1, 2026 through September 30, 2026 will be set in November 2025.				

→ **BGE
Distribution
Rate:
\$0.045/kWh**

Policy is Driving Increased Capital Expenditures... and MYPs Allow the Commission Oversight and Timing of Utility Investments

- The MYP construct itself is not a driver of rate base growth
- BGE's approved capital expenditure trend is **lower than the national trend** and essentially flat over 2023-2026
- An increasing percentage of BGE's capital portfolio is associated with advancing Maryland's energy policy objectives



Source for Average Energy Utility data: RRA Utility Capital Expenditures Update March 2024

BGE Gas Infrastructure Investments

Investments in BGE's **gas distribution**, **gas transmission**, and **gas plant** infrastructure are essential for safe and reliable service for all of our 700,000 gas customers

BGE gas system snapshot:

- 7,600 miles of distribution pipeline
- 560,000 service lines
- 145 miles of transmission pipeline
- 12 gate stations, 600 regulator stations
- 2 gas plants – LNG and Propane



Cast iron pipe in Baltimore City

Of this, **850 miles (11%)** is outmoded cast iron main which was responsible for **84% of main leaks in 2024**

Cast iron main leaks at a rate **80-100x more** than modern plastic materials that BGE is using to replace outmoded pipe

Left in service, cast iron main that is already **100+ years old** will continue to degrade and worsen in leak performance

Federal **DOT regulations require** BGE to reconfirm gas transmission pipelines using prescribed methods. BGE and all operators must provide **traceable, verifiable and complete (TVC)** records to ensure the safe and reliable operation of the gas transmission system.



Affordability Solutions

Support current regulatory initiatives before the Commission

Examine the structure of EmPOWER Maryland

- Limited income mechanism (PC59)
- Large load tariff filing
- DRIVE Act Virtual Power Plants
- Distribution Battery Storage

- Program goals shifted from kWh reduction (energy efficiency) to greenhouse gas emissions reduction
- In addition to new program goals, the financing mechanism was changed by the legislature in the 2024 session from amortization to expensing.
- New 2026 projected average bill impacts for the EmPOWER surcharge are:
 - BGE: \$15.40 combined E&G
 - Pepco: \$16.99
 - Delmarva: \$20.14

**Maryland utilities
stand ready to
support the state's
economic growth
with affordable,
reliable electricity**

Maryland policy must evolve to enable:

- ① Utilities to construct, own, and operate generating facilities **when needed by the state...**
- ② ...subject to PSC approval and prudence reviews...
- ③ ...with rate-based cost recovery (to enable low cost of capital)

Affordable Energy Act

Direct regulated utilities to accelerate deployment of clean energy resources to bring affordability and reliability benefits to customers

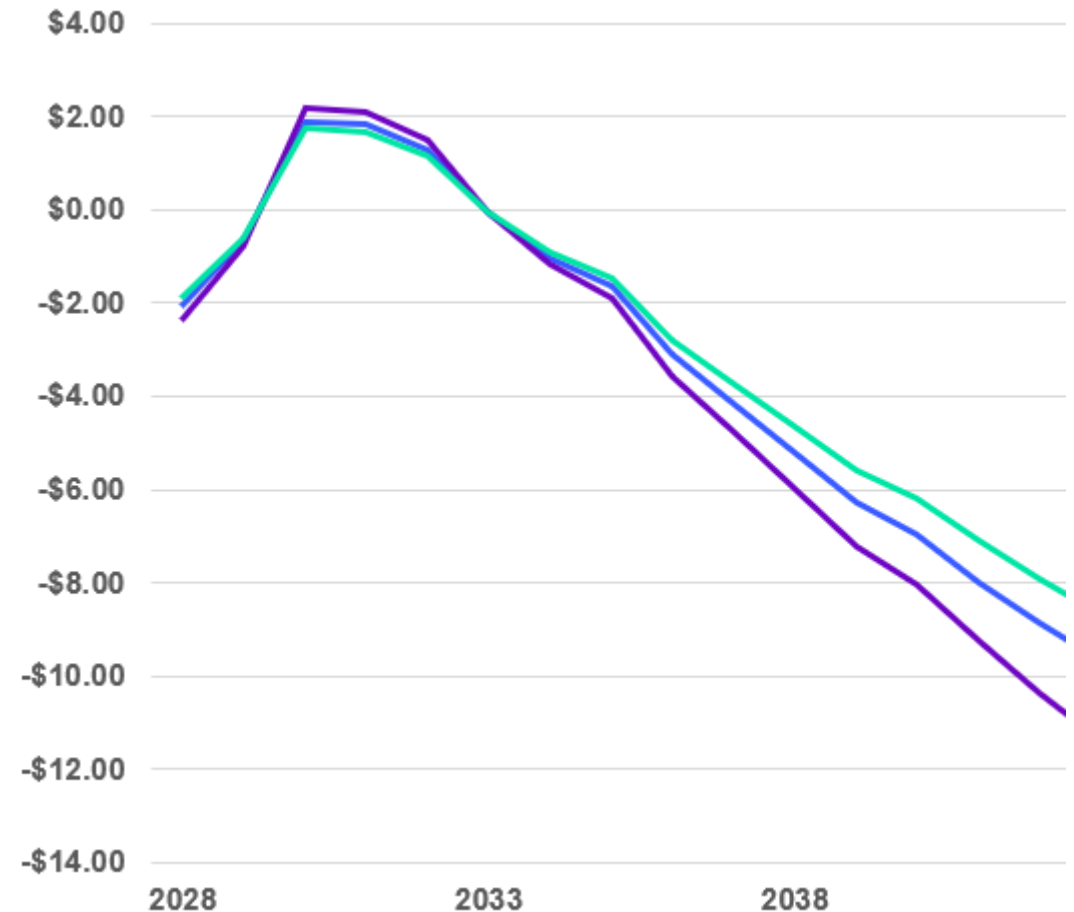


Community Solar + Transmission Battery Storage

Enable utilities to partner with developers to build community solar and storage

Customer benefits:

- **Community solar** = discounted distribution rates for limited income customers
- **Transmission battery storage** = nominal initial cost to customers that quickly becomes a bill credit to all electric customers
- Aligns with and accelerates MD's clean energy goals





APPENDIX



Current Regulatory Filings

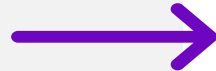
Examples of Current Activities at the Public Service Commission

Affordability



- Large Load Tariff Filing (PC 72)
- Implementation of Limited Income Mechanism (PC59)
- EmPOWER Filings
- Legislative Relief Fund (NGEA)

Grid Modernization



- DRIVE Act VPP Implementation
- Demand Response Programs
- Implementation of Next Generation Energy Act
- Enhanced TOU Rates
- Improvements to solar interconnection processes

Other Commission Proceedings/Rate Cases



- Pepco Fully Forecasted Test Year Rate Case Filing
- Multi-Year Rate Plan lessons learned
- Future of Gas Proceeding



Maryland House Environment and Transportation Committee Briefing

Mason Emnett
SVP, Public Policy
Constellation

January 22, 2026

Maryland is Our Home

Headquartered in Baltimore, Constellation is a competitive generator of electricity and supplier of power for homes and businesses across Maryland and the United States

#1 Producer of clean, emissions-free energy in MD – generating **~90%** of state's clean energy

**MORE THAN
\$38.9 MILLION**

spent with small, local, and other
certified businesses in Maryland in 2024



More than
2,500
employees in
Maryland



\$60.6 MILLION
in state and local taxes
in 2024



Equivalent of more than **2.3 million** cars
taken off the road for one year in
avoided carbon emissions in Maryland

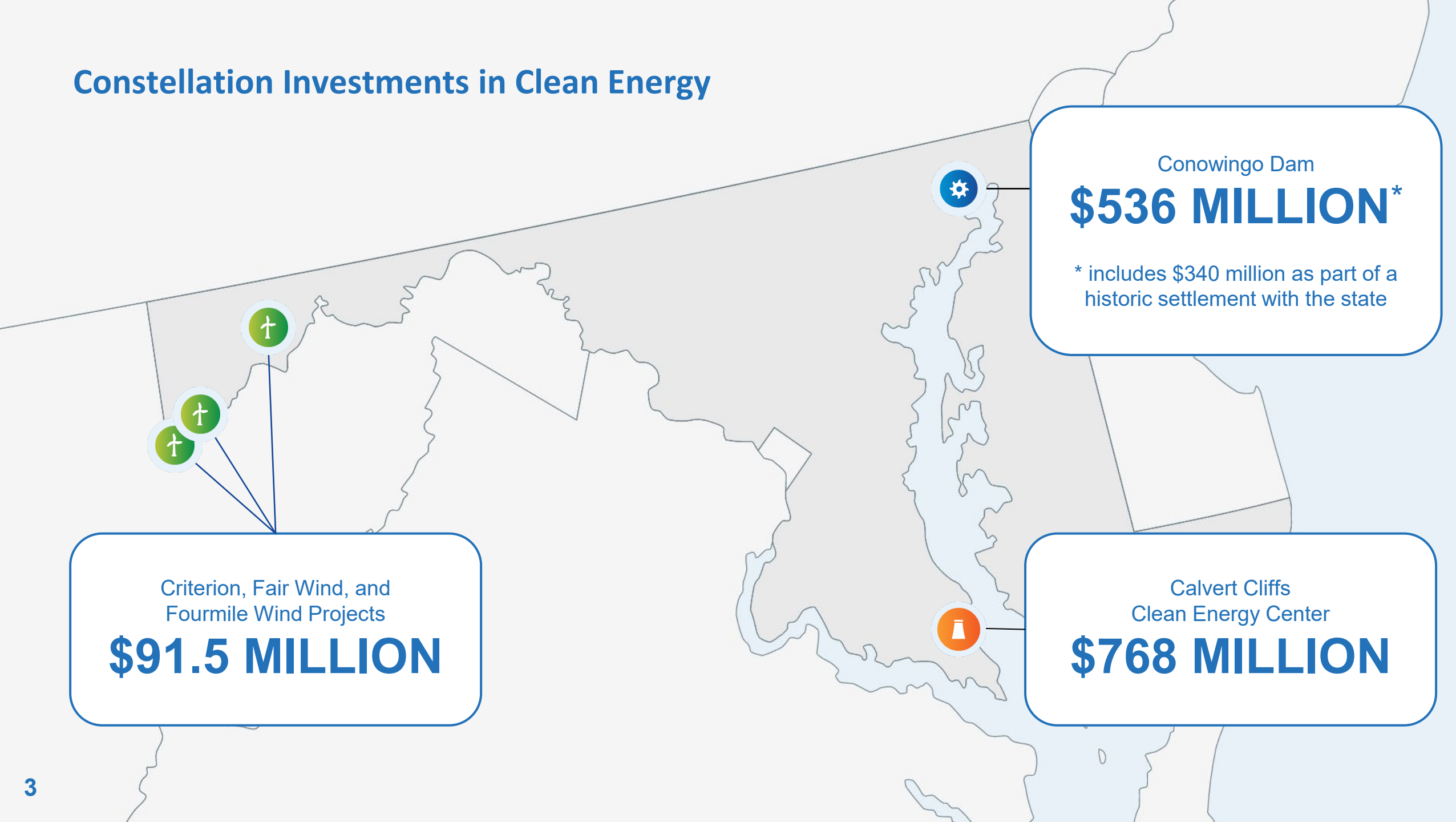


Our employees volunteered more
than **28,000 hours** with Maryland
nonprofits in 2024



Constellation and our employees donated
more than **\$4.1 million** to charitable
organizations in Maryland in 2024

Constellation Investments in Clean Energy



In 2022, Exelon Separated from Constellation - and Power Generation

Strategic Rationale

Creates Two Strong Pure-Play Businesses

- Creates **two best-in-class companies** with continually demonstrated operational expertise and financial discipline
 - Nation's largest regulated transmission & distribution (T&D) only utility with high growth and best-positioned to lead innovations in urban energy infrastructure
 - America's leading clean energy company – the lowest carbon free power producer paired with the leading customer-facing platform

Tailored Business Strategies to Drive Value

- Better positions each company within its comparable peer set
- Business strategies tailored to these distinct sectors

Aligns With Investor Preferences

- Continued support of **strong balance sheets and investment grade ratings** for each business while pursuing differentiated investment opportunities for distinct investor profiles
- Aligns our business mix with investor preferences and overall market trends

Delivering increased shareholder value by creating the nation's largest transmission & distribution only utility and America's leading clean energy company

10 Q4 2020 Earnings Release Slides



In February 2021, Exelon Corp. announced that it was spinning off Constellation in order to “align its business” with the “high growth” utility transmission and distribution sector. The transaction was completed in 2022, making Exelon the largest wires-only monopoly utility in the country.

Exelon Completes Separation of Constellation, Moving Forward as Nation's Premier Transmission and Distribution Utility Company

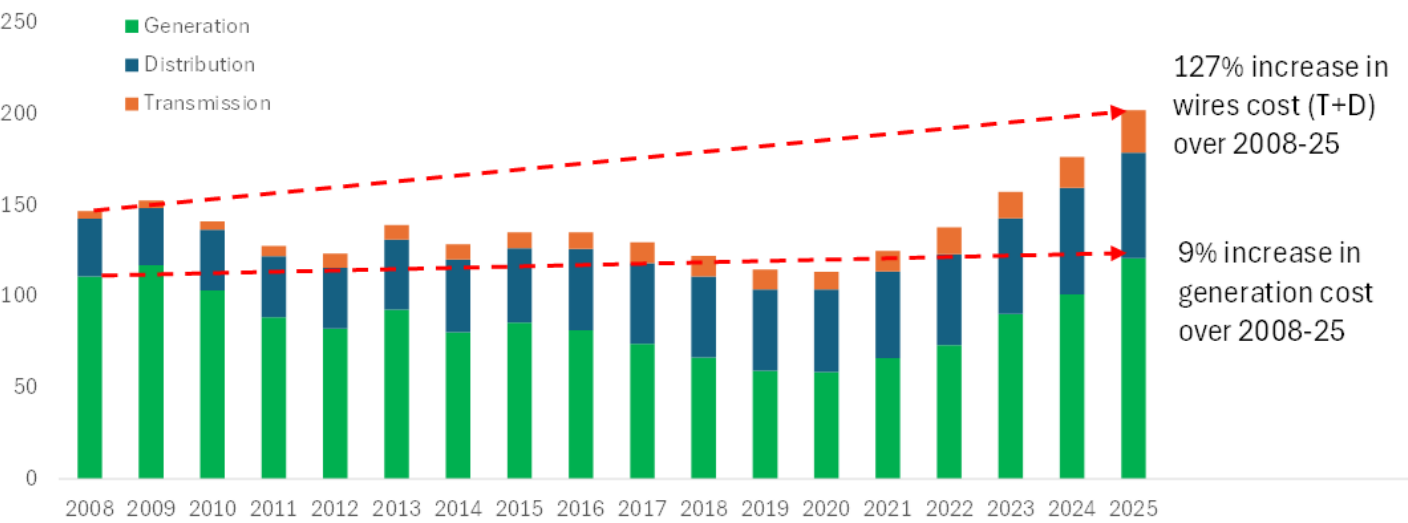
February 02, 2022

CHICAGO — Exelon Corp. (Nasdaq: EXC) today announced it has completed the separation of Constellation Energy Corp., Exelon's former power generation and competitive energy business. Exelon's transmission and distribution utility business will continue to be called Exelon and trade on Nasdaq under the ticker symbol "EXC." Constellation has begun “regular way” trading on the Nasdaq Global Select Market today under the symbol “CEG.”

Source: Feb. 24, 2021 Exelon Corp. Earnings Conf. Call, <https://investors.exeloncorp.com/events/event-details/q4-2020-exelon-corporation-earnings-conference-call>

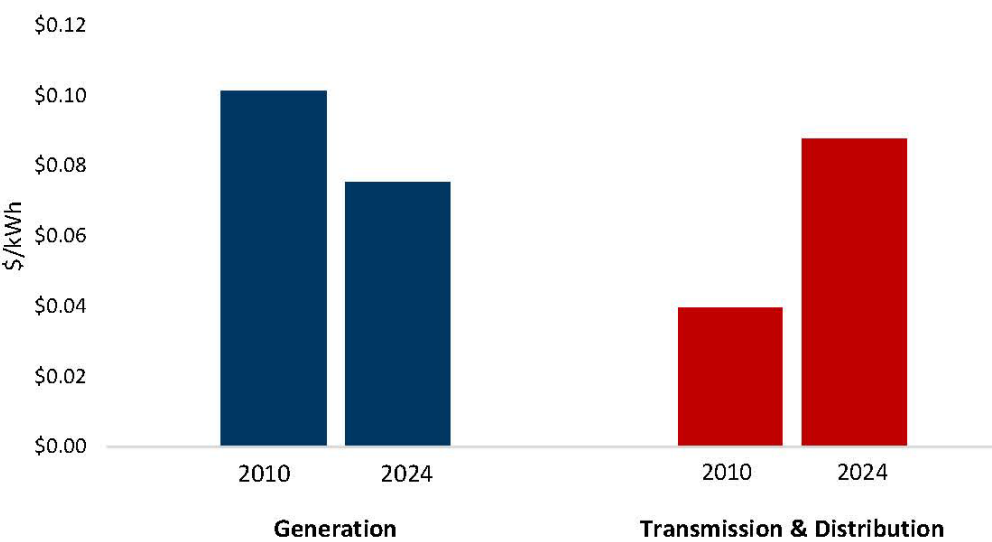
Utility Wires Charges are the Driver of Higher Bills Over Time

BG&E Estimated Residential Wires and Generation Charges (\$/MWh)



Sources/notes: Maryland OPC, Maryland's Utility Rates and Charges, June 2024. Transmission rates are from individual annual standard offer service filings. Not adjusted for inflation.

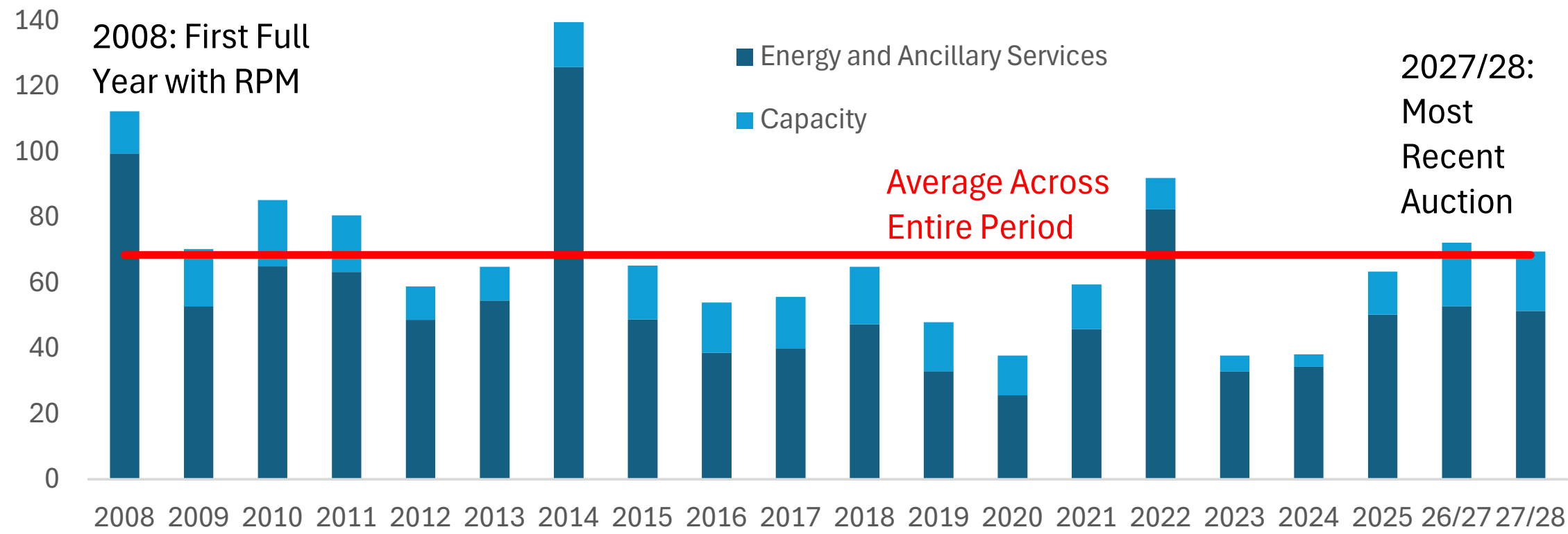
Figure 3: Maryland Residential Customer Bill Components²¹



Source: Competitive Power Benefits for the State of Maryland, Jan. 2026, <https://static1.squarespace.com/static/66b938b2ad2fde04ddff8ec6/t/69698292a3569c768e1899be/1768522389682/Competitive-Power-Benefits-for-the-State-of-Maryland>.

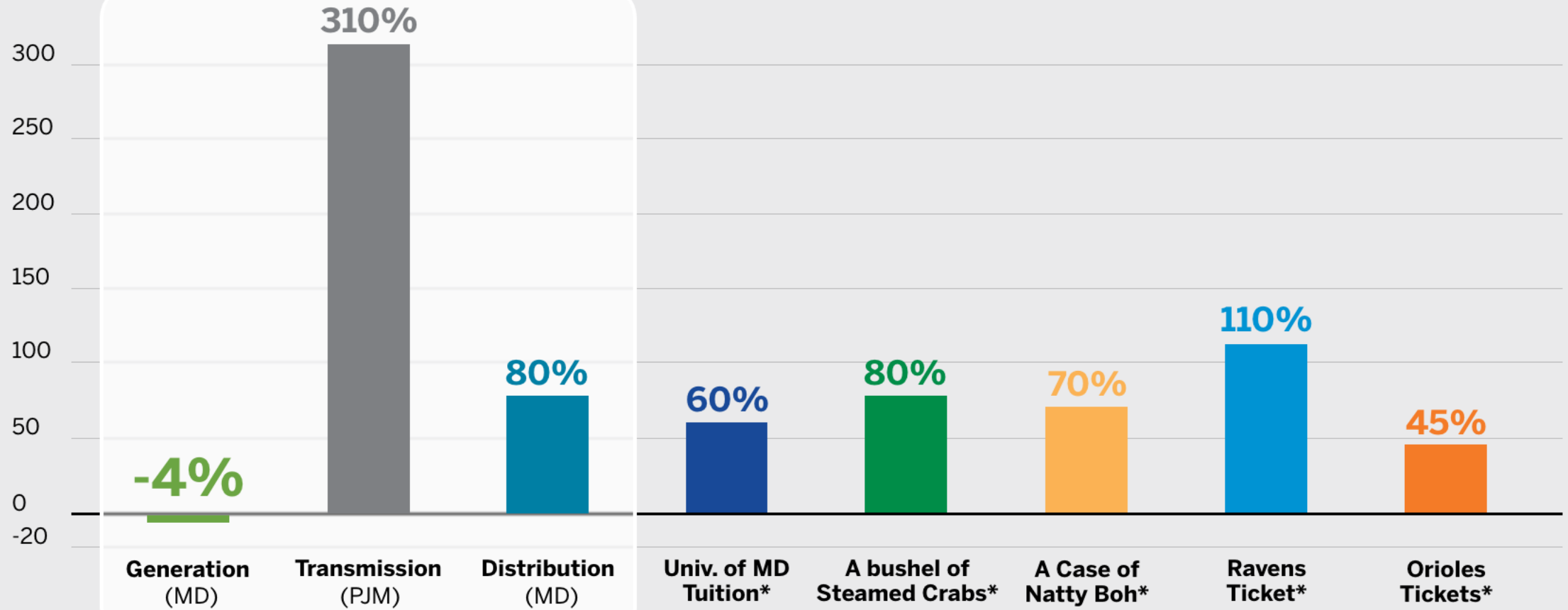
Across PJM, Total Generation Costs Today are at the Historic Average

PJM Combined Energy and Capacity Customer Costs (2025 \$/MWh)



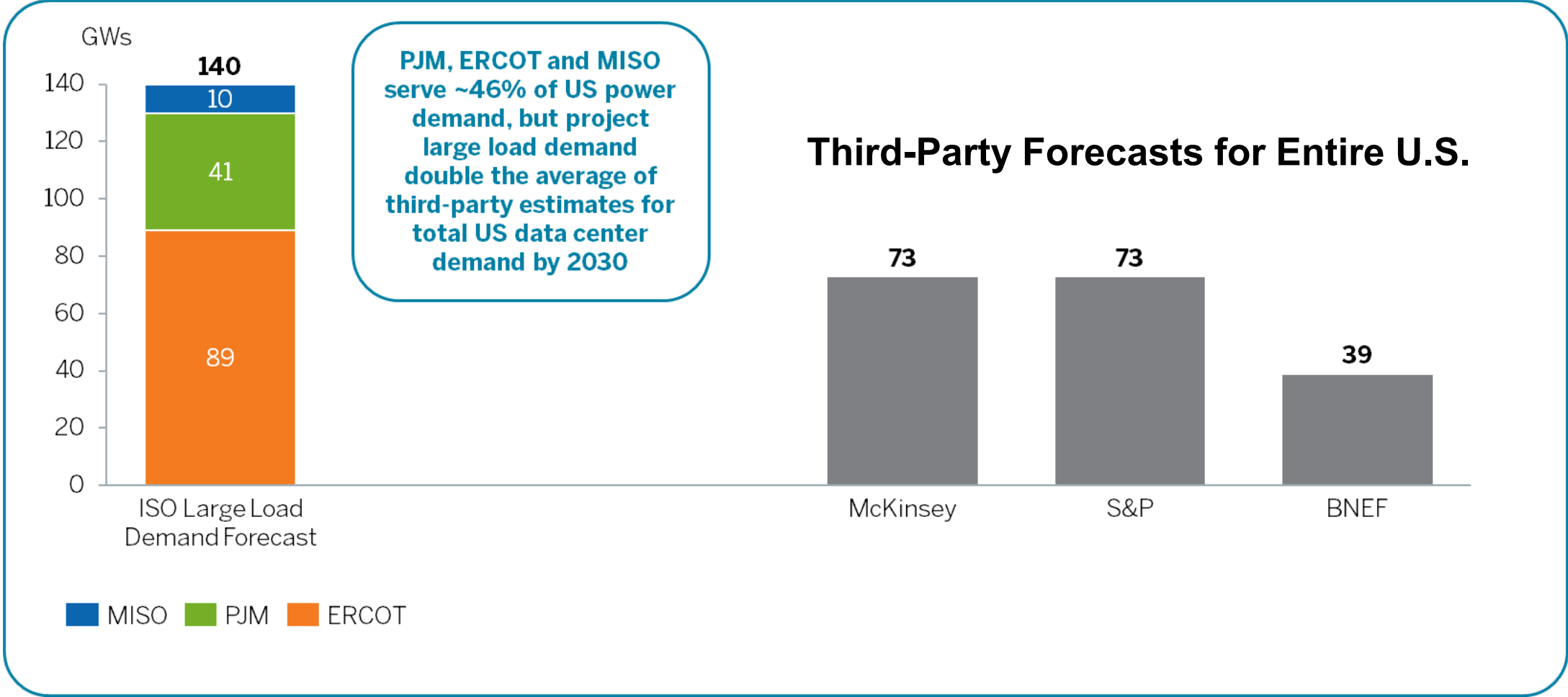
Generation Costs Have Decreased Compared to Wires Charges and other Maryland Goods

ENERGY-RELATED PRICE CHANGES, 2010-2025



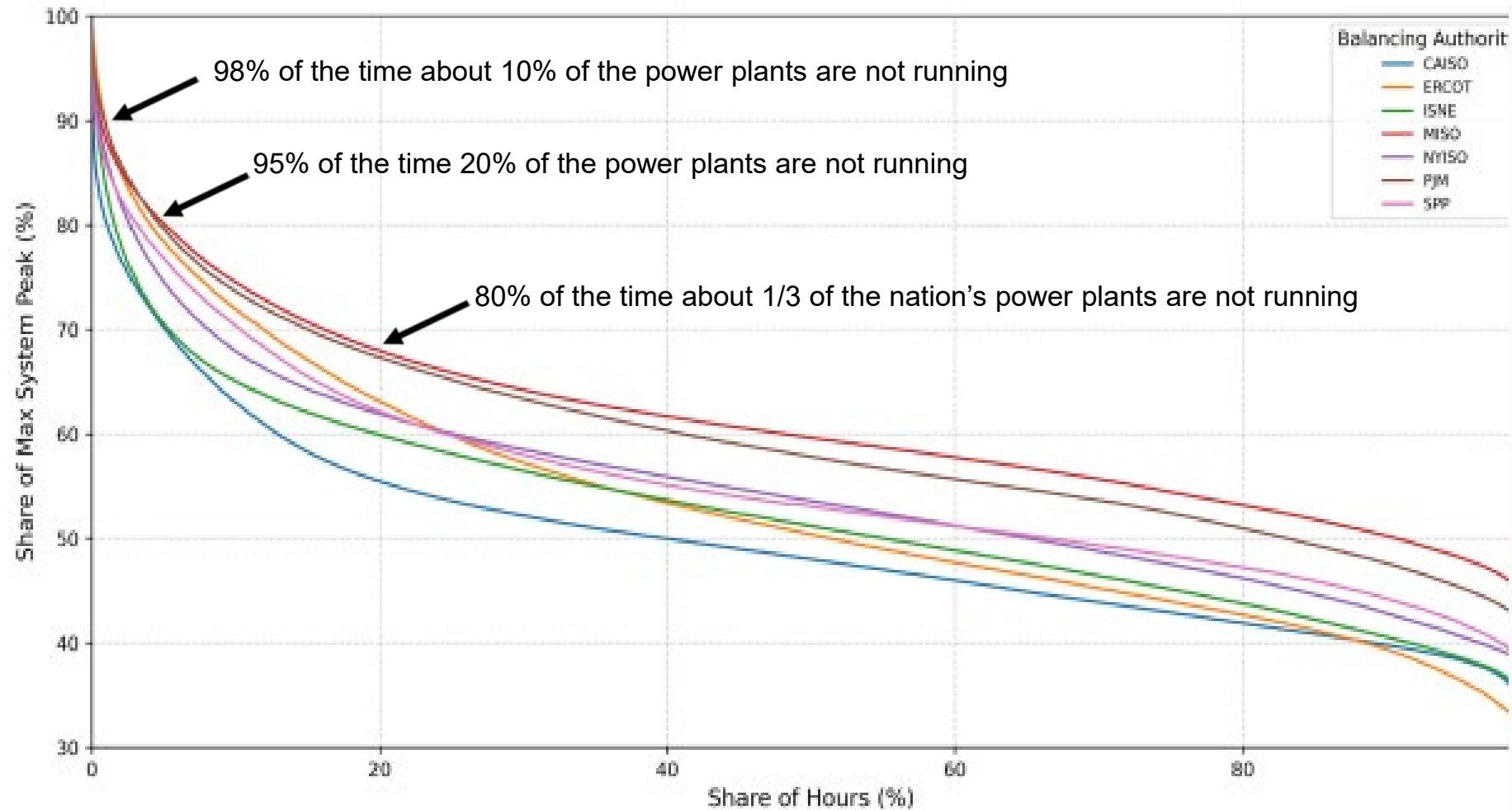
* CHANGE IN COST CALCULATED USING 2024 DATA.

Electric Demand: Experts are at Odds



Sources: MISO, PJM, ERCOT, BCG, McKinsey, S&P and BNEF; adjusted for capacity factor

Electricity Demand: Meeting the “Peak” Moment is the Key



Source: Rethinking Load Growth – Assessing the Potential for integration of Large Flexible Loads in US Power Systems – Duke Nicholas Institute for Energy, Environment, and Sustainability – February 2025, p.7

Meeting Future Energy Needs

Constellation has a menu of new energy projects totaling more than 5,800 MWs
A reliable, flexible, and lower-cost set of solutions to meet rising demand



Up to 800 MWs of state-of-the-art battery storage that can discharge quickly during periods of peak demand



More than 700 MWs of existing gas-fired power generators that could be rapidly deployed in Maryland and later converted to operate on carbon-free hydrogen fuel to reduce emissions



Up to 2,000 MWs of clean generation at Calvert Cliffs Clean Energy Center by extending the operating license and power uprates



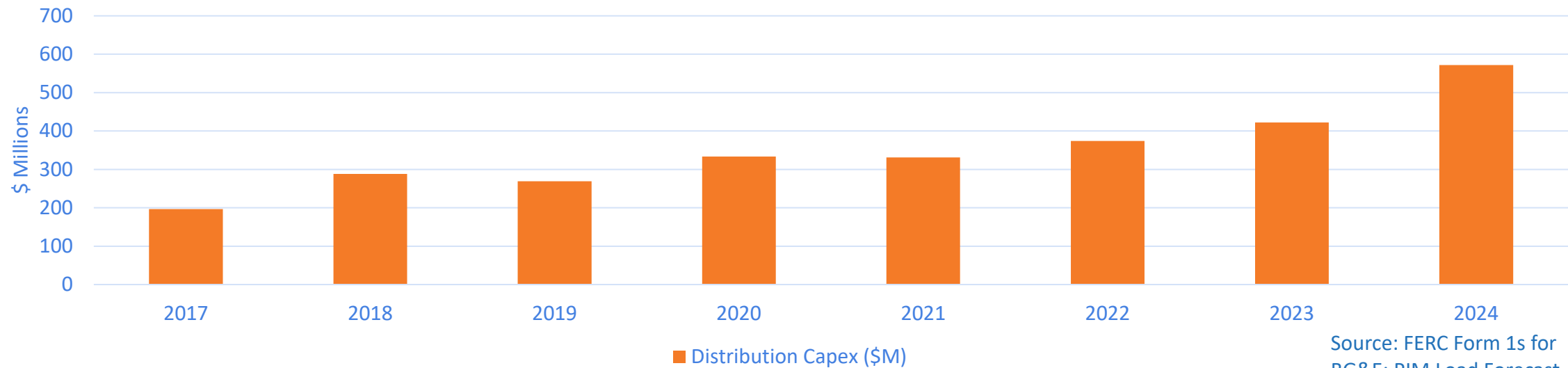
Up to 2,000 MWs of new next-generation nuclear at Calvert Cliffs Clean Energy Center

A return of a retail choice market in Maryland will allow Constellation and other competitive suppliers to offer innovative products including home batteries and demand response that can facilitate virtual power plants, lower customer costs, and support grid reliability

Appendix

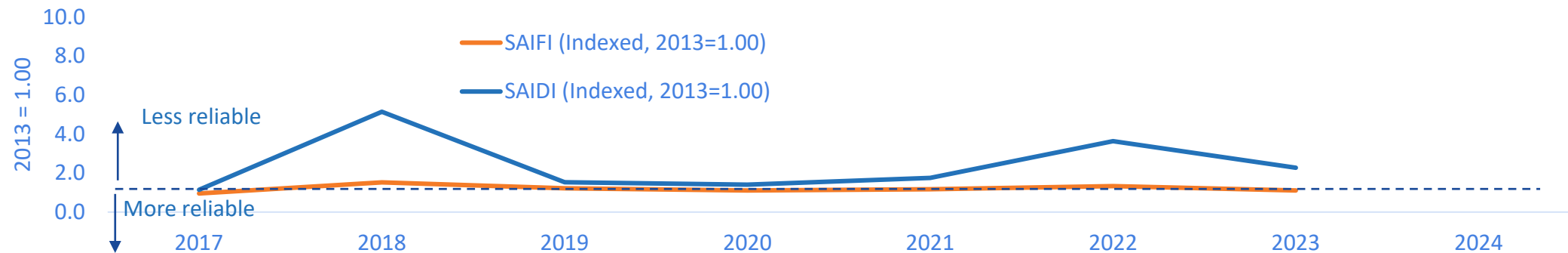
Utility Spending on Poles and Wires Has Doubled Without Improvement in Reliability

BG&E T&D Annual Capital Spending has Increased 190% While Peak Load has Fallen by 2%



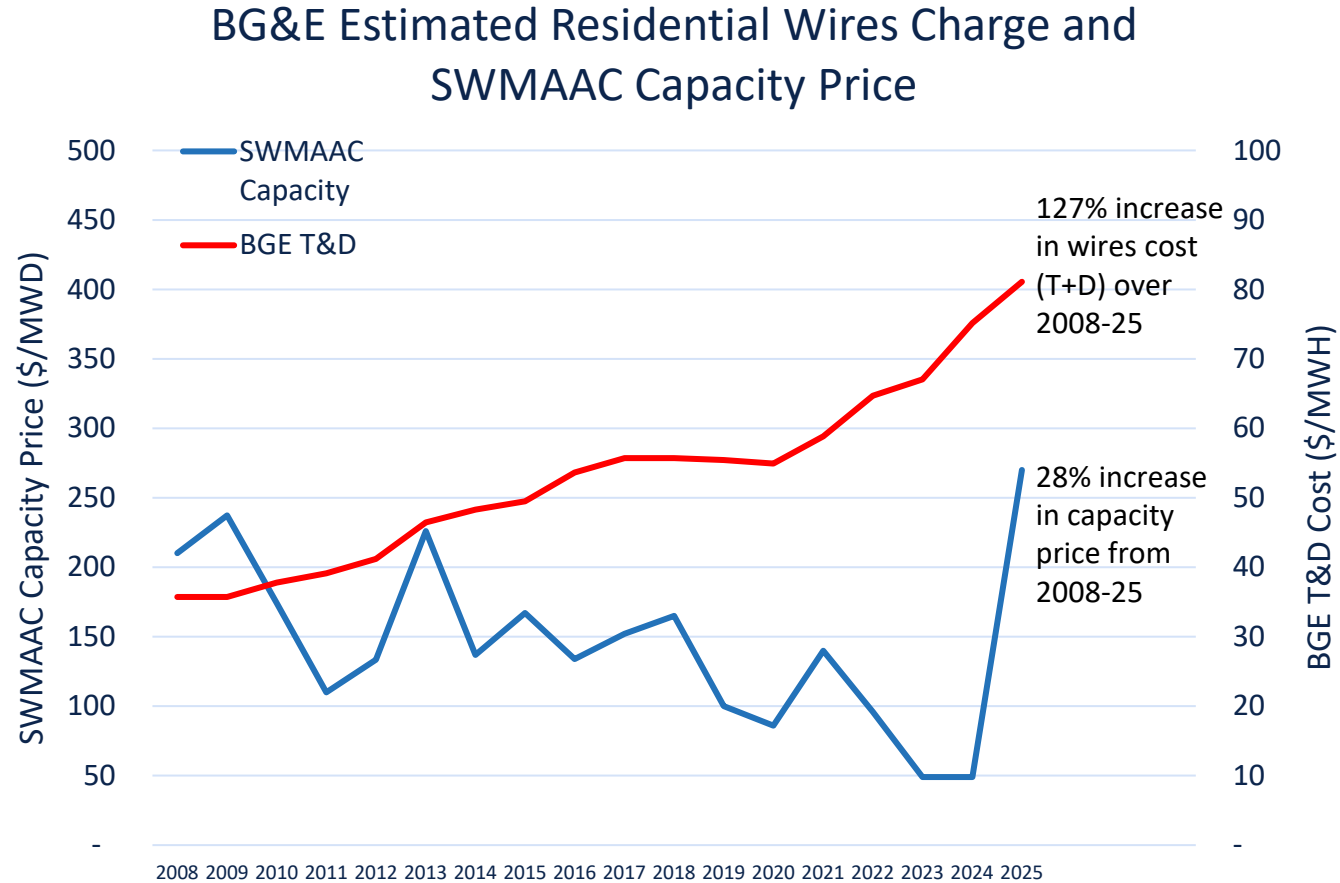
Source: FERC Form 1s for BG&E; PJM Load Forecast Reports (various years)

While BG&E reliability (in terms of the SAIDI and SAIFI metrics) has remained essentially unchanged



Source: EIA Form 861

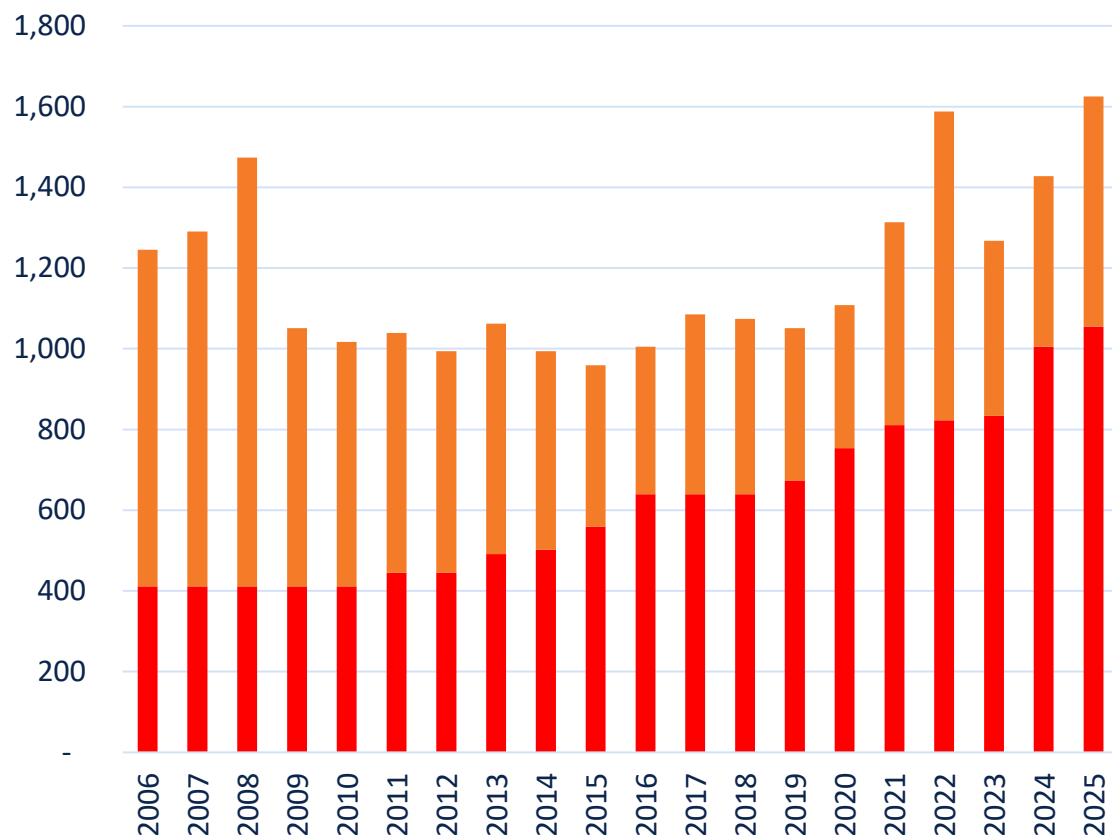
Wires Charges Have Increased Five Times Faster than Capacity Charges



BGE Gas Delivery Rates Have Grown 6.5%/yr Since 2010 (~2.5x Inflation)

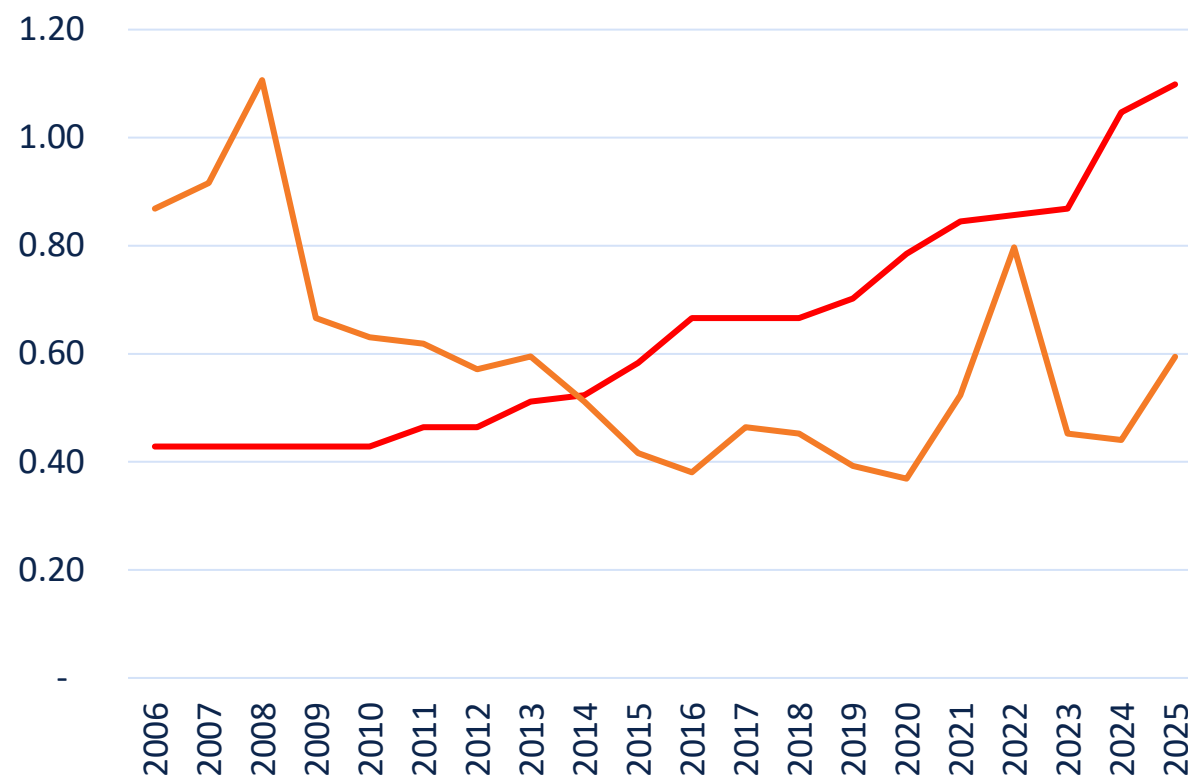
BGE Residential Gas Bill (\$/year)

■ Delivery ■ Supply



BGE Residential Gas Rates (\$/therm)

— Delivery — Supply



Source: <https://opc.maryland.gov/Publications/Reports> "Maryland Utility Rates and Charges -- OPC Report (updated March 2025)"

<https://www.bge.com/my-account/my-dashboard/rates-tariffs/gas-service> (2025 BGE Rates)

Assumes usage of 960 therms/year

Recent PJM Load Forecast Correction Improved PJM Reserve Margin

