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**BILL NO.:** House Bill 121– Electric Companies - Regional Transmission Organizations - Report (Utility Transparency and Accountability Act)

**COMMITTEE:** Economic Matters

**HEARING DATE:** January 23, 2025

**SPONSOR:** Delegate Charkoudian

**POSITION:** Favorable

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The Office of People’s Counsel (“OPC”) respectfully requests a favorable report on House Bill 121, the Utility Transparency and Accountability Act, which proposes minimal reporting requirements and was voted favorably by this Committee and ultimately supported by both the full House and Senate in 2024.<sup>1</sup> As the title of the bill suggests, HB 121 would bring needed transparency and accountability to the operations of public service companies regulated by the Maryland Public Service Commission (“PSC”) by requiring each electric company to submit an annual report to the PSC of any recorded vote cast at a meeting of a regional transmission organization (“RTO”).

Maryland’s utilities, called “public service companies” in the Public Utilities Article,<sup>2</sup> are provided with State-granted monopolies to perform important public functions and must operate “in the interest of the public.”<sup>3</sup> At the same time, Maryland’s largest utilities are private companies with fiduciary obligations to earn profits for their

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<sup>1</sup> As passed by the House, [HB 505](#) included a further requirement for each electric company to be a member of a regional transmission organization (“RTO”). Senate amendments removed this requirement, and the two versions of the bill were not ultimately reconciled in time to pass. HB 121 does not include a requirement for RTO membership.

<sup>2</sup> The term “public service company” is defined in Public Utilities Article (“PUA”) § 1-101(z).

<sup>3</sup> PUA § 2-113(a) requires the Commission to “supervise and regulate the public service companies subject to the jurisdiction of the Commission to ... ensure their operation in the interest of the public.”

investors. In competitive markets, the risk of losing customers incentivizes such private companies to balance the interests of their investors with those of their customers. Because utilities are insulated from competition by their monopoly status, this discipline is absent. For these monopolies, “extensive government control” over prices, services, and operations “takes the place of competition and furnishes the regulation which competition cannot give.”<sup>4</sup>

HB 121 furnishes regulation necessary to help evaluate whether utilities are acting in the interests of their captive customers—and not just their shareholders. This bill requires each electric company to submit an annual report to the PSC of any recorded vote cast by the electric company or an affiliate of the electric company at a meeting of any committee, user group, task force, or other part of an RTO, including a vote tabulated individually or as part of a sector, for any purpose, regardless of whether the vote represented a final position or the decision-making authority of those voting. The required report must include all recorded votes cast by the electric company—or its affiliate if the electric company itself does not vote—regardless of whether the vote is otherwise disclosed.

Currently, certain high-level votes are disclosed by PJM Interconnection, LLC (“PJM”), the RTO for Maryland. But there are numerous lower-level committees and task forces where transmission planning protocols and market rule changes are developed and where votes are not publicly disclosed. Although these meetings are open to the public, the sheer number—PJM had over 400 meetings on its calendar in 2024—make it nearly impossible for any entity to attend each one, let alone try and infer from the meeting how a Maryland utility is voting. These lower-level votes determine the policies that advance at PJM and are eventually adopted. Stated otherwise, a policy that fails to gain enough votes at the lower levels—where votes are not disclosed—usually does not advance to a high-level vote that may be publicly disclosed.

Requiring public service companies to report on “*any* recorded vote” would provide additional needed transparency for votes on proposals that ultimately result in hundreds of millions of dollars in costs for utility customers. For example, in April 2024, the PJM transmission owners voted to modify the contract between transmission-owning utilities and PJM. The modifications, which the Federal Energy Regulatory Commission ultimately rejected, would have granted PJM an end-run around the stakeholder process and increased transmission owner influence in PJM’s planning decisions. While the outcome of the vote approving those modifications is public, the votes of each transmission owner are unknown. A report on the utilities’ advocacy in these forums would provide important transparency on whether the utilities’ positions support the

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<sup>4</sup> *Delmarva Power & Light Co. v. Pub. Serv. Comm'n of Md.*, 370 Md. 1, 6 (2002).

least-cost solutions to potential reliability issues—which would benefit ratepayers—or more expensive transmission solutions—which benefit utility shareholders.

HB 121 imposes a minimally burdensome requirement and will help regulators—and other parties such as OPC—understand the companies’ positions on the issues and assess whether the companies’ votes do, in fact, serve the public interest, and not just the companies’ private interests.

**Recommendation:** OPC requests a favorable Committee report on HB 121.