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BILL NO.: House Bill 1149 – Public Service Commission - Full Costs and Benefits Analysis of Sources of Electricity Generation

COMMITTEE: Economic Matters

HEARING DATE: February 21, 2025

SPONSOR: Delegate Adams

POSITION: Informational

The Office of People’s Counsel (“OPC”) respectfully provides the following informational comments on House Bill 1149. HB 1149 would require the Public Service Commission (“PSC”) to conduct an analysis of the costs and benefits to ratepayers of different sources of electricity generation and make recommendations for policy changes to support the development of energy sources with the lowest costs and greatest benefits.

Maryland’s electricity needs have long been satisfied through participation in PJM’s regional wholesale electricity markets. And Maryland’s engagement in PJM’s markets has, historically, allowed utility customers to benefit from importing lower-cost electricity from out of state. However, recent PJM auctions have resulted in high prices for Maryland and raised concerns about the mix of generation resources serving Maryland customers. Given these higher prices, an assessment of the costs and benefits of different sources of electricity could be beneficial.

HB 1149 charges the PSC with looking at the costs of the current resources serving Maryland and comparatively analyzing the costs of various sources of generation to meet Maryland’s future needs. OPC is concerned that the bill as drafted does not adequately incorporate the costs and benefits of Maryland’s participation in PJM’s markets and all available generation technologies. A comparative study of energy costs that does not reflect Maryland’s participation in regional wholesale markets may not be useful to identify policies to lower customer costs.

OPC has suggested amendments to the sponsor that would address our immediate concerns, ensure a more robust and complete analysis, and, ultimately, lead to a more fruitful and productive discussion of state energy policy.

First, OPC has suggested amendments that would require the PSC to establish a baseline assessment of the costs to meet Maryland's energy demand over the next 15 years under the current resource mix plus anticipated offshore wind capacity, taking into account costs to address foreseeable reliability concerns and foreseeable transmission capabilities.

Second, OPC has also suggested amendments to afford the PSC more flexibility to identify resource mixes to include in the bill's required cost analysis and the ability to consider other cost models. The Levelized Full System Cost of Energy model called for in the bill, while helpful to understanding the costs of specific energy sources, may not fully account for cost savings available through participation in PJM's wholesale markets. Granting the PSC discretion to employ other models to analyze costs ensures a more complete cost assessment. The amendments further ensure that the results of the cost assessment take into account changes in forecasted demand and available energy storage resources and can be better compared to the projected costs of meeting Maryland's anticipated electricity needs under the current resource mix.

OPC appreciates the opportunity to provide these comments on HB 1149.