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OFFICE OF PEOPLE'S COUNSEL

State of Maryland

Briefing for the House Environment and Transportation Committee

David S. Lapp

Maryland People's Counsel

January 20, 2026

Office of People's Counsel

Who we are and what we do

OPC is charged with protecting the interests of residential utility customers.

Public Utilities Article (PUA), Title 2, Subtitle 2, creates the People' Counsel

Two core responsibilities under PUA § 2-204:

1. "[E]valuate each matter pending before the Commission" and "appear before the Commission and courts"
2. "[C]onduct investigations and request the Commission to initiate proceedings"

OPC "shall consider public safety, economic welfare, and environmental interests of the State and its residents, including the State's progress toward meeting its greenhouse gas emissions reductions goals."

Under PUA § 2-205, OPC also "may recommend to the General Assembly legislation on any matter related to the Commission's jurisdiction."

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Created in 1924, OPC is the oldest state utility consumer advocacy agency in the nation.

A Consumer's Guide To:

Pepco's Proposed Rate Increase

- Future of Gas
  - The PSC FOG Docket
  - Gas Spending and Analysis
  - STRIDE
    - STRIDE FAQs

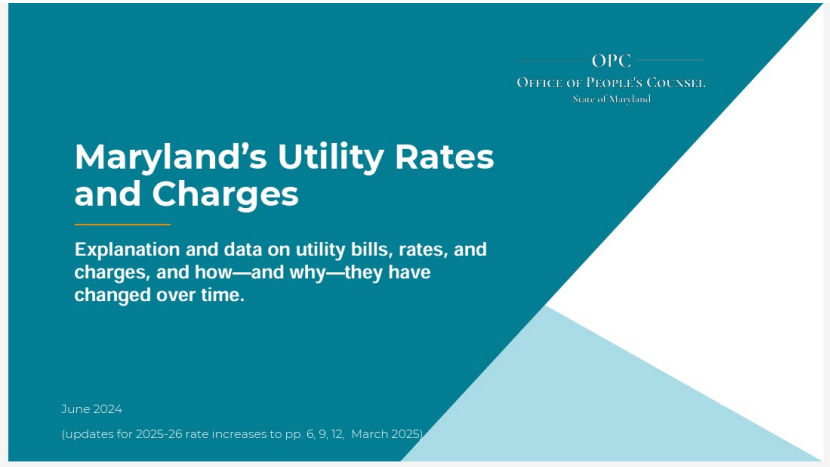
United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

MARYLAND OFFICE OF PEOPLE'S COUNSEL, ET AL.,
PETITIONERS

v.

FEDERAL ENERGY REGULATORY COMMISSION,
RESPONDENT



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FOR IMMEDIATE RELEASE
February 26, 2025

Contact:
Lori Sears
lori.sears@maryland.gov
410-767-8172

Regulators should reject BGE's $152 million addition to previous rate hike, OPC filing says

Consumer Assistance Unit

Utilities are profit maximizers

… that maximize profits by spending on infrastructure

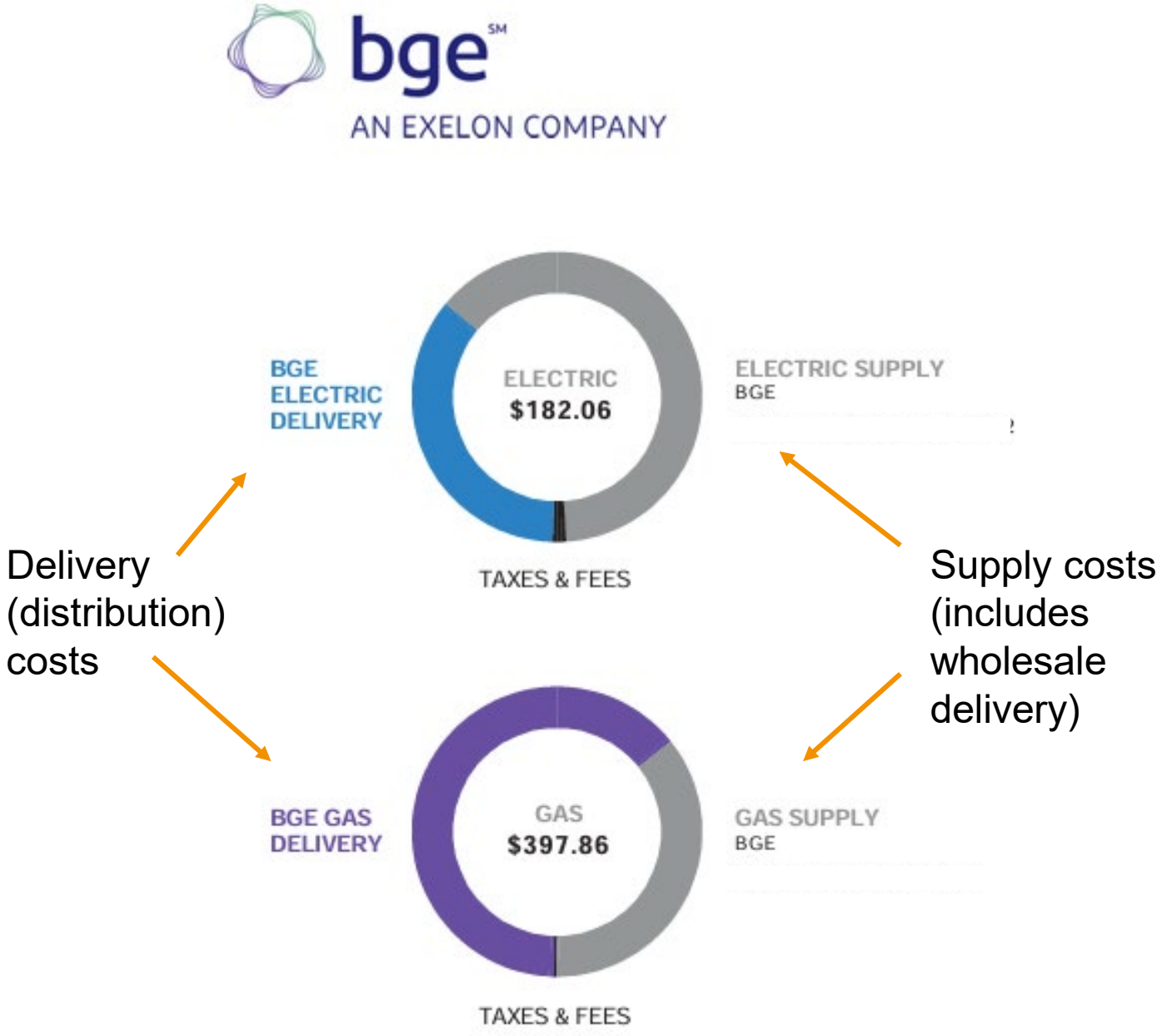
- **Utilities increase profits by spending (customer money) on capital infrastructure**
- **Capital investments** – on infrastructure such as buildings, pipes, concrete, wires, computers, etc. – increase **"rate base."**
- Customers pay utilities a return (profit) on rate base, plus taxes—a total rate of 9-10 percent.
- Once approved by regulators, costs are locked in for many decades.

These features are counterintuitive to competitive markets.

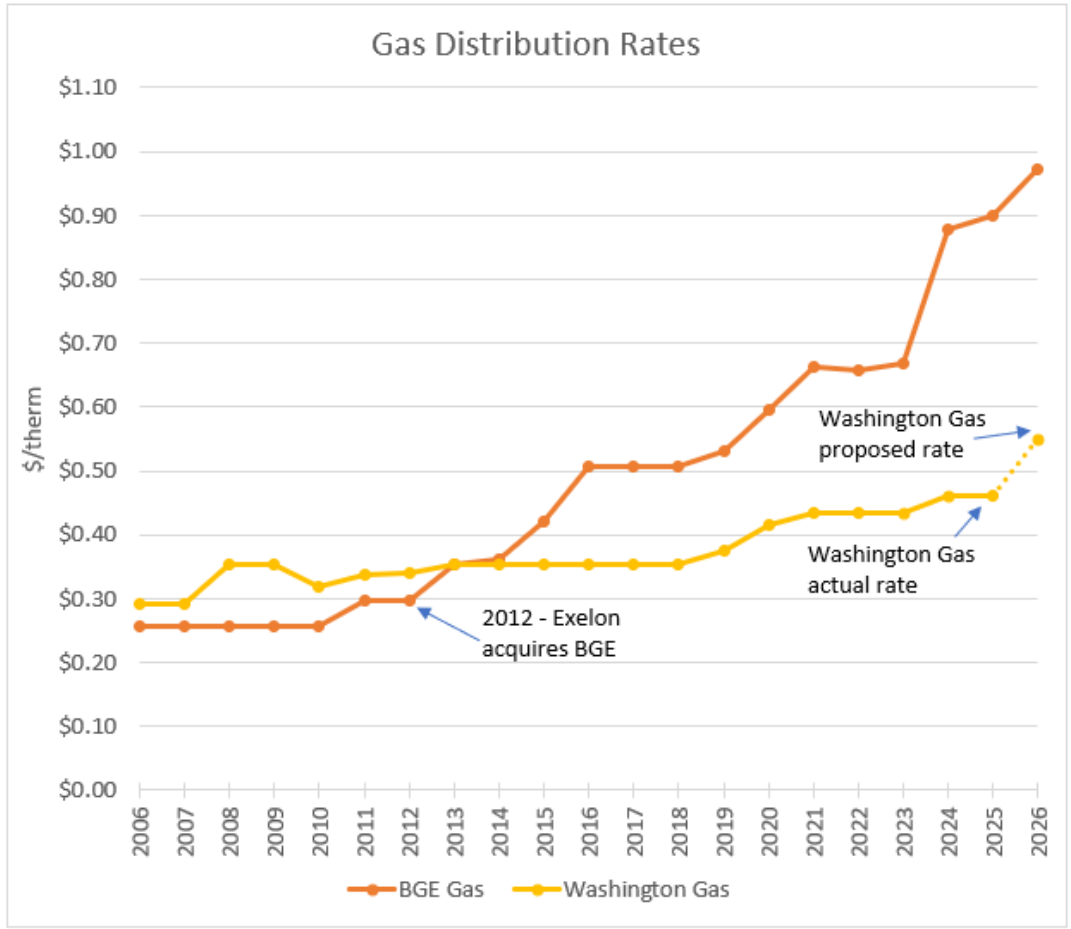
** Electric utilities earn a small return on the kilowatt hour sales they make for providing standard offer service*

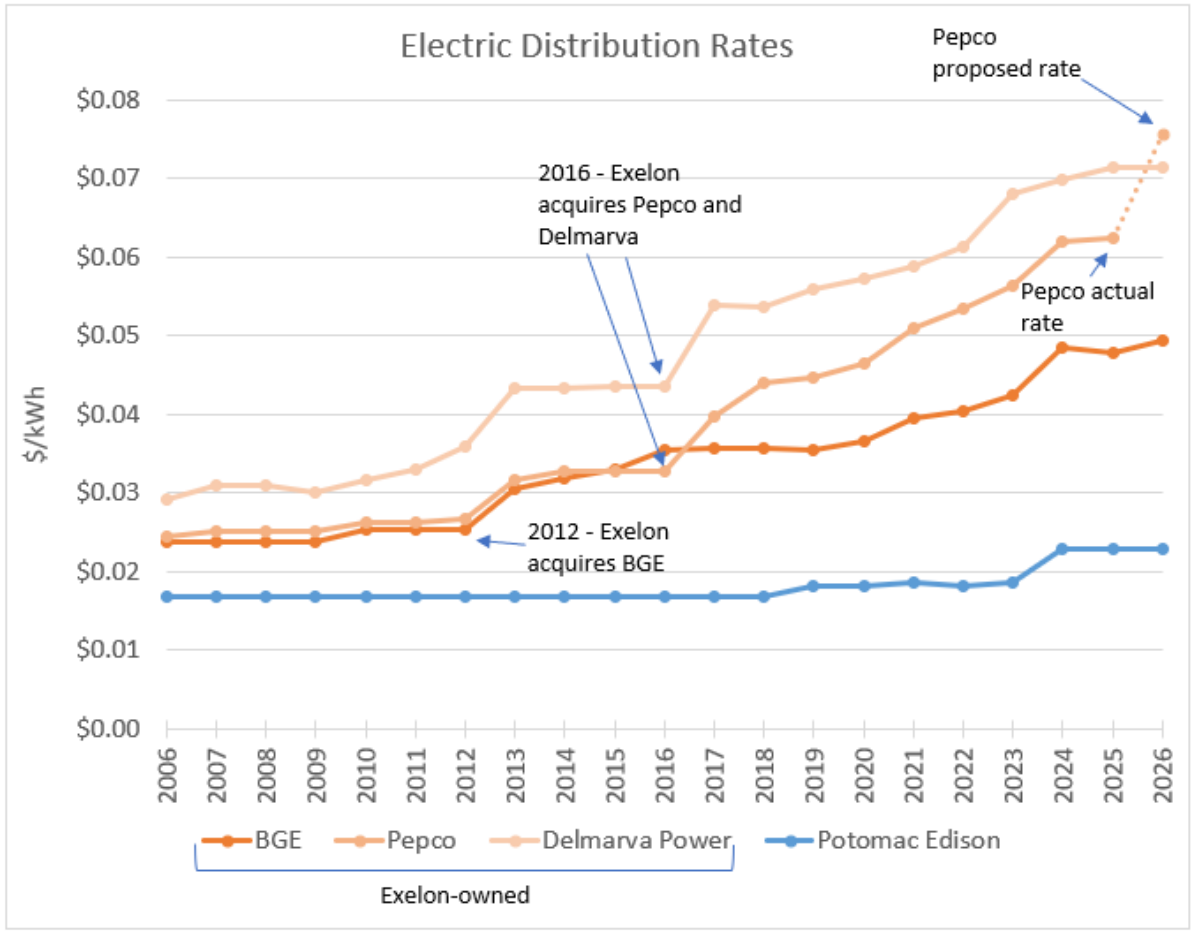
Electric and gas utility bills include charges for two primary categories of services:

DELIVERY SERVICE
(or distribution service)
&
SUPPLY SERVICE
(or commodity service)



Escalating distribution rates—a primary driver of higher utility bills for Maryland customers





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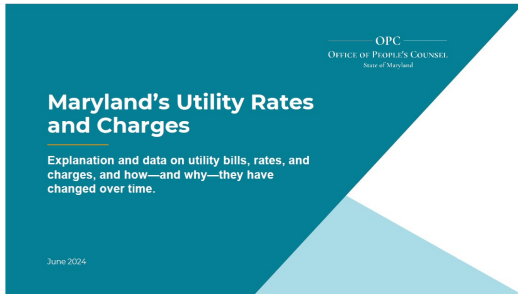
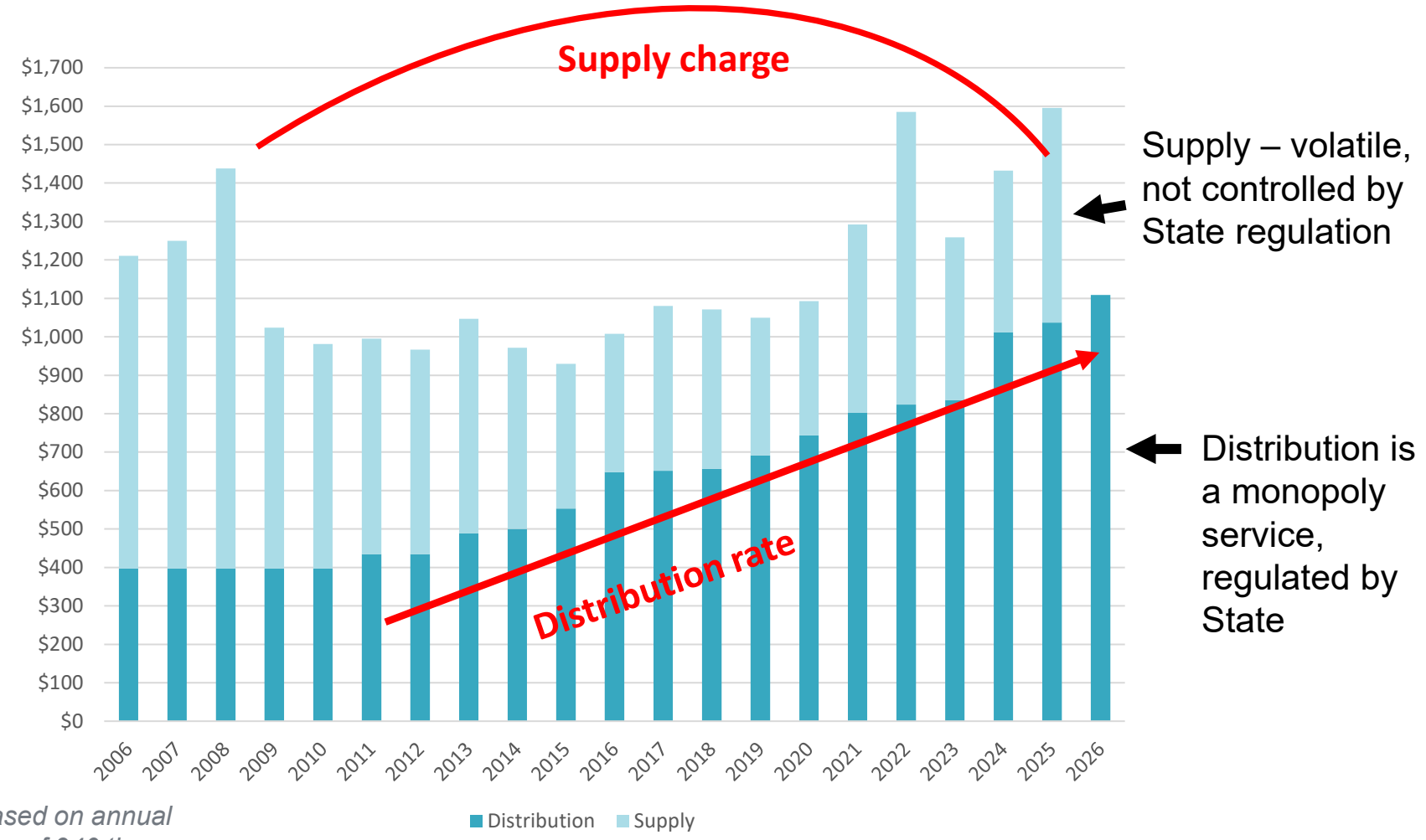
Baltimore Gas and Electric

Gas Total Annual Bill: Delivery Plus Supply Charges

- Distribution charges are independent of supply charges
- With rising distribution rates, customers are more vulnerable to volatile gas supply costs.





Supply – volatile, not controlled by State regulation

Distribution is a monopoly service, regulated by State

Charges based on annual consumption of 940 therms

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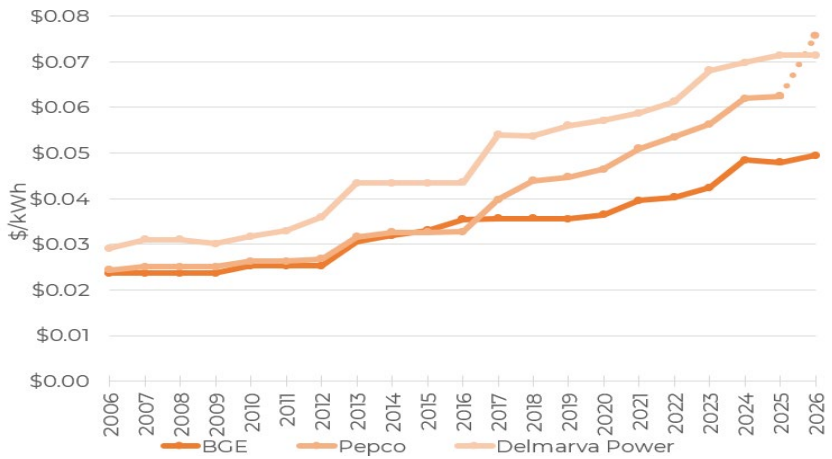
Regulated monopoly costs: Locked in for decades

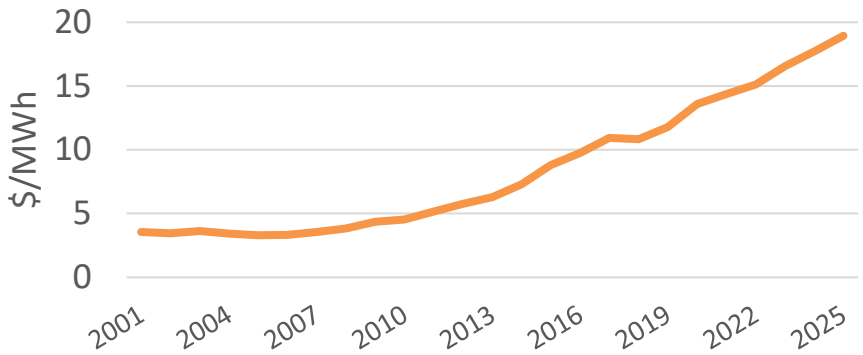
Distribution rates

Electric Distribution



Transmission rates

PJM average transmission rate



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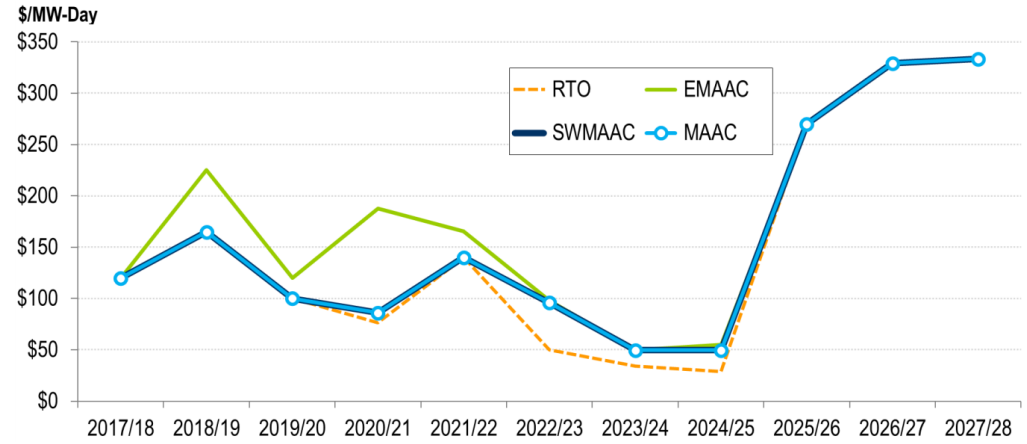
Market-set costs: short term and variable

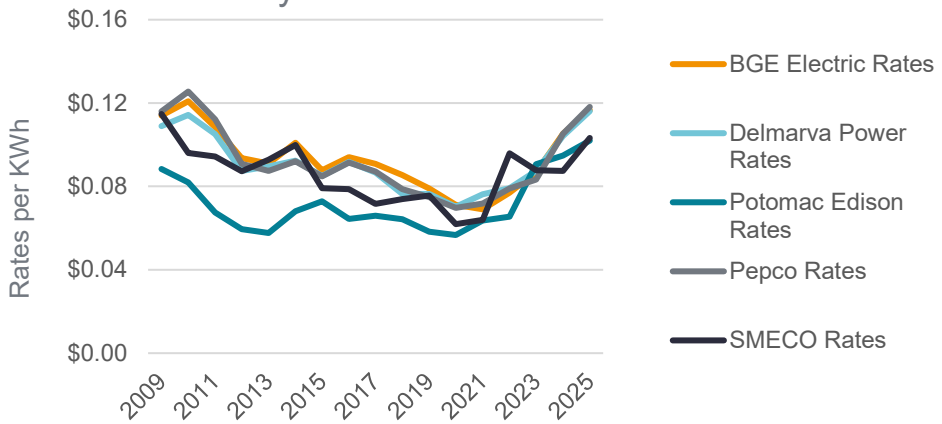
Capacity costs

PJM Capacity Market

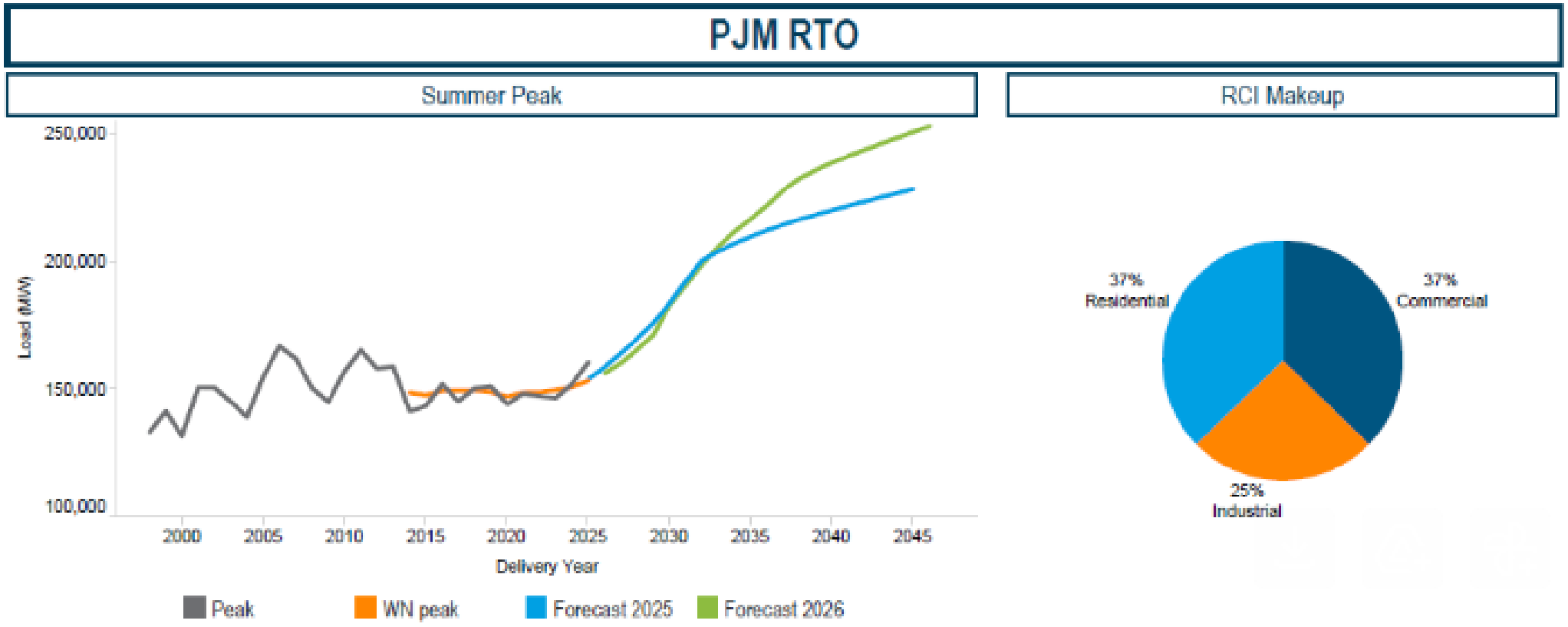


Energy costs

Maryland Standard Offer Service



PJM Wide 2026 Electric Demand Growth



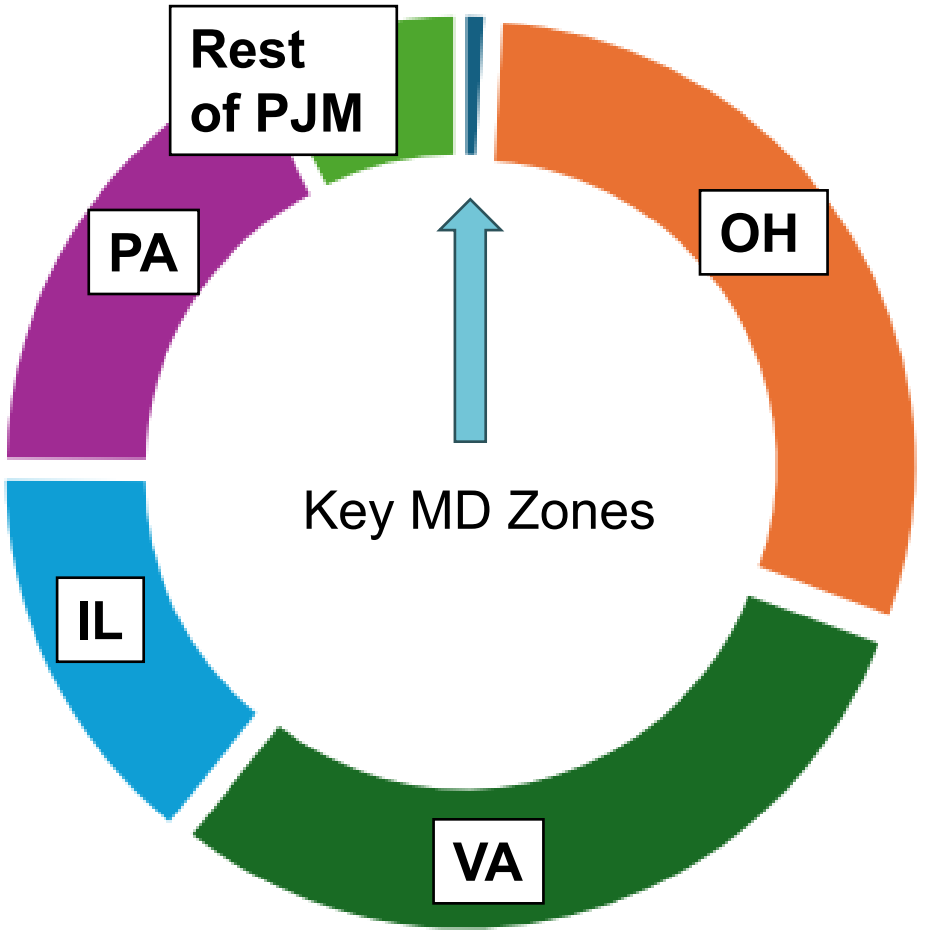
Source: PJM 2026 load forecast

Large load growth: Uncertain, and not Maryland ratepayers' issue to resolve

- Key Maryland zones (Delmarva, Pepco, BGE): less than 1% of PJM's projected growth—**318 MWs**
- Virginia (30%), Ohio (30%), Pa. (18%), Illinois (14%); rest of PJM (7%)—**33,275 MWs**

https://www.pjm.com/planning/resource-adequacy-planning/load-forecast-dev-process.aspx

2030 PJM Large Load Adjustments



Source: PJM's 2026 load forecast

Forecasted Load Growth Comparisons for Maryland's Exelon Utilities (2025 versus 2026)

2025 Load Forecast (MWs)

	2026	2027	2028	2029
BGE	6,547	6,565	6,584	6,639
Delmarva	3,997	3,992	3,992	3,996
Pepco	6,095	6,113	6,130	6,150

2026 Load Forecast (MWs)

	2026	2027	2028	2029
BGE	6,471	6,436	6,412	6,445
Delmarva	4,008	3,986	3,971	3,958
Pepco	6,003	5,992	5,980	5,989

Exelon utilities' current demand projections are less for 2029 than 2026. Growth projections declined between PJM's 2025 and 2026 forecasts.

	2026	2027	2028	2029
BGE	-76	-129	-172	-194
Delmarva	11	-6	-21	-38
Pepco	-92	-121	-150	-161

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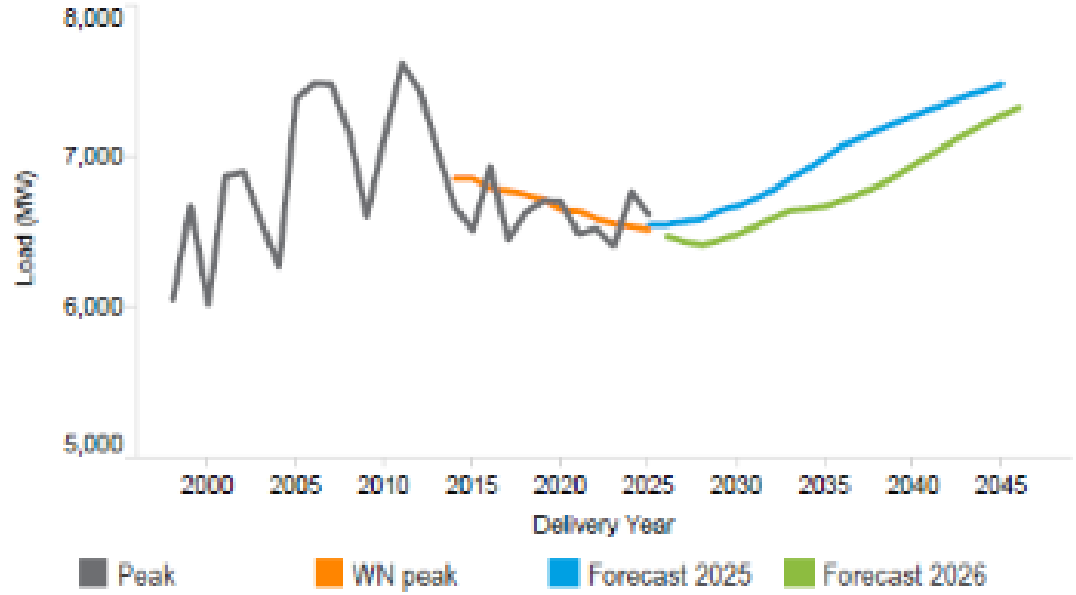
Source: PJM's 2026 load forecast

Exelon utility load growth: BGE

Baltimore Gas & Electric (BGE)

Summer Peak



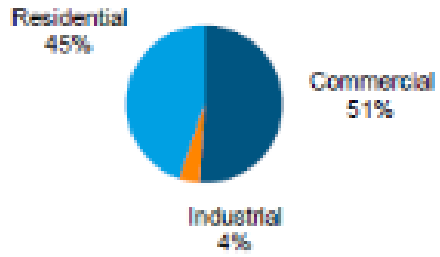
Weather - Annual Average 1994-2024

Avg Summer Daily Temp	76.1
Avg Summer Max Temp	98.2
Avg Winter Daily Temp	37.0
Avg Winter Min Temp	8.2

Zonal 10/15/20 Year Load Growth

SUMMER	0.4%	0.5%	0.6%
WINTER	0.6%	0.7%	0.9%

RCI Makeup



LDAs

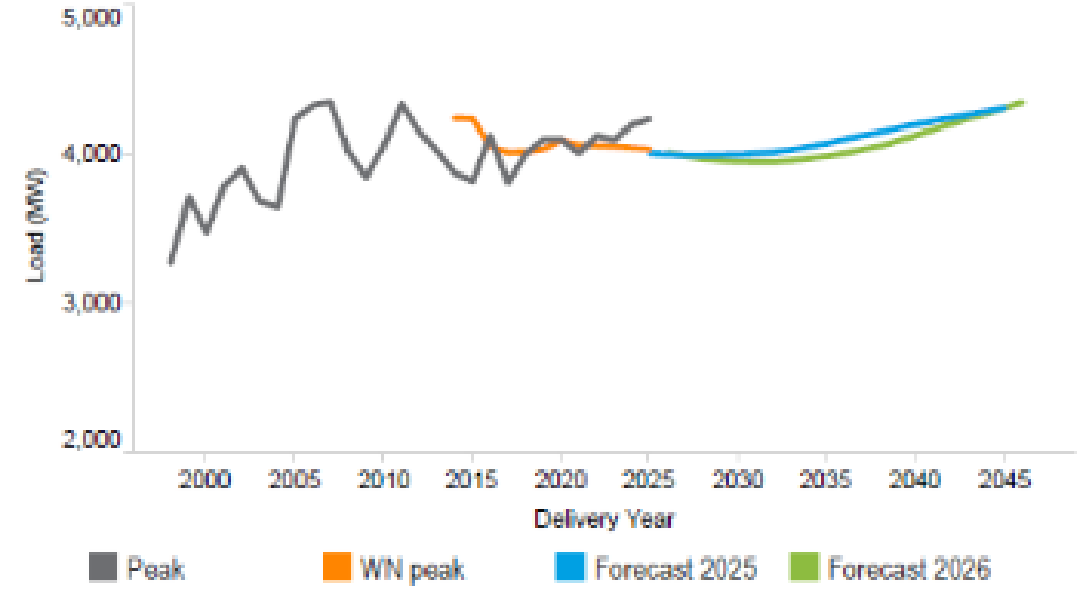
PJM MID-ATLANTIC
CENTRAL MID-ATLANTIC
SOUTHERN MID-ATLANTIC
PJM RTO

Source: PJM 2026 load forecast

Exelon utility load growth: Delmarva

Delmarva Power & Light (DPL)

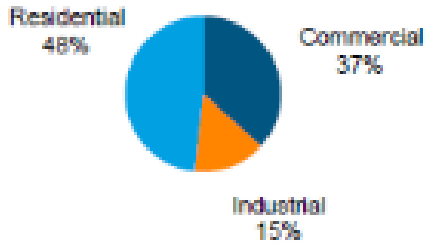
Summer Peak



Weather - Annual Average 1994-2024

Avg Summer Daily Temp	75.5
Avg Summer Max Temp	95.0
Avg Winter Daily Temp	37.3
Avg Winter Min Temp	9.7

RCI Makeup



Zonal 10/15/20 Year Load Growth

SUMMER	0.0%	0.3%	0.4%
WINTER	0.1%	0.2%	0.3%

LDAs

PJM MID-ATLANTIC
EASTERN MID-ATLANTIC
PJM RTO

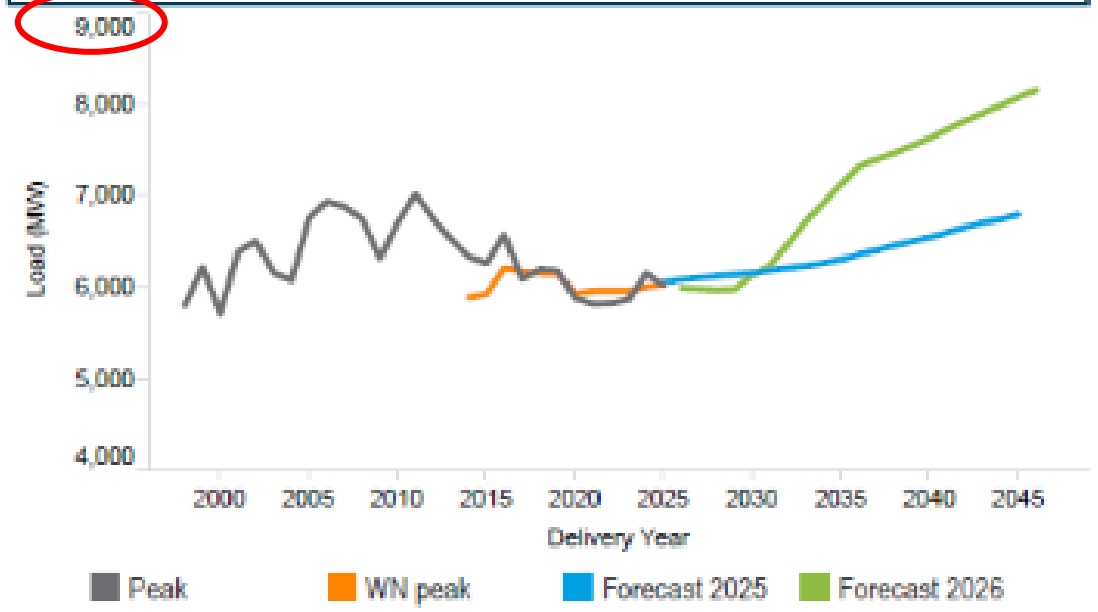
Source: PJM 2026 load forecast

Exelon utility load growth: Pepco

Scale: 9,000 MWs

Potomac Electric Power (PEPCO)

Summer Peak



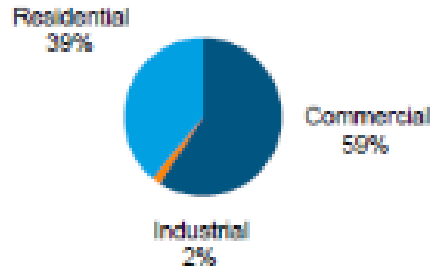
Weather - Annual Average 1994-2024

Avg Summer Daily Temp	78.1
Avg Summer Max Temp	98.1
Avg Winter Daily Temp	39.4
Avg Winter Min Temp	13.0

Zonal 10/15/20 Year Load Growth

SUMMER	2.0%	1.7%	1.6%
WINTER	2.1%	1.8%	1.6%

RCI Makeup



LDAs

PJM MID-ATLANTIC
CENTRAL MID-ATLANTIC
SOUTHERN MID-ATLANTIC
PJM RTO

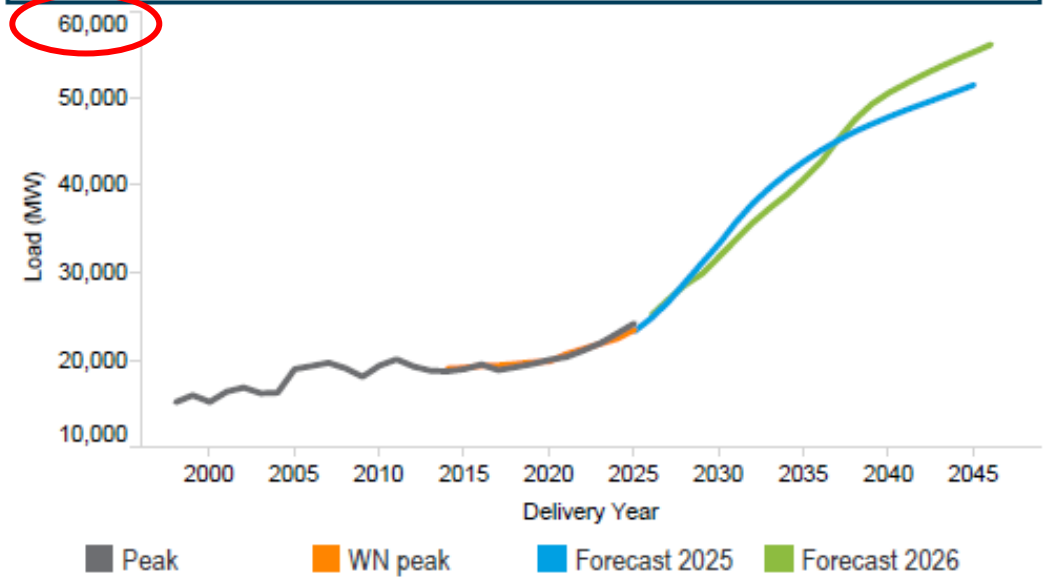
Source: PJM 2026 load forecast

Utility load growth, Virginia: Dominion

Scale: 60,000 MWs

Dominion (DOM)

Summer Peak



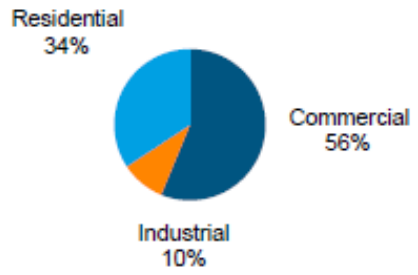
Weather - Annual Average 1994-2024

Avg Summer Daily Temp	*77.0*
Avg Summer Max Temp	*96.9*
Avg Winter Daily Temp	*40.6*
Avg Winter Min Temp	*12.6*

Zonal 10/15/20 Year Load Growth

SUMMER	5.4%	4.9%	4.1%
WINTER	5.1%	4.7%	3.9%

RCI Makeup



LDAs

PJM RTO

Source: PJM 2026 load forecast

Some (new) State solutions to address affordability

- End accelerated cost recovery for gas replacement (STRIDE +)
- Limit utility (fast growing) profits by giving PSC guidance to reduce utility “return on equity”—utility profits
- Limit utility executive pay in rates (HB0001/SB0002)
- Require greater transparency – data centers, utility bills
- Protect residential ratepayers from paying costs caused by *in-state* data centers
- Enhance state transmission oversight

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APPENDIX

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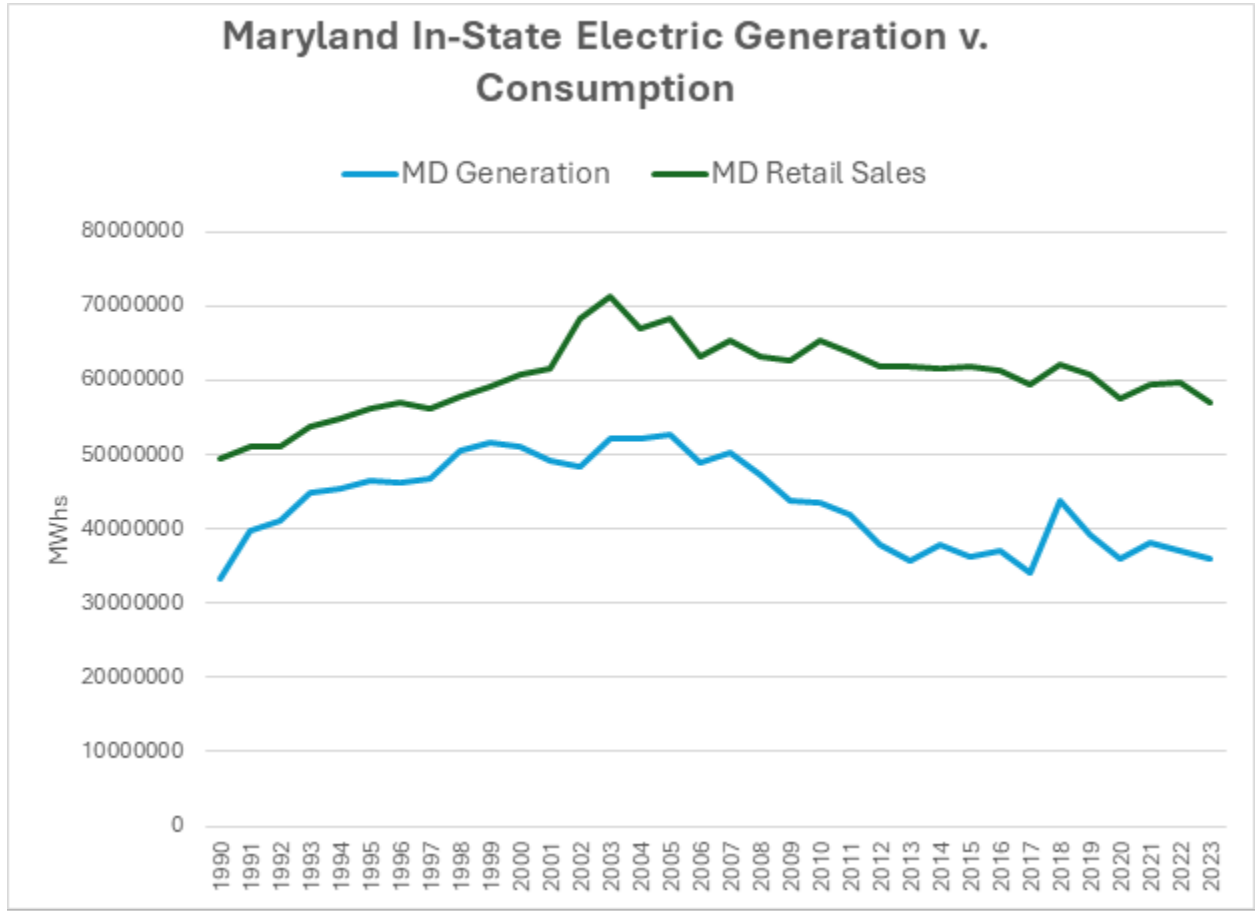
Maryland imports and exports

Maryland imports are nothing new

Most PJM states are “net importers” of electricity

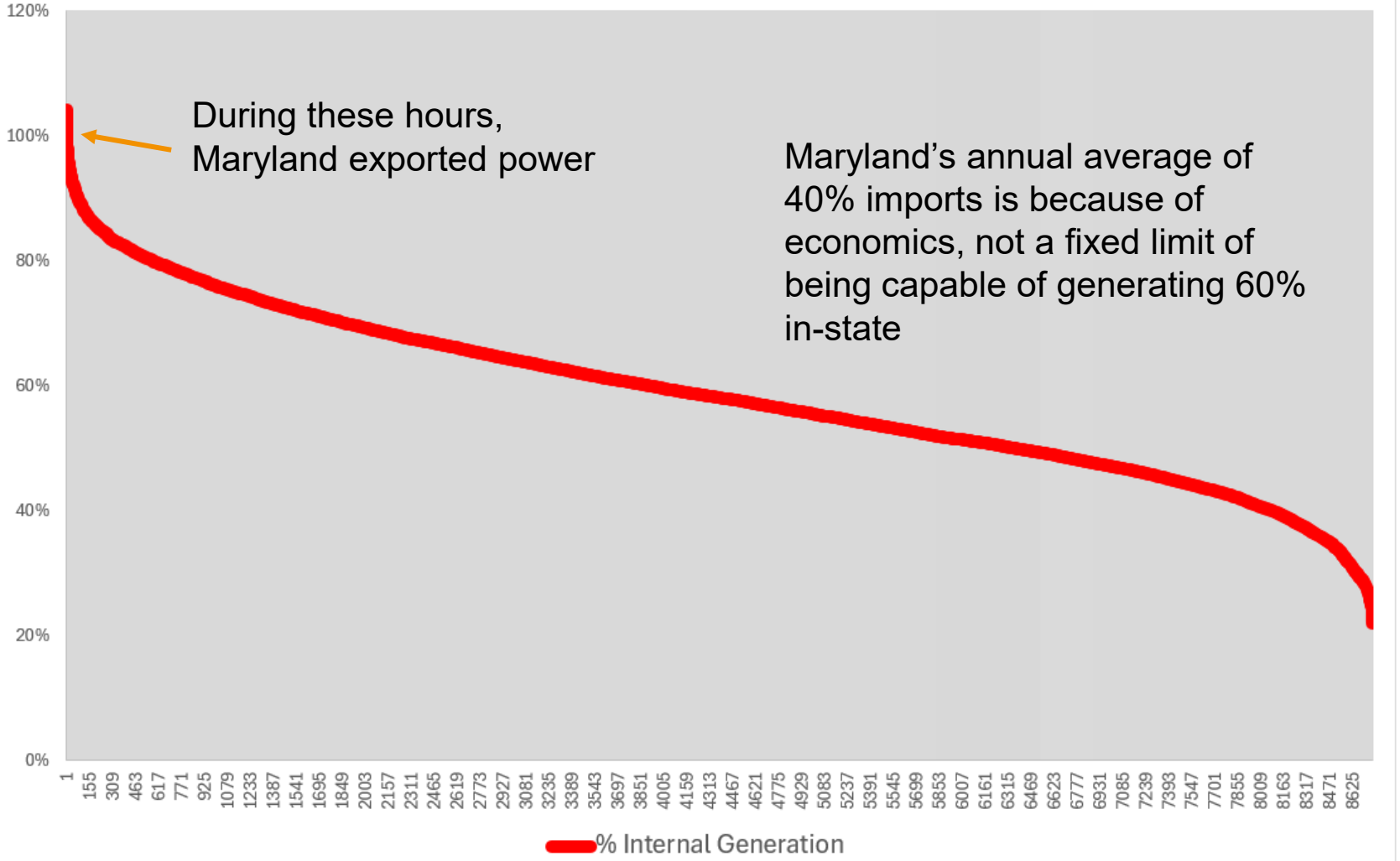
Source: PJM data



For more information, click here to see OPC’s FAQs on “resource adequacy”

PJM dispatches the most economic generation

% of Maryland internal generation v. Maryland consumption (sorted highest to lowest for each hour of year July 1, 2024, to June 30, 2025)



- Source: PJM data

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“Regulated generation”: big risks for captive utility customers

Competition versus monopoly

	Utility Monopolies	Competitors
How they make money	By spending more money, growing "rate base"	By satisfying customers, beating out competitors, and innovating
Cost overruns	Customers take on all risk of anything going wrong; utility benefits from cost overruns with regulator approval	Investors take on risks; lose money from cost overruns; sometimes go bankrupt (Talen, NRG)
New generation	Will build at any price, anywhere, as long as regulators approve it—whether needed or not	Won't build unnecessarily or risk stranding investments; will site and build generation where lowest cost
Timing	Benefits from locking in long-term costs, esp. when market prices are high (now)	Costs are never locked in
Innovation	Why innovate? More effective to extend monopoly influence and exclude innovators	Innovation-motivated

Why the utilities? All risk and no benefit

- No evidence that utilities can build or operate generation better than competitors
- Utilities will use vendors to do the work, i.e., they will contract it out, but take a profit
- Exelon no longer has experience in generation—solar, wind, gas or otherwise
- It's a competitive business
- There are alternatives to utility-backed generation

Alternative approaches to utility-owned generation

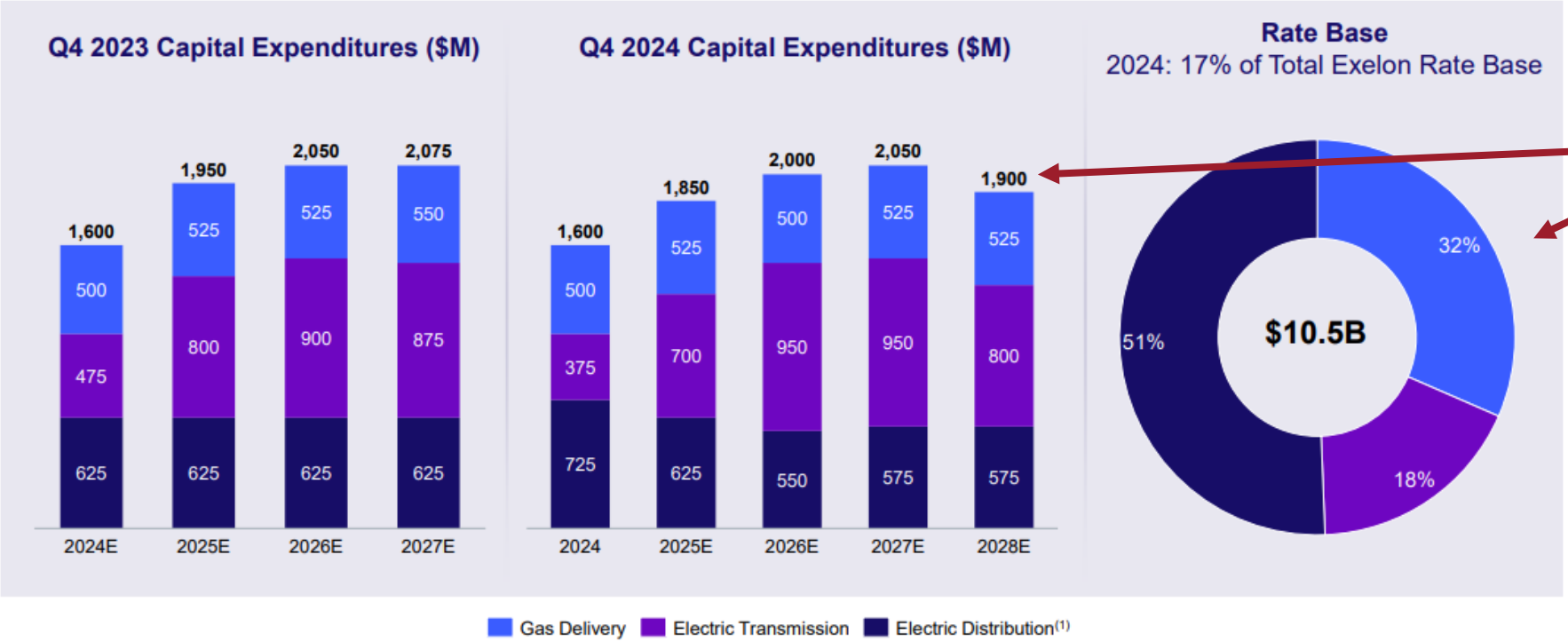
- Ratepayer-backed *competitive* procurements (examples: offshore wind, storage, solar)
- Standard offer service *competitive* procurements for capacity (State can control timing and amount)
- Consider forthcoming developments—Exelon utility peak loads decline through 2029; review progress on battery storage, PJM's interconnection queue, and DRIVE Act; pending data center policy outcomes, and improved data center load forecasts, and possible AI bubble burst

Utility generation undermines competition, creates new customer regulatory burdens and risks

- Government-granted advantages undermine competition and competitors
- Dominant market position protected by government
  - Access to resources paid for by customers (land, employees, eminent domain, etc.), i.e., ratepayer subsidies
- Mission creep: management distraction and brain drain from core responsibilities for delivering electricity
- Increased regulatory burdens

Utilities profit from spending more: Exelon investor presentation

BGE Capital Expenditure Forecast



Project ~$7.8B of capital being invested from 2025-2028

Note: Numbers rounded to nearest $25M and may not sum due to rounding. Rate base reflects year-end estimates. Q4 2023 disclosures dated February 21, 2024. Q4 2024 disclosure dated February 12, 2025.
(1) Electric distribution rate base includes regulatory assets that earn a full authorized Rate of Return; regulatory asset spend not reflected in capital spend projections.

exelon

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Exelon wants to add a new category to these charts, to grow its rate base (and profits): “regulated generation”

Cost Overrun Examples

Core utility work

Project Name	Initial Budget	Cost Increase	Updated Amount
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

Power markets are unpredictable: Their risks should not be shifted from investors to captive utility customers

- "It is very difficult to forecast tomorrow's prices, let alone a 15-year stream." *Exelon consultant, PSC battery storage docket*

- BGE opposes having to report cost overruns of 10% or more for geothermal network projects: **"because we've never built one of these systems before."**

  BGE has not built a community solar project, nor a gas plant since before 2000. (Around 2000, it moved its generation business into a separate affiliate, Constellation, and in 2022, Exelon spun off Constellation into an independent company.)

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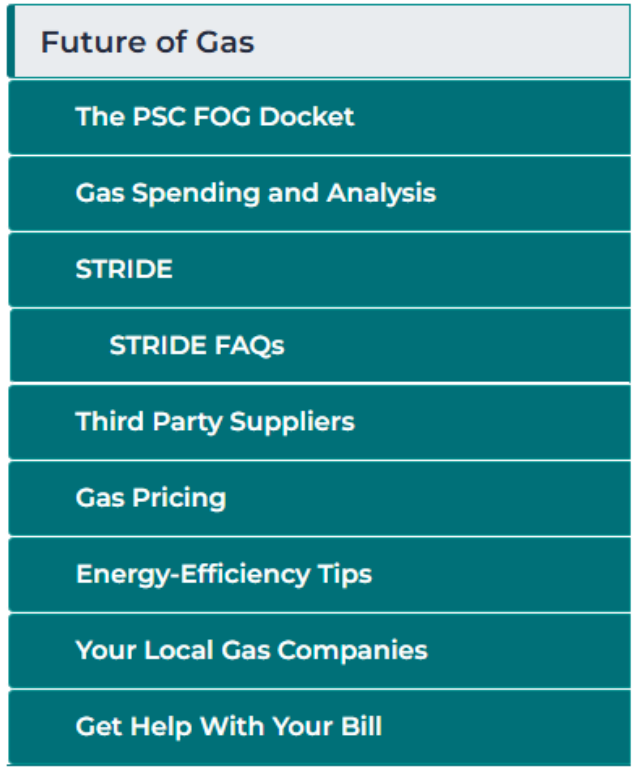
Gas System Planning and Spending

OPC: Gas system planning and spending



Future of Gas

Maryland's gas distribution utilities are spending hundreds of millions of dollars a year on long-lived gas infrastructure. These investments are paid back to utilities over many decades along with a profit; that profit multiplies the initial cost by a factor of about three, driving huge rate increases. The State's largest gas utility, for example, has tripled its delivery rates since 2012. These investments are problematic because gas consumption is widely expected to decline as gas appliances face stiff competition from highly efficient electric appliances. The competition is compounded by other concerns about gas use, including its inherent safety risks, its health impacts, and its contribution to climate change and other environmental concerns. Thus, aside from rising distribution costs, there are risks that the gas infrastructure will become economically obsolete well before the investments are paid off.

Use the navigation menu on the left to read more Future of Gas content.

Click on box to go to OPC's website for many resources on gas regulation, OPC's petition for long-term gas planning (PSC Docket No. 9707), press releases, op-eds, and more

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PSC decision granting OPC's request on gas line extension subsidies will save customers money

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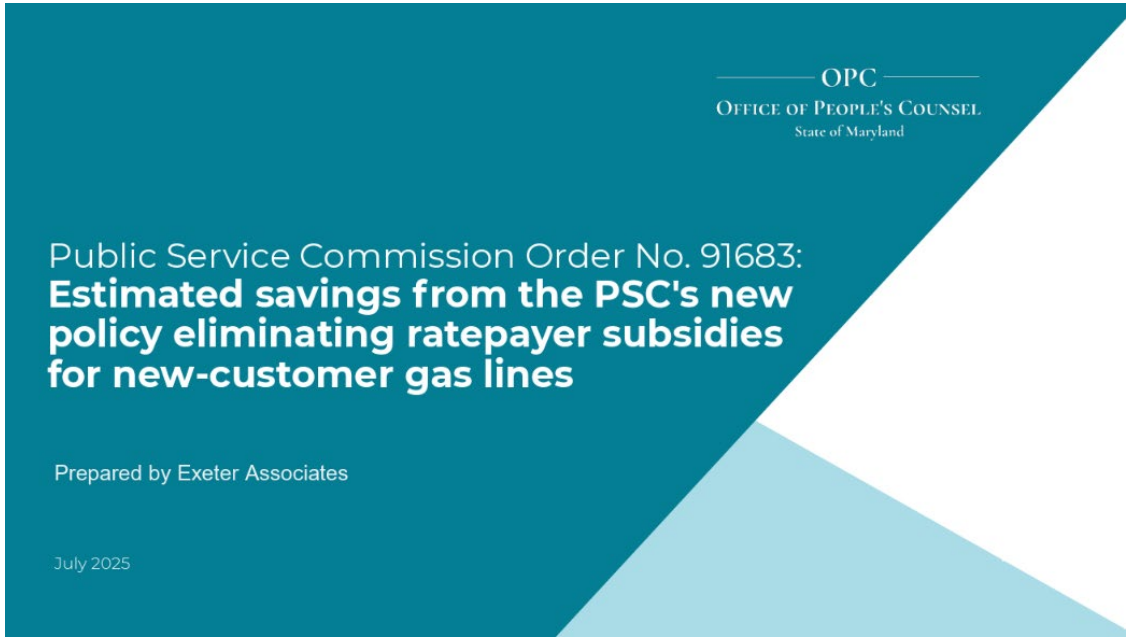
State of Maryland

FOR IMMEDIATE RELEASE
July 1, 2025

Contact:
Lori Sears
lori.sears@maryland.gov
410-767-8172

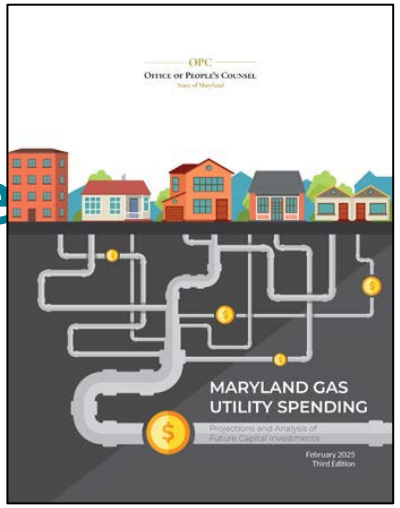
PSC order on new gas system connections avoids hundreds of millions of dollars in rate hikes over ten years, OPC analysis shows

BALTIMORE – The Public Service Commission's June 13, 2025, order granting the Office of People's Counsel's bid to end ratepayer subsidies for connecting new customers to the gas system will save customers of Maryland's two largest gas utilities an estimated $952 million on their gas bills through 2035, according to an initial OPC analysis.

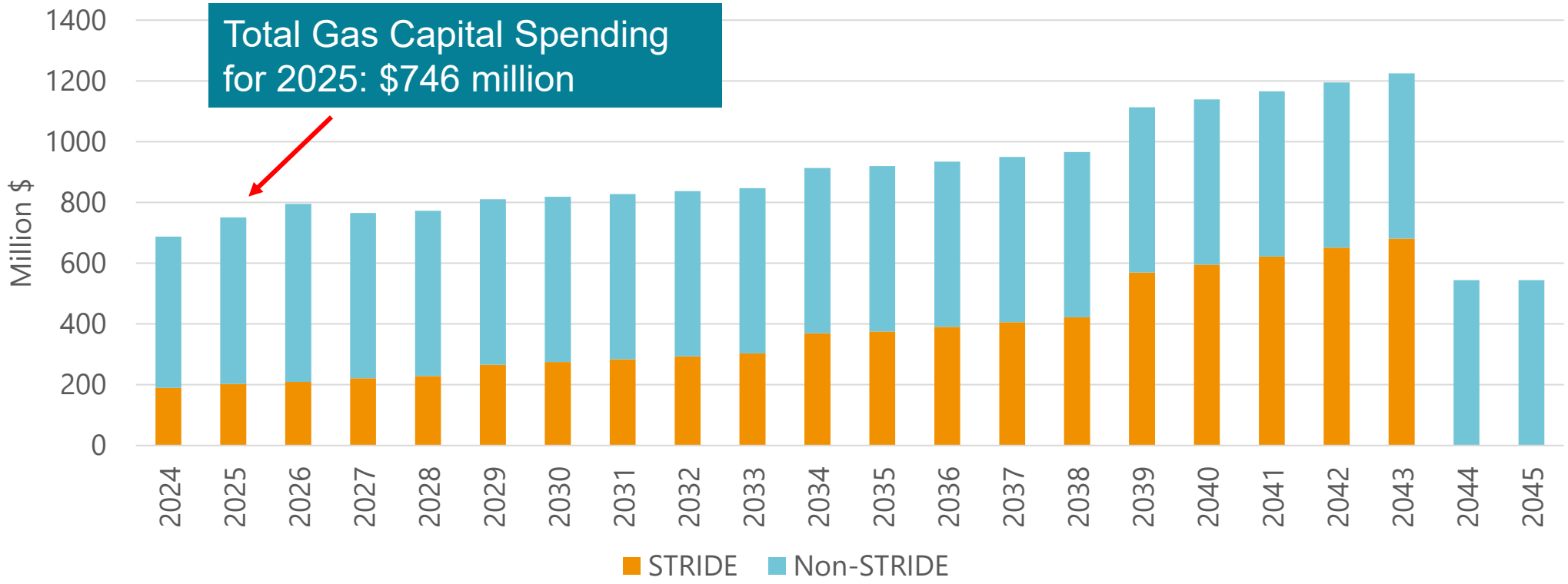


Click on box to go to documents

Rate Increases: Distribution capital infrastructure spe



Projected Annual Capital Spending *of BGE, WGL, and Columbia (million $)*



The STRIDE figures were developed before Columbia Gas withdrew its third STRIDE plan on 12-30-24. Columbia may continue doing the work outside of STRIDE.

Gas system planning

- Priority actions
  - Gas line extension policies
  - Customer incentives for purchases of gas appliance
  - Address promotion and marketing of gas
  - Evaluate procurement strategies
  - Reduce unwarranted barriers to customer electrification
- Long-term planning

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Solar contributions

Significant increase in solar output in PJM since 2023

Year-over-year incremental growth of Solar			
Solar Max 2025 v 2024 (MW)*	53.2%	**Solar Energy 2025 v 2024 (MWhs)***	44.2%
Solar Max 25 v 23 (MW)	133.1%	**Solar Energy 25 v 2023 (MWhs)**	142.5%
Solar Max 24 v 2023 (MW)	52.1%	**Solar Energy 24 v 2023 (MWhs)**	67.9%
YoY PJM Peak 2025 v 2024			4.7%
YoY PJM Peak 2024 v 2023			2.2%

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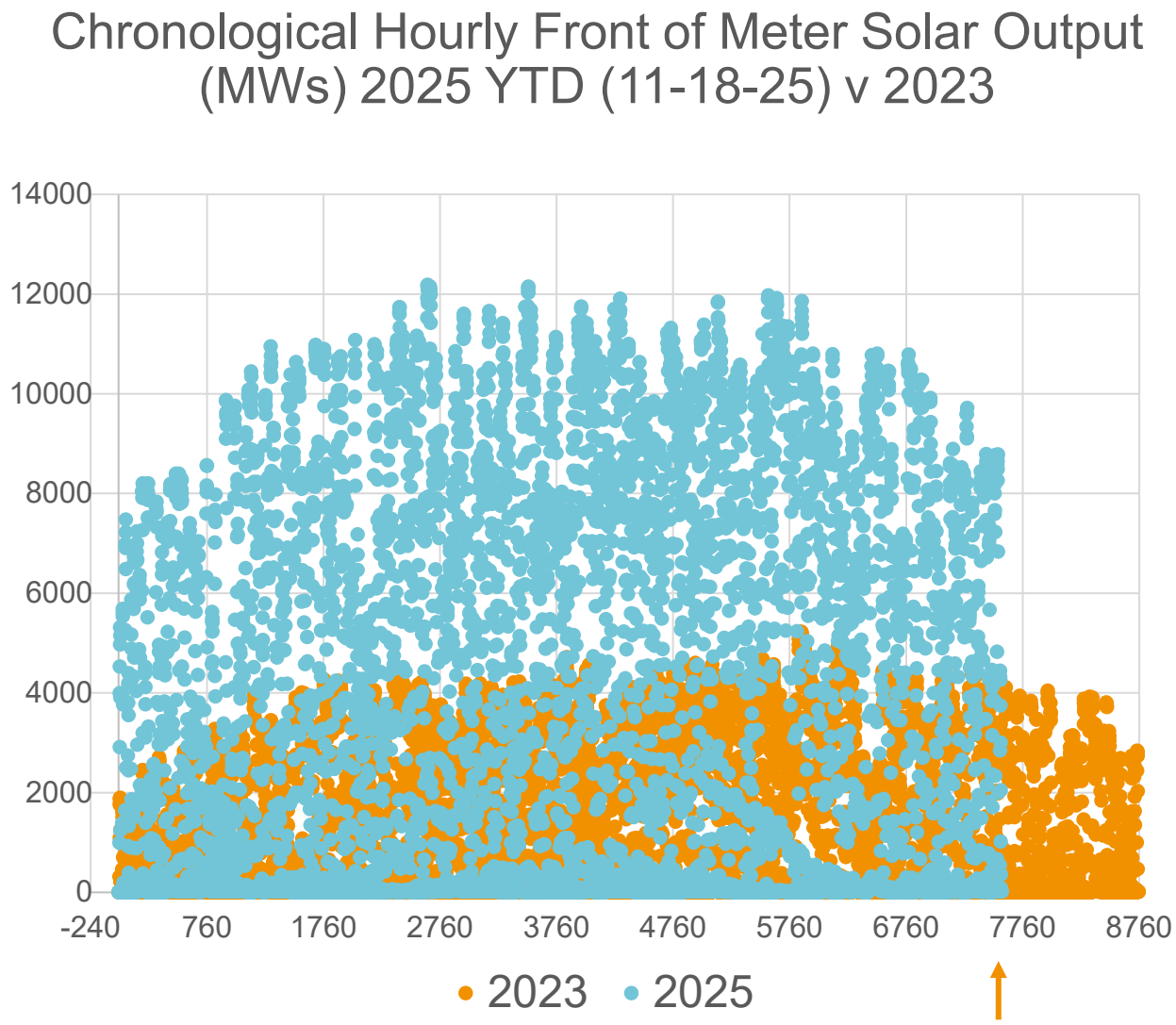
* 2025 numbers through 11-19-25 only. Source: PJM

Significant increase in solar output in PJM since 2023



Source: PJM

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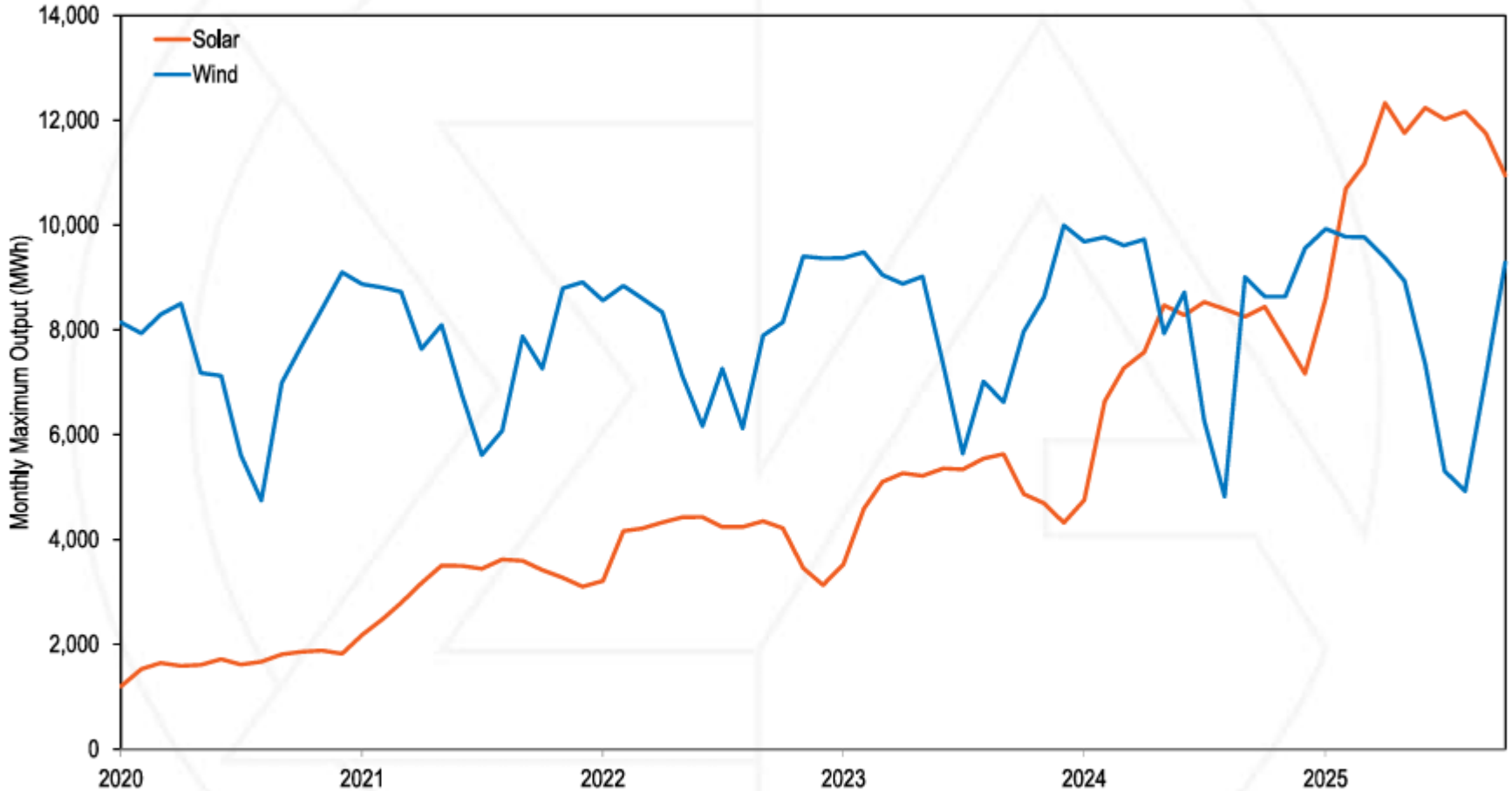
Monthly Maximum Solar and Wind Hourly Output



Exelon 10k SEC filing: Distributed energy is a threat to “current business models”

“Risks Related to Market and Financial Factors”

“The Registrants are **potentially affected by emerging technologies that could over time affect or transform the energy industry** (All Registrants)”

- “Changes in power generation, storage, and use technologies could have significant effects on customer behaviors and their energy consumption.”
- Changes include: “Commercial and residential solar generation installations,” “energy storage technology, including batteries and fuel cells,” “energy efficiency.”
- “**These developments could affect** levels of customer-owned generation, customer expectations, **and current business models and make portions of the Utility Registrants' transmission and/or distribution facilities uneconomic prior to the end of their useful lives**. Increasing pressure from both the private and public sectors to take actions to mitigate climate change could also push the speed and nature of this transition.”

Feb. 2025 10K at 28-29 (emphasis added)