



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 deregulation, 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.

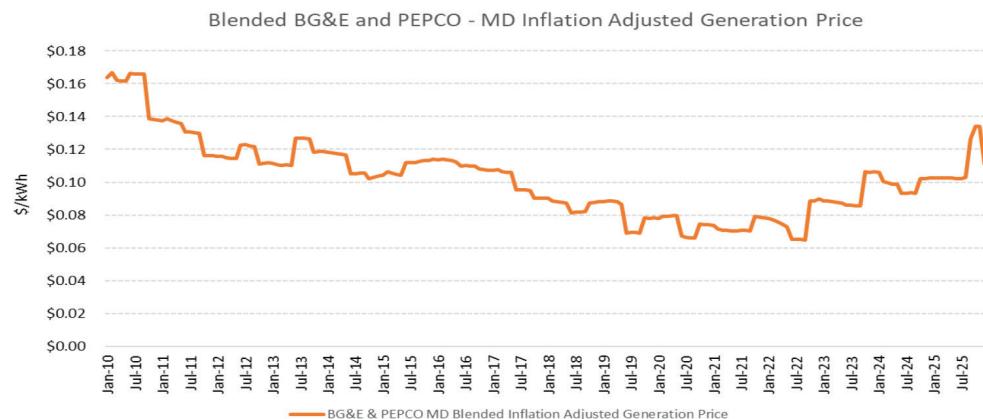
Consumer rate-based generation shifts financial risk to ratepayers

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

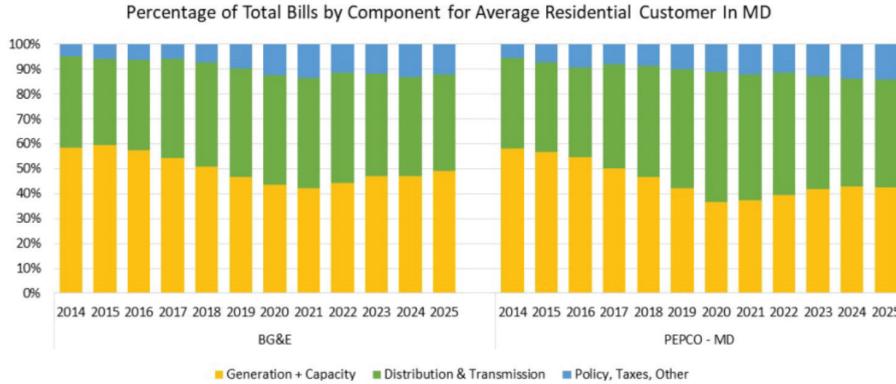
In 1999, Maryland's Electric Customer Choice and Competition Act restructured the market by separating generation from transmission and distribution to **reduce high electricity costs through competition, not a rate-based, guaranteed profit model**. This reform lowered prices and improved service through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