

Energy Affordability- Problems and Solutions

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Maryland Director



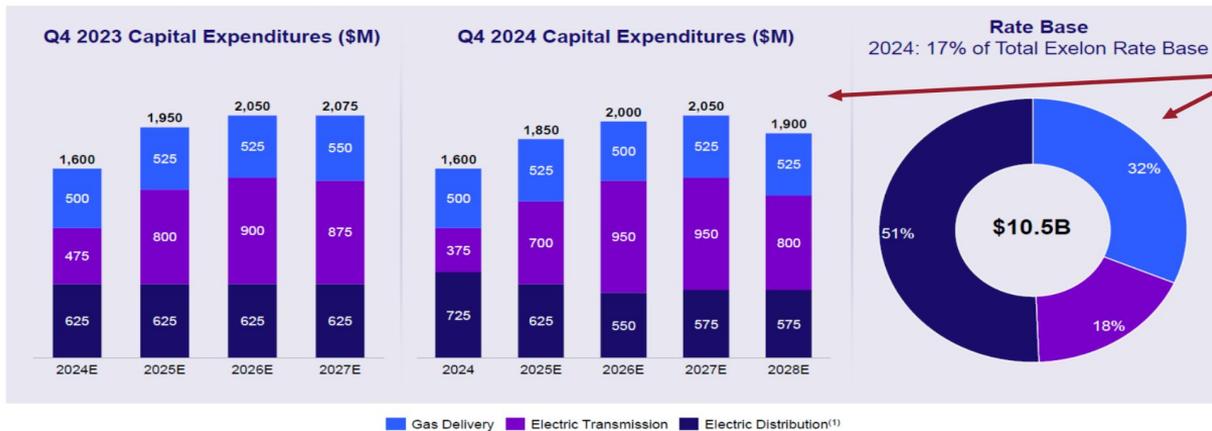
Utilities are in charge of the distribution system, they are regulated monopolies.

Investor-owned utilities are profit maximizers with captive customers.

OPC
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State of Maryland

Utilities are profit maximizers

BGE Capital Expenditure Forecast



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

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.

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Chart Credit: Office of People's Counsel

Most of the charges on a utility bill are the usage x the rate.

Rates are set at the PSC with direction from the Maryland General Assembly.

In recent history, rate hike requests have very rarely been denied because the codified language did not require additional consideration on the matter

Rate Class: Residential Heating
Next Read Date: October 31, 2025

Meter Number	From date	To date	Reading Type	Previous Reading	Current Reading	Consumption Billed CCF
S04886	8/30/25	9/30/25	Actual	2,927	2,957	30
Total CCF						30
Total Therms(TH) used for 32 days (Total CCFx1.020)						30.6

Charges this period	Previous Bill Amount	\$40.38
	Payment September 11, 2025	\$-40.38
	Thank you	
	Balance brought forward	\$0.00
	DISTRIBUTION SERVICE	
	Distribution Charge 30.6 TH x .5222	\$15.98
	STRIDE Surcharge	\$1.00
	EmPower MD Surcharge	\$1.80
	System Charge	\$11.85
	NATURAL GAS SUPPLY SERVICE	
	PGC 30.6 TH x .4399	\$13.46
	TAXES	
Montgomery County Tax 30.6 TH x .0974104	\$2.98	
MD Gross Receipts Tax Surcharge	\$0.01	
Total Current Washington Gas Charges	\$47.98	
Total Washington Gas Charges This Period	\$47.98	

Distribution rates have steadily, intentionally been going up over time

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Table 3: Distribution Rate Increases Since 2010

Utility	Fixed Monthly Charge		Distribution Rate (cents per kilowatt hour)		
	2010	2025	2010	2025	Yearly Average % Increase
Potomac Edison	\$5.00	\$6.00	1.7¢	2.3¢	2.1%
SMECO	\$8.60	\$9.75	2.9¢	5.4¢	4.3%
BGE	\$7.50	\$9.65	2.5¢	5.0¢	4.9%
Delmarva Power	\$6.00	\$9.43	3.2¢	7.2¢	5.8%
Pepco	\$6.65	\$8.44	2.6¢	6.6¢*	6.4%

*Pepco has different rates for "summer" (June-October) and "winter" (November-May) months. The rate shown here is a weighted average of the two rates.

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Recent utility spending on electric system infrastructure not correlated to greater reliability or system resilience, OPC analysis shows

BALTIMORE – Increased capital spending over the past five years on electric system infrastructure such as substations and power lines does not correspond to increased system reliability or resilience, an [OPC analysis filed this week](#) with the Public Service Commission shows.

"The data calls into question whether the utilities' ongoing high levels of spending on capital infrastructure is producing meaningful benefits for customers," said Maryland People's Counsel David S. Lapp. "It's time to shift focus to more targeted and lower-cost measures like vegetation management that can more meaningfully address customer concerns about outages due to major weather events, while curbing growing electric utility rates."

Chart Credit: Office of
People's Counsel

PJM Problems

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Stakeholders Industry Sectors

PJM's members are arranged into five voting blocs or "industry sectors." Each sector is entitled to an equal share of voting power.

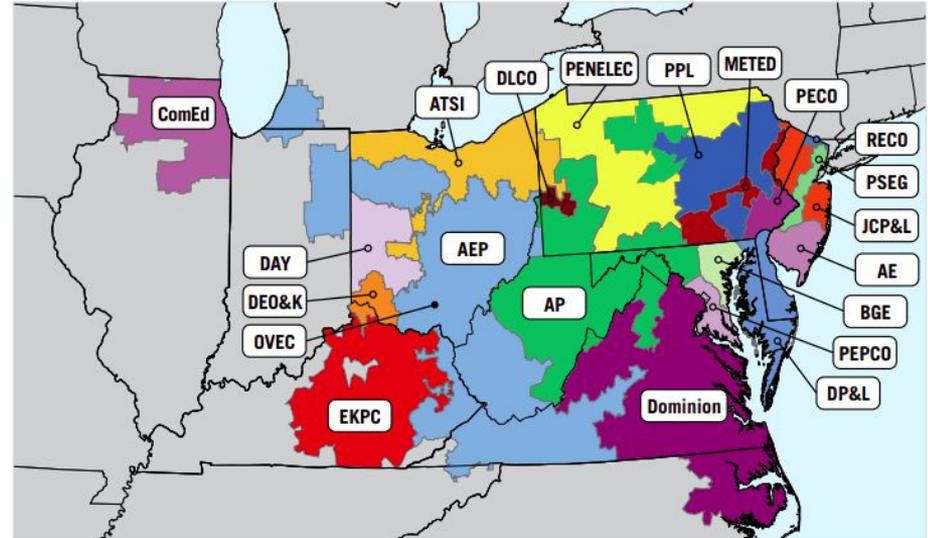
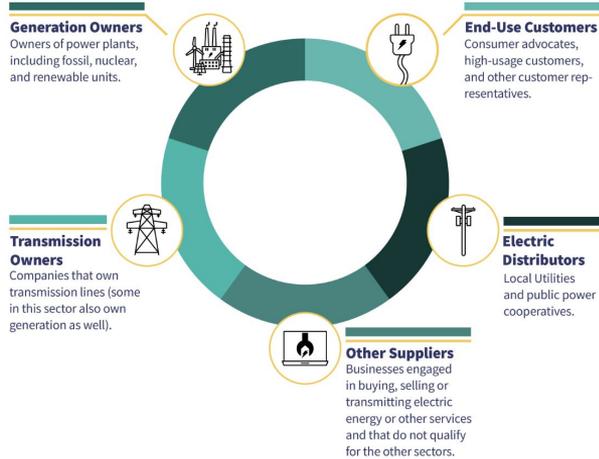


Image Credit: PJM

PJM Problems

Currently, about 30% of the supply costs on a utility bill are due to issues with the PJM wholesale market.

- Not connecting new energy projects quickly enough
- Capacity Market auction not functioning properly
- Data center forecasts are skewing supply and demand projections

Why won't PJM let batteries and clean power bolster a stressed-out grid?

The country's biggest grid operator is preventing developers from adding batteries to existing projects that have extra grid space, in defiance of a federal mandate.



By Jeff St. John
3 October 2024



Table 2. RPM Base Residual Auction Resource Clearing Price Results in the RTO

Delivery Year	Auction Results				
	Resource Clearing Price	Cleared UCAP (MW)	RPM Reserve Margin ¹	Total Reserve Margin ^{1,2,7}	Cleared MW Times Clearing Price (\$ billion)
2016/17 ³	\$59.37	169,159.7	20.7%	20.3%	\$5.5
2017/18	\$120.00	167,003.7	20.1%	19.7%	\$7.5
2018/19	\$164.77	166,836.9	20.2%	19.8%	\$10.9
2019/20	\$100.00	167,305.9	22.9%	22.4%	\$7.0
2020/21 ⁴	\$76.53	165,109.2	23.9%	23.3%	\$7.0
2021/22	\$140.00	163,627.3	22.0%	21.5%	\$9.3
2022/23	\$50.00	144,477.3	21.1%	19.9%	\$3.9
2023/24	\$34.13	144,870.6	21.6%	20.3%	\$2.2
2024/25	\$28.92	147,478.9	21.7%	20.4%	\$2.2
2025/26 ⁵	\$269.92	135,684.0	18.6%	18.5%	\$14.7
2026/27 ⁶	\$329.17	134,205.3	18.9%	18.9%	\$16.1

¹ Reserve Margins converted to ICAP using Pool-Wide AUCAP Factor; ² Total Reserve Margin includes FRR+RPM (Total ICAP/Total Peak-1); ³ 2016/2017 BRA includes EKPC zone;

⁴ Beginning 2020/2021 Cleared UCAP (MW) includes Annual and matched Seasonal Capacity Performance sell offers; ⁵ DOM zone included in RPM; ⁶ EE removed from Market; ⁷ Total Reserve margin does not include FRR commitments to meet the threshold to allow sales into RPM.

Chart Credit: PJM

Estimated Maryland Residential Monthly Bill Increases From July 2025 Capacity Market Auction		
	Cumulative impact of last two capacity auctions (increase from 2024/2025 delivery year)	Impact of most recent capacity auction (increase from 2025/2026 delivery year)
Baltimore Gas and Electric <i>After credits (see explanation below)</i>	\$16.49	\$0.83 (-\$3.36)
Pepco (Maryland) and SMECO <i>After credits (see explanation below)</i>	\$17.68	3.34 \$2.50
Delmarva Power (Maryland)	\$10.43	\$5.24
Potomac Edison (APS-Maryland)	\$20.81	\$3.21

Chart Credit: Office of
People's Counsel

Disinformation- Supply and Demand

Maryland has always imported some of our electricity. Most PJM states are net-importers. **We import energy for economic reasons.** Similar to how we import food because it is cheaper than producing all of our own food.

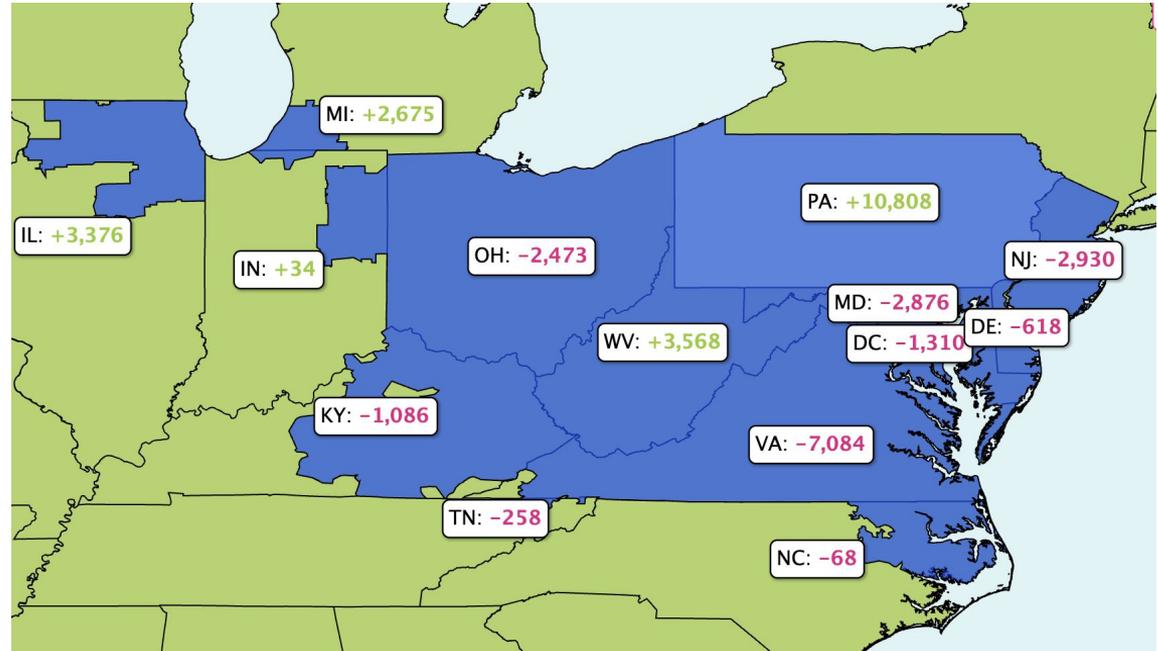
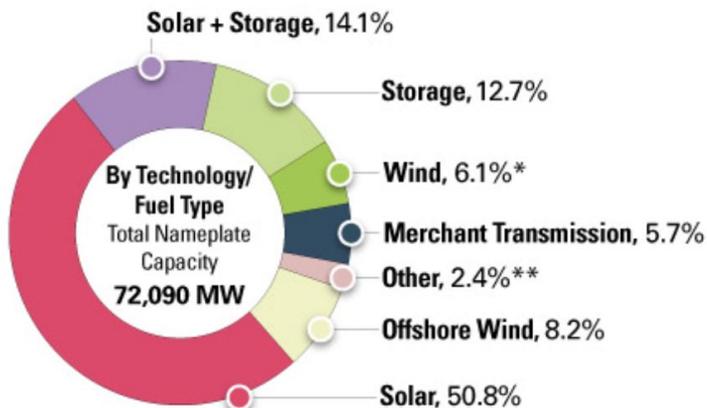


Image Credit: PJM

Disinformation- No one wants to build in MD

Projects To Clear PJM Interconnection Process in 2024 and 2025

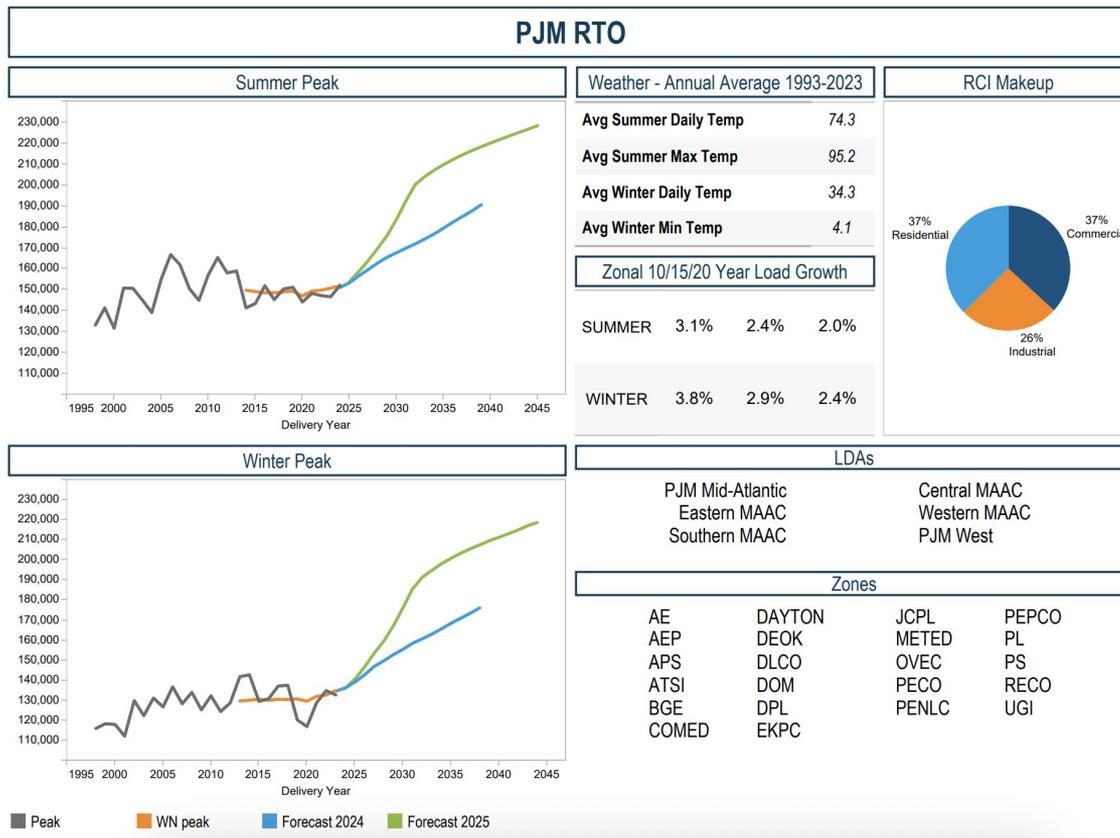
By State	Number of Projects	Total Nameplate Capacity (in MW)
DE	5	1,184
IL	82	13,798
IN	69	13,475
KY	30	4,125
MD	6	1,288
MI	8	887
NC	25	1,775
NJ	25	1,528
OH	72	8,613
PA	108	5,055
VA	162	19,012
WV	15	1,350
Total	616	72,090

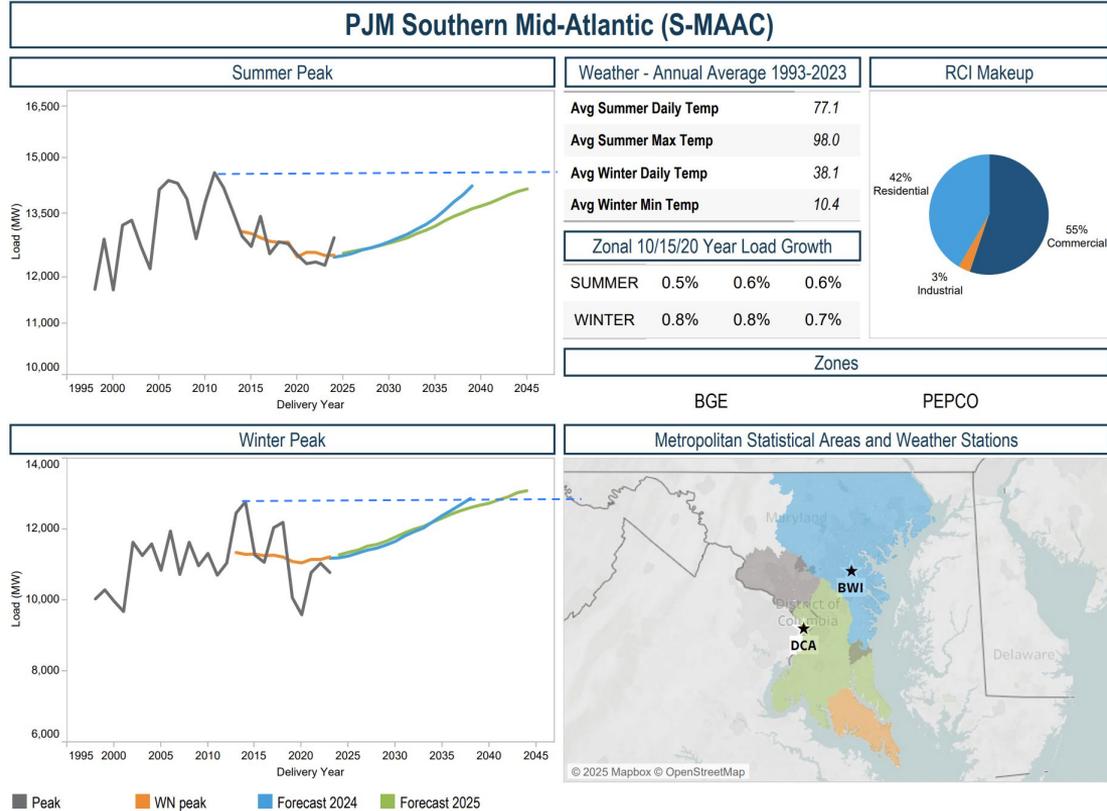


*Includes one combined Wind & Solar facility of 199 MW
 **Other: Natural Gas (1,647 MW, 2.3%) and Hydro (51 MW, 0.1%)

Chart Credit: PJM

Disinformation - Rolling Black Outs





Solutions

- **Build clean energy** using the competitive market
- Ensure clean energy projects are getting through the PJM process
- Battery storage
- **Require data centers to be good neighbors**
- **Reform PJM rules** and stakeholder process
- Hold utilities accountable
- **Visionary leadership**