

**Department of Legislative Services**  
 Maryland General Assembly  
 2026 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 143 (Delegate Charkoudian)  
 Environment and Transportation

**Electric Company Contracts, Capacity Market Models, and Regional  
 Transmission Organizations - Studies**

The bill requires the Public Service Commission (PSC), in consultation with the Maryland Energy Administration (MEA), to study the benefits and costs of requiring each electric company in the State to demonstrate to PSC that it has contracted for at least 80% of its load-serving capacity over the next five-year period. In addition, in consultation with neighboring states, PSC and MEA must jointly study the benefits and costs of, and make recommendations on, potential options for withdrawing from PJM Interconnection, LLC (PJM), as specified. By December 31, 2026, PSC and MEA jointly must submit a report of their findings and recommendations to the Governor and the General Assembly. **The bill takes effect July 1, 2026.**

**Fiscal Summary**

**State Effect:** Special fund expenditures increase by \$600,000 only in FY 2027. Special fund revenues increase correspondingly from assessments imposed on public service companies.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	\$600,000	\$0	\$0	\$0	\$0
SF Expenditure	\$600,000	\$0	\$0	\$0	\$0
Net Effect	\$0	\$0	\$0	\$0	\$0

*Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** The bill does not materially affect local government operations or finances.

**Small Business Effect:** None.

## Analysis

**Bill Summary:** PSC and MEA, in consultation with neighboring states, must jointly study the benefits and costs of, and make recommendations on, potential options for:

- withdrawing from the PJM capacity market model and developing a multistate compact to engage in the fixed resource requirement alternative to secure electric capacity through entering contracts with private entities or competitive capacity auctions; and
- withdrawing from PJM and (1) establishing an independent regional transmission organization (RTO) or (2) joining an existing RTO operating in another region or state.

### **Current Law:**

#### *Electric Customer Choice and Competition Act of 1999*

The Electric Customer Choice and Competition Act of 1999 facilitated the restructuring of the electric utility industry in Maryland, which deregulated the generation, supply, and pricing of electricity. As part of restructuring, the State's vertically integrated electric companies divested themselves of their generation assets. With restructuring, generation resources are considered competitive, and the competitive market is relied upon to provide new generation resources and to meet load requirements.

#### *Public Service Commission*

PSC must supervise and regulate public service companies, which include electric companies, subject to its jurisdiction to (1) ensure their operation in the interest of the public and (2) promote adequate, economical, and efficient delivery of utility services in the State without unjust discrimination. In doing so, PSC must consider the public safety, the economy of the State, the maintenance of fair and stable labor standards for affected workers, the conservation of natural resources, the preservation of environmental quality, the achievement of the State's climate commitments for reducing greenhouse gas emissions, and the protection of a public service company's infrastructure against cybersecurity threats. PSC must also enforce compliance with legal requirements by public service companies. State law does not require electric companies to be a member of an RTO.

#### *PJM Interconnection, LLC*

PJM is the RTO for all or parts of 13 states plus the District of Columbia, including Maryland. According to PJM, its members include electricity distributors, transmission and

generator owners, organizations that can sell electricity to end-users, marketing firms, and end-use customers. PJM members take part in PJM's stakeholder process, which provides a forum for those who have a stake in the wholesale electric industry to discuss and work through issues related to PJM markets, operations, public policies, and current and future industry matters. PJM's stakeholder process – the Consensus-Based Issue Resolution strategy – uses [committees](#), subcommittees, user groups and task forces to conduct business.

All four Maryland investor-owned utilities are affiliate [members](#) of PJM, and all five Maryland municipal electric utilities are voting members of PJM, as is the Southern Maryland Electric Cooperative.

**State Fiscal Effect:** Special fund expenditures for PSC increase by \$600,000 in fiscal 2027 only to hire a consultant to complete the required studies and submit the required report. Neither PSC nor MEA have the necessary software, databases, or staff expertise to conduct the required studies without outside assistance. This estimate assumes that PSC takes the lead and that any costs incurred to hire a consultant are paid out of PSC's Public Utility Regulation Fund. To that end, this analysis assumes that MEA can consult with PSC as needed using existing resources.

PSC is funded through an assessment on the public service companies that it regulates. As a result, special fund revenues for PSC increase correspondingly from assessments imposed on public service companies.

**Additional Comments:** Based on prior experience, PSC advises that it might not be feasible to hire a consultant, complete the required studies, and submit the required report by the December 31, 2026 deadline established by the bill.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** SB 92 (Senator Hettleman) - Education, Energy, and the Environment.

**Information Source(s):** Public Service Commission; Maryland Energy Administration; PJM Interconnection, LLC; Department of Legislative Services

**Fiscal Note History:** First Reader - January 27, 2026  
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