

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 54 (Delegate Allen)
 Environment and Transportation

Task Force to Study Restructuring Maryland's Electric Utility Industry

This bill establishes the Task Force to Study Restructuring Maryland’s Electric Utility Industry. The Public Service Commission (PSC) must provide staff for the task force. Task force members may not receive compensation but are entitled to reimbursement for travel expenses. By November 1, 2027, the task force must report its findings and recommendations to the General Assembly. **The bill takes effect July 1, 2026, and terminates June 30, 2028.**

Fiscal Summary

State Effect: Special fund expenditures for PSC increase by approximately \$667,000 in FY 2027 and by approximately \$333,000 in FY 2028. 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 | \$667,000 | \$333,000 | \$0 | \$0 | \$0 |
| SF Expenditure | \$667,000 | \$333,000 | \$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: The task force must:

- study options for restructuring Maryland’s electric utility industry, such as publicly owned utilities, cooperatives, and public utility districts;
- evaluate options for improving or reducing electricity rates for Maryland ratepayers;
- assess strategies for ensuring that electric companies are more responsive to ratepayer needs;
- examine alternative utility and governance models used in other states, including Nebraska, Washington, and Oregon, and compare electricity rates in those states with electricity rates in Maryland;
- compare infrastructure investments and improvements made by publicly owned electric companies with infrastructure investments and improvements made by private electric companies;
- analyze the legal implications of transferring electric company assets to public ownership, including through the use of eminent domain, all or part of the privately owned electric company assets within the State;
- evaluate options for energy market participation, including withdrawal from PJM Interconnection, LLC (PJM);
- estimate the potential costs and benefits to Maryland residents of transitioning to the options and models studied by the task force;
- identify options for providing public review or approval of proposed structural changes; and
- develop recommendations based on its findings.

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 includes 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 Regional Transmission Organization (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 an estimated \$1.0 million over the two-year duration of the task force to hire a consultant to oversee the work of the task force and provide analysis in support of its required duties. This estimate is based on the cost of similar consultants recently hired by PSC. While PSC has technical experts on staff, the scope of the task force and the time frame within which the task force must complete its work necessitate supplemental assistance.

Based on the bill's July 1, 2026 effective date and the task force's reporting deadline of November 1, 2027, this analysis assumes that PSC incurs about two-thirds of the consultant costs in fiscal 2027 and the remaining one-third in fiscal 2028. Accordingly, special fund expenditures for PSC increase by approximately \$667,000 in fiscal 2027 and \$333,000 in fiscal 2028.

Generally, 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.

Any expense reimbursements for task force members are assumed to be minimal and absorbable within existing budgeted resources. In addition, it is assumed that any other State agencies represented on the task force can participate using existing resources.

Additional Comments: PSC advises, and the Department of Legislative Services concurs, that it may not be feasible for the task force to address all of its required duties within the time frame established by the bill.

Additional Information

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

Designated Cross File: None.

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

Fiscal Note History: First Reader - January 26, 2026
jg/lgc

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