

Maryland Energy Storage Program Report

Pursuant to
2026 Utility RELIEF Act,
§7-216.1(d) of Public Utilities Article,
Annotated Code of Maryland

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William Donald Schaefer Tower
6 St. Paul Street
Baltimore, Maryland 21202-6806
www.psc.maryland.gov

INTRODUCTION

This Maryland Energy Storage Program Report is prepared by the Maryland Public Service Commission (“Commission”) in compliance with *Annotated Code of Maryland*, Public Utilities Article (“PUA”) §7-216.1(d), which requires the Commission to submit a report on the status of the Maryland Energy Storage Program by November 1 of each year to the General Assembly pursuant to §2-1257 of the State Government Article. The report must provide an operational storage capacity overview including a detailed breakdown of the operational energy storage capacity by certain categories in the State counted toward the energy storage goal set in PUA §7-216.1(c)(3) to reach a minimum of 3,000 megawatts (“MW”) of energy storage, or the maximum cost-effective amount of energy storage that can be deployed, by the end of delivery year 2033. This report must also recommend whether the capacity goal established under PUA §7-216.1(c)(3) should be altered including any barriers to achieving the goals identified or any other information the Commission considers pertinent. This is the first Maryland Energy Storage Program Report prepared by the Commission required under the Maryland Utility RELIEF (Reducing Energy Load Inflation for Everyday Families) Act, which is a bipartisan omnibus energy law signed by Governor Wes Moore on May 12, 2026.

BACKGROUND

The Energy Storage Program Act (“ESPA”) signed by Governor Wes Moore on May 8, 2023, and codified in PUA §§7-216 and 7-216.1, directs the Commission to establish the Maryland Energy Storage Program (“MESP”) to meet the following Phased Deployment Targets.¹

- Phase I: 750 MW of cumulative energy storage capacity by May 31, 2028
- Phase II: 1,500 MW of cumulative energy storage capacity by May 31, 2031
- Phase III: 3,000 MW of cumulative energy storage capacity by May 31, 2034

A second Maryland energy storage goal is required by the Next Generation Energy Act (“NGEA”) that was passed by the Maryland General Assembly on April 7, 2025 and signed into law by

¹ The goals in PUA §7-216.1 are the end of the PJM delivery year for 2027, 2030, and 2033 which are May 31, 2028, 2031, and 2034, respectively.

Governor Wes Moore on May 20, 2025. The NGEA establishes front-of-meter distribution-level and front-of-meter transmission-level energy storage capacity goals for Maryland.

NGEAdx Program

The NGEA front-of-meter distribution-level goal is being pursued in the Commission's NGEA Distribution-Level ("NGEAdx") program. The NGEAdx goal is to solicit a cumulative 150 MW of distribution-level, front-of-meter energy storage devices to be operational by November 1, 2028, with the first 50 MW operational by November 1, 2027 in Round 1 and the remainder operational by November 1, 2028 in Round 2. The NGEAdx provisions are codified in PUA §7-216.2. Commission proceedings to achieve this distribution-connected energy storage target are docketed in Case No. 9715.

The Commission directed the Maryland investor-owned-utilities to provide plans for Round 1 distribution-level front-of-meter energy storage devices in Order No. 91705, issued June 24, 2025. By utility, the Commission directed the following:

1. Baltimore Gas and Electric Company ("BGE") - An initial Round 1 plan for a minimum of 29 MW is required by November 1, 2025;
2. Potomac Electric Power Company ("Pepco") - An initial Round 1 plan for a minimum of 10.5 MW is required by November 1, 2025;
3. Delmarva Power and Light Company ("Delmarva") - An initial Round 1 plan for a minimum of 4 MW is required by November 1, 2025; and
4. The Potomac Edison Company ("Potomac Edison") - An initial Round 1 plan for a minimum of 6.5 MW is required by November 1, 2025.

These Round 1 plans were filed by the Maryland investor-owned-utilities and approved in Order No. 92281, issued April 8, 2026.

BGE's approved plan targets a minimum deployment of 29 MW spread across three program models: (1) a 3 MW BGE-owned Utility Distribution Battery Energy Storage System ("BESS")

Program, (2) a 15 MW Commercial and Industrial Customer-Sited Program, and (3) an 11 MW Third-Party Market Indexed Storage Credit² Program.

Delmarva's and Pepco's approved plan, through their parent company, Pepco Holdings, Inc. (PHI), is to procure 14.5 MW of front-of-meter, distribution connected, third-party owned and operated BESS, divided as follows: 10.5 MW in Pepco's service territory and 4.0 MW in Delmarva's service territory.

Potomac Edison's approved plan is a distribution-connected energy storage plan that aims to secure a minimum of 6.5 MW capacity through third-party developed, owned, and operated projects.

The Maryland investor-owned-utilities will provide plans for Round 2 distribution-level, front-of-meter energy storage devices as follows:

1. BGE - a minimum of 58 MW is required by November 1, 2026;
2. Pepco - a minimum of 21 MW is required by November 1, 2026;
3. Delmarva - a minimum of 8 MW is required by November 1, 2026; and
4. Potomac Edison - a minimum of 13 MW is required by November 1, 2026.

NGEAtx Program

The NGEA front-of-meter transmission-level goal is being pursued in the Commission's NGEA Transmission-Level ("NGEAtx") program. The NGEAtx goal is a cumulative goal of 1,600 MW of front-of-meter, transmission-connected energy storage, to be acquired through two separate competitive solicitations of 800 MW each and in-service by October 1, 2029 with the first tranche of Round 1 projects in-service by October 1, 2028. The NGEAtx procurement program provisions are codified in PUA §§7-1224 through 7-1229. Successful applicants will receive Energy Storage Capacity Credit ("ESCC") awards from the Commission. ESCCs help improve the ability of large-energy storage projects to obtain financing by providing a more stable revenue stream which acts

² An Indexed Storage Credit is a market-based financial mechanism and contract-for-difference used in the industry by utilities and states to support utility-scale battery energy storage systems.

as a hedge against future PJM Interconnection capacity market price uncertainty. Commission proceedings to achieve these NGEAtx energy storage targets are docketed in Case No. 9886.

Five applicants submitted proposals in Round 1. The Commission, assisted by its consultant, Power Advisory LLC, found all five applications administratively complete and eligible for consideration, then evaluated and ranked them using qualitative and quantitative criteria, including the consideration of cost-effectiveness and potential ratepayer impacts. Two applicants—the 300 MW Fourth Quarter Battery Energy Storage System project in Montgomery County and the 135 MW Pulaski Energy Storage Project in Baltimore County—subsequently withdrew from consideration.

After a public hearing on July 30, 2026 and evidentiary hearings involving multiple parties from August 4-6, 2026, the Commission determined that the 400 MW Chalk Point Storage Project in Aquasco, Prince George’s County and the 40 MW Jade Meadow III Battery Storage Project in Barton, Garrett County were the most cost-effective and highest ranked remaining proposals. The Chalk Point Storage Project will be located at the existing Chalk Point power plant site. The Jade Meadow III Battery Storage Project will be a combined solar-and-storage facility located on a reclaimed coal mine. Together, these projects would provide 440 MWs of energy storage capacity with four-hour durations under flat, 15-year award terms, subject to the Commission’s approval conditions and obligations. The combined estimated levelized cost of the two selected projects is 6.98 cents per month for a Maryland residential customer.

The Commission did not select the 500 MW Oystercatcher Energy Storage Project in Harford County for an award in Round 1 due to its lower project ranking, and in consideration of cost-effectiveness and ratepayer impacts. However, the Commission recognized the project’s desirable electric grid location and characteristics and invited the applicant to consider participating in Round 2. The Commission also denied Chalk Point’s proposed increase from 400 MWs to 535 MWs for Round 1 because the revised capacity was offered after the application window closed and was not evaluated through the competitive solicitation process. Chalk Point may submit their expanded proposal in Round 2.

The Chalk Point Storage Project and Jade Meadow III Battery Storage Project will still need to apply for construction approval from the Commission which will require additional public and

evidentiary hearings regarding non-financial aspects of the projects including safety, siting, and environmental impacts, among other statutory factors.

The Commission will also continue the ESCC awards process through its Round 2 solicitation with a Request for Applications to be issued by January 1, 2027. The Round 2 solicitation is expected to attract many more offers due to a potential expanded pool of over 40 additional energy storage projects representing more than 8,000 MWs of total capacity from the PJM's Cycle 1 interconnection process that closed on April 27, 2026.

STATUTORY REPORT REQUIREMENTS

A. PUA §7-216.1(d)(1)

PUA §7-216.1(d)(1) requires a report on the capacity of operational energy storage devices in the State that is being counted toward the capacity goal established under PUA §7-216.1(c)(3), disaggregated by:

- (i) electric company service territory;
- (ii) energy storage device capacity;
- (iii) front-of-meter transmission-level ("FTM-T") storage;
- (iv) front-of-meter distribution-level ("FTM-D") storage;
- (v) behind-the-meter ("BTM") storage; and
- (vi) any other relevant category, as determined by the Commission.

As of the end of 2025, there are no FTM-T storage devices, 8.75 MW of FTM-D, and 60.31 MW of BTM storage devices currently operational in Maryland for a total of 69.06 MW. This energy storage device capacity is categorized by electric company service territory in the Table below:

Table: Operational Energy Storage Devices in Maryland Through December 31, 2025

	BGE	Choptank³	Delmarva	Pepco	Potomac Edison	SMECO⁴	Totals (MWs)
FTM-T	0	0	0	0	0	0	0
FTM-D	4.5 MW ⁵	0	1.0 MW ⁶	1.0 MW ⁷	2.25 MW ⁸	0	8.75 MW
BTM	19.35 MW	7.98 MW	3.14 MW ⁹	17.49 MW	6.23 MW	6.12 MW	60.31 MW
Totals	23.85 MW	7.98 MW	4.14 MW	18.49 MW	8.48 MW	6.12 MW	69.06 MW

B. PUA §7-216.1(d)(2)

PUA §7-216.1(d)(2) requires a report on whether the capacity goal established under PUA §7-216.1(c)(3) should be altered. At this time, the Commission does not recommend modifying the energy storage goal set in PUA §7-216.1(c)(3) to reach a minimum of 3,000 MWs of energy storage, or the maximum cost-effective amount of energy storage that can be deployed, by the end of delivery year 2033. This goal is achievable through a combination of energy storage procurements, tariffs, and incentives as described more fully in Section D of this report.

C. PUA §7-216.1(d)(3)

PUA §7-216.1(d)(3) requires a report on barriers to achieving the energy storage goals identified in the statute. While it is too early to identify all potential barriers that may impede achievement of Maryland's 3,000 MW energy storage goal, the Commission notes that its current experience with FTM energy storage devices in the Commission's NGEAtx program included public opposition in Harford County to the 500 MW Oystercatcher Energy Storage Project. In addition, the Route 202 Neighborhood Coalition, on behalf of the Eagle Harbor, Cedar Haven, and

³ Choptank Electric Cooperative, Inc.

⁴ Southern Maryland Electric Cooperative, Inc.

⁵ This total includes utility-owned and -operated energy storage devices at Fairhaven Substation (2.5 MW) and Coldspring Substation (1.0 MW) and a third-party owned and utility-operated energy storage device at Chesapeake Beach Substation (1.0 MW).

⁶ This total includes a utility-owned and -operated energy storage device at Ocean City Substation (1.0 MW).

⁷ This total includes a third-party-owned and -operated energy storage device at Brookville Bus Depot (1.0 MW).

⁸ This total includes a utility-owned and -operated energy storage device at Myersville (0.5 MW) and a third-party-owned and -operated energy storage device at Town Hill Substation (1.75 MW).

⁹ This total includes a utility-owned and third-party operated 0.5 MW virtual power plant operating in the Elk Neck area of Cecil County.

neighboring Tri-County communities in Prince George's County, requested a procedural pause to delay final decisions on the approval of energy storage capacity credits for the 400 MW Chalk Point Energy Storage Project. Pepco also received significant local opposition to its 1.0 MW Livingston Road Battery storage pilot project in Prince George's County several years ago before it abandoned the project due to a variety of reasons, not just local opposition. Therefore, a potential barrier that may impede achievement of Maryland's 3,000 MW energy storage goal is that FTM energy storage devices may be situationally opposed in local jurisdictions.

FTM transmission-level and distribution-level projects must undergo the Commission's construction approval process pursuant to the Renewable Energy Certainty Act ("RECA") that was passed by the General Assembly in April 2025 and signed into law by Governor Wes Moore on May 20, 2025. Certificates of public convenience and necessity ("CPCNs") are not required for these energy storage devices except in situations where the project is co-located with another generation facility or enters the Commission's dispatchable generation process.¹⁰ Therefore, these energy storage devices may not preempt local zoning and land-use regulations as is the case for qualifying electric generating stations and high-voltage transmission lines except for NGEAtx procurements.¹¹

However, RECA, as codified in PUA §7-219(f), stipulates that a local jurisdiction may not adopt zoning laws or other laws or regulations that prohibit the construction or operation of FTM energy storage devices; or deny site development plans for FTM energy storage devices that meet certain requirements. In addition, RECA states that a local jurisdiction shall expedite the review and approval of site development plans for FTM energy storage devices if those plans meet the requirements of this section; and adopt standard processes for the review and approval of site development plans for the construction of FTM storage devices. Therefore, RECA does remove some barriers that may impede achievement of Maryland's 3,000 MW energy storage goal as long as certain requirements are met by an energy storage project.

¹⁰ The NGEA required and established expedited CPCN processes for dispatchable energy generation and large capacity energy resources in Maryland codified under PUA §7-207.5.

¹¹ PUA §7-1227(b), which governs the NGEAtx procurements, states that "An order selecting a proposal under §7-1226 of this subtitle bestows the same rights to the selected proposal that a generating system would otherwise be granted through a certificate of public convenience and necessity under §7-207 of this title if the selected proposal is reviewed under an alternative process as determined by the Commission."

In summary, while it is still too early to tell if local community and jurisdictional opposition will be a barrier to achievement of Maryland's 3,000 MW energy storage goal, the Commission notes that the pathway forward for FTM energy storage devices to be installed and operated may involve significant challenges. The Commission encourages all Maryland local jurisdictions to become partners in this effort and expeditiously address their zoning code definitions¹² and implement energy storage review and approval processes pursuant to RECA as codified in PUA §7-219(f).

D. PUA §7-216.1(d)(4)

PUA §7-216.1(d)(4) requires a report on any other information the Commission considers pertinent. The ESPA, as codified in PUA §7-216.1(c)(3), states that "The Program **shall** include competitive procurement mechanisms to reach a minimum of 3,000 megawatts of energy storage, or the maximum cost-effective amount of energy storage that can be deployed, by the end of delivery year 2033." (emphasis added) Furthermore, PUA § 7-216.1(c)(4)(i) states "The Program **may** include [] a system of energy storage credits and market-based incentives." (emphasis added) Therefore, as indicated by the plain language of the ESPA, competitive energy storage procurements are required in the MESP but grid services tariffs (*i.e.*, market-based incentives) and deployment incentives (*i.e.*, energy storage credits) are not a mandatory requirement.

An MESP Work Group was launched in October 2023 to design an energy storage program pursuant to the ESPA. Despite grid services tariffs and deployment incentives not being a mandatory requirement in the ESPA, the MESP Work Group recommended a broad program in its Phase I Report,¹³ issued October 1, 2024, including procurement programs, grid services programs, deployment incentives and a charging tariff, among other things. The Commission's MESP program was officially launched on June 24, 2025 with Order No. 91705 directing utility NGEAdx procurements and also currently includes NGEAtx procurements. Combined, the NGEAdx and NGEAtx procurement efforts could yield 1,750 MW or more¹⁴ of energy storage in

¹² For instance, in the Commission's NGEAtx procurement involving the Oystercatcher Energy Storage Project, the lack of an applicable zoning code definition may preclude installing a FTM energy storage device in Harford County.

¹³ Maillog No. 312609.

¹⁴ The Utility RELIEF ("Reducing Energy Load Inflation for Everyday Families") Act in 2026 modified the NGEA to clarify that the Commission can exceed 800 MW in a single procurement round if the proposed projects are cost-effective and in the best interest of Maryland ratepayers.

Maryland by October 1, 2029 which would exceed the ESPA’s Phase II Deployment Target of 1,500 MW of cumulative energy storage capacity by May 31, 2031. DRIVE Act¹⁵ virtual power plants, with BTM energy storage devices, may also contribute to filling this gap. However, even the success of the NGEAdx, NGEAtx, and DRIVE Act initiatives would still leave a gap of more than 1,000 MWs that must be deployed to achieve the ESPA’s Phase III Deployment Target of 3,000 MW of cumulative energy storage capacity by May 31, 2034. The MESP Work Group proposed in its Phase II Final Report,¹⁶ the following three tools to help fill this gap.

1. A grid service framework (“GSF”) to be used by electric companies to establish “walk-up” tariffs¹⁷ that will spur energy storage deployment by compensating both BTM and FTM energy storage devices for the value these devices provide the electric grid.
2. A deployment incentive framework (“DIF”) that can be used by electric companies or State agencies to incentivize energy storage deployment to bridge the gap between the revenues available to an energy storage project and the cost to deploy it.
3. An energy storage charging rate design framework to be used by electric companies to establish the rates by which FTM, distribution-connected, energy storage projects are billed for energy used to charge energy storage devices.

These three tools reflect the collective expertise of the Commission’s consultants¹⁸ and MESP Work Group stakeholders. While the MESP started with NGEAdx and NGEAtx energy storage

¹⁵ Maryland's Distributed Renewable Integration and Vehicle Electrification (“DRIVE”) Act was signed into law by Governor Wes Moore on May 9, 2024 and is codified into law under Public Utilities Article, §§7-1001 through 7-1007. On June 29, 2026, the Commission issued its Order No. 92488 approving certain investor-owned utility DRIVE Act program proposals for a combination of solar, energy storage, bi-directional enabled electric vehicles, and load reduction technologies enabled by both utilities and aggregators totaling 185.69 MW.

¹⁶ The MESP Work Group Final Phase II Report being filed in the Case No. 9715 docket include the MESP Work Group Phase II Final Report, Appendix C: Charging Tariff Report, Appendix D Part I: Program Design Study Report and Appendix D Part II - Financial Analysis Results Redesign.

¹⁷ A “walk up” tariff is a program whereby the utility provides a tariff with known compensation and performance characteristics to energy storage developers for grid services.

¹⁸ The Workgroup’s efforts were assisted by a joint Customized Energy Solutions Ltd and Apex Analytics LLC team who performed an energy storage design study to establish the GSF and DIF frameworks. A Stack Energy Consulting member led a Work Group subteam to establish an energy storage charging rate design. An Energy Policy Design Institute (EPDI) member provided industry expertise facilitating Work Group meetings and writing the Work Group’s Phase I and Phase II Final Reports.

procurements, tariffs and incentives may in time eliminate the need for procurements. The Commission is currently contemplating the MESP Work Group report and the proposed tools in Case No. 9715. Barring unforeseen obstacles, any tools approved by the Commission should be implemented in 2027.