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PUBLIC SERVICE COMMISSION

February 18, 2021

Chair Dereck E. Davis
House Economic Matters Committee
Room 231, House Office Building
Annapolis, MD 21401

**RE: HB 66 – INFORMATION – Electric Generation - Transition From Fossil Fuels -
(Maryland Coal Community Transition Act of 2021)**

Dear Chair Davis and Committee Members:

I have reviewed House Bill 148 and provide the information below for the Committee's consideration. HB 66 requires reduced emissions from Maryland's coal plants and provides funding from the Strategic Energy Investment Fund to address economic consequences of transitioning from reliance on these facilities.

If Maryland's coal plants cease current operations -- the Commission, in its role as the regulator of reliable electricity in the state -- would actively monitor this transition, especially effects on electricity transmission and reliance on alternate energy resources. The prescribed dates for discontinued operations in HB 66 would provide the energy stakeholder community with time to institute plans to replace necessary energy capacity. PJM Interconnection, LLC, the regional transmission operator serving Maryland would have time to plan for enhancements of the regional grid to ensure Marylanders have continued access to reliable electricity. PJM's power markets would also provide investment signals for new resources, including those that could meet Maryland's renewable energy requirements.

Monitoring Analytics, PJM's independent market monitor, reports that regional energy prices have dropped in recent years;¹ natural gas has substantially displaced coal in PJM's markets.² No new coal plants are being planned, and many existing coal facilities participating in PJM's competitive markets are opting to retire. In Maryland, GenOn attributes its decision to retire its Morgantown facility to this legislation and acknowledges that it ceased coal-fired operations at its Chalk Point facilities.³ Similarly, Talen Energy announced plans to cease coal-

¹ 2020 Quarterly State of the Market Report for PJM: January through September, at 153.

² *Id.*, at 173-178.

³ *GenOn Holdings, Inc. Announces Retirement of Morgantown Coal Units* (GenOn Press Release, December 18, 2020) <https://www.genon.com/genon-news/genon-holdings-inc-announces-retirement-of-morgantown-coal-units>
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fired operations at its Brandon Shores and Wagner plants.⁴ While no announcements have been made regarding the Warrior Run facility, it operates under a long-term payment agreement pursuant to the Public Utilities Regulatory Policies Act through 2030.

Finally, I note that HB 66 does not define “permanent retirement.” As such, a generating unit could “retire” its coal-fired operations but replace the unit with another high emitting fuel, such as oil. The bill also allows for new generating facilities reliant upon fuel sources with considerably higher greenhouse gas emissions than natural gas.⁵ The emissions threshold prescribed in the bill could allow for continued operation of coal-fired facilities in certain instances, such as co-firing with sustainably grown biomass.

Thank you for the opportunity to provide informational testimony regarding HB 66. Please contact my Director of Legislative Affairs, Lisa Smith, at 410-336-6288 if you have any questions.

Sincerely,



Jason M. Stanek
Chairman

⁴ *Talen Energy Announces Transformational Move Towards a Sustainable, ESG-Focused Future* (Talen Press Release, November 10, 2020) <https://talenergy.investorroom.com/2020-11-10-Talen-Energy-Announces-Transformational-Move-Toward-a-Sustainable-ESG-Focused-Future>

⁵ U.S. Energy Information Administration *Frequently Asked Questions*
<https://www.eia.gov/tools/faqs/faq.php?id=73&t=11>