

Testimony of the PJM Power Providers Group (P3)¹

Senate Bill 950

Maryland Senate Finance Committee

March 6, 2025

While P3 appreciates the intent of SB 950 to build new natural gas capacity in Maryland and reduce the state's reliance on power from other states, P3 opposes the bill in its current form. SB 950 states that natural gas generation facilities can be "constructed, permitted, and operated" in Maryland until the state meets 50% of its energy needs from renewable sources (including nuclear). At that point, the Maryland Energy Association would work with the state to decrease production from natural gas facilities as production from renewable and nuclear resources increases.

The bill suffers from both policy and practical concerns and should, therefore, be either substantially modified or rejected. As a fundamental issue, all power plants in PJM are dispatched based on their bids into the PJM energy market. PJM dispatches the lowest-cost units first, and as demand increases, it deploys more costly units. Of course, the cost of power can vary due to factors such as weather and gas prices, both of which are difficult to predict. Determining when specific amounts of power are derived from particular resources could be challenging and may fluctuate on a monthly and yearly basis. Moreover, a significant portion of Maryland's power needs is met by out-of-state resources, so those resources must also be considered in any analysis.

A better path forward for Maryland would be for the legislature to simply clarify that natural gas power plants can be constructed in the state and be unburdened by environmental restrictions that would hinder their ability to provide the necessary power to the grid over the 20–30 years required to recover the costs associated with building and operating such plants. Natural gas power plants will almost certainly have higher energy market bids than wind and solar resources, which benefit from significant tax credits. As a result, production from natural gas generation facilities will naturally decrease as renewable energy penetration increases. It is preferable to allow this transition to unfold in a manner that enables PJM to manage system reliability while ensuring dispatch is guided by economic, rather than regulatory, considerations.

¹ The views expressed in this testimony represent the views of P3 as an organization and do not necessarily reflect the views of individual P3 member companies with respect to any issue. For more information on P3, visit www.p3powergroup.com. P3 members own more than 82,000 megawatts of generation assets in PJM. P3 member companies are active suppliers in the state of Maryland, either as wholesale generation suppliers and/or competitive retail electric services suppliers