

HB 1315 - Thompson.pdf

Uploaded by: Chuck Thompson

Position: FAV

Charles W. "Chuck" Thompson
7854 Bodkin View Dr.
Pasadena, MD 21122-3639

Written Testimony in FAVOR of House Bill – HB 1315 – Public Service Commission - Electricity Generation Facilities – Premature Retirement (Keep the Lights On Act).

Dear Chair Wison, Vice Chair Crosby, and Honorable Members of the House Economic Matters Committee,

My name is Chuck Thompson and a resident of District 31 in Northern Anne Arundel County.

I support HB 1315 as amended because I'm concerned nobody is looking after the residential and commercial interests of Maryland.

When I heard about the bill, I reviewed Maryland's Climate Pollution Reduction Plan (the Plan) to understand the plans around electricity generation. A couple of statements on page 15 caught my attention. First, "Many details of this plan must be worked out by the agencies and legislative committees." That's somewhat understandable, this is a long-term process. But the second statement began to worry me. "This plan focuses on how to reduce emissions."

So, who is focusing on keeping the lights on?

One of the Plan's appendices presents the historical and projected electricity generation by technology based on current and planned policies. It shows an overall increase in electricity generation in 2025 driven by two technologies: imported and solar. In addition, it states "coal power is assumed to phase out by 2025."

My takeaway is more planning and analysis for electricity generation is needed. For example, what's the status of these two growth areas? One of them, solar, is projected to increase from 2.3 TWh in 2020 to 11.3 TWh in 2025. Will all technologies be in place by 2025 to achieve the projections? How about changes to the power grid to support the transition? At what cost?

Since the MDE prepared the Plan, I contacted them to get the latest status of the growth technologies but have not heard back. This concerns me because critical information like this should be readily available.

Absent any response, I'm not confident the power generation projections are achievable.

Now that the Plan has been developed on how to reduce emissions, this baseline can be used to support the deliverables from this bill. Please do not allow Marylanders to be harmed due to optimistic planning from analysts.

I request a FAVORABLE report for HB 1315.

Thank you for your time.

Sincerely,

A handwritten signature in blue ink, appearing to read "CW Thompson", is written over the word "Sincerely,".

Chuck Thompson

2024-HB1315-FAV.pdf

Uploaded by: Nelda Fink

Position: FAV

HB1315 – FAVORABLE

Nelda Fink

MD District 32

The protections to the consumers written into paragraph 7-218 (C)(2) are extremely important. This is what our government is supposed to be doing.

Thank you for protecting us from having our lights turned out prematurely.

I support this bill and ask for a favorable report!

Thank you.

Nelda Fink

HB1315 AMENDMENT 993721 1.pdf

Uploaded by: Brian Chisholm

Position: FWA

BY: Delegate Chisholm
(To be offered in the Economic Matters Committee)

AMENDMENTS TO HOUSE BILL 1315
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, strike in their entirety lines 2 through 4, inclusive, and substitute:

“Task Force to Study the Premature Retirement of Electricity Generation Facilities”;

strike beginning with “requiring” in line 5 down through “facility” in line 11 and substitute “establishing the Task Force to Study the Premature Retirement of Electricity Generation Facilities; and generally relating to the Task Force to study the Premature Retirement of Electricity Generation Facilities”; and strike in their entirety lines 12 through 16, inclusive; in line 18, strike “the Laws of Maryland read as follows”.

AMENDMENT NO. 2

On pages 1 through 3, strike in their entirety the lines beginning with line 19 on page 1 through line 20 on page 3, inclusive, and substitute:

“(a) There is a Task Force to Study the Premature Retirement of Electricity Generation Facilities.

(b) The Task Force consists of the following members:

(1) one member of the Senate of Maryland, appointed by the President of the Senate;

(2) one member of the House of Delegates, appointed by the Speaker of the House;

(3) the Secretary of Environment, or the Secretary's designee;

and (4) the Chair of the Public Service Commission, or the Chair's designee;

(5) the following members, appointed by the Governor:

(i) one representative of PJM Interconnection;

(ii) one representative of the Independent Market Monitor for the PJM Region;

(iii) one representative of the ReliabilityFirst Corporation;

(iv) one individual with professional expertise in the traditional power generation industry; and

(v) one individual with professional expertise in the renewable energy industry.

(c) The Chair of the Public Service Commission shall serve as the chair of the Task Force.

(d) The Public Service Commission shall provide staff for the Task Force.

(e) A member of the Task Force:

(1) may not receive compensation as a member of the Task Force; but

(2) is entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.

(f) The Task Force shall:

(1) (i) assess the cost savings for customers that results from the retirement of electricity generating facilities;

(ii) evaluate the impact that the premature retirement of electricity generation facilities has on the reliable energy supply for customers;

(iii) evaluate the environmental impact of the premature retirement of electricity generation facilities including consideration of habitat disruption, wildlife impact, watershed stress, and ecological harm;

(iv) examine potential nationwide consequences of shortages in reliable or dispatchable electricity if a Maryland electricity generating facility retires prematurely;

(v) examine the economic challenges faced by electricity generating companies, which have led to premature retirement electricity generating facilities, and evaluate potential mitigations to sustain their operations; and

(vi) facilitate collaboration among stakeholders, including utilities, environmental advocacy groups, energy consumers, and industry representatives;

(vii) conduct an infrastructure transition analysis that ensures that infrastructure developments align with the practical needs of electricity generating companies; and

(2) make recommendations:

(i) to address challenges and enhance decision-making regarding the premature retirement of electricity generation facilities; and

(ii) that include energy reliability solutions that address the imminent energy reliability gap and balance the need between economic considerations and the State's commitment to cleaner energy goals.

(g) The study and recommendations required under subsection (f) of this section are for informational purposes only and do not provide any additional regulatory authority to the Public Service Commission.

(g) On or before January 1, 2025, the Task Force shall report its findings and recommendations to the Governor and, in accordance with § 2-1257 of the State Government Article, the General Assembly, the Senate Education, Energy, and the Environment Committee, and the House Economic Matters Committee.”

(Over)

On page 3, in line 22, strike “October 1, 2024” and substitute “July 1, 2024. It shall remain effective for a period of 1 year and, at the end of June 30, 2025, this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.”.

HB1315 Written testimony.pdf

Uploaded by: Brian Chisholm

Position: FWA



THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

HB1315 seeks to address and curb potential energy reliability gaps and ensure continuous power supply are critical considerations. The proposed amendment to HB1315, “Keep the Lights on Act,” focuses on conducting a thorough study by the Public Service Commission (PSC), aligning the need to understand the multifaceted impact of potential power plant retirements without granting regulatory authority to the PSC.

The study’s findings, reported to the Governor, Maryland General Assembly, Senate EEE and House Economic Matters Committee, will provide essential insights into the implications to the market with any legislation being considered. The involvement of stakeholders including Talen, PJM, Reliability First, Utility Regulators, and various government officials demonstrates a holistic approach.

The study will address concerns related to the premature retirement of power plants and the potential for extensive power failures and rolling brownouts. It will assess cost savings, reliable energy supply, and environmental considerations, providing informed recommendations crucial for ensuring sustainable and reliable energy in Maryland. The diverse roles of legislative appointees, PJM, regulatory bodies, environmental representatives, and industry experts will contribute to comprehensive decision-making.

Ultimately, the study’s comprehensive perspective and collaboration among stakeholders will play a vital role in addressing energy challenges and making well-informed decisions for a sustainable and reliable energy future in Maryland.

For background, consider the events of the past few years:

- **2020:** Talen Energy embraces eco-friendly practices, abandoning coal like an outdated trend. Pledging to shut down plants, including the Brandon Shores Power Plant, renowned for its high energy output, by 2025, promoting sustainability over convenience. Farewell, reliable energy; welcome... looming power shortages?
- **2022:** Maryland General Assembly passes the Climate Solutions Act. The new mantra is achieving net-zero emissions by 2045. So, as we usher in the era of modern, sustainable energy, let’s not forget one important ingredient: a plan that ensures the lights stay on.
- **2023:** FERC’s Mark Christie issues a warning of potential & voltage collapse. Prepare for possible energy shortages, Maryland, as challenges arise. Will essential services be affected?
- **2025:** The proposal (drum roll, please): Sourcing power from Pennsylvania, at a cost of \$800 million dollars for the needed infrastructure and an anticipated completion date of 2028. Best case scenario is we only have unreliable energy for 3 years?
- **2026 & Beyond:** Maryland contemplates its energy policies, reflecting on past decisions and future implications. Prepare for a potentially challenging journey ahead for power reliability.

Study’s Objectives:

1. **Cost Savings Assessment:** Evaluate cost savings for customers resulting from power plant retirements.
2. **Reliable Energy Supply:** Ensure premature retirement doesn’t compromise reliable energy supply for customers.
3. **Electric Service Availability:** Maintain the availability and reliability of electric service to customers served by the facility.
4. **Environmental Impact Evaluation:** Examine ecological impact, considering habitat disruption, wildlife, watershed stress, and ecological harm.

5. **Nationwide Consequences Assessment:** Evaluate potential nationwide consequences of shortages in reliable or dispatchable electricity if a Maryland facility retires prematurely.
6. **Stakeholder Collaboration:** Facilitate collaboration among utilities, environmental advocacy groups, energy consumers, and industry representatives.
7. **Challenges Recommendations:** Generate recommendations based on study findings to address challenges associated with premature retirements.
8. **Non-Regulatory Nature Emphasis:** Emphasize that the study doesn't grant regulatory authority to the PSC over electricity generation facilities; it is for informative purposes.
9. **Energy Reliability Solutions:** Develop recommendations to address the imminent energy reliability gap, striking a balance between economic considerations and the state's commitment to cleaner energy goals.
10. **Assessing Economic Impact:** Examine the economic challenges faced by electric generating companies, which have led to premature power plant retirements, and evaluate potential mitigations to sustain their operations.
11. **Infrastructure Transition Analysis:** To ensure that infrastructure developments align with the practical needs of electric generating companies.
12. **Timely and Comprehensive Reporting:** Provide a timely and comprehensive report on the study's outcomes and recommendations to the Governor, Maryland General Assembly, the Senate Education, Energy, and the Environment Committee, and the House Economic Matters Committee.

Stakeholders:

1. **Speaker of the House Appointee (1):**
 - o One member of the House of Delegates and customer representation.
2. **Senate President Appointee (1):**
 - o One member of the Senate of Maryland and customer representation.
3. **PJM Member (1):**
 - o Contributing expertise in grid reliability and nationwide consequences.
4. **Public Service Commission Member (1):**
 - o Providing regulatory insights and oversight.
5. **Independent Market Monitor Member (1):**
 - o Offering unbiased perspectives on market dynamics.
6. **Maryland Department of the Environment (MDE) Member (1):**
 - o Overseeing environmental concerns and impacts.
7. **ReliabilityFirst Member (1):**
 - o Contributing insights on grid reliability and resilience.
8. **Traditional Power Generation Expert (1):**
 - o Providing industry-specific expertise in traditional power generation.
9. **Renewable Energy Industry Expert (1):**
 - o Contributing industry-specific insights from the renewable energy sector.

I take my job as a State Legislator very seriously and my core drive is anchored in the belief that my prime responsibility is to **inform, educate, and protect** those that I represent. Highlighting the importance of dependable electricity for society's well-being and expressing concern about potential sharp rate increases demonstrates our understanding of the urgency of the situation and the need for proactive planning.

This approach ensures that the study and subsequent recommendations are robust, representative, and well-informed, thereby serving the best interests of the community and the state. Our dedication to this cause and the thoroughness of your business plan makes a compelling case for support and investment.

Sincerely,

Brian Chisholm

Delegate Brian Chisholm

HB1315_with_993721_1 Reprint 2 (002).pdf

Uploaded by: Brian Chisholm

Position: FWA

UNOFFICIAL COPY OF HOUSE BILL 1315

HOUSE BILL 1315

C5, M5

4lr2436

By: Delegates Chisholm, Adams, Anderton, Arikan, Buckel, Ciliberti, Fisher,
Hornberger, Hutchinson, Kipke, Mangione, McComas, Miller, M. Morgan,
Munoz, Nawrocki, Rose, Schmidt, Szeliga, Tomlinson, Valentine, and Wivell
Introduced and read first time: February 9, 2024
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 ~~Public Service Commission Electricity Generation Facilities Premature~~
3 ~~Retirement~~
4 ~~(Keep the Lights On Act)~~

Task Force to Study the Premature Retirement of Electricity
Generation Facilities

5 FOR the purpose of ~~requiring the Public Service Commission to consider certain factors~~
6 ~~before authorizing or approving any agreement related to the premature retirement~~
7 ~~of an electricity generation facility; establishing a rebuttable presumption that an~~
8 ~~electricity generation facility should not be prematurely retired; prohibiting the~~
9 ~~Commission from authorizing or approving an agreement related to the premature~~
10 ~~retirement of an electricity generation facility under certain circumstances; and~~
11 ~~generally relating to the premature retirement of an electricity generation facility~~
establishing the Task Force to Study the Premature Retirement of Electricity Generation Facilities; and
generally relating to the Task Force to study the Premature Retirement of Electricity Generation
Facilities.

12 ~~BY adding to~~
13 ~~Article Public Utilities~~
14 ~~Section 7-218~~
15 ~~Annotated Code of Maryland~~
16 ~~(2020 Replacement Volume and 2023 Supplement)~~

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
18 That ~~the Laws of Maryland read as follows:~~

19 ~~Article Public Utilities~~

20 ~~7-218.~~

21 ~~(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS~~
22 ~~INDICATED.~~

UNOFFICIAL COPY OF HOUSE BILL 1315

2

1 ~~(2) "DISPATCHABLE" MEANS A SOURCE OF ELECTRICITY THAT;~~

2 ~~(i) IS AVAILABLE FOR USE ON DEMAND; AND~~

3 ~~(ii) 1. CAN BE DISPATCHED ON REQUEST OF A POWER GRID~~
 4 ~~OPERATOR; OR~~

5 ~~2. CAN HAVE ITS POWER OUTPUT ADJUSTED,~~
 6 ~~ACCORDING TO MARKET NEEDS, OUTSIDE OF ROUTINE MAINTENANCE OR REPAIRS.~~

7 ~~(3) "ELECTRICITY GENERATION FACILITY" MEANS A FACILITY THAT~~
 8 ~~USES WATER, COAL, NATURAL GAS, OR NUCLEAR ENERGY TO GENERATE RELIABLE~~
 9 ~~OR DISPATCHABLE ELECTRICITY TO BE PROVIDED TO CUSTOMERS.~~

10 ~~(4) (i) "PREMATURE RETIREMENT" AND "RETIRED~~
 11 ~~PREMATURELY" MEAN THE CLOSURE OF, OR COMPLETE AND PERMANENT~~
 12 ~~CESSATION OF OPERATIONS AT, AN ELECTRICITY GENERATION FACILITY BEFORE~~
 13 ~~THE PLANNED OPERATION LIFE OF THE FACILITY HAS LAPSED.~~

14 ~~(ii) "PREMATURE RETIREMENT" AND "RETIRED~~
 15 ~~PREMATURELY" DO NOT INCLUDE THE CLOSURE OF OR CESSATION OF OPERATIONS~~
 16 ~~AT AN ELECTRICITY GENERATION FACILITY THAT IS MANDATED BY FEDERAL LAW.~~

17 ~~(5) "RELIABLE" MEANS A SOURCE OF ELECTRICITY THAT IS NOT~~
 18 ~~SUBJECT TO INTERMITTENT UNAVAILABILITY, OUTSIDE OF ROUTINE MAINTENANCE~~
 19 ~~OR REPAIRS.~~

20 ~~(b) BEFORE AUTHORIZING OR APPROVING ANY AGREEMENT RELATED TO~~
 21 ~~THE PREMATURE RETIREMENT OF AN ELECTRICITY GENERATION FACILITY THAT~~
 22 ~~HAS BEEN PROPOSED IN A UTILITY RATE CASE, AN INTEGRATED RESOURCE PLAN,~~
 23 ~~OR ANY OTHER SUBMISSION TO THE COMMISSION, THE COMMISSION SHALL~~
 24 ~~CONSIDER:~~

25 ~~(1) THE EFFECT OF THE PREMATURE RETIREMENT ON AVAILABLE~~
 26 ~~RELIABLE OR DISPATCHABLE ELECTRICITY TO CUSTOMERS; AND~~

27 ~~(2) THE IMPACT THAT ANY SHORTAGE OF AVAILABLE RELIABLE OR~~
 28 ~~DISPATCHABLE ELECTRICITY NATIONWIDE WOULD HAVE ON CUSTOMERS IF THE~~
 29 ~~ELECTRICITY GENERATION FACILITY IS RETIRED PREMATURELY.~~

30 ~~(c) (1) THERE IS A REBUTTABLE PRESUMPTION THAT AN ELECTRICITY~~
 31 ~~GENERATION FACILITY SHOULD NOT BE RETIRED PREMATURELY.~~

3

UNOFFICIAL COPY OF HOUSE BILL 1315

1 ~~(2) THE COMMISSION MAY NOT AUTHORIZE OR APPROVE AN~~
 2 ~~AGREEMENT RELATED TO THE PREMATURE RETIREMENT OF AN ELECTRICITY~~
 3 ~~GENERATION FACILITY UNLESS IT HAS BEEN ESTABLISHED THAT:~~

4 ~~(I) CUSTOMERS WILL EXPERIENCE COST SAVINGS AS A RESULT~~
 5 ~~OF THE PREMATURE RETIREMENT;~~

6 ~~(II) THE PREMATURE RETIREMENT WILL NOT RESULT IN AN~~
 7 ~~INSUFFICIENT AMOUNT OF RELIABLE OR DISPATCHABLE ENERGY TO SERVE~~
 8 ~~CUSTOMERS;~~

9 ~~(III) THE PREMATURE RETIREMENT WILL NOT ADVERSELY~~
 10 ~~IMPACT THE AVAILABILITY OR RELIABILITY OF ELECTRIC SERVICE TO CUSTOMERS~~
 11 ~~SERVED BY THE ELECTRICITY GENERATION FACILITY; AND~~

12 ~~(IV) THE PROPOSED REPLACEMENT GENERATION FACILITY~~
 13 ~~WILL NOT BE MORE DETRIMENTAL TO THE ENVIRONMENT THAN THE EXISTING~~
 14 ~~ELECTRICITY GENERATION FACILITY.~~

15 ~~(3) IN CONSIDERING THE DETRIMENT TO THE ENVIRONMENT UNDER~~
 16 ~~PARAGRAPH (2) OF THIS SUBSECTION, THE COMMISSION SHALL CONSIDER~~
 17 ~~POTENTIAL DISRUPTION OF LARGE AREAS OF CRITICAL HABITAT, NEGATIVE~~
 18 ~~IMPACTS ON THREATENED OR ENDANGERED WILDLIFE, STRESSES TO LOCAL~~
 19 ~~WATERSHEDS, DISBURSEMENT OF TOXIC MATERIALS INTO WILDERNESS AREAS, AND~~
 20 ~~OTHER ECOLOGICAL HARMS OF A SIMILAR NATURE.~~

(a) There is a Task Force to Study the Premature Retirement of Electricity Generation Facilities.

(b) The Task Force consists of the following members:

(1) one member of the Senate of Maryland, appointed by the President of the Senate;

(2) one member of the House of Delegates, appointed by the Speaker of the House;

(3) the Secretary of Environment, or the Secretary's designee;

(4) the Chair of the Public Service Commission, or the Chair's designee;
 and

(5) the following members, appointed by the Governor:

(i) one representative of PJM Interconnection;

(ii) one representative of the Independent Market Monitor for the PJM Region;

(iii) one representative of the ReliabilityFirst Corporation;

(iv) one individual with professional expertise in the traditional power generation industry; and

(v) one individual with professional expertise in the renewable energy industry.

(c) The Chair of the Public Service Commission shall serve as the chair of the Task Force.

(d) The Public Service Commission shall provide staff for the Task Force.

(e) A member of the Task Force:

(1) may not receive compensation as a member of the Task Force; but

(2) is entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.

(f) The Task Force shall:

(1) (i) assess the cost savings for customers that results from the retirement of electricity generating facilities;

(ii) evaluate the impact that the premature retirement of electricity generation facilities has on the reliable energy supply for customers;

(iii) evaluate the environmental impact of the premature retirement of electricity generation facilities including consideration of habitat disruption, wildlife impact, watershed stress, and ecological harm;

(iv) examine potential nationwide consequences of shortages in reliable or dispatchable electricity if a Maryland electricity generating facility retires prematurely;

(v) examine the economic challenges faced by electricity generating companies, which have led to premature retirement electricity generating facilities, and evaluate potential mitigations to sustain their operations; and

(vi) facilitate collaboration among stakeholders, including utilities, environmental advocacy groups, energy consumers, and industry representatives;

(vii) conduct an infrastructure transition analysis that ensures that infrastructure developments align with the practical needs of electricity generating companies; and

(2) make recommendations:

(i) to address challenges and enhance decision-making regarding the premature retirement of electricity generation facilities; and

(ii) that include energy reliability solutions that address the imminent energy reliability gap and balance the need between economic considerations and the State's commitment to cleaner energy goals.

(g) The study and recommendations required under subsection (f) of this section are for informational purposes only and do not provide any additional regulatory authority to the Public Service Commission.

(g) On or before January 1, 2025, the Task Force shall report its findings and recommendations to the Governor and, in accordance with § 2-1257 of the State Government Article, the General Assembly, the Senate Education, Energy, and the Environment Committee, and the House Economic Matters Committee.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 ~~October 1, 2024~~ July 1, 2024. It shall remain effective for a period of 1 year and, at the end of June
30, 2025, this Act, with no further action required by the General Assembly, shall be abrogated and of no
further force and effect..

HB1315 - UNF.pdf

Uploaded by: Landon Fahrig

Position: UNF



Maryland

Energy Administration

TO: Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee
FROM: MEA
SUBJECT: HB 1315 - Public Service Commission - Electricity Generation Facilities - Premature Retirement (Keep the Lights On Act)
DATE: March 7, 2024

MEA Position: UNFAVORABLE

This bill aims to prolong the operation of certain electricity generation facilities in the state, including fossil fueled generation.

Maryland has already reduced greenhouse gas emissions faster than almost any other state, achieving a 30 percent reduction in statewide emissions from 2006 levels by 2020. In 2022, the Maryland General Assembly passed the Climate Solutions Now Act (CSNA), establishing the most ambitious greenhouse gas reduction goals in the nation. By promoting the continued operation of fossil fueled generation, this bill is inconsistent with Maryland's climate goals, specifically the 60% reduction in greenhouse gas emissions required by the CSNA.

Additionally, the bill overstates the Public Service Commission's (PSC's) role in regulating generation. Under the Electric Customer Choice and Competition Act of 1999, generation facilities were largely deregulated. Though the PSC still has siting authority over the siting of generation facilities in the state, it has little authority over activations and deactivations which, instead, are determined by market forces. Ultimately, it is the generators that make decisions to retire based on market forces, and the competitive market is relied upon to provide new generation or transmission assets to maintain a reliable and resilient electricity grid.

For these reasons, MEA urges the committee to issue an **unfavorable report**.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Landon Fahrig, Legislative Liaison, directly (landon.fahrig@maryland.gov, 410.931.1537).

HB1315_Talen_Raggio_Informational.pdf

Uploaded by: Debra Raggio

Position: INFO



Debra L. Raggio • Senior Vice President | Regulatory & External Affairs Counsel
Talen Energy • 117 Oronoco Street • Alexandria, VA 22314
Tel 703.778.0841 • Debra.Raggio@TalenEnergy.com • www.TalenEnergy.com

March 5, 2024

The Honorable C.T. Wilson
Chair, Economic Matters Committee
Room 231, House Office Building
Annapolis, MD 21401-1991

Re: House Bill 1315--Informational Only

Dear Delegate Wilson:

Talen Energy (“Talen”) submits this written testimony on House Bill 1315 (“Bill”). We understand and appreciate the reliability issues that appear to be its underlying motivation. Our testimony presents additional facts to the Committee regarding Talen generation assets targeted by the Bill. There have been many inaccurate statements and misinformation regarding Brandon Shores (“Brandon”) and H.A. Wagner (“Wagner”), which we would like to clarify here.

Talen operates two power generation assets in Maryland: Brandon, which is coal-fired, and Wagner, which was recently converted to 100% oil-fired. Both facilities are slated to retire in June 2025. In 2023, shortly after Talen announced the plant retirements, the regional transmission organization, PJM Interconnection (“PJM”), determined that each retirement will impact electric grid reliability, specifically within the BGE zone, until and unless additional transmission is constructed. These reliability issues are not new or unanticipated.

Indeed, as early as 2020, stakeholders raised concerns about reliability in the BGE zone associated with carbon emissions reduction legislation intended to force Maryland coal plant retirements (HB 1545 and SB887). (Talen opposed these bills.) In February 2020, just prior to hearings, PJM released (and supplied to delegates in the respective committees holding bill hearings) a study that (i) specifically analyzed retirement of coal-fired generation in Maryland, (ii) assumed the 2025 retirement date for Brandon proposed in the legislation and (iii) found “the simultaneous retirement notification of the generation sources studied will impose infrastructure overloads to seven existing transmission facilities in the region.”

While these Sierra Club-supported bills did not pass, it was clear to observers that the State had adopted a policy to phase out coal generation quickly and the legislation would be reintroduced. Environmental groups, including the Sierra Club, continued an active lobbying campaign in support of that legislation. At the same time, new EPA regulations related to wastewater discharges would have required Talen to spend tens of millions of dollars to keep the plants

operating on coal. In response to environmental demands and legislative pressure, Talen subsequently reached an agreement with the Sierra Club which would not require the plants to retire, so long as the plants ceased burning coal by the end of 2025. As a result, in 2020, Talen announced its intention to convert Brandon and Wagner to run on oil.

Following the 2020 announcement, Talen took steps to advance the oil conversion projects at Brandon and Wagner. We undertook the design and engineering work associated with both projects. We also applied for and received the necessary permits in 2021 and 2022 to support the conversions.

Subsequently, however, conditions and economics around the conversions shifted significantly in a manner that no longer could viably support the Brandon conversion project. First, structural market economics around Brandon's planned fuel conversion were impacted materially by a significant drop in PJM capacity prices for the 2024-2025 Base Residual Auction, which was held in early 2023. This price drop had a substantial negative effect on projected revenues from the plants.

At the same time, higher-than-anticipated project costs pressured the conversions from the expense side of the equation, while execution and attendant financial risks associated with continued operations of Brandon and Wagner increased as well. Specifically, Winter Storm Elliott, which occurred in early 2023, illustrated the significant Capacity Performance penalties that could be borne by Brandon and Wagner. The risk of these types of penalties made the decision to continue operation even less viable. Taking these factors together, Talen was unable to support a decision to invest additional capital to convert Brandon when that investment would clearly lead to negative returns on capital.

Nonetheless, prior to filing its deactivation notice, Talen engaged with PJM in early 2023 to express its concerns about market rules and the significantly lower capacity auction offers, which had made the Brandon conversion project uneconomic. As soon as it became clear that market prices and PJM's rules would continue not to support the capital expenditure necessary to perform the Brandon conversion project, Talen submitted its April 2023 notice of deactivation for Brandon. That notice was sent nearly two years before the notification time specified by the PJM tariff.

In addition to the economic constraints of conversion, Talen faces environmental limitations on continued operation of Brandon without conversion to oil. As noted in its communications with PJM, Brandon's National Pollution Discharge Elimination System ("NPDES") permit precludes operation using coal after December 31, 2025. In addition, Brandon is subject to the terms of the agreement with Sierra Club, which prohibits use of coal after December 31, 2025. The conditions of the NPDES permit and Sierra Club agreement, the prospect of administrative, civil, and criminal enforcement of the permit, and potential legal action by the Sierra Club, all dictated that Brandon would need to deactivate.

Talen's decision to retire Wagner has similar roots. The conversion of Wagner from coal to oil is complete. Wagner, however, was dispatched by PJM in 2023 much more often than anticipated and came very close to reaching the limits of its air permit, which only allows the plant to operate on oil for a limited time each year. This limitation puts Talen at risk of significant Capacity

Performance penalties if the plant is unable to run when called upon because of its permit limitations. The basic economic issues facing Wagner were compounded by the prices at which Wagner was capped in the capacity market when dispatched. Accordingly, Talen filed its notice to retire Wagner in June 2025.

The reliability solutions are difficult. Under present circumstances, Talen cannot burn coal to extend the life of the plants -- the agreement with Sierra Club and our NPDES permit will not allow it -- and the economics of conversion to oil at Brandon are not viable. Running under a series of 90-day emergency orders from the Department of Energy is not an optimal solution. Operating Brandon and Wagner requires substantial advance planning, capital expense on fuel and maintenance, and commitments to employees. Talen cannot responsibly run the plants under rolling temporary conditions. Furthermore, we believe as a market construct, Reliability Must Run ("RMR") arrangements should be used only as a last resort and without distorting the market. To be sure, Talen does not desire to be in an RMR situation; operating under an RMR is not in our business model.

Nonetheless, consistent with the discussions we have been holding with PJM, and in these circumstances, Talen has been open about its willingness to consider operating Brandon under an RMR agreement. This is not, however, an option unless we have relief from our agreement with Sierra Club and extensions of all necessary permits from the State of Maryland. Any RMR arrangement would also require fair compensation and would provide for Brandon and Wagner to be used only when necessary to relieve transmission constraints. All stakeholders need to come together to make this happen.

Thank you for allowing us to provide this information regarding the Talen assets located in Maryland and to clarify some of the misinformation circulating.

Thank you,



Debra L. Raggio
Senior Vice President Regulatory and External Affairs Counsel

HB 1315_Information_PSC.pdf

Uploaded by: Frederick Hoover

Position: INFO

FREDERICK H. HOOVER, JR.
CHAIR

MICHAEL T. RICHARD
ANTHONY J. O'DONNELL
KUMAR P. BARVE
BONNIE A. SUCHMAN



PUBLIC SERVICE COMMISSION

March 5, 2024

Chair C.T. Wilson
House Economic Matters Committee
231 House Office Building
Annapolis, MD 21401

RE: HB 1315 – Information - Public Service Commission - Electricity Generation Facilities - Premature Retirement (Keep the Lights On Act)

Dear Chair Wilson and Committee Members:

HB1315 requires the Maryland Public Service Commission (PSC) to consider certain factors before authorizing or approving any agreement related to the premature retirement of an electricity generation facility and prohibiting the PSC from authorizing or approving an agreement related to premature retirement of an electricity generation facility under certain circumstances. The Public Service Commission offers informational comments on this bill.

In 1999, Maryland passed the Electric Customer Choice and Competition Act (“Electric Choice Act”), which effectively took generation out of the state utilities’ combined service, and “unbundled” the electric service into its generation, transmission, and distribution components. The generation component was deregulated and divested by electric utilities, but the transmission and distribution components remained regulated. With restructuring, generation resources were now considered competitive and the competitive market is relied upon to provide new generation resources to meet load requirements. The Public Service Commission does not have authority over generation facilities in Maryland with regards to either activations or deactivations, except for in the case of siting a new plant. Facility deactivation decisions are made by facility owners as business decisions and not determined by State or Federal entities. A generator will make the ultimate decision to retire or not unilaterally based on costs, performance risk, and other applicable market forces, without being required to seek permission from the Public Service Commission.

The Public Service Commission appreciates the opportunity to provide this informational testimony on HB1315. Please direct any questions you may have to Christina Ochoa, Director of Legislative Affairs, at christina.ochoa1@maryland.gov

Sincerely,



Frederick H. Hoover, Chair
Maryland Public Service Commission

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