



HB 1112 - SUPPORT

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Public Service Commission - Energy Storage Devices - Acquisition

Education, Energy and Environment Committee

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Dear Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy and Environment Committee:

RMI supports HB 1112 that would allow for the consideration and deployment of storage as an alternative to reliability-must-run agreements for energy generation facilities in the state. RMI is an independent, nonpartisan non-profit whose mission is to transform the global energy system to secure a clean, prosperous, zero-carbon future for all. We work in the world's most critical geographies to identify and scale interventions that will accelerate a rapid and reliable energy transition. For the past several years, we have been working to advance decarbonization solutions in US regional electricity markets, including the PJM region, which includes Maryland.

This bill would help address a growing challenge with how the energy transition is unfolding in PJM, which is a lack of holistic planning to ensure that generation entry and exit can occur in an efficient, least-cost fashion. Currently, regional rules around generator retirements permit only a limited evaluation of options to mitigate any reliability issues that the retirement might cause, and until that option could be implemented, the retiring generator can enter into a reliability-must-run (RMR) agreement with PJM. These contracts can be costly and endure for years. A better approach would be to evaluate the full range of possible mitigation options, including storage, as this bill would encourage. This would not only lead to cost savings for Maryland ratepayers, but would also represent a more forward-looking investment in a new resource that is aligned with Maryland's energy policy goals, rather than hundreds of millions of dollars spent to prolong the life of an aging, polluting resource.

RMI has conducted independent research and analysis into the opportunity to develop new, clean resources at the sites of existing or retiring generation, which we refer to as "clean repowering." This has the advantage of efficiently re-utilizing existing transmission infrastructure, potentially fostering expedited grid connection of the new resource, as well as leveraging federal support for such projects

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including the energy community tax credit bonus and the Energy Infrastructure Reinvestment program established by the Inflation Reduction Act. Encouraging storage to be built at the site of retiring generation facilities in Maryland would be a promising example of clean repowering in action.

For the reasons shared above, I support the intent of HB 1112 to allow for the possibility of energy storage development to help avoid RMR contracts.