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Economic Matters Committee

Subcommittees

Public Utilities

Chair, Unemployment Insurance



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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB 1112- PUBLIC SERVICE COMMISSION- ENERGY STORAGE DEVICES- ACQUISITION

TESTIMONY OF DELEGATE LORIG CHARKOUDIAN

MARCH 26, 2024

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

The Brandon Shores Power Plant is a large-capacity coal-burning generation facility located in Anne Arundel County. The owners of the plant have scheduled it for deactivation in 2025. The same owners plan to deactivate the nearby oil-fired Wagner power plant on the same date. The owners have stated that both plants are uneconomic to keep online. The facilities are not making enough money to cover the costs of continued operations.

Before a power plant like Brandon Shores or Wagner shuts down in our state, the plant owner sends a deactivation notice to PJM, the Regional Transmission Organization that operates our transmission grid. PJM conducts a reliability analysis to determine if the closing will have a negative effect on the transmission grid. PJM does not have the authority to prevent plant closures; however, it conducts a reliability analysis to determine if closing the plant will impact the overall reliability of the electricity grid and to plan transmission facility upgrades if so.

Oftentimes, when PJM determines that a plant closure will have a negative effect on the grid, PJM will offer the generation facility a "Reliability-Must-Run" agreement in order to keep the facility running longer. In these agreements, they literally pay the plant owner to keep the plant running after the date it was planned for closure. These agreements can cost our rate-payer hundreds of millions of dollars annually.

Electricity generation is one of the most climate polluting activities in our state with electricity use accounting for the second highest greenhouse gas emissions by sector. Keeping uneconomic fossil fuel plants running longer is not in the best interest of our ratepayers or our climate.

This bill requires the Public Service Commission to facilitate the development of the energy infrastructure needed to transition to clean-generation electricity while maintaining grid reliability.

Specifically, this bill requires the Public Service Commission to evaluate whether energy storage devices can serve as a cost-effective alternative to reliability-must-run agreements and, if they can, to take appropriate actions to facilitate energy storage development.

I respectfully request a favorable report on HB 1112.