

HB121 - SUPPORT

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HB 121 SUPPORT
Electric Companies - Regional Transmission Organizations - Report
(Utility Transparency and Accountability Act)

Economic Matters Committee
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Dear Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee:

My name is Clara Summers and I manage the Consumers for a Better Grid campaign, a project of the Citizens Utility Board of Illinois (CUB). CUB is a nonprofit, nonpartisan consumer group. Similar to the Maryland Office of People's Counsel, we advocate for utility customers. Consumers for a Better Grid is a watchdog holding grid operators, like PJM, accountable to consumers, states, and a clean, affordable energy future. I am testifying today in support of HB 121.

The vast majority of people are not familiar with the PJM Interconnection, but the decisions that are made through its stakeholder processes impact the affordability and reliability of our electricity and can make or break the transition to clean energy. PJM is the nation's largest Regional Transmission Organization (RTO) and manages the flow of electricity to 65 million people in 13 states and the District of Columbia, from the Midwest to the East Coast. PJM rules affect grid reliability, the cost of electricity, and the integration of new energy sources. These rules are decided through a voting process by PJM's members, including electricity generators, transmission owners, and distribution utility companies.

HB 121 is a sunshine bill creating better transparency and accountability for how utilities under Maryland state jurisdiction vote in our shared electric markets.

Imagine if all the committee votes here in the Maryland General Assembly were secret, and only the votes of the state Senate were reported in full. Such a process would lack critical transparency and be undemocratic. But the PJM stakeholder process operates with such a lack of transparency. Proposals are designed and first voted on in the lower-level committees before they can be considered in the upper-level committees. The voting record of individual firms is not public—we only know the percentage of yeses, no's, and abstentions. The lower levels act as a gatekeeper for what solutions will be presented to the upper level, which has the final word.

Recent issues going through the stakeholder process have large implications for Maryland, particularly with regards to Brandon Shores. In the Planning Committee, PJM stakeholders recently voted on a new process for Capacity Interconnection Rights, or CIR transfers, to transfer the ability to interconnect at a certain point in the grid from retiring plants, like a coal plant, to new resources, like batteries or solar. The Deactivation Enhancements Senior Task Force has

also recently voted on updated rules for when plants announce their retirements and how they should be compensated through a Reliability Must Run arrangement.

There is at least one concrete circumstance we know of when PJM stakeholders used anonymity to take down a proposal. In 2022, CUB introduced a proposal to require one member of the PJM Board to have clean energy expertise. Existing members of the PJM Board have that expertise already, and we are going through a clean energy transition, so to us it seemed fairly uncontroversial. The vote was going to take place in the only committee where all of the votes are reported, the Members Committee. But when it came time to have a vote, Dayton Power & Light and NRG made a motion to make the vote anonymous. No one wants to publicly be seen voting against clean energy goals. After the vote was made anonymous, it failed. If something as innocuous as requiring clean energy expertise is getting killed because of anonymous votes, we can only imagine what is happening with more substantive votes.

What's more, there is the potential for abuse of market power in PJM. Holding companies may be able to vote several times on an issue through their affiliates, which can vote in lower-level committees. That increases the potential of certain companies to influence which proposals advance. For example, Exelon, the parent company for 3 Maryland utilities, has one vote at the upper level, but controls 7 affiliate votes at the lower level.

HB 121 would shine a much-needed light on the votes by electric utilities at PJM. It would require each utility to submit a report to the Public Service Commission regarding votes cast in any PJM meeting in the prior calendar year. Utilities are monopolies that provide a vital service. The public has a right to see if electric utilities are voting against our interests in PJM proceedings on issues that matter to reliability, rates, and the clean energy transition.

Similar legislation has also been introduced in Illinois, Indiana, Pennsylvania, Virginia, and West Virginia.

We urge a favorable report on HB 121.