

Committee: Economic Matters
Testimony on: HB0121 Electric Companies – Regional Transmission Organizations - Report (Utility Transparency and Accountability Act)
Submitting: Deborah A. Cohn
Position: Favorable
Hearing Date: January 23, 2025

Dear Chair Wilson and Committee Members:

Thank you for allowing my testimony today in strong support of HB0121. I have resided in Maryland since 1986, and most of my descendants reside in Maryland.

Many of us were shocked¹ by the ten-fold increase in electricity prices the July, 2024 PJM capacity market auction from \$28.92/MW-day in the preceding auction to \$260.92/MW-day for most of the PJM footprint and a whopping \$466.35/MW-day in Baltimore Gas and Electric's service area. This auction covers deliveries in 2025-2026 and the impact will soon be felt by all Maryland electricity customers.

PJM and the utilities having been telling us these prices simply reflect supply and demand. They will say this is due to retirement of coal-fired power plants and that new generation has not been built, driving up costs."² They will also tell us that these high prices are designed to signal to the market to increase supply. That's the way a decoupled market (*i.e.*, a market in which utility companies do not own generating capacity but only provide delivery services) it is supposed to work. **But that is not the full story.**

They do not tell you that PJM, like anyone else following energy supplies in Maryland, knew years in advance that Brandon Shores and Wagner coal generating facilities would soon be retiring, if for no other reason than that coal fired generating plants throughout PJM are facing financial pressures.

They will tell you that many projects in PJM's interconnection inter-connection queue were speculative or not viable. Some may have been speculative. But PJM does not tell you after the years' long wait, many proposed projects (mainly solar and battery storage) either no longer penciled out or had lost their earlier financing. Nor do they tell you that many others are still likely viable and might be available to bid into a reverse auction if the General Assembly enacts the Abundant, Affordable Clean Energy Act (HB0398, SB03216) to bring on new resources quickly on utility distribution lines.

And just as important, PJM does not tell you that projects in PJM's interconnection queue face the longest delays and among the highest grid-upgrade costs of any regional grid, earning a D- grade as a grid operator from an [Advanced Energy United scoring](#) of interconnection processes.

They also do not tell you that one reason for the mismatch between supply and demand is that PJM realized, after Winter Storm Elliot, that it had been improperly rating the reliability of gas-fired generators. PJM needed to down rate the capacity of gas-fired generators from 92-95% available to

¹ <https://www.canarymedia.com/articles/transmission/prices-just-spiked-in-the-biggest-us-power-market-blame-the-grid-backlog>

² <https://www.wbalTV.com/article/electric-bill-possible-increase-2025-baltimore-maryland/61837465>

only 62-72% available in 2023 because 63% of the outages during that storm were from gas plants.³ Ratepayers had been paying a premium for “always reliable” capacity and that “always reliable” capacity failed in a cold weather pinch. Since that downgrade, PJM and its members have not brought on sufficient lower cost supplies to compensate for this downgrade.

But more importantly with respect to HB0121, PJM does not tell you that the voting members of PJM, overwhelmingly utility companies and power generators, set the rules for the operation of the capacity auction. And those rules failed Maryland ratepayers in at least three ways.

First, regarding the Brandon Shores and Wagner coal plants, according to PJM⁴ under its rules “there’s no action until the plant owner announces they’re going to close.” Once that happened, PJM had two options and PJM decided to engage in a “reliability must-run” (RMR) negotiation with Talon, the plants owner, paying Talon extra to keep the plants operating in case they are needed in an emergency until additional transmission capacity can be installed to bring power from other facilities into the regions served. Those additional costs are significant.⁵ Moreover, the agreements terminate in June, 2025, and we do not know if Talon will agree to continue to operate the plants or at what cost.

Meanwhile, Talon did not offer its capacity in the auction. And under PJM rules RMR facilities are not required to participate in capacity auctions. Under these rules ratepayers pay for these resources twice – once a higher negotiated price to keep the coal plans open and again, since they did not offer their supply in the capacity market, an artificially high price in the August, 2024 capacity auction.⁶

Second, PJM rules do not provide a structure to allow batteries to be considered as a transmission asset and additional transmission capacity likely is needed to replace the coal-fired power plants. PJM’s efforts to develop such a structure were rejected by PJM’s Members Committee which consists of 501 voting members including utilities, power plant owners, transmission owners, major customers and energy traders⁷. It would be useful to know how Maryland’s utility companies voted.

Third, PJM’s capacity market is structured to disadvantage renewable resources by discounting the capacity value of renewables based on when they are not available. As a result of these PJM rules renewable resources often do not participate fully in capacity market auctions.⁸

This is what HB0121 is designed to address. By requiring Maryland electric utilities and their affiliates to submit to the Public Service Commission (PSC) an annual report on each of their recorded PJM votes, not just their votes at the PJM executive committee, this bill brings to light for the public the issues PJM is considering, the rules PJM is making, and the positions Maryland utilities are taking. This bill will help the PSC, the Administration and this legislature to take appropriate steps to protect Maryland ratepayers and help lower future utility bills.

For these reasons I support HB0121 and urge a FAVORABLE report in Committee. Thank you.

³ <https://environmentamerica.org/center/articles/electric-bills-are-set-to-increase-in-june-for-65-million-americans-heres-why/>

⁴ <https://www.canarymedia.com/articles/fossil-fuels/zombie-coal-plants-could-threaten-the-us-energy-transition>

⁵ Ibid.

⁶ <https://environmentamerica.org/center/articles/electric-bills-are-set-to-increase-in-june-for-65-million-americans-heres-why/>

⁷ Ibid. at Additional Challenges #1.

⁸ Ibid. at Additional Challenges #2.