Committee: **Economic Matters**
Testimony on: **HB1037 – Energy Resource Adequacy and Planning Act**
Submitting: **Deborah A. Cohn**
Position: **Favorable**
Hearing Date: **February 20, 2024**

Dear Chair and Committee Members:

Thank you for allowing my testimony today on HB1037.

The Energy Resource Adequacy and Planning Act addresses an urgent need raised by PJM's management of the three forces impacting electricity rates in Maryland.

First, PJM failed to reform its cumbersome review of new energy projects, creating a lengthy interconnection queue which it ultimately closed to new projects for three years in late 2022. As a result very few new projects have been approved or begun construction since 2020, creating a supply deficit.[1] The vast majority of these are solar or storage.

Second, PJM failed to manage the 2025 retirement of the Brandon Shores and Wagner coal-fired generating plants appropriately. The closure was long foreseen[2] since the plants were no longer cost effective. But the closure created both capacity and reliability problems. The solution arranged by PJM and approved by the Federal Energy Regulatory Commission (FERC) required the plants to keep operating under a costly reliability-must-run (RMR) arrangement until an emergency transmission line to replicate the soon-to-be lost supply from the two plants could be constructed. These two emergency actions have resulted in Maryland ratepayers paying nearly $800M to keep the plants open and $1.5B for the new transmission line.[3] The handling of the coal plant closures demonstrates PJM's lack of adequate long-term planning.[4]

Third, last year's efforts by AI developers to build several hyperscale data centers in Maryland has created concern around adequate planning for a significant increase in energy demand. These include proposed and unforeseen new transmission lines, including the Piedmont Reliability

---

[1] As of June 2024, there were 157,765 MW of projects submitted to PJM in the previous 49 months, enough to power roughly 125 million homes for a year. But only 1 MW had actually come online. Indeed, PJM received a D- on Advanced Energy United's Interconnection Scorecard. https://advancedenergyunited.org/hubfs/2024%20Advanced%20Energy%20United%20Generator%20Interconnection%20Scorecard%20(1).pdf

[2] https://www.sierraclub.org/press-releases/2020/11/sierra-club-and-stoney-beach-association-statements-talen-energy-s-commitment

[3] https://www.canarymedia.com/articles/fossil-fuels/zombie-coal-plants-could-threaten-the-us-energy-transition

[4] In a separate opinion approving the emergency solutions, FERC Commissioner Allison Clements encouraged PJM to "carefully examine potential changes to planning processes so as to better anticipate reliability risks and plans for them in a more proactive manner, such that a full suite of cost-effective solutions can be more carefully considered." https://www.power-grid.com/td/ferc-approves-pjms-796m-transmission-plan-thwarting-maryland-officials/?utm_source=powergrid_weekly_newsletter&utm_medium=email&utm_campaign=2023-11-14

Project, and the potential loss to existing ratepayers of the non-fossil fuel energy produced at Calvert Cliffs.

All three examples illustrate the need for state energy planning independent of PJM.

HB1037 would create an Integrated Resource Planning Office (IRPO) in the Public Service Commission. Its goal would be to develop a 25-year comprehensive energy forecast for Maryland to enable the state "to analyze energy scenarios and policy options for meeting the State's energy needs and greenhouse gas (GHG) emissions reduction goals while ensuring electric distribution system reliability and cost-effectiveness consistent with the long-term energy needs of the state." The IRPO would coordinate with several state agencies with relevant expertise, including MEA and MDE, to develop scenarios from which to develop policies.

HB1037 also sets out planning goals and policy criteria to guide the IRPO's effort. These include meeting state energy needs and GHG emissions reduction goals, assessing the financial effect of each scenario on state budgets and ratepayers, and using best available technologies to meet these goals. These planning goals and policy criteria are clear, thorough and reasonable.

Energy bills have proliferated this year as legislators hear from constituents their concern about projected increases in energy demand, rising utility costs, and fears about electricity reliability. All of these concerns merit your careful attention. The proliferation of policy options, combined with the complexity of the issues, can make identifying the best near and long term solutions difficult. HB1037 would provide a sound, objective base of analysis to allow lawmakers, the executive branch and the public to assess and evaluate the policy options. Establishing the Office of Integrated Resource Planning entails costs, but the investment will provide information to reduce the risk of costly mistakes and reactive responses to emergencies.

For these reasons, I urge a **FAVORABLE** report in Committee.