

Favorable testimony for SB92
Electric Company Contracts, Capacity Market Models, and Regional Transmission
Organizations - Studies
Education, Energy, and Environment Committee
2/19/2026



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On behalf of the organizations listed above, we urge a favorable report on SB 92.

This bill requires the Public Service Commission and the Maryland Energy Administration to scrutinize our membership in our regional grid operator, PJM, through a study of the costs and benefits of joining with other surrounding states to leave PJM and create a new regional transmission organization, as well as the costs and benefits of joining with other surrounding states to leave only the PJM capacity market, and create a multi-state “fixed resource requirement” compact, which would allow these states to ensure sufficient capacity, without being harmed by PJM’s flawed capacity auction rules.

Participating in a regional transmission organization to share power between neighboring states is beneficial in many ways, and generally reduces costs to ratepayers. However, it has become clear that PJM is not serving Maryland well. We can see this through:

1. **Flawed capacity markets.** To guarantee power supply across the grid it serves, PJM holds what’s called a capacity auction each year. Capacity Auction prices at PJM have increased over 1,000% since 2022, a clear sign that a grid is being mismanaged. This spike in prices is in part the result of PJM stifling new power supply attempting to connect to the grid for many years.

2. Backlogged interconnection queue. Historically, solar and battery projects have had to wait in the PJM interconnection queue for an average of three and a half years. In 2024 there were [286 gigawatts](#) of new generation and storage capacity waiting for PJM's approval to come online. That is more than the total installed capacity of the PJM grid today. PJM has a lack of generation primarily because PJM has systematically blocked new generation from getting connected to the grid.
3. Lack of long term planning. PJM did not proactively plan for the retirement of Brandon Shores and Wagner Coal plants. Even as coal plants across the country were closing and coal consumption in the U.S was falling by roughly half in the span of 10 years, PJM sat on its hands and did not create a plan for what to do when these coal plants inevitably closed. This set the state up for failure. When Brandon Shores and Wagner Coal Plants announced their intention to retire, their loss posed a reliability risk to the grid. After finding themselves in a reliability crunch of their own making, PJM did not issue a request for proposals to evaluate all the options on hand for solving the reliability issue at the lowest possible cost, instead they immediately entered into a reliability must run agreement with Brandon Shores and Wagner Coal plants that will cost ratepayers over \$700 million, while also immediately signing a no bid contract with a utility company to build a transmission line from Pennsylvania that will cost over \$1.5 billion. PJM did not even take the time to evaluate whether there were more cost effective options, such as deploying grid scale batteries to replace Brandon Shores and Wagner.

These series of decisions have been bad for Marylanders, bad for ratepayers, and bad for grid reliability. Although Maryland legislators, the governor, and advocates have been working tirelessly to work with PJM to reconfigure its rules, results have been mixed, as PJM is, by design, not responsive to the states it serves, but rather to its voting Stakeholders. PJM operates as a nonprofit organization, its decisions are made in closed-door working groups, and through votes of its members which include transmission owners, generation owners, electric distributors, end-use customers, and other suppliers who overwhelmingly have a vested financial interest in PJM's rulemaking. Maryland ratepayers are represented in the end-use customer as only one voting block through the Office of People's Counsel. Recently, the end-use customer voting block has been filled with data center companies. Recent decisions at PJM have been windfalls for the for-profit companies who make up the majority of PJM's voting members. The power generators are making record profits thanks to sky-high capacity auction prices. Talen Energy is making record profits off their coal plants, and the utilities are making profits building expensive transmission lines.

We applaud this body for taking initiative to improve governance and transparency at PJM, and ensure that if PJM does not make needed reforms, Maryland has well evaluated options, designed in conjunction with neighboring states, to protect its residents from spiraling electric costs and reliability issues. At this critical juncture of energy affordability, we need to ask the

hard questions: can we insulate ourselves from PJM's spiraling capacity markets, and do we want to continue to be part of PJM, or do we want to join our neighbors in creating a different Regional Transmission Organization - that is from its origin point is structured to be inclusive of the needs and priorities of the residents it serves? Other states in PJM are asking the same question. SB 92 facilitates a study to help us answer this and we urge a favorable report.