



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB 143 - ELECTRIC COMPANY CONTRACTS, CAPACITY MARKET MODELS, AND REGIONAL
TRANSMISSION ORGANIZATIONS - STUDIES

TESTIMONY OF DELEGATE LORIG CHARKOUDIAN
FEBRUARY 3, 2026

Chair Korman, Vice Chair Guyton, and Members of the Environment and Transportation
Committee,

Maryland is one of 13 states and the District of Columbia served by the Regional Transmission Organization (RTO) known as PJM. PJM is the largest RTO in the US and serves 67 million people. All of Maryland's electricity flows through the regional transmission grid that PJM oversees. PJM is responsible for managing the grid, ensuring grid reliability, overseeing the transmission system, coordinating the integration of new energy generation, and assessing future needs. PJM comprises 1,090 member organizations including electricity generators, transmission owners, and utility companies. Overall, having a federally regulated, independent regional entity overseeing the grid provides efficiencies that benefit Maryland consumers. However, decisions made at PJM can significantly impact utility rates and determine how quickly progress is made in meeting Maryland's climate goals. In recent years, PJM has failed in both respects.

The capacity market, defined by an auction that is held once a year, is how PJM procures promises of power supply ahead of the 'delivery year' in which it will be used. The rules of this market have always been biased against renewables and battery storage. During the 2024 market, due in part to choices PJM made, capacity prices increased over 900%, causing a direct increase in utility bills for customers while delivering windfall profits for the owners of power plants. Additional increases are expected. PJM aggressively fought efforts to encourage and then require it to adopt more fiscally responsible approaches and only did so, to a limited degree, when they were required to by FERC and were under increased pressure from Maryland and other member states. The new rules will dampen the impact, but continued increases in capacity auction costs are expected.

PJM has had years to anticipate and plan for the retirement of coal plants which are no longer economical. Policymakers and advocates have asked them to plan for these closures, especially in constrained grid areas, such as the BGE zone. Instead of planning, PJM waited until the crisis moment of the coal plant announcing its closure, forcing rate-payers to pay hundreds of millions of dollars to keep the uneconomical coal plant open, through a Reliability Must Run arrangement, and directing Exelon to build a new transmission line. The "emergency" line has no competition and has already jumped from \$800 million to \$1.5 billion, with more rate-payer costs expected. There were far less expensive and more environmentally responsible options that could have been pursued had PJM engaged in more proactive planning.

PJM has repeatedly put the corporate goals of their members over the needs of rate-payers and the policies of member states working for a clean energy future. While there are still benefits to membership

¹ <https://insideclimatenews.org/news/07082025/inside-clean-energy-pjm-utility-prices-soar/>

in PJM, states must ask when and whether the costs outweigh the benefits and what the alternatives might be.

This bill will:

Require the Public Service Commission and the Maryland Energy Administration to study:

- ✓ The costs and benefits of joining with other surrounding states to leave PJM and create a new regional transmission organization.
- ✓ The costs and benefits of joining with other surrounding states to leave the PJM capacity market only, 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.
- ✓ The costs and benefits of having each utility contract for its capacity in bilateral contracts instead of through the PJM capacity auction.

I respectfully request a favorable report on HB 143.