



**Maryland**  
Energy  
Administration

**Wes Moore, Governor**  
**Aruna Miller, Lt. Governor**  
**Paul G. Pinsky, Director**

March 19, 2024

The PJM Board of Managers  
c/o Mark Takahashi, Chair

Manu Asthana, President and CEO  
PJM Interconnection, LLC  
2750 Monroe Boulevard  
Audubon, PA 19043

Re: Cost-Effective Alternatives to Reliability-Must-Run Agreements

Dear Chair Takahashi, Mr. Asthana, and Board Members:

The Maryland Energy Administration (MEA) is responsible for promoting clean, affordable, reliable energy and energy-related greenhouse gas emission reductions to benefit Marylanders in a just and equitable manner. PJM Interconnection plays a pivotal role in the success of this mission, particularly through its responsibilities to plan the regional transmission system and lower barriers to entry of clean energy resources by ensuring a timely interconnection process.

In June 2023, PJM determined that the Brandon Shores generating station owned by Talen Energy in Anne Arundel County, Maryland must continue operating until the end of 2028, when transmission upgrades to better connect the Baltimore area to the rest of the grid can be completed. I urge PJM to facilitate the development of an interim solution as an alternative to a Reliability-Must-Run (RMR) Agreement that supports reliability in the most cost-effective way.

The near-term reliability violations caused by Brandon Shores' deactivation are serious, and I recognize the need for PJM to keep power flowing until the transmission projects can be completed. However, MEA is concerned that continuing to rely on Brandon Shores may not be the most cost-effective interim solution. MEA is encouraged by an analysis of an alternative solution developed by GridLab and Telos Energy,<sup>1</sup> which would rely on a large four-hour battery installed near the Brandon Shores site, as well as reconductoring of several 115 kV transmission lines and acceleration of other voltage support technologies the PJM Board has already approved

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<sup>1</sup> <https://www.sierraclub.org/sites/default/files/2024-02/2024-01-30%20Brandon%20Shores%20Maryland%20Presentation.pdf>

as part of the Regional Transmission Expansion Plan. Their analysis shows that this alternative solution is potentially less costly than payments for RMR energy service at Brandon Shores.

MEA understands that PJM is evaluating this alternative and has not yet completed its review of whether this solution, or some version of it, could adequately support reliability in lieu of Brandon Shores' continued operation. I appreciate PJM's work on this analysis and urge its timely completion. If the alternative proposed is technically viable, then MEA is strongly interested in working with PJM to facilitate its implementation given that this solution would advance Maryland's statutory mandates to reduce greenhouse gas emissions and deploy three gigawatts of energy storage, all while potentially saving Maryland ratepayers millions of dollars.

In conjunction with this technical analysis, MEA supports the development of a procedural structure for PJM to consider and advance alternatives to reliability-must-run agreements. Retirements of existing generators are likely to accelerate in the coming years throughout PJM's service territory, given the acceleration of economic and policy incentives for decarbonization. PJM must have the appropriate tools to support reliability in a cost-effective manner such as procedures to conduct a technology-neutral assessment of the resource capabilities that could support reliability. After this assessment, PJM could provide an opportunity for other resource developers to demonstrate that they have these capabilities and could be built in time to meet or mitigate the reliability need. There are multiple ways that such resources could be compensated, including as transmission assets (the way that RMR resources are currently compensated), or as market participants. PJM could directly procure these resources, or their development could potentially be facilitated through state policy mechanisms. A robust conversation among PJM stakeholders will be needed to consider different approaches and develop an optimal mechanism, but PJM plays an essential role in starting this conversation.

Neighboring regional transmission organizations have pursued consideration of alternatives in reliability-must-run situations. For example, the Midcontinent Independent System Operator (MISO) arrives at systems support resource (SSR) designations that resemble PJM's RMR through its Attachment Y process. MISO studies the reliability impacts of a retiring generation resource as well as possible alternatives to keeping the resource online. MISO's analysis specifically studies demand response and load curtailment among the alternatives to the SSR.

The New York Independent System Operator (NYISO) has a structured process for identifying alternatives to RMRs, which is triggered when a generator submits a deactivation notice at least one year in advance.<sup>2</sup> If NYISO determines that the deactivation will cause reliability issues, it provides eligible parties 60 days to propose alternatives. NYISO then evaluates these alternatives, selects from among the viable and sufficient options based on their net present value, negotiates an agreement with the developer, and files it with the Federal Energy Regulatory Commission (FERC). Under this process, alternatives can be proposed that would be compensated as either transmission or market resources. NYISO also uses a similar solution solicitation to address Short-Term Reliability Process needs that may arise in the near-term.

Robust evaluation of alternatives is vital to any rigorous decision-making process in our region, especially where public health, the economy, and ratepayer impacts are at stake. MEA asks that

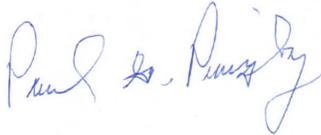
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<sup>2</sup> See New York Independent System Operator, Inc. 161 FERC P 61189 at PP 5-6 (2017).

PJM immediately initiate a process to consider what if any revisions to its tariff are needed to create an RMR alternatives process. It is vital that PJM provide opportunities for robust participation by stakeholders, including its members, consumer advocates, state agencies, and technical experts.

Thank you for your consideration of this request. I look forward to working together to identify opportunities to advance state policy mandates, reduce costs, and make the grid more resilient.

Sincerely,

A handwritten signature in blue ink that reads "Paul G. Pinsky". The signature is fluid and cursive, with the first name "Paul" being the most prominent.

Paul G. Pinsky  
Director