



Mark Takahashi
Chair, PJM Board of Members

PJM Interconnection
2750 Monroe Blvd.
Audubon, PA 19403

VIA ELECTRONIC DELIVERY

March 11, 2025

David S. Lapp, People's Counsel
Maryland Office of People's Counsel

Dear Mr. Lapp,

Thank you for your correspondence dated February 28, 2025. In your letter, you urge PJM to request that the Secretary of Energy issue an order under section 202(c) of the Federal Power Act ("FPA") directing Talen Energy Corporation and its two subsidiaries, Brandon Shores LLC and H.A. Wagner LLC, to maintain service after May 31, 2025, in the event that the proposed Joint Offer of Settlement¹ resolving the applicable Reliability Must-Run ("RMR") rate cases is rejected by the Federal Energy Regulatory Commission ("Commission"), and Talen ceases operation of the Brandon Shores and Wagner facilities.²

As you are aware, upon receipt of Talen's notices to deactivate the Brandon Shores and Wagner facilities in 2023, PJM conducted reliability and planning analyses that underlined the reliability importance of ensuring that these facilities remain operational until necessary transmission upgrades are constructed and energized. To that end, in April of 2024, Talen proposed two RMR rate schedules to the Commission, setting forth Talen's proposed rates, terms, and conditions of continued operation for these facilities beyond their announced deactivation date of June 1, 2025.

On January 27, 2025, Talen submitted a Joint Offer of Settlement to the Commission that proposed to resolve the proceedings at FERC regarding the rates, terms, and conditions of the RMR rate schedules for Brandon Shores and Wagner. Importantly, the Joint Offer of Settlement will provide for the continued operation of the generation facilities and includes an amendment of the agreement that had prescribed the deactivation. This settlement is supported by Talen, PJM, the Maryland Public Service Commission ("MdPSC"), Southern Maryland Electric Cooperative ("SMECO"), Old Dominion Electric Cooperative ("ODEC"), and Exelon Corporation, on behalf of its load-serving affiliated operating companies. FERC Trial Staff does not oppose the settlement, and "believes it is fair, reasonable, and in the public interest."³ As PJM noted in its February 14, 2025 supportive comments on the settlement, "while PJM has not taken a position on any specific cost-of-service or monetary element in the proceedings, the Joint Offer of Settlement represents a significant achievement of consensus on these issues between the entity that will provide RMR service (Talen) and a broad coalition of the load parties that will pay for that service."⁴ Accordingly, the Joint Offer of Settlement represents a reasonable resolution to the proceedings at FERC, which ultimately is essential for reliability.

¹ *Brandon Shores LLC*, Joint Offer of Settlement, Docket No. ER24-1790-001 (Jan. 27, 2025); *H.A. Wagner LLC*, Joint Offer of Settlement, Docket No. ER24-1787-001 (Jan. 27, 2025) (collectively, the "Joint Offer of Settlement").

² PJM Board Letter Requesting an Application under FPA section 202(c), Feb. 28, 2025.

³ *Brandon Shores LLC*, Comments of Commission Trial Staff at 2, Docket Nos. ER24-1790-001 and ER24-1787-001 (Feb. 18, 2025).

⁴ *Brandon Shores LLC*, Comments of PJM Interconnection LLC at 1, Docket Nos. ER24-1790-001 and ER24-1787-001 (Feb. 14, 2025).

While PJM supports the Joint Offer of Settlement that is currently pending before the Commission, PJM has also been in frequent communication with the Department of Energy regarding the Brandon Shores and Wagner facilities, in order to ensure that, if the circumstances warrant, the Department of Energy may quickly respond to a PJM petition under FPA section 202(c). A petition is not appropriate at this time given that: (i) the facilities are not scheduled to deactivate until June 1, 2025; (ii) there are approximately seven weeks remaining for the Commission to rule on the Joint Offer of Settlement by the May 1, 2025 date requested by Talen; and (iii) the requisite “emergency” circumstances do not presently exist that would make such an application successful, based on feedback received from the Department of Energy. However, the Board recognizes PJM’s responsibility to maintain safe and reliable operation of the PJM Region, and PJM is committed to pursuing all lawful options, up to and including an application under FPA section 202(c) if necessary, to maintain the availability of the Brandon Shores and Wagner facilities.

We thank you again for your correspondence. The Board appreciates your continued engagement on the important matters facing PJM and the energy industry.

Sincerely,

Mark Takahashi
Chair, PJM Board of Managers