



MARTIN O'MALLEY
GOVERNOR

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TTY USERS CALL VIA MD RELAY

November 14, 2011

Terry Boston
President and Chief Executive Officer
PJM Interconnection LLC
Valley Forge Corporate Center
955 Jefferson Avenue
Norristown, PA 19403

Dear Mr. Boston:

The State of Maryland, like many states, is engaged in an on-going process of determining how our state will meet its renewable energy goals and the related transmission solutions that may also be needed. One of the resources that we are pursuing is offshore wind. Offshore wind in Maryland depends in large part on the economic impact on the state's ratepayers. We need to understand, for example, the cost of potential transmission scenarios, and understand how the costs of transmission facilities would be allocated. We need a process at PJM that can give us the information we need to make decisions, in a timeframe that is compatible with broader industry development efforts and then get the transmission project(s) approved by PJM.

I am aware that PJM is currently engaged in efforts to revise its transmission planning procedures and that you are exploring a variety of ways to evaluate transmission projects for inclusion into the Regional Transmission Expansion Plan (RTEP). You and your team are to be congratulated for being open to new ideas and developing tools to solve the need for new transmission. Our energy team likes several of the ideas that have been developed. Among the options that would allow states like Maryland to achieve their particular renewable energy objectives is PJM's proposed "State Agreement Approach". This appears to be a potentially useful mechanism for states to submit transmission projects for inclusion in PJM's RTEP. While it is too early to say that Maryland would use the State Agreement Approach, we would like to see it continue to be included as an alternative, so that we have one additional option available to meet our transmission needs for renewable energy.

I understand that although PJM has until October of 2012 to comply with FERC Order No. 1000, PJM is considering a partial compliance filing early in 2012. I encourage and support your including the State Agreement Approach to planning, as one of several approaches, in your proposed compliance filing to FERC.

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Again, I commend you and your team for your creativity in designing new means of getting transmission approved and built and doing it in a way that is sensitive to Maryland's needs. We will continue to be engaged with PJM to recommend other transmission improvements and to monitor the planning process. The right transmission solutions are important to securing cost-effective utility service and a cleaner energy future for Marylanders, and PJM has shown a willingness to work with us on a plan that works for Maryland. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Martin O'Malley". The signature is fluid and cursive, with a large initial "M" and "O".

Martin O'Malley
Governor