

August 5, 2024

Mark Takahashi
Chair, PJM Board of Managers

Manu Asthana
President and CEO

PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, PA 19043

Dear Mr. Takahashi and Mr. Asthana,

We write to express concern regarding shortcomings in how PJM Interconnection, LLC (PJM) plans for and mitigates the impacts of generator retirements, as demonstrated by the case of Brandon Shores in our home state. We are aware that PJM is undertaking various reform efforts to address some of these challenges, including through the development of a generator replacement process that would streamline the interconnection of newly developed resources on the same site as a retiring plant. We encourage PJM to work even more closely with stakeholders to expediently finalize and approve a proactive and holistic solution for Brandon Shores and other generator retirements.

The delayed retirement of Brandon Shores exemplifies how outdated PJM processes are failing PJM customers, especially Marylanders. This uneconomical coal plant just south of Baltimore was anticipated to shut down by 2025 which would have benefited the local community, Maryland ratepayers, and Maryland's climate goals. However, due to a lack of forward-looking grid planning and expedient alternatives, the plant must now remain open until at least 2028, or until sufficient transmission upgrades are completed. What's more, the proposed "reliability must run" (RMR) contract with the owner would put Maryland ratepayers on the hook for over \$600 million dollars in out-of-market payments to keep the plant online over the next 3.5 years.¹ This is an injustice to our constituents living close to the plant who will face the environmental and health consequences of its continued operation, as well as to those who will face an increased energy cost burden as a result of this inefficient and expensive contract.

Paying Brandon Shores to continue to operate and passing that cost onto Maryland ratepayers is an ineffective and costly way to meet reliability needs. PJM can – and should – save customers money and increase reliability by developing a better process to consider alternatives.

In the near term, we urge PJM to reevaluate potential short-term Brandon Shores retirement mitigation measures to limit the duration of the plant's RMR contract, possible actual operating hours and associated costs. PJM should consider alternative solutions, alone or in concert, that could cost-effectively provide a reliable, low-carbon transition pathway for the plant. For example, this could include a combination of energy storage, reconductoring, grid enhancing

¹ Docket No ER24-1790, Brandon Shores LLC, RMR Arrangement. <https://opc.maryland.gov/LinkClick.aspx?fileticket=fqVV7YNMSzw%3D&tabid=1151&portalid=0&mid=2652>

technologies, and integrating offsite clean energy. New York Independent System Operator (NYISO) approved a similar concept for the former Ravenswood coal plant in New York City, where the critical 2.4 GW facility is being replaced with a combination of onsite energy storage, renewables from upstate, offshore wind from the coast, and regional transmission upgrades. Any future planning activities could also include regularly reassessing the need for generation from Brandon Shores so that the plant can successfully shut down in or before 2028.

PJM must prioritize identifying alternatives to these RMR contracts to ensure that other states and communities serviced by PJM do not find themselves in the situation now unfolding around Brandon Shores. There is a clear near-term need for improved generator replacement planning and processes, given that PJM is facing up to 58 GW of generation retirement in the region by 2030.²

Beyond Brandon Shores, we also urge PJM to (1) finish developing solutions and successfully implement an effective, fast-track generator replacement process; (2) update internal rules to unlock the full potential of energy storage as a provider of energy, capacity, and/or grid reliability services, including by allowing for storage as a transmission asset; and (3) proactively consider plausible generator retirements in transmission planning that are consistent with our and other states' clean energy objectives. We discuss each of these ideas in more detail below.

The first pathway, already discussed, is to institute a fast-track interconnection process for new generators that plan to use the existing interconnection infrastructure to replace the retiring plant. This is currently occurring in Minnesota, where the regional grid operator, MISO, has a generator replacement interconnection process that will enable Xcel Energy to replace 1,360 MW of generation from the state's largest coal plant with solar and energy storage by the end of 2026.³ This will save time and Minnesota ratepayers' money on expensive grid upgrades while maintaining grid reliability. We understand that PJM has been considering this type of reform for some time, but that process has not yet yielded action in the mid-Atlantic region.

Another strategy PJM should support to avoid outcomes like the Brandon Shores' RMR in the future is to allow for energy storage to be considered a transmission asset. A third-party analysis indicates that such a solution could have been deployed in lieu of Brandon Shores' delayed retirement,⁴ yet PJM's current regulatory barriers would make deployment challenging. Creating a clear path for storage to additionally be used as a transmission asset will make such projects more feasible in the future, creating more viable alternatives to maintain grid reliability when a generator retires.

In addition, it is critical PJM does more to proactively plan for generator retirements such as Brandon Shores. The recent Federal Energy Regulatory Commission (FERC) Order No. 1920 requires generator retirements to be considered during long-term transmission planning processes. We urge PJM to not only rapidly comply with this Order, but to prioritize planning for probable generator retirements in both its long- and short-term transmission planning.

² Monitoring Analytics. "2023 Annual State of the Market Report for PJM." [Section 1 - Introduction](https://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2023/2023-som-pjm-sec1.pdf). March 14, 2024. https://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2023/2023-som-pjm-sec1.pdf

³ Wesoff, Eric. "Minnesota's biggest solar plant will help replace a huge coal plant." Canary Media. May 1, 2024. <https://www.canarymedia.com/articles/solar/minnesotas-biggest-solar-project-will-help-replace-a-huge-coal-plant>

⁴ Brandon Shores Retirement Analysis. May 2024. <https://gridlab.org/brandon-shores-retirement-analysis/>

There are faster, cleaner, and more affordable ways to address the real reliability challenges associated with generator retirements; we ask PJM to prioritize this issue for Brandon Shores and also move forward with viable solutions for its broader fleet like an effective generator replacement process, storage as a transmission asset, and improved planning as swiftly as practicable.

Thank you for your time and attention to our concerns.

Sincerely,



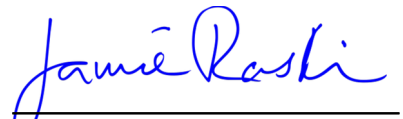
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United States Senator



John P. Sarbanes
Member of Congress



David J. Trone
Member of Congress



Jamie Raskin
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