

## News : Maryland coal plant retirements raise questions about PJM transmission planning

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- Maryland's 3 remaining coal plants retiring
- FERC approved \$785 million in grid upgrades

The planned retirements of Maryland's three remaining coal-fired power plants are raising questions about the costs of the clean energy transition within the PJM Interconnection LLC's 13-state mid-Atlantic footprint as well as the grid operator's planning process.

On Nov. 8, the Federal Energy Regulatory Commission approved a \$785 million package of grid upgrades proposed by PJM to manage the planned deactivation of Talen Energy Corp.'s 1,273-MW coal-fired Brandon Shores power plant in June 2025.

FERC's order (ER23-2612) included a concurrence from Commissioner Allison Clements, who lamented that the "immediate-need reliability projects" — primarily assigned to the local utility, Exelon Corp. subsidiary Baltimore Gas and Electric Co. (BG&E) — were awarded without a competitive solicitation. The package of grid reliability solutions is expected to be fully operational by the end of 2028, or more than three years after Brandon Shores' planned retirement date and five years after the deactivation notice Talen submitted to PJM in April, Clements noted.

Commissioner Mark Christie wrote a separate concurrence questioning whether the costs of the grid upgrades should be allocated to ratepayers outside of Maryland, given the state's legislative requirement to achieve a 60% reduction in greenhouse gas emissions from 2006 levels by 2031.

"A salient question that may be asked is whether these transmission projects are more accurately categorized as public policy projects," Christie said.

In a protest, the Maryland Office of People's Counsel, a ratepayer advocate, estimated that over 68% of the costs will be assigned to electric load in BG&E's service territory. In total, the package of grid upgrades is expected to result in a 35% increase in BG&E's 2021 FERC-regulated transmission rate base, the office said.

The Maryland Public Service Commission filed its own protest in the proceeding, saying PJM's regional transmission expansion planning process, as applied to the Brandon Shores retirement, "precludes consideration of viable alternatives," including the deployment of energy storage assets as transmission solutions. Maryland's climate legislation also requires the installation of 3,000 MW of energy storage by 2033.

Meanwhile, PJM has asked Talen to continue operating Brandon Shores through the end of 2028 under a reliability must-run arrangement.

### 'Unexpected' deactivation notice

PJM spokesperson Jeff Shields said Brandon Shores' deactivation was unexpected.

"Based upon Talen's public statements, Brandon Shores was supposed to repower, not retire," Shields said in a Nov. 16 email.

After receiving Talen's April 6 deactivation notice, "PJM acted quickly to initiate the transmission build-out required to keep the grid reliable once Brandon Shores is gone," Shields said. "Brandon Shores will be needed for reliability until the required transmission has been built."

However, Shields noted that Talen is prevented from accepting a reliability must-run agreement under a November 2020 settlement with the Sierra Club. The agreement with the environmental group requires Brandon Shores to cease combustion of coal by Dec. 31, 2025, though at the time Talen said it would look to repower the plant with "alternate fuel sources."

"PJM is actively engaged in discussions with Talen, the Sierra Club and Maryland officials to find a solution so that the grid remains reliable through this transition," Shields said.

Taryne Williams, Talen's director of corporate communications, said the company is "not in a position to comment on the timeline of those discussions."

### Sierra Club calls for more alternatives

Justin Vickers, a senior attorney for the Sierra Club, said the Brandon Shores example illustrates a lack of creativity in PJM's transmission planning process. More immediate-need reliability projects in PJM could be on the horizon, Vickers added.

In February, PJM released an energy transition report that anticipates 40 GW of generator retirements by 2030, with coal-fired units accounting for 60% of that capacity.

"It's indicative of a problem that we expect might happen more in PJM and then also throughout the country as we continue to transition away from fossil fuel-fired generation and toward a more clean, renewables-based and storage-based future," Vickers said in a Nov. 16 interview.

The Brandon Shores retirement, as well as the planned deactivations in the state of Talen's 828-MW Herbert A. Wagner plant in June 2025 and AES Corp.'s 180-MW Warrior Run Cogeneration plant in June 2024, illustrates the need for a more transparent planning process that includes reasonable alternatives, Vickers said.

Brandon Shores and the Wagner plant are in Baltimore. Warrior Run, which supplies its power under contract to FirstEnergy Corp. subsidiary The Potomac Edison Co., is in western Maryland.

Alternative solutions could include using energy storage resources as a transmission-only asset, the Sierra Club said in a pair of Nov. 13 letters addressed to PJM and Maryland Gov. Wes Moore. So far, the Midcontinent ISO, Southwest Power Pool and ISO New England have received FERC's approval to allow the consideration of storage-as-transmission-only assets in their respective transmission expansion plans.

Another option could be to ease the transfer of capacity interconnection rights (CIRs) to resolve immediate reliability problems, Vickers said. New generators are required to obtain CIRs to participate in PJM's three-year forward capacity auctions, a crucial source of revenue outside of PJM's energy and ancillary services markets.

In its protest, the Maryland Office of People's Counsel said, "It is not apparent that Talen is making diligent efforts to repower [Brandon Shores] or develop alternate capacity which could utilize the plant's CIRs."

"Such failure to pursue the use of the plant's CIRs, essentially a hoarding of CIRs, erects a barrier to entry of new capacity," the office said.

With more plant closures looming, Vickers stressed that the Sierra Club is focused on finding solutions through PJM's stakeholder process.

"Sierra Club and a lot of other groups, obviously, are working on seeing this through and figuring out how to avoid these problems in the future," Vickers said.

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