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BILL NO.: Senate Bill 0092/House Bill 0143 – Electric Company
Contracts, Capacity Market Models, and Regional
Transmission Organizations - Studies

COMMITTEE: Education, Energy, and the Environment
Environment and Transportation

HEARING DATE: February 3, 2026 (ENT)

SPONSOR: Senator Hettleman
Delegate Charkoudian

POSITION: Favorable

The Office of People's Counsel ("OPC") respectfully offers the following comments in support of Senate Bill 0092/House Bill 0143. SB 0092/HB 0143 requires the Public Service Commission ("PSC") and the Maryland Energy Administration ("MEA") jointly, and in consultation with other states, to evaluate and make recommendations on potential alternatives to Maryland's participation in the regional transmission organization, PJM Interconnection, LLC.

Specifically, SB 0092/HB 0143 sets forth legislative findings that PJM's actions have increased costs and decreased affordability for electricity customers and that PJM has failed to adequately address concerns about rate increases or respond to State energy policies. The bill requires the PSC, in consultation with MEA, to study the benefits and costs of three potential alternatives to the current status quo:

1. mandating that each electric company in the State contract for 80 percent of the utility's load-serving capacity over a five-year period;
2. utilizing PJM's fixed resource requirement ("FRR") alternative to PJM's capacity market to secure electric capacity, and
3. withdrawing from PJM entirely and establishing an independent regional transmission organization or joining an existing regional transmission organization.

The PSC and MEA would be required to submit a report on their findings and recommendations by December 31, 2026.

OPC supports the bill’s legislative findings and agrees that affordability issues directly attributable to PJM’s actions warrant reconsidering the benefits of continued involvement with PJM and its markets. As OPC has emphasized in multiple filings before federal regulators, PJM’s rules and administration of its capacity market—through which PJM procures a commitment from generators to be available to meet peak grid demand—have exposed Maryland ratepayers to exorbitant and unwarranted costs.¹ For example, PJM’s failure to count the reliability contributions for two Baltimore-area power plants—Brandon Shores and Wagner—even though the plants would continue to operate as “reliability must run” (“RMR”) units until their retirement—contributed as much as \$5 billion to the spike in 2024 capacity auction costs.² OPC’s analysis estimates that, for 2025–2026, increased capacity prices resulting from that auction will increase most Maryland residential customer bills by more than \$15 dollars per month.³ After OPC and others called on PJM to change its rules to account for RMR units so that customers weren’t forced to pay twice for reliability⁴—once to keep RMR units online and then again through higher capacity market prices—PJM changed its rules in future auctions but has yet to undue the unjust results of this and other flaws in the 2024 auction.⁵

OPC has brought a number of other challenges regarding PJM’s approach to transmission planning and cost allocation—including to PJM’s failure to require planning for local transmission⁶ and PJM’s allocation of nearly \$800 million to Maryland customers for out-of-state data center growth⁷—each of which have contributed the bill affordability crisis.

¹ See, e.g., [Data center proliferation underlies reliability and cost concerns, OPC tells federal regulators](#) (July 9, 2025).

² [Maryland customers face years of higher electricity rates from regional market problems, new OPC report shows](#) (Aug. 14, 2024).

³ *Id.*

⁴ See, e.g., [Immediate reforms needed to protect customers from next generation capacity market auction, consumer advocates tell PJM](#) (Aug. 30, 2024); [Regional power market operator’s rules sideline available resources, imposing billions in unnecessary costs on consumers, Office of People’s Counsel says](#) (Nov. 18, 2024).

⁵ OPC’s complaint on the 2024 auction is still pending before FERC. [Complaint of the joint consumer advocates and request for fast track proceeding](#) (Apr. 14, 2025).

⁶ [Costly local transmission projects that avoid competition are causing unlawful rates, OPC tells federal regulators](#) (Dec. 19, 2024).

⁷ [PJM proposal would unlawfully saddle Maryland customers with nearly \\$800 million for out-of-state data center growth, OPC tells federal regulators](#) (Apr. 28, 2025); [Transmission operator’s proposal to apportion costs for Virginia data centers violates law, Maryland Office of People’s Counsel tells federal agency](#) (Feb. 12, 2024).

To better focus the evaluation of the first potential alternative—mandating that electric companies directly procure contracts for capacity—around consumer protection, OPC supports a forthcoming sponsor amendment to subsection (c):

(c) The Commission, in consultation with the Administration, shall study the benefits and costs of requiring each electric company in the State to **IMPLEMENT A PLAN APPROVED BY THE COMMISSION** to ~~demonstrate to the Commission that it has contracted for~~ **CAPACITY TO MEET** ~~at least 80%~~ of its ~~load-serving capacity~~ **PROJECTED PEAK DEMAND FOR STANDARD OFFER SERVICE, RANGING FROM A MINIMUM OF 20% TO AT LEAST 80% OF THAT DEMAND, IN A MANNER THAT REDUCES PRICE VOLATILITY FOR CUSTOMERS** over **VARIOUS TIMELINES, INCLUDING TIMELINES THAT BEGIN IMMEDIATELY AND TIMELINES THAT PHASE-IN THE AMOUNT UNDER CONTRACT OVER A** ~~the next~~ 5-year period.

With this amendment, SB 0092/HB 0143 will enable the State to explore alternatives to the status quo and make an informed decision about whether and how it is in the public interest to participate in PJM moving forward.

Recommendation: OPC requests a favorable Committee report on SB 0092/HB 0143 with the forthcoming sponsor amendment.