

As explained below, PJM's filing is deficient with respect to: (a) the description of the driver(s) for the changing reliability need underpinning the RMR term extension request; and (b) the proper allocation of the costs of the RMR arrangement, consistent with the OATT, given the addition of more transmission facilities, than were originally determined by PJM, in different zones now needing completion before the Brandon Shores and Wagner power plants can be retired.

BACKGROUND

In its filing, PJM requests the extension of the currently approved mechanism for inclusion of certain generating units in the supply offer stack entered into the capacity auctions conducted by PJM under its Reliability Pricing Model ("RPM") capacity market for BRAs applicable to capacity delivery years 2029/2030 and 2030/2031. Among the generating units affected by this request, if approved by the Commission, are the Brandon Shores and Wagner power plants, located in Maryland (the "Talen RMR Units") and owned by affiliates of Talen Energy ("Talen"). The Talen RMR Units are currently operating pursuant to an arrangement (referred to here as a "Reliability Must-Run" or "RMR" arrangement) effected under Part V, sections 113-121 of the PJM Open Access Transmission Tariff ("OATT"). The Commission previously approved a contested settlement of the Talen Units' RMR arrangements (the "Talen RMR Settlement"), with an original term running from June 1, 2025 to May 31, 2029.² The Commission also approved PJM's request for inclusion of the eligible generators operating under RMR

² *H.A. Wagner LLC, et al.*, 191 FERC ¶ 61,098, *order denying reh'g*, 192 FERC ¶ 61,189 (2025).

arrangements in the BRA supply stacks (and the associated revenue crediting mechanism) for delivery years 2026/2027 and 2027/2028.³ In a subsequent order, the Commission approved the same treatment in the BRA for delivery year 2028/2029.⁴ PJM’s current filing, under consideration in this proceeding, seeks to extend inclusion of the Talen RMR Units in the supply stack (and the associated revenue crediting mechanisms) for the RPM BRAs applicable to delivery years 2029/2030 and 2030/2031. The following table depicts the affected PJM capacity market delivery years and the applicable requirements affecting the Talen RMR Units.

| Table 1: Capacity Market RMR Unit Inclusion and Revenue Crediting Years of Talen RMR Units RMR Arrangement Term | | | | | | |
|---|-------|-------|-------|-------|-------|-------|
| Delivery year | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 |
| Talen RMR Units’ Term (original) | x | x | x | x | | |
| Current PJM RPM Inclusion | | x | x | x | | |
| Talen RMR Units’ Term (with extended term) | x | x | x | x | x | x |
| RPM Inclusion as modified by PJM Filing | | x | x | x | x | x |

In parallel with the PJM filing in this proceeding, Talen, through its affiliates, filed with FERC to extend the RMR arrangements for the Talen RMR Units, to remain effective until May 31, 2031. The Talen filings with the Commission are docketed as ER26-2739 (H.A. Wagner, LLC) and ER26-2740 (Brandon Shores, LLC).

Notwithstanding the anchoring of the annual fixed revenue requirement (“AFRR”)

³ *PJM Interconnection, LLC*, 190 FERC ¶61,088 (2025).

⁴ *PJM Interconnection, LLC*, 193 FERC ¶61,234 (2025).

recovered by Talen to the original four-year term of that arrangement necessarily implied by the Talen RMR Settlement, Talen seeks a carry-over of that same AFRR charged to load, with escalations and additional project investments of an undisclosed amount, for the requested additional two-year term. Talen makes that request even though the requested AFRR for the extended term has no connection to its justification and Commission approval of the Talen RMR Settlement, and, if allowed, will result in rates that are not just and reasonable as required by the Federal Power Act.⁵

When PJM initially reviewed Talen's requests for deactivation of the Talen RMR Units in 2023, which initiated the process resulting in the RMR arrangements for the Talen RMR Units pursuant to the OATT⁶, PJM identified specific new transmission facilities that would resolve the grid reliability violations arising from the Talen RMR Units' retirements, with completion dates projected for the end of 2028. PJM asserted (and FERC agreed) that inclusion of the Talen RMR Units' accredited capacity in the BRA supply stack for capacity market delivery years extending until May 31, 2029 (and the accompanying crediting of those costs to customers allocated the costs arising from the RMR arrangement) was necessary to prevent customers responsible for the RMR arrangement costs from paying double the cost of capacity (i.e., both for capacity procured in the capacity market and for the accredited capacity furnished by the

⁵ See, MPC Protest of Talen RMR Units filings in ER26-2739 and ER26-2740.

⁶ OATT, Part V, sections 113-120.

generation units subject to RMR arrangements)⁷ and was aligned with the original term of the Talen RMR Units RMR arrangement. Along with the RMR arrangements for the Talen RMR Units, PJM determined the cost allocation for the costs arising from the RMR arrangements. As required by the PJM OATT, the cost allocation tracked the transmission facilities initially determined necessary for the Talen RMR Units to retire. The PJM capacity market rule change (for RMR unit inclusion and revenue crediting) was not effective for delivery year 2025/2026, the first year of the Talen RMR Units RMR arrangement.⁸ Based on PJM's current allocation of the costs and credits of the Talen RMR Units RMR arrangement, a large majority of those costs (without the benefit of crediting) were charged directly to the BGE zone entirely within the State of Maryland.

PJM has now determined that multiple, additional transmission facilities, with projected completion dates extending into 2031, also must be completed before the Talen RMR Units can retire without creating grid reliability violations. PJM's new linkage of Talen RMR Units' retirement to the completion of the identified additional transmission facilities with extended in-service dates, in turn, is the driver for PJM's request for the extension of the capacity market arrangements catalyzing this proceeding. To MPC's best

⁷ PJM confirms this rationale in the present filing: "[B]ecause RMR resources are already fully compensated for their operation through their corresponding RMR agreements, the revenues stemming from the capacity market are credited back to the same loads that paid for the RMR agreements. This ensures that those loads are not paying twice for the same capacity—once through an RMR agreement that contribute[s] to resource adequacy and again through the capacity market." PJM Filing at 3.

⁸ MPC has pending before FERC a complaint that has not yet been addressed by the Commission, challenging this result, with refund effective dates inclusive of the 25/26 delivery year. The lack of the crediting mechanism is depicted in Table 1.

understanding, PJM, in apparent violation of the OATT, has not modified the allocation of the costs for the Talen RMR Units cost recovery arrangement to load to reflect the new suite of transmission facilities PJM now deems necessary for completion before the Talen RMR Units can be allowed to retire.

COMMENTS

MPC supports PJM's requested extension of the capacity market mechanisms applicable to RMR units for an additional two years, provided that continued operation of the RMR units for those two years is necessary to maintain grid reliability. Customers are paying the costs recovered under the RMR arrangements applicable to the Talen RMR Units, and customers will be credited revenues received by the RMR units. Extending the arrangement will avoid customers unfairly being charged twice for the cost of capacity.

However, PJM's filing is deficient in two respects. The *first deficiency* is PJM's explanation for its finding of need for continued operation of the Talen RMR Units prior to completion of additional transmission lines extending broadly across the PJM footprint. Without distinguishing among the various drivers, PJM cites two reasons for its finding of need, referring to its PJM staff's affidavit accompanying its filing:

- “[C]hallenges with land acquisition, permitting, and supply chain-related delays...”
- “[A]dditional transmission requirements beyond the immediate need solutions [] have now been added to the plan and must be in place to mitigate the thermal and voltage violations resulting from deactivation of Brandon Shores and Wagner.”⁹

⁹ PJM Filing at 5 (footnotes omitted).

PJM initially designated a set of transmission facilities needing completion (the referenced “immediate need” projects) so that the Talen RMR Units could retire based on PJM’s then effective load forecast (for 2023), and PJM’s current filing fails to specify which of these initially designated facilities are unlikely to meet their estimated in-service dates and the duration of the now anticipated delays.

PJM’s additional finding that additional multiple massive, transmission facilities now need to be complete before the Talen RMR Units is also unexplained. The “[a]dditional transmission requirements” PJM references were procured across multiple regional transmission expansion plan (“RTEP”) competitive procurements that occurred *subsequent* to the initial designation of the Talen RMR Units transmission solutions. Those procurements are primarily driven by the massive, forecasted load growth arising from data centers and identified in PJM’s 2024 through 2026 annual forecasts.¹⁰ PJM’s additional finding thus leaves unsaid what seems readily apparent: The continued need for operation of the Talen RMR Units is due to the additional demand on the PJM grid occasioned by the explosion in data center load growth occurring outside the BGE Zone. Absent that load growth, the completion of PJM’s previously identified grid expansion solutions would allow for retirement of the Talen RMR Units without impairing reliable service to the BGE Zone.

The deficiencies that leave the drivers of the need for continuing the RMRs unexplained and unaccounted for, as discussed further below, impact the proper cost

¹⁰ See, e.g., Maryland Office of People’s Counsel complaint filed in docket EL26-63 (May 7, 2026, as amended May 21, 2026) and the supporting affidavit of Ron Nelson and Andy Eiden at 7-8,23-26.

allocation of the costs arising under the RMR arrangements. PJM should be directed to define and distinguish among the “needs” triggering the requirement for the extended operation of the Talen RMR Units.

Furthermore, the lack of a full PJM explanation further dimensions the inadequacy of PJM’s planning structure for addressing generator deactivations. Under PJM’s rule set, PJM defaults to an immediate need selection of an incumbent transmission owner’s transmission solution if the identified grid reliability violation resulting from the generator deactivation will occur within less than three years. The default to an “immediate need” solution is motivated by the relative imminency of the problem. In the case of the Talen RMR Units, however, that context is belied by the circumstances. Talen notified PJM in 2023 of its intent to deactivate the Talen RMR Units in June 2025, with the beginning of the 2025/2026 capacity market delivery year. The completion of the transmission solution, as now determined by PJM, will extend for more than seven years from the initial notice of intended deactivation. Both the resulting lengthy time line for completion of the new grid-based solution, its large cost increase, and the extended RMR foreclosed and foreclose timely consideration of competitive and more cost-effective alternatives.

The *second deficiency* is based on PJM’s determination that additional transmission facilities need completion before the Talen RMR Units can be retired: PJM’s allocation to load of the costs of the Talen RMR Units is not consistent with its OATT. The OATT provides as follows regarding the allocation of costs arising from a RMR arrangement:

The costs incurred to compensate Generation Owners pursuant to this Part V of this Tariff [i.e., costs arising from a RMR arrangement] shall be an additional transmission charge allocated to the load in the Zone(s) of the Transmission Owner(s) that will be assigned financial responsibility for the reliability upgrades necessary to alleviate the reliability impact that would result from the Deactivation of the generating unit and this new charge shall be collected monthly from such loads in addition to all other charges for transmission service to such loads.¹¹

The additional transmission lines now linked to (and needing completion before allowing) the Talen RMR Units' retirement are, in the terms of the OATT, "the reliability upgrades necessary to alleviate the reliability impact of the generating units."

Accordingly, the costs recovered under the Talen RMR Units should be "allocated to the Zone(s) of the Transmission Owner(s) that will be assigned financial responsibility for" such upgrades. Hence, PJM should reallocate the costs of the Talen RMR arrangements to the Transmission Owners assigned the financial responsibility for the full suite of transmission facilities now deemed needing completion before the Talen RMR Units can be retired.

CONCLUSION

MPC (a) supports the extension of the inclusion of RMR unit capacity in the PJM BRA capacity market supply stack for an additional two years, along with the accompanying revenue crediting mechanism, as requested by PJM in its filing; and (b) identifies informational deficiencies in the PJM filing.

¹¹ OATT, Part V, Section 120.

Respectfully submitted,

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Certificate of Service.

Pursuant to Rules 206 and Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.206 and 18 C.F.R. § 2010, it is hereby certified that a copy of the foregoing has been served upon the Parties and Intervenors in this Proceeding.

/s/ Philip L. Sussler

Dated: June 25, 2026

Document Content(s)

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