

RECA Generation Procurement Model Study

Comments on the Preliminary Report

Maryland Office of People's Counsel
Administrative Docket PC 66

Technical Conference, September 29 to October 1, 2026

OPC raised several issues during the development of the report. Several remain open.

Issue	January 23 comments	April 24 comments	Preliminary Report, per OPC's Sept. 17 comments
Undefined need and scale	Asked the study to recommend the scale, volume and term of procurements	Called undefined need and scale a threshold problem that "remains unresolved"	Acknowledges the concern but does not resolve it
Risk of locking in at a market peak	Said it may be an inopportune time for SOS customers to "go long"	Called the White Paper's response "incomplete"	Relies on competitive bidding which, as OPC notes, "does not resolve the concern"
PJM market reforms	Asked the study to analyze them	Noted that relevant PJM, FERC and Maryland processes remain active	Recognizes PJM is reassessing the capacity market. The final report should account for the reforms.
Independent evaluator	Called it "best practice"	Listed it as a procurement integrity safeguard	Does not fully address it
Utility ownership and build-transfer risk	Said build-transfer can lead developers to add risk premiums	Said concerns about utility involvement "warrant reiteration"	Identifies the disadvantages. OPC agrees with Power Advisory's treatment.
Scoring framework	<i>Not raised</i>	Said the criteria were "not yet sufficiently scoped or operationalized"	Presents scores. The final report should explain each score and test the rankings.

The Preliminary Report ranks models before the procurement need is defined

What the Preliminary Report says

- It is “up to Maryland policymakers to establish the scope and objectives of specific procurements.” (at 6)
- Policymakers’ direction bears on “determining the preferred form of procurement model to be employed.” (at 6)
- The right model may depend on the generation technology being procured. (at 9-11)

What Maryland has not yet defined

- How much to procure beyond the statutory 100 MW floor
- Which technologies are acceptable sources of capacity
- Energy, capacity, ancillary services, or a combination
- The procuring entity or offtaker
- When procurement will occur
- Where procured resources should be located

OPC’S POSITION

State in the final report that model rankings cannot substitute for defining the objective, scale, timing, product and other material parameters of any actual procurement.

Competitive bids do not remove the risk of locking in at the market peak

Preliminary Report

- Quotes OPC's concern about procuring at the market peak.
- Responds that competitive procurement, with sellers offering substantially more supply than the quantity sought, can mitigate the risk.
- Also recognizes "a risk that this may be the 'peak' of the supply chain constraints and locking in term now locks in that cost." (at 41)

OPC response

- "[A] solicitation may be competitive and still produce prices that reflect temporarily elevated market conditions, supply-chain constraints, financing costs, and capacity scarcity." (Apr. 24 at 3)
- The question is whether customers are committed for many years to prices set under conditions that later prove temporary.

OPC'S POSITION

Address how procurement scale, staging and term could mitigate this risk, for example by procuring an identified need in tranches rather than through a single large, long-term commitment.

Ongoing PJM reforms could change the size and duration of Maryland's need

Reform area	Examples cited by OPC	What it could change
Large loads and backstop procurement	Reliability Backstop Procurement (RBP), Interim Resource Adequacy Service (IRAS), Large Load Registry, Bring Your Own New Capacity (BYONC). Tariff revisions pending at FERC.	The need for, scope of and sequencing of any procurement, and the allocation of incremental costs and risks
Capacity, energy and ancillary services markets	Quadrennial Review (CONE, Net CONE, reference resource, VRR curve). Sub-annual capacity, BRA forward period and capacity accreditation. Energy and ancillary services reforms.	The amount and timing of capacity procured, how resource capabilities are valued, and the volatility of market outcomes
Interconnection	Cluster “first-ready, first-served” process. FERC-approved Reliability Resource Initiative (RRI) and expanded Surplus Interconnection Service (SIS). FERC-approved Expedited Interconnection Track (EIT).	The magnitude and duration of the supply development problem, and the “speed to market” objective
Load forecasting and planning	PJM load forecasting, regional transmission planning, large load interconnection reforms	The demand against which capacity and transmission are planned, and whether new demand can be served
OPC'S POSITION	Maryland need not wait for every PJM initiative to finish. But it should avoid committing customers to a long-term procurement structure based on assumptions that ongoing reforms could materially change.	

The least regrets test checks policy priorities, not market conditions

What Power Advisory tests now

Each model's lowest score across three policy objectives serves as a proxy for "downside exposure."
(Preliminary Report at 40)

Resource adequacy

Affordability

Speed to market

This tests how each model performs as policy priorities change.

It does not test how models perform as market conditions change.

What the final report should test

Sensitivity analysis under plausible alternative market conditions:

Load growth

Capacity-market outcomes

Interconnection and
construction timelines

Project attrition

The scores should not convey more precision than qualitative judgments support

Example: Resource adequacy scores

4.15 vs. 4.18

PPA

Index REC

The final report should test whether modest changes in assumptions, scores or weights alter the rankings.

Threshold screens before scoring

The MCDA is compensatory: a low score in one category can be offset by higher scores in unrelated categories.

The final report should identify minimum screening requirements:

- Legal feasibility
- Adequate consumer protections
- A credible ability to support timely delivery of needed capacity

“A procurement model that cannot satisfy a fundamental requirement should not receive a favorable overall assessment merely because it performs well in unrelated categories.” (OPC Sept 17 Comments, at 11.)

Speed to market should also measure when projects deliver accredited capacity

Preliminary Report

- Defines speed to market as favoring “procurement models and methods that can be readily implemented.” (at 14)
- Calls interconnection feasibility a “tactical issue” that “isn’t an appropriate evaluation criterion to distinguish between models.” (at 8)

OPC response

- The definition looks at implementing the procurement mechanism, not at whether a project can begin providing accredited capacity when needed.
- Interconnection feasibility is central to whether a procurement can deliver capacity on time.
- PPRP asked the study to consider the volume and clustering of CPCN filings, project complexity, statutory timelines and late-stage changes. (PPRP Jan. 23 at 2-4)

OPC’s position

Consider project-development readiness in the speed to market criterion, including interconnection process requirements and State agency review.

The final report must address when independent oversight is required

“It is best practice to have an independent evaluator participate in the procurement process.”

OPC Jan. 23 Comments at 9

An independent evaluator “provides both confidence in the results as well as experience in designing and conducting RFPs that the regulated utility may not have in-house.” (Jan. 23 at 10)

The final report should address when independent oversight is required, particularly where:

- a utility-owned or affiliated project could compete against third-party proposals, or
- the entity administering the procurement may have an interest in the outcome.

Utility ownership still costs ratepayers more, even assuming lower financing costs

JMEU's claim

Utility ownership “assists in affordability due to the utility’s low cost of capital.” (JMEU at 6)

The Preliminary Report “does not fully evaluate whether the lower cost of capital could outweigh the purported risk transfer benefits of competitive procurement.” (JMEU at 5)

JMEU cites the Preliminary Report: “utilities typically have lower costs of capital given their lower risk profiles.” (JMEU at 6, citing Preliminary Report at 46)

Lifecycle cost to ratepayers, representative 200 MW Maryland solar project

(Preliminary Report at 20-21)

Utility ownership: \$354M to \$363M

IPP ownership: \$302M to \$351M



What the report shows

- 1 Power Advisory's model assumes lower utility debt and equity costs with limited analysis of utility assertions.
- 2 JMEU notes that the only differences in the assumptions shown pertain to capital structure. (JMEU at 3)
- 3 Power Advisory concludes that IPP ownership produces lower estimated ratepayer costs in each modeled return scenario. (Preliminary Report at 20-21)

“Customers pay for generation under either model,” but not for the same risks

	Utility ownership	Build-transfer	PPA (third-party ownership)
Construction cost overruns	Prudently incurred overruns may be recovered from ratepayers	Developer bears construction risk until transfer	The generator owner bears the risk
Risk over the asset’s life	Customers remain exposed to capital and performance risks	The utility and its customers assume performance risk after transfer	Primary risk is failure to deliver, which collateral or other financial security can mitigate
Price effects identified by OPC	Self-build projects can lead to high costs from limited competition and overruns passed through to customers	Developers lose risk-mitigation options and may add a risk premium to their bids	Typically the broadest market access and lowest costs. Should be competitively bid.

JMEU: regulation gives the Commission “full insight into any cost risks” (JMEU at 4).

Report: under utility ownership, ratepayers may still pay prudently incurred overruns (Preliminary Report at 22-23).

What the final report should address

- 1 State that model rankings cannot substitute for defining the procurement need.
- 2 Address how scale, staging, term and tranches could mitigate the risk of buying at the peak.
- 3 Account for pending and recent PJM reforms.
- 4 Add sensitivity analysis on market conditions, with stakeholder input.
- 5 Test whether modest changes alter the rankings.
- 6 Identify minimum requirements a model must meet before it is scored.
- 7 Expand speed to market to cover project readiness, interconnection and State review.
- 8 Explain or revise nameplate LCOC, the LCOC and LCOE weighting, and the business-as-usual LCOE score.
- 9 Keep the risk-allocation and market-structure findings on utility ownership and build-transfer.
- 10 Address when an independent evaluator is required.

Appendix

Cost metrics, PJM reform detail, sources and abbreviations

Cost metrics need a clearer basis

LCOC and LCOE

- The Preliminary Report defines levelized cost of capacity (LCOC) as the annualized revenue a resource needs “per unit of nameplate capacity” to recover fixed costs. (at 12)
- Nameplate capacity may not reflect what a resource can contribute to PJM. The final report should explain the nameplate basis or evaluate LCOC on PJM-accredited capacity.
- LCOC is most relevant to resource adequacy and levelized cost of energy (LCOE) to affordability, yet both are averaged into one “Cost & Rate Impacts” score. (at 12, 33, 35)
- The final report should justify equal implicit weighting or vary the weights by objective in the sensitivity analysis.

Business-as-usual LCOE score

- Business as usual receives the lowest LCOE score because the BRA is “designed to procure lowest cost capacity, not lowest cost energy.” (at 19)
- OPC agrees that the BRA does not expressly optimize lifecycle energy costs. But capacity bought in the BRA does not require the energy to come from the same resource.
- Without modeling of energy-cost outcomes, the report does not establish that business as usual necessarily produces higher energy costs than every other alternative.
- The final report should support the score or treat it as a qualitative assumption and test other reasonable scores.

PJM reform detail, as cited in OPC’s September 17 comments

Reform	Status or citation in OPC comments
Reliability Backstop Procurement (RBP)	Filed at FERC July 31, 2026, Docket No. ER26-3380-000
Interim Resource Adequacy Service (IRAS) and Large Load Registry	Filed at FERC Aug. 13, 2026, Docket No. ER26-3515-000
Bring Your Own New Capacity (BYONC)	Tariff revisions pending at FERC
Quadrennial Review: CONE, Net CONE, reference resource, VRR curve	Brattle, Sixth Review of PJM’s VRR Curve, and Brattle 2025 CONE Report (both Apr. 11, 2025)
Sub-annual capacity, BRA forward period, capacity accreditation	PJM Sub-Annual Capacity Market and ELCC Senior Task Forces
Energy and ancillary services reforms	PJM Reserve Certainty Senior Task Force
Cluster “first-ready, first-served” interconnection	181 FERC ¶ 61,162 (2022)
Reliability Resource Initiative (RRI)	Approved by FERC, 190 FERC ¶ 61,084 (2025)
Surplus Interconnection Service (SIS), expanded use	Approved by FERC, 190 FERC ¶ 61,083 (2025)
Expedited Interconnection Track (EIT)	FERC accepted tariff revisions June 9, 2026. 195 FERC ¶ 61,197, ER26-1563-000 and -001

Sources and abbreviations

Sources

- OPC, Comments on Scope of RECA Generation Procurement Model Study, PC 66 (Jan. 23, 2026)
- OPC, Comments on the Preliminary RECA White Paper, PC 66 (Apr. 24, 2026)
- OPC, comments on Power Advisory's Preliminary Report, PC 66 (Sept. 17, 2026)
- Joint Maryland Exelon Utilities, Comments on Preliminary Report, PC 66 (Sept. 17, 2026)
- Power Advisory LLC, RECA Generation Procurement Model Study, Preliminary Report. Page cites as given in OPC's Sept. 17 comments.
- Maryland DNR Power Plant Research Program, Comments, PC 66 (Jan. 23, 2026), as cited by OPC

Abbreviations

BAU	business as usual	LCOE	levelized cost of energy
BRA	Base Residual Auction	MCDA	multi-criteria decision analysis
BYONC	Bring Your Own New Capacity	PPA	power purchase agreement
CONE	Cost of New Entry	PPRP	Power Plant Research Program
CPCN	Certificate of Public Convenience and Necessity	RBP	Reliability Backstop Procurement
EIT	Expedited Interconnection Track	REC	renewable energy certificate
EPC	engineering, procurement and construction	RECA	Renewable Energy Certainty Act
IPP	independent power producer	RRI	Reliability Resource Initiative
IRAS	Interim Resource Adequacy Service	SIS	Surplus Interconnection Service
JMEU	Joint Maryland Exelon Utilities	SOS	standard offer service
LCOC	levelized cost of capacity	VRR	Variable Resource Requirement