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August 30, 2024

PJM Interconnection
2750 Monroe Blvd.
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Honorable Chris Van Hollen
Honorable Benjamin L. Cardin
Honorable John P. Sarbanes
Honorable David J. Trone
Honorable Jamie Raskin
United States Congress
Washington, DC 20510

c/o Alex.Swanson@vanhollen.senate.gov
Leila.Duman@mail.house.gov

Dear Respected Members of Congress,

Thank you for your correspondence dated Aug. 5, 2024, in which you share your concerns regarding Brandon Shores and the process PJM uses to engage in long-term transmission grid planning to reliably serve Maryland and the 65 million people who live and work in PJM's service territory.

At the outset, it is important to provide some context regarding PJM's planning process in relation to the retirement of Brandon Shores. As you are aware, Brandon Shores is a 1,282 MW coal-fired generating station in Anne Arundel County that is owned by Talen Energy Corp. (Talen). In November 2020, Talen announced a "strategic repositioning of its power generation fleet that will eliminate the use of coal at all Talen wholly-owned facilities." Talen's press release identified the Brandon Shores units in particular and stated that Talen "will cease coal-fired operations by the end of 2025 and repower pending approvals by state agencies."

Subsequently, in December 2021, Raven Power Fort Smallwood LLC, a subsidiary of Talen and the owner/operator of the Brandon Shores units, filed a request for a determination from the Maryland Public Service Commission (PSC) that the proposed fuel-switching from coal to oil at the Brandon Shores units would not constitute a modification to the generation stations, signaling Talen's intent to move forward with the repowering of the facility. In January 2022, the Maryland PSC issued a decision confirming that the "proposed fuel-switching would not be considered a 'modification' under the *Public Utilities Article § 7-205 ...*" and approved the proposed fuel-switching from coal to oil, subject to certain conditions.

Additionally, in parallel with Talen's press release and the Maryland PSC's proceeding described above, Talen contacted PJM in May 2021 to inquire about Brandon Shores' proposed fuel switching from coal to oil. Talen also had subsequent discussions and meetings with PJM's transmission planning group on several occasions between May 2021 and August 2022 regarding whether any studies would be necessary to support the fuel conversion and to obtain information from PJM about requirements for PJM's upcoming capacity auction. Talen had clearly communicated it was on a path to convert Brandon Shores to oil.

PJM did not become aware that Talen had decided to pivot from its fuel conversion plan until April 6, 2023, when PJM received a deactivation notice for Brandon Shores. In that notice (which was provided in compliance with the PJM Tariff), Talen explained, for the first time, that although it had previously been working toward a conversion of the Brandon Shores units to fuel-oil combustion, it had determined that such a conversion would be uneconomic.

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Further, as you may be aware, Talen entered into a private agreement with the Sierra Club that prevents Brandon Shores from continuing to run without conversion beyond December 31, 2025. PJM was not consulted on this agreement nor was PJM a party to the agreement.

In short, PJM could not have anticipated the imminent deactivation of the Brandon Shores units when numerous public statements and direct conversations between PJM and Talen all supported the notion that Brandon Shores was on a path to remain online, albeit, using a different fuel source.

Shortly after receiving Talen's deactivation notice, PJM conducted a generator deactivation analysis, finding that the Brandon Shores retirement would result in over 600 reliability violations. PJM then acted quickly to initiate the process to find transmission solutions to resolve these violations. The PJM Board of Managers (PJM Board) acted swiftly in approving these projects, as did the Federal Energy Regulatory Commission (FERC).

The sheer number of reliability violations resulting from the retirement of Brandon Shores indicates Maryland's urgent need for additional energy infrastructure. While we respectfully disagree with the characterization that PJM acted late in preparing for the retirement of Brandon Shores, there should be universal agreement that new energy infrastructure is the only solution that will allow for the eventual retirement of Brandon Shores while preserving reliable electric supply for millions of Maryland consumers.

Brandon Shores will be needed to preserve electric reliability for consumers in Maryland beyond its stated retirement date and until the required transmission is built. PJM's federally approved rules contemplate this scenario, and the rules provide the opportunity for retiring generation needed for grid reliability to operate under a Reliability Must-Run (RMR) framework, pursuant to the PJM Tariff, until required transmission upgrades have been completed. There is a proceeding underway at FERC to discuss a possible RMR framework for Brandon Shores (see FERC Docket No. ER24-1790). Further, there are currently discussions underway in the PJM stakeholder process that would allow for a more holistic planning effort in response to a generator deactivation notice submission. We will keep your offices informed as this effort progresses.

Your letter also requests that PJM rapidly comply with FERC's recent final order on transmission planning and cost allocation, i.e., FERC Order No. 1920. PJM strongly supports FERC's goal to encourage long-term, forward-looking, regional transmission planning, including scenario-based planning. Even prior to the issuance of Order No. 1920, PJM proposed to its states and stakeholders an enhanced, proactive, long-term planning process to identify, evaluate and select regional transmission facilities that address long-term reliability concerns, changes in the resource mix and changes in demand, including those driven by public policy. PJM has already engaged its stakeholders, including state officials in Maryland, on issues to comply with FERC's directives, and PJM is currently on schedule to make the required compliance filing with FERC next year.

Additionally, as you noted, important efforts are underway to consider further refinements to our interconnection process. You also referenced making use of existing interconnection infrastructure to allow a new generator to take the place of a retiring generator. PJM has proposals moving through our stakeholder process that envision the more efficient transfer of such "capacity interconnection rights" between generators at an electrically equivalent location. It should also be noted that PJM's suite of interconnection queue reforms have yielded positive and substantial results since FERC approved the proposed reforms in November 2022, and PJM [recently announced](#) that we are on track to study 72,000 MW of mostly renewable or hybrid resources by the third quarter of next year, with a total of 230,000 MW expected to be studied over the next three years.

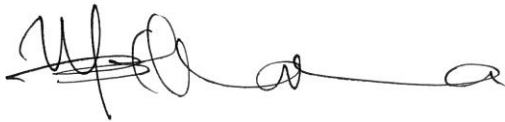
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Finally, while utility-scale battery storage projects can serve as a transmission asset, as we recently explained in a [letter](#) to the Maryland Energy Administration, the feasibility and economics of developing such a resource at a scale sufficient to entirely replace retiring thermal generation are challenging at present. While PJM has attempted to develop rules regarding how storage as a transmission asset should be evaluated and incorporated into PJM's planning process, our proposal did not receive the requisite support by stakeholders to advance. Notwithstanding, we plan to revisit this topic with our stakeholders in the near future as advancements in battery technology hold great promise. For now, PJM will continue to evaluate opportunities for deploying this technology on the grid as they present themselves.

In closing, PJM is working hard to cost-effectively maintain grid reliability as Maryland advances its energy policies. We look forward to working in partnership with Maryland's government on this important effort.

Sincerely,

A handwritten signature in black ink, appearing to read 'Manu Asthana', with a long horizontal flourish extending to the right.

Manu Asthana
President & CEO

cc: PJM Board of Managers
Organization of PJM States, Inc. (c/o Gregory Carmean)