

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION**

PJM Interconnection, L.L.C.                    )

Docket No. ER26-1556-000

**COMMENTS OF THE MARYLAND ENERGY ADMINISTRATION**

On February 27, 2026, PJM filed to extend the price cap of approximately \$325/megawatt (MW)-day (in Unforced Capacity (UCAP)) and a price floor of approximately \$175/MW-day (in UCAP) for all Reliability Pricing Model (RPM) Auctions through the 2028/2029 and 2029/2030 Delivery Years.<sup>1</sup> PJM requested a waiver of the 60-day notice requirement to allow for a March 31, 2026 effective date. The Maryland Energy Administration (MEA)<sup>2</sup> strongly supports this action.

MEA appreciates the opportunity to provide comments on PJM’s proposed price collar. The mission of MEA is to promote clean, affordable, reliable energy and energy-related greenhouse gas emission reductions to benefit Marylanders in a just and equitable manner. MEA advises the Office of the Governor of the State of Maryland and the Maryland General Assembly on matters relating to energy policy. MEA administers grant and loan programs to encourage clean energy technologies in all sectors of Maryland’s economy.

On April 22, 2025, the Federal Energy Regulatory Commission (FERC or Commission) accepted PJM’s filing to establish a price cap and price floor for the 2026/2027 and 2027/2028 Delivery Years to resolve the complaint Governor Josh Shapiro and the Commonwealth of

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<sup>1</sup> *PJM Interconnection, L.L.C.*, Docket No. ER26-1556-000 Proposal to Extend The Price Cap and Price Floor for the 2028/2029 and 2029/2030 Delivery Years, And Request for a Waiver of the 60-Days’ Notice Requirement to Allow for a March 31, 2026 Effective Date (Feb. 27, 2026) (PJM Filing).

<sup>2</sup> MEA filed a doc-less motion to intervene in this proceeding on March 11, 2026.

Pennsylvania filed against PJM asserting that the price cap for PJM’s RPM auctions was unjust and unreasonable.<sup>3</sup> Governor Moore expressed strong support for the relief sought in Pennsylvania’s complaint in a letter to the PJM Board of Managers on January 21, 2025.<sup>4</sup>

In its April 2025 Order, FERC cited PJM’s description of a “confluence of events” that led to the need to institute a price collar—offering as examples the compressed auction schedule; increasing load growth; increasing number of resource retirements; the interconnection queue backlog; and siting, permitting, and supply chain constraints that slow down new resource entry.<sup>5</sup> Without the cap, the capacity price for the 2027-28 Delivery Year would have been nearly \$530/MW-day,<sup>6</sup> or about 60% higher, with little chance of delivering commensurate resource adequacy benefits.

## **I. Conditions Persist that Warrant the Extension**

Less than a year later, this confluence persists. PJM continues to work to clear its transition backlog, with Transition Cycle 2 of the interconnection queue set to be completed this year.<sup>7</sup> Supply chain bottlenecks for critical equipment, particularly large transformers, switchgear, and turbines are driving lead times for major equipment up to several years. Meanwhile, load growth driven primarily by large load customers continues to outpace the speed of new generation development and the capacity auction schedule remains compressed. The 2028/2029 and 2029/2030 Delivery Years have forward periods of approximately 23 months and 29 months, respectively. Following delays attributed to the proposed Minimum Offer Price Rule,

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<sup>3</sup> *Commonwealth of Pennsylvania v. PJM Interconnection, L.L.C.*, 191 FERC ¶ 61,066 (2025)(April 2025 Order).

<sup>4</sup> Maryland Governor Moore Letter Regarding Capacity Market Price Cap (Jan. 21, 2025), accessible at: <https://www.pjm.com/-/media/DotCom/about-pjm/who-we-are/public-disclosures/2025/20250121-md-governor-moore-letter-regarding-capacity-market-price-cap.pdf>.

<sup>5</sup> April 2025 Order at 7.

<sup>6</sup> PJM 2027/2028 Base Residual Auction Report (Dec. 17, 2025) p. 16.

<sup>7</sup> Inside Lines, PJM Announces Application Deadline for First Cycle of New Interconnection Process (Aug. 22, 2025).

PJM has been holding Base Residual Auctions every six months in an effort to return to the three-year forward design of its capacity market. This has limited the ability of new resources entering the queue to reach commercial operation in time to meet capacity commitment obligations associated with participating in near-term RPM auctions. This in turn has led to significantly higher capacity prices for consumers. Taken together, these conditions warrant a time-limited extension of the price collar.

## **II. An Extension will Complement State Action to Improve Conditions**

Extending the price collar for two delivery years will ensure market stability and allow sufficient time for state actions to drive in-state development of generation and demand-side resources to take effect. Improvements to PJM’s load forecasting, which is used in planning the capacity market, will dovetail with these efforts and further help rebalance supply and demand in the region. These improvements relate to state review of large load additions, addressing duplicative requests, the use of additional third-party review, and increased transparency.<sup>8</sup>

Governor Wes Moore on December 19, 2025 signed an executive order, “Building an Affordable and Reliable Energy Future” (the Executive Order) to support energy affordability and accelerate deployment of cost-effective energy solutions.<sup>9</sup> The Executive Order directs a whole-of-government approach to address both the projected gap in electricity generation and the rising energy costs that impact Maryland families. The Executive Order issued as residential energy rates have risen 44% since 2020.<sup>10</sup> By modernizing infrastructure and streamlining

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<sup>8</sup> PJM Board Decisional Letter on Critical Issue Fast Path - Large Load Additions (Jan. 16, 2026).

<sup>9</sup> Md. Exec. Order No. 01.01.2025.27 (Dec. 19, 2025), accessible at: [EO 01.01.2025.27 Building an Affordable and Reliable Energy Future Accessible.pdf](#).

<sup>10</sup> U.S. Energy Information Administration API Dashboard, Average Price of Electricity to Ultimate Customers (last accessed Mar. 12, 2026).

permitting, the Moore-Miller Administration aims to secure Maryland’s energy future while maintaining the state’s economic competitiveness.

The Executive Order builds on a year of historic action by the Moore-Miller Administration to lower energy costs for Maryland residents and businesses, including ongoing implementation of the Next Generation Energy Act.<sup>11</sup> In 2025, Governor Moore and Maryland General Assembly leadership enacted the Next Generation Energy Act. This landmark legislative package is designed to lower bills through increased supply and enhanced grid resilience. For example, the Maryland Public Service Commission (PSC) launched Public Conference 75 (PC75) to carry out requirements for transmission-connected energy storage.<sup>12</sup> The PSC must procure 1,600 MW of front-of-the-meter, transmission-connected energy storage through two competitive solicitations of 800MW each. To date, the Public Service Commission has received five applications seeking the award of energy storage capacity credits (ESCC) in its first solicitation.<sup>13</sup> The credits help improve the ability of large energy storage projects to obtain financing by acting as a hedge against future PJM capacity market price uncertainty by providing a stable revenue stream. Eligible energy storage projects must possess at least 4-hour discharge duration and become operational within 24 months of the ESCC award, unless the PSC grants an extension. The PSC must approve, conditionally approve, or reject Round 1 applications for ESCCs projects by October 1, 2026.

### **III. The Price Collar Will Facilitate a Backstop Reliability Auction**

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<sup>11</sup> Md. Ch. 625 (2025).

<sup>12</sup> Maryland Public Service Commission Applications for Transmission Connected Energy Storage Complying with the Next Generation Energy Act Request for Information (RFI) (Oct. 2025).

<sup>13</sup> Maryland PSC Receives 5 Transmission-Connected Energy Storage Applications Under the Next Generation Energy Act (Mar. 3, 2026).

MEA recognizes the need for the capacity price to incent near-term investment while reflecting the market's current limited ability to respond. The price floor of \$175/MWh will continue to provide a degree of price certainty to support ongoing investments. Governor Moore joined the Governors of all the PJM states in a Statement of Principles jointly with the White House Energy Dominance Council that calls for a Reliability Backstop Auction among other measures to support the entry of new capacity to preserve reliability in the PJM region.<sup>14</sup> A backstop mechanism that provides long term price certainty for new resources to enter the market and assigns the costs of that entry to the large loads that need them has the potential to inform the behavior of market participants. It is doubtful much new entry will be offered in the upcoming Base Residual Auctions ahead of a backstop procurement that is likely to contract new resources on a multi-year basis. Allowing capacity prices to be determined now without the price cap as a signal to build may not only fail to spur new entry but also increase the risk of price volatility.

In addition to the Reliability Backstop procurement, the PJM Board telegraphed a number of market changes related to resource adequacy in its January 16, 2026 Critical Issue Fast Path (CIFP) decisional letter, including plans to conduct a holistic review of how each of PJM's wholesale markets—including the capacity market—can better support resource adequacy.<sup>15</sup> PJM was also ordered by the Commission to clarify its interconnection procedures and create new transmission services related to co-located load arrangements that may impact capacity market dynamics.<sup>16</sup> Maintaining the capacity price collar is therefore an important tool to provide

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<sup>14</sup> Statement of Principles Regarding PJM (Jan. 16, 2026).

<sup>15</sup> PJM Board Decisional Letter on Critical Issue Fast Path - Large Load Additions (Jan. 16, 2026).

<sup>16</sup> 193 FERC ¶ 61,217 (Dec. 18, 2025).

market stability and protect consumers from price volatility while these important issues are being resolved.

#### **IV. PJM's Use of the Updated VRR Curve is Just and Reasonable**

PJM's Periodic Review process to update its capacity auction rules for consideration by FERC is typically conducted every four years. However, the Joint PJM/Pennsylvania Public Utility Commission Proposal that FERC ultimately approved resulted from a review initiated by PJM a year earlier than required by the PJM Tariff, given the rapidly changing dynamics in the market.<sup>17</sup> The update is designated to become effective with the Base Residual Auction for the 2028/2029 Delivery Year, which is scheduled to commence on June 30, 2026. Maryland supports PJM's proposed approach to implement the updated Variable Resource Requirement (VRR) curve and the price collar together, starting in the 2028/2029 BRA.

Specifically, PJM proposes to utilize the shape of the VRR Curve that the Commission recently accepted. Overlaying the new price cap and new price floor on the recently updated curve design that will be effective with the 2028/2029 Delivery Year would have the effect of significantly narrowing the permissible auction outcomes and protecting consumers from unjust and unreasonable cost escalation. As PJM explains in its filing, the RTO would continue to calculate the VRR Curve points 1, 2, and 3 in accordance with the updated VRR Curve as specified in Tariff, Attachment DD, section 5.10(a)(i). After plotting that curve, PJM would then (1) draw a horizontal line from the y-axis equal to the lesser of \$256.75/MW-day (ICAP)—i.e., around \$325/MW-day (UCAP)—or the value of point 1 to the point at which such horizontal line intersects with the curve; and (2) find the point on the curve where the y-coordinate equals the

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<sup>17</sup> 194 FERC ¶ 61,049 (Jan. 21, 2026).

UCAP-equivalent of \$138.25/MW-day (Installed Capacity (ICAP))—around \$175/MW-day (UCAP)—then draw a horizontal line from that point rightward.<sup>18</sup> The same logic would be used to develop the VRR Curve for all Locational Delivery Areas (LDAs). Any Sell Offer above the price cap would not clear the auction, while any offer below the price floor would clear.

This method is particularly important for Maryland, which experienced price separation in the 2025/2026 Delivery Year. PJM capacity auction prices rose from \$28.92/MW-day for the entire region for 2024/2025 to \$269.92/MW-day for 2025/2026 everywhere in the region except the BGE and Dominion zones.<sup>19</sup> The BGE zone cleared at \$466.35/MW-day in the 2025/26 BRA, up from \$73.00/MW-day in the prior year. The BGE LDA is a transmission-constrained zone, which was amplified by the Reliability Must Run (RMR) agreements entered into by Talen Energy and PJM to delay the deactivation of units within the Brandon Shores and H.A. Wagner power plants,<sup>20</sup> and PJM’s historic treatment of such agreements that took the units out of the supply stack in the RPM. PJM corrected its accounting of RMR resources in the subsequent two auctions.<sup>21</sup> Meanwhile, Maryland has worked to efficiently review the Brandon Shores Retirement Mitigation Transmission Project that PJM determined is needed to allow the RMR units to retire. BGE applied for a Certificate of Public Convenience and Necessity (CPCN) in July 2024 to authorize construction of the high-voltage transmission lines.<sup>22</sup> Public hearings were held in April 2025 in Harford, Anne Arundel, and Baltimore counties. PSC Staff evaluated the application and recommended that the PSC authorize BGE to construct the project as described

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<sup>18</sup> 191 FERC ¶ 61,066 p. 16.

<sup>19</sup> PJM 2025/2026 Base Residual Auction Report (Jul. 30, 2024).

<sup>20</sup> *H.A. Wagner LLC et al.*, 191 FERC ¶ 61,098 (May 1, 2025) ( Order on Contested Settlement).

<sup>21</sup> PJM Interconnection, L.L.C. tariff filing Extending Capacity Must-Offer Requirement to All Generation Capacity Resources, ER25-785-000 (Feb. 20, 2025).

<sup>22</sup> Application by Baltimore Gas and Electric Company for a Certificate of Public Convenience and Necessity for the Brandon Shores Retirement Mitigation Project – Case No. 9748 (Jul. 11, 2024).

in the CPCN application.<sup>23</sup> On March 19, 2026, the Public Utility Law Judge issues a Proposed Order granting the CPCN subject to certain conditions, which order will become final on April 21, 2026 unless an appeal is filed prior to that date.<sup>24</sup> PJM's required in-service date for the project is December 31, 2028. Extending the price collar will help insulate Maryland consumers against unjust and unreasonable capacity costs as the case progresses.

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<sup>23</sup> PSC Case No. 9748, Brief of the Staff of the Public Service Commission (Nov. 7, 2025).

<sup>24</sup> The Application of Baltimore Gas and Elec. Co. for a Cert. of Public Convenience and Necessity for the Brandon Shores Retirement Mitigation Project, MD PSC Case No. 9748, Proposed Order of Public Utility Law Judge (issued March 19, 2026).

**V. Conclusion**

MEA strongly supports the capacity price floor and cap extension PJM has proposed. The price collar responds to sustained market conditions that make it a necessary cost containment measure. The time frame will allow PJM time to continue market design improvements and for Maryland to implement state actions to increase in-state capacity and improve affordability.

Dated: March 20, 2026

Respectfully Submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that I have, this 20th day of March 2026, served a copy of the foregoing document as provided by Commission regulation electronically or by first class mail, postage prepaid, as appropriate, on each person designated on the service list compiled by the Secretary in this proceeding.

*/s/ Harry Dupre*  
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