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Baltimore and Harford Counties

Budget and Taxation Committee

Subcommittees

Capital Budget

Health and Human Services

Legislative Policy Committee



The Senate of Maryland
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Sent via Electronic Mail

Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 20426

*Re: PJM Capacity Market Price Caps, Interconnection Delays, and the Need for
Competitive, Customer Focused Energy Solutions*

Dear Commissioners:

Maryland's ongoing energy crisis continues to have detrimental impacts on Maryland residents and small businesses. I am respectfully urging the Federal Energy Regulatory Commission to take immediate and coordinated action to address the lack of energy affordability, generation availability, and looming reliability crisis facing Maryland and other states within the PJM Interconnection footprint.

Reliability concerns have been used to justify hundreds of millions of dollars in transmission and electric infrastructure spending, including major PJM-approved transmission projects tied to power plant retirements, when generation is the key requirement to battling this crisis, we face.

Recent PJM capacity market auctions have produced record-high prices, while simultaneously failing to meet PJM's own reliability targets, falling short of 6,600 MW for the 2027/2028 market. These outcomes are not the result of normal market dynamics. Rather, they reflect structural market failures, including persistent generation shortages, interconnection backlogs, and rule designs that prevent meaningful competitive entry, yet continue to impose escalating costs on residential ratepayers. Capacity prices increased by 800% starting June 2025 through a series of market failures, such as the closure of coal-firing plants.

I request that PJM's proposal to significantly raise the capacity market price cap in future auctions is rejected as unlawful, under the Federal Power Act. Capacity markets rely on the premise that new resources can enter the market and discipline prices. That premise no longer holds. Recently, Maryland's Office of the People's Counsel argued that raising price caps will not improve reliability when supply entry is structurally blocked.

Backlogged interconnection queues remain a concern as approved projects are not filling the gap left by generation retirements. I urge FERC to analyze projects on the backlog to see what can be expedited in service of the PJM Interconnection. We are seeing unprecedented load growth that makes it near-impossible for new generation to enter the market in sufficient quantity or timeframe to meet PJM's reliability requirements. We know that data centers are on the horizon, we can increase our level of preparedness to address the mounting needs, or we can continue to fall behind, pushing affordability completely out of the door. Under these conditions, generators are able to exercise market power, forcing customers to pay inflated prices that are neither competitive, nor just and reasonable.

I strongly urge the Federal Energy Regulatory Commission to work with PJM Interconnection to expedite approval of projects currently stalled in the interconnection queue, particularly those with a realistic and near-term ability to improve reliability, expand supply, and increase accessibility to Marylanders and others across the PJM region.

Interconnection delays are suppressing competition, alongside Maryland's prohibitive market on non-renewables, sidelining viable generation and storage projects, and forcing customers to bear the cost of scarcity rather than benefit from new supply.

At the distribution level, regulators face a parallel decision point. Systems designed to support distributed energy resources, including solar, storage, EV chargers, and virtual power plants, must promote competition and customer choice, not reinforce utility-centered control.

Distributed Energy Resource Management Systems (DERMS) should:

- Be built on open, interoperable platforms compatible with PJM markets.
- Enable participation and aggregation.
- Preserve meaningful roles for competitive providers and aggregators.

If DERMS investments are poorly structured or isolated from regional markets, customers will pay more while losing the very flexibility and savings this program is meant to provide.

Across both wholesale and distribution markets, the pattern is clear: Maryland customers are paying more, while market structures block new supply, delay cost-saving technologies, and concentrate control. Releasing the backlog of projects aligns best to our American spirit of competitive market values.

In conclusion, I am imploring FERC leadership to:

- Reject unjustified increases to PJM capacity price caps under the Federal Power Act.
- Expedite approval of projects currently stalled in the interconnection queue, particularly those with a realistic and near-term ability to improve reliability, expand supply, and increase accessibility to Marylanders and others across the PJM region.
- Accelerate interconnection of viable generation and storage resources.
- Ensure that emerging DERMS frameworks enhance competition, rather than undermine it.

Without your decisive action, customers will continue to face rising bills, increased reliability risks, and fewer choices, while the solutions needed to stabilize the grid remain stuck in queue.

Thank you for your consideration. I am available to discuss any questions or concerns and welcome the opportunity to hear input on federal-level improvements that can be made at the state and local level to strengthen energy generation and grid stability in Maryland. These steps are critical to reducing our reliance on the PJM Interconnection and giving our state a fighting chance to address the ongoing affordability crisis.

Best Regards

A handwritten signature in blue ink, appearing to read "J.B. Jennings", with a stylized flourish at the end.

Senator J.B. Jennings