

September 12, 2008

VIA ELECTRONIC FILING

Terry J. Romine, Executive Secretary
Public Service Commission of Maryland
6 St. Paul Street, 16th Floor
Baltimore, MD 21202

Subject: "Gap RFP" Proceeding – Case Number 9149

Dear Ms. Romine,

Please find attached the comments of the PJM Power Providers Group (P3) in the above docketed proceeding.

Respectfully submitted,

/s/ Glen Thomas

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Enclosure

“Gap RFP” Proceeding

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Case Number 9149

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Before the Maryland Public Service Commission

Comments of the PJM Power Providers Group

The PJM Power Providers Group (“P3”) respectfully submits these comments in response to the above captioned proceeding.¹ P3 appreciates the opportunity to comment on the proposed Gap RFP and looks forward to working cooperatively with the Maryland Public Service Commission (“Commission”) throughout this proceeding.

P3 shares the Commission’s commitment to a reliable electricity grid that is capable of meeting the needs of Maryland and the entire PJM region. As owners of over 75,000 MW of generation capacity in the PJM region, P3 members understand the importance of an adequate supply of power and enthusiastically support appropriate market-based tools that achieve reliability.

As an organization, P3 believes that mechanisms such as a Gap RFP should only be considered as a ‘tool of last resort’ to be employed only after the Commission is convinced of the existence of a reliability shortfall and has exhausted other solutions. Along these lines, P3 encourages the Commission to work very closely with PJM to determine the existence and magnitude of any reliability shortfall facing Maryland understanding that reliability is a regional issue that demands a regional solution. For example, even if certain transmission projects are not in service in 2011, PJM has many tools available to address reliability issues that should be considered prior to the issuance of a Gap RFP. Most notably, PJM is exploring the use of incremental capacity auctions to reflect changed parameters, such as the unavailability of planned transmission capability. PJM also may have system operator tools that could

¹ P3 is a nonprofit corporation dedicated to promoting policies that will allow Maryland and the entire PJM region to fulfill the promise of its competitive wholesale electricity markets. Combined, P3 members own over 75,000 megawatts of power and over 51,000 miles of transmission lines in the PJM region, serve nearly 12.2 million customers and employ over 55,000 people in the 14-state PJM region. The views expressed in these comments are those of the P3 organization and are not necessarily those of any individual P3 members.

be employed, such as voltage adjustments and system reconfigurations. In short, it has not yet been established that Maryland will face a resource shortfall that can only be resolved by a Gap RFP.²

If indeed Maryland is facing shortages and the tools available to PJM are not adequate to meet the projected needs of the state, then a Gap RFP, such as the one contemplated by this proceeding, may be appropriate. In such circumstances, the RFP should be narrowly tailored to address the projected shortfall and should not extend beyond the immediate reliability challenge lest ratepayers be saddled with the costs of a long term solution to a short term problem. In this regard, any Gap RFP conducted this year should be limited to 2011-2012 Delivery Year as there are reasons to believe that the capacity auctions for the 2012-13 Delivery Year will contain materially different parameters that are not known at this time. For example, PJM has not yet completed a Regional Transmission Expansion Plan (“RTEP”) “retool” for the 2012-2013 Delivery Year reflecting the most recent capacity auction results and other system updates – both resources and transmission topology. Such a “retool” may or may not show a need for the “PATH” (Amos-Kempton) transmission line in 2012 and, even if such a need were to be shown, the retool may identify transmission alternatives for any reliability violations that the PATH line is designed to address. Further, the Base Residual Auction (“BRA”) for the 2012-2013 Delivery Year has not been conducted and the results of that BRA may show no need for any additional resources from a Gap RFP. P3 also would note that deferring a 2012-2013 Gap RFP until next summer, after the 2012-2013 BRA, would still allow approximately three years for the Commission to secure any resources deemed necessary. Finally, the Commission would be in position to apply knowledge gained from conducting a 2011-2012 Gap RFP to a 2012-2013 Gap RFP.

In addition to being narrowly tailored to meet the confirmed “Gap” only, any RFP should select winning bids based on their ability to timely address the reliability shortfall and upon clearly defined parameters for determining winning bids. Any resource that is capable of meeting the need should be allowed to bid and contract terms should not be based on the type of unit or the technology used by the winning unit.

Again, P3 thanks the Commission for the opportunity to comment in this proceeding and looks forward to a constructive conversation with the Commission on meeting the reliability needs of Maryland and the entire PJM region.

² Data presented to the PSC by PJM indicates that 832.6 MW of supply resources may be available to serve load in the event that imports to Maryland are limited. PJM does not state that there is a reliability need requiring remedial action if some or all of such resources were available for 2011-2012. (See, PJM Status Reports to the Maryland Public Service Commission, Mike Kormos, p.9, May 21, 2008). Thus, for example, if the TrAIL transmission line were not in service, there may be substantial resources available to make up a resource shortfall.