

January 5, 2009

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

Glen Thomas

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Enclosure

STATE OF MARYLAND
PUBLIC SERVICE COMMISSION

In the Matter of the Investigation of the :
Process and Criteria for Use in Development :
of Request for Proposal by the : Case No. 9149
Maryland Investor-Owned Utilities :
For New Generation to Alleviate :
Potential Short-Term Reliability :
Problems in the State of Maryland :

Comments of The PJM Power Providers Group

The PJM Power Providers Group (“P3”) appreciates the opportunity to offer these comments regarding the process and criteria for use in development of request for proposal by investor-owned utilities (“IOUs”) for new generation in the State of Maryland.¹

P3 has stated on many occasions during the course of this proceeding that it would be imprudent for the Commission to burden Maryland consumers with long term commitments (via utility built generation) to address a reliability challenge that may never materialize and, if it does, is likely to be of limited duration. The Commission has recognized, regional transmission projects are advancing on schedule and the likelihood of the TrAIL line being in service by 2011 is increasing. As the likelihood of the TrAIL line being in service on time increases, the prospect of a generation shortfall in 2011 and 2012 decreases.

Accordingly, the approach outlined in the Commission's November 6th order appears appropriate to P3. By relying on PJM-eligible demand resources, the Commission's solution is

¹ P3 is a non-profit organization dedicated to advancing federal, state and regional policies that promote properly designed and well-functioning electricity markets in the PJM region. Combined, P3’s eleven member companies 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 13-state and District of Columbia PJM region. The views expressed in this testimony do not necessarily reflect the views of individual P3 members. For more information on P3, visit www.p3powergroup.com.

narrowly tailored to meet any potential shortfall, relies on market based mechanisms, does not unnecessarily burden consumers with long term commitments and provides a degree of flexibility that could be valuable. The Commission was prudent to reject options such as utility built generation that could have been an enormous long term burden on consumers. The path that the Commission chose to meet the reliability needs of Maryland in this proceeding is a fitting solution to a potentially challenging situation.

On balance, P3 agrees with the structure proposed by Commission Staff for the upcoming RFP. However, P3 is concerned that the multi-year bidding requirement could prevent resources that could otherwise be used to meet any potential gap from participating. This multi-year requirement could raise prices for consumers as short term, less expensive resources would not be able to bid. P3 would respectfully suggest that any demand resource that could help close an eventual reliability gap in 2011-2012 be allowed to participate.

P3 looks forward to continuing to work together with the Commission to meet the generation needs of Maryland and the entire PJM region.