



SIERRA CLUB

MARYLAND CHAPTER

To: Governor Wes Moore
100 State Circle
Annapolis, MD 21401

CC: Maryland Department of the Environment
Maryland Energy Administration
Maryland Public Service Commission

November 13, 2023

Dear Governor Moore:

We are writing to draw your attention to an important development regarding coal plant retirements in Maryland. In the last three years, several coal-fired power plants totalling nearly 3 gigawatts (GW) of power have retired in Maryland, and in the last few months, two companies announced the planned retirement of all remaining coal-fired electricity generation in the state. This is a major milestone for Maryland on its path towards your goal of achieving 100% clean energy generation by 2035. However, it has also revealed some gaps, and conflicts, in the state and region's energy strategies that could delay this transition off of coal. In this letter, we provide our perspective on several recent developments and recommend important steps that we believe are critical to achieving this goal.

On September 29, 2023, AES submitted a deactivation notice for its coal-fired Warrior Run plant in Allegany County, which became the final coal plant in Maryland to announce a retirement date.¹ AES has informed PJM Interconnection, LLC (PJM) that it intends to retire Warrior Run on June 1, 2024. Earlier this year, Talen Energy filed deactivation notices for all remaining coal and oil generation at the Brandon Shores and H.A. Wagner power plants by the end of 2025.²

First, we want to celebrate this critical milestone, which represents a long-awaited opportunity to reduce air and water pollution that harms public health in Maryland. These announcements are consistent with projections from the Maryland Department of the Environment's Climate Pathways Report and we invite you to join us in celebrating this news and embracing this opportunity to create a coal-free Maryland.

¹ See PJM, *Generation Deactivations*, <https://www.pjm.com/planning/service-requests/gen-deactivations>.

² *Id.*

The combustion of coal releases multiple harmful pollutants, including mercury, lead, nitrogen oxides—which contribute to harmful ozone pollution—and other heavy metals.³ These pollutants cause many health risks, ranging “from asthma and breathing difficulties, to brain damage, heart problems, cancer, neurological disorders, and premature death.”⁴ Even once coal plants shut down, coal ash that remains stored in ponds and landfills contains toxins and heavy metals that can leach into drinking water supplies. There are 21 coal ash sites in Maryland, the vast majority of which are unregulated.⁵ Most concerning, coal plants and coal ash sites are more commonly located in communities of color, which already face a disproportionate amount of pollution.⁶ The retirement of these power plants is a significant milestone for Maryland’s work to ensure cleaner air and water, reduce climate impacts, and improve environmental justice.

However, these developments are not without their complications. Following Talen’s deactivation notice for the Brandon Shores coal plant, PJM grid operators identified grid reliability concerns and approved nearly \$800 million in new transmission upgrades. These transmission projects will not be complete until the end of 2028, creating a high risk that Brandon Shores will be forced to remain operational for three years past its announced retirement date.⁷ The Public Service Commission and Office of People’s Counsel filed protests with the Federal Energy Regulatory Commission articulating major concerns about the assumptions in PJM’s analysis, its recommendation, and its cursory process of proposing costly transmission upgrades without considering the robust alternatives of bringing new renewable generation or energy storage online.⁸

This scenario lays bare what many of us have known for quite some time—the current grid planning systems are not properly aligned with the state’s clean energy goals, and the state is not currently getting the information it needs to enable a 100% clean and resilient electricity grid. In the near term, we urge you to prioritize achieving the retirement of Maryland’s coal-fired power plants. In the longer term, we urge you to establish new planning systems at the state level and advocate for better systems at PJM to prepare for additional fossil fuel retirements and aid the state’s transition to clean energy.

1. Accelerate and strategically deploy renewable energy and storage

Ensuring the timely retirement of every coal plant in Maryland is crucial for the state’s transition to clean energy, not only because coal plants are particularly harmful to public health,

³ Union of Concerned Scientists, *Coal Power Impacts*, <https://www.ucsusa.org/resources/coal-power-impacts>.

⁴ *Id.*

⁵ Earthjustice, *Toxic Coal Ash in Maryland: Addressing Coal Plants’ Hazardous Legacy* (May 3, 2023), <https://earthjustice.org/feature/coal-ash-states/maryland>.

⁶ *Id.*

⁷ PJM Transmission Expansion Advisory Committee, Generation Deactivation Notification Update (June 6, 2023), <https://www.pjm.com/-/media/committees-groups/committees/teac/2023/20230606/20230606-item-02---generation-deactivation-notification-update.ashx>.

⁸ See *PJM Interconnection, LLC*, 185 FERC ¶ 61,107 (Nov. 8, 2023).

but also because retiring coal plants frees up more space on Maryland's transmission system for new sources of renewable energy and energy storage.

Your administration has committed Maryland to achieving 100% clean renewable generation by 2035, coupled with a goal of procuring 8.5 GW of electricity from offshore wind generation by 2031.⁹ Further, Maryland's Climate Solutions Now Act requires Maryland to reduce statewide greenhouse gas emissions by 60% by 2031, and to reach net-zero greenhouse gas emissions by 2045.¹⁰ The retirement of Maryland's coal plants will free up capacity on the grid at the same time that there is a need for more generation.

We encourage you to use the retirements of Maryland's coal plants as an opportunity to promote the accelerated deployment of storage, offshore wind, and solar generation. The Inflation Reduction Act presents an historic opportunity to advance development of new and proposed clean energy generation and storage infrastructure in Maryland through unprecedented federal tax credit incentives. In particular, developers of clean energy projects sited within certain census tract-designated areas—formerly coal-dependent “energy communities”—may be eligible to claim more than 40% in tax credits through increases (or “bonus” credits) to the Production Tax Credit and Investment Tax Credit clean energy incentives.¹¹ At least eight tracts within Maryland are likely to be eligible for the energy community bonus tax credits, as they contain electric generating facilities with at least one coal unit that retired between 2010 and 2022.¹²

You urge you to facilitate the rapid development of energy storage at sites where the grid will need additional grid services due to coal plant retirements. Installing storage at those sites could prove a more cost-effective solution for supporting reliability than transmission upgrades, while furthering the aims of House Bill 910, which requires a rapid buildout of energy storage capacity in Maryland, reaching a total 750 megawatts (MW) of storage by 2027 and 3 GW by 2033.¹³ We further urge you to proactively strategize to ensure that new energy demands, such as data centers, do not undermine the state's progress on climate.

⁹ The Office of Governor Wes Moore, *Governor Moore Announces Major Offshore Wind Energy Initiatives During International Forum in Baltimore* (Mar. 29, 2023), <https://governor.maryland.gov/news/press/pages/Governor-Moore-Announces-Major-Offshore-Wind-Energy-Initiatives-During-International-Forum-in-Baltimore.aspx#:~:text=To%20move%20Maryland%20toward%20achieving%20the%20goal%20of%20100%25%20clean.power%20nearly%20three%20million%20homes>.

¹⁰ Md. Code Ann., Envir. §§ 2–1204.1, 2–1204.2.

¹¹ U.S. Department of Treasury, *Treasury Releases Guidance to Drive Investment to Coal Communities* (Apr. 4, 2023), <https://home.treasury.gov/news/press-releases/jy1383>; U.S. Internal Revenue Service, *Energy Community Bonus Credit Amounts under the Inflation Reduction Act of 2022*, Notice 2023-29, <https://www.irs.gov/pub/irs-drop/n-23-29.pdf>.

¹² Interagency Working Group on Coal & Power Plant Communities & Economic Revitalization, *Energy Community Tax Credit Bonus*, <https://energycommunities.gov/energy-community-tax-credit-bonus/>.

¹³ Md. H.B. 910 (2023).

Maryland also has ambitious goals with respect to solar adoption (obtaining 14.5% of the state's required renewable capacity by 2030)¹⁴ and offshore wind buildout (reaching 8.5 GW of offshore wind deployment by 2031).¹⁵ These resources will be critical to supplying the energy and resource adequacy value the state will need as older generation units retire. The Climate Solutions Now Act also requires Maryland to develop a distribution system that is prepared for more distributed energy resources and increased demand from newly electrified loads.¹⁶

Maryland's commitments to solar, wind, and storage create the foundation for a clean energy future, but right now they are largely structured as tools to incentivize the market, and Maryland does not currently have a blueprint for where the new generation and transmission is needed to ensure a resilient system. The PSC should also build proactive planning for renewable deployment into its own planning processes, including its distribution system working group¹⁷ and the offshore wind transmission study it is jointly undertaking with PJM.¹⁸

2. Pushing for Change at PJM

While the state of Maryland can make enormous strides towards a 100% clean renewable grid on its own, it must also hold PJM Interconnection accountable for its critical role in realizing this future. In a letter sent today to the PJM Board, we raised concerns about the grid's preparedness for Maryland's energy transition and provided concrete recommendations for the modernization of PJM's planning processes and operations.

First and foremost, PJM must engage in proactive planning for the future of the region's transmission system. PJM's reactive approach to date has resulted in significant interconnection backlogs that have prevented new clean energy resources from connecting to the grid in Maryland. The slow pace of new renewable energy resources coming online in Maryland has directly contributed to the need to retain Brandon Shores beyond its announced retirement date. It is clear that Maryland will need significant additional transmission capacity in order to bring the 8.5 GW of additional offshore wind online. In fact, the 2023 POWER Act tasks the Public Service Commission and PJM with developing solutions for expanding the transmission system to interconnect with new offshore wind installations.¹⁹ The PSC must move expeditiously to reach agreement with PJM on these expansions so that Maryland's valuable offshore wind resources can be developed as soon as possible.

PJM's response to the recently announced retirement of Brandon Shores, a coal-fired power plant located in Anne Arundel County, illustrates the risks of failing to proactively plan for the retirement of large coal generators. By planning more proactively for this retirement, or evaluating alternatives to reliability-must-run agreements for fossil fuel plants, PJM could have selected a more efficient solution, such as energy storage. The PSC and other governmental

¹⁴ Maryland Energy Administration, *Solar Renewable Energy Certificates (SRECs) Explained* (June 16, 2020), <https://news.maryland.gov/mea/2020/06/16/solar-renewable-energy-certificates-sreecs-explained/>.

¹⁵ Md. S.B. 781 (2023).

¹⁶ Md. Pub. Util. Code § 7-802.

¹⁷ Md. Pub. Serv. Comm'n Case No. 9665.

¹⁸ Md. Pub. Util. Code § 7-704.3(b)(1).

¹⁹ *Id.*

agencies should work to ensure that PJM's planning and deactivation processes do not stand in the way of fossil plant retirements that are necessary to achieve Maryland's clean energy goals and protect public health, especially in the state's most overburdened communities.

3. Support environmental remediation, and repurposing to clean energy or recreation.

In addition to polluting the air through their operation, coal plants can continue to pollute the environment with toxic waste products even after they are retired. The retirements of coal plants necessitate responsible decommissioning and remediation of contaminated sites. First, we urge a proactive process of environmental remediation, with a focus on identification of coal ash. Decommissioning power plants includes many important but technical steps, and information is often hard for the public to find or understand, and is often siloed in different Environmental Protection Agency regulatory processes, rather than oriented towards the information that local residents need. The Purple Line's "Community Advisory Team" model might be useful as a way to facilitate clean and consistent communication.²⁰

Second, we urge the state to establish a liaison and facilitate regular communication with impacted communities. Third, we urge the state and local governments to engage with property owners to encourage and facilitate the transition of sites to recreational or clean energy purposes. To achieve the state's climate goals, we need to do everything in our power to not only reduce the use of fossil fuels, but repower to clean energy. The communities living in the shadow of these coal-fired power plants deserve priority access to clean energy jobs, and at the very least, to healthy green spaces. Maryland's communities should apply for the federal energy community bonus tax credits described above to deploy renewable energy in communities with retired or retiring coal plants. This should include communities, such as Curtis Bay, also impacted by transport of coal.

In conclusion, this is a pivotal moment for your administration to ensure that the retirement of coal plants is combined with changes to the transmission system that would optimize Maryland's achievement of its renewable energy generation goals.

Sincerely,

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Shruti Bhatnagar
Conservation Chair, Sierra Club, Maryland Chapter

²⁰ See Maryland Department of Transportation, *Community Advisory Team (CATS)*, <https://www.purplelinemd.com/public-involvement/community-advisory-teams-cats>.