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Maryland PSC Urges Federal Regulators to Reform PJM Auction Process

Complaint notes higher electricity prices due to auction design flaws

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(Baltimore, MD) - The Maryland Public Service Commission today requested the Federal Energy Regulatory Commission (FERC) to grant a complaint filed by several public interest organizations to protect ratepayers from unjust and unreasonable electricity rates imposed by PJM Interconnection, LLC, the electric grid operator for the mid-Atlantic region. PJM is entrusted by FERC with conducting periodic auctions to secure sufficient electric generation capacity to reliably serve electricity customers throughout the region.

Recently, the Brandon Shores coal-fired and the Wagner oil-fired generating facilities, located near Baltimore, announced their plans to permanently retire. Until reliability measures are put in place to account for the retirements, these power plants are expected to be paid to remain operable. However, PJM's capacity auction process neglects to account for the capacity value of these generation facilities, thereby creating an artificial shortage in capacity and raising prices.

Unless this process is changed, ratepayers, especially in the BGE area, will not only be paying higher prices for electricity, but they will also be paying twice – once through the inflated PJM auction and separately to the retiring generating facilities.

The Commission request to FERC highlights these concerns and requests reforms be instituted before PJM conducts its next auction. "We've recently discovered several concerns with PJM's capacity auction process, but trust this immediate issue can be addressed expediently," remarked Commission Chair Frederick Hoover. "If FERC grants the request and directs PJM to make the required changes, ratepayers across the region can be expected to avoid over \$14.5 billion in unnecessary bill payments."

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About the Public Service Commission:

The Maryland Public Service Commission regulates electric and gas utilities and suppliers, telephone companies (land lines), certain water and sewer companies, passenger motor vehicle carriers for hire (sedans, limousines, buses, Uber, Lyft), taxicab companies (in

Baltimore City and County, Charles County, Cumberland and Hagerstown) and bay pilot rates.

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