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## **Federal Regulators Rule for OPC in Dispute With Regional Power Pool Over Customer Costs**

**BALTIMORE** – The Federal Energy Regulatory Commission recently ruled in favor of the Office of People's Counsel's protest over changes to electric rates proposed by PJM, the regional power pool for the Mid-Atlantic states, including Maryland. FERC required PJM to file new rates or to "show cause" as to why its proposal complies with the law. Ultimately, the ruling should reduce rates for regional customers by millions of dollars, although the specific effect of the ruling will be determined by future filings.

"FERC's decision will mean savings for Maryland customers," said People's Counsel David S. Lapp. "We will be reviewing PJM's future filing to comply with the order to ensure that customers obtain all the benefits they are entitled to."

PJM's proposed rate changes covered new "black start" electric generation plants. "Black start" plants perform valuable services in the event of a widespread power blackout because they can start up without any outside source of power. Their power can then be used to re-start other generating plants.

PJM proposed changes to the rates for new black start units, but it wanted to keep rates for older units the same. It also sought to keep the rate change in a PJM manual, rather than placing the calculation formulas on file with FERC. If kept in a manual, PJM would be free to alter the formulas without regulatory approval.

OPC—along with the Washington, D.C. consumer advocate—protested the filing. OPC argued that it was unlawful for PJM to discriminate between the new and older black start units, and that the rates of the older units should come down as a result of lower financing costs and lower federal corporate tax rates resulting from the Tax Cuts and Jobs Act of

2017 (TCJA). OPC further argued that PJM’s proposed formulas should be filed with the Commission and not just kept in PJM’s own manual.

FERC agreed with both OPC points. FERC said PJM’s proposal contained “essential details” that should be included in a FERC filing, not in the PJM manual. And it agreed that PJM had not justified its different treatment of older black start units. FERC noted that the TCJA reduced corporate taxes from a maximum of 35% to a flat tax of 21% and that “[w]hen tax expense decreases, so does the cost of service.” Thus, the agency said, the rates on file for the older units “appear to be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful.”

“FERC’s ruling is the result we were looking for,” Lapp said. “It represents another in a string of our successes before the agency.” Lapp noted that FERC regulation affects more than half of the average Maryland residential customer’s electricity bill. “We will continue to fight for Maryland consumers in these challenging and technical cases,” Lapp added.

***The Maryland Office of People’s Counsel is an independent state agency that represents Maryland’s residential consumers of electric, natural gas, telecommunications, private water and certain transportation matters before the Public Service Commission, federal regulatory agencies and the courts.***

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