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Maryland Public Service Commission Protests PJM Power Auction Plan
Rerun of auction will lead to higher electricity
rates on the Delmarva Peninsula

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(BALTIMORE, MD) – The Maryland Public Service Commission has asked the Federal Energy Regulatory Commission (FERC) to prohibit PJM from a do-over of its electric capacity auction because it would expose utility customers on the Delmarva Peninsula to grossly inflated electricity prices — *at more than four times the just and reasonable rate* — with no corresponding electric reliability benefit.

PJM operates the electric transmission grid and wholesale market which includes Maryland and 12 other states and the District of Columbia. PJM's capacity market was designed to procure electricity from power generators three years in advance to ensure service reliability.

In February 2023, FERC allowed PJM to amend its capacity resource tariff to avoid market design flaws that would have resulted in excessive prices in the Delmarva Zone for the 2024/2025 delivery year. However, a recent decision by the Third Circuit Court of Appeals vacated that order, prompting a filing by PJM that again threatens to invoke excessive capacity costs for these consumers. In recent filings with FERC, the Maryland Public Service Commission and the Office of People's Counsel each expressed deep concern that acceptance of PJM's proposal to rerun the capacity resource auction for the 2024/2025 delivery year will side-step FERC's long-standing policy against rerunning markets, and result in costs to Delmarva Zone customers that quadruple reasonable rates.

"Allowing PJM to apply the same flawed market design that it has once correctly characterized as being unjust and unreasonable would be unconscionable," remarked Maryland Public Service Commission Chair Frederick Hoover. "With FERC's acknowledgement of the consequences of a flawed market, PJM already set the fair price for electric capacity well over a year ago. We are asking FERC to require PJM to retain those rates in order to ensure that customers on the Delmarva Peninsula will not be harmed by having to pay for reliability at inflated prices with no economic or reliability justification."

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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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