



FEDERAL ENERGY REGULATORY COMMISSION

May 15, 2008
Maryland Public Service Commission
PJM Interconnection, LLC
Docket No. EL08-34-000

MEDIA CONTACT
Celeste Miller – 202.502.8680

FERC Addresses Maryland PSC Complaint Against PJM

The Federal Energy Regulatory Commission (FERC) today acted on a complaint by the Maryland Public Service Commission (Maryland PSC) against PJM Interconnection, L.L.C. (PJM). FERC granted the complaint in part and denied the complaint in part and established a paper hearing to consider whether PJM's existing market power screen is just and reasonable.

Background

The Maryland PSC filed a complaint Jan. 15, 2008, asking FERC to remove PJM's market rule provisions exempting certain generators from energy offer price mitigation during hours when the PJM market is structurally noncompetitive. The Maryland PSC believes that the mitigation exemptions are preferential and discriminatory and produce unjust and unreasonable energy prices. The Maryland PSC also requested an investigation to determine whether generators exempt from mitigation have exercised market power and asked for retroactive relief.

The Order

FERC concluded that the existing mitigation exemptions have become unjust and unreasonable, and that applying the same mitigation measures to all generators results in just and reasonable rates. FERC denied the request by the Maryland PSC for retroactive relief. FERC found that it does not have authority under the Federal Power Act to order retroactive relief unless the utility charges a rate other than the filed rate, the utility and affected parties agree to the rate, or customers have notice that a rate is tentative and may be later adjusted with retroactive effect. In this case, none of these conditions were shown to apply. Accordingly, there is no basis on which retroactive relief could be allowed under the Federal Power Act.

FERC also established a proceeding under section 206 of the Federal Power Act (FPA) to examine whether PJM's existing market power screen has become unjust and unreasonable. In doing so, FERC recognized that PJM's stakeholders are currently re-evaluating the three-pivotal-supplier test and its application in PJM's energy and capacity markets. To allow the stakeholders to complete those discussions, FERC is holding the hearing in abeyance until Sept. 2, 2008.