

Disclosure of Regional Transmission Organization Votes (HB 1186)

Background

Maryland is one of 13 states and the District of Columbia that are members of the Regional Transmission Organization (RTO) known as PJM. PJM is the largest RTO in the US and serves 63 million people. PJM serves many important functions including ensuring grid reliability, maintaining the transmission system, and preparing the grid for new energy sources.

While PJM is unknown to many, decisions made at PJM significantly affect our climate and utility rates.

- PJM's decisions regarding the capacity market have kept fossil fuel generators running longer, slowed down the transition to renewables, and unnecessarily increased costs for our rate-payers.
- PJM's rules on interconnections have slowed down the development of new clean energy.
- PJM manages the transmission system, thus influencing the transmission infrastructure that is needed for a clean energy future.

PJM's decision making related to these factors can significantly hamper Maryland's clean energy goals and essentially override our state's policies to move swiftly in the direction of our clean energy future.

Currently, PJM's decision-making process is opaque and there is little accountability for those who make the decisions, setting the stage to slow our clean energy transition. PJM's policies are largely driven and decided by its members- the electricity generators and utility companies. Proposals are first voted on in the "lower-level". And then, if they receive 50% of votes, the proposals are advanced to the "upper-level". PJM's rules allow for secret voting and for a holding company's affiliates to have individual votes at the lower level.

For example, Exelon, the parent company for 3 Maryland utilities, has one vote at the upper-level voting but controls 7 affiliate votes out of the approximate 150 votes that are believed to be cast regularly at the lower level voting of PJM. The numbers may have shifted but one study showed that in 2015, 77% of PJM's generation was controlled by 10 companies that had 107 subsidiary companies voting on the lower-level at PJM.¹ Actual numbers are only known by PJM.

This bill will require that any electric utility that is a member of a Regional Transmission Organization (RTO) disclose to the Maryland Public Service Commission any recorded vote they make within that organization, regardless if such disclosure is required by the RTO itself. This bill will:

- Ensure that a utility's votes at PJM proceedings are in the public interest of Marylanders as is required by state law;
- Provide more accountability from PJM proceedings; and
- Increase the transparency of PJM, a quasi-public body, that has no rules for disclosure but has great control over the cost of our electricity and the speed of the clean energy transition.

¹ University of Pennsylvania. Kleinman Center for Energy Policy.

<https://kleinmanenergy.upenn.edu/wp-content/uploads/2020/08/PJM-Governance-Reforms-1.pdf>