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BILL NO.:	**Senate Joint Resolution 6** **Federal Energy Regulatory Commission Order**
COMMITTEE:	**Finance**
HEARING DATE:	**March 3, 2020**
SPONSORS:	**Senator Benson**
POSITION:	**Informational**

Senate Joint Resolution 6 would urge the Federal Energy Regulatory Commission ("FERC") to reverse its order on the Minimum Offer Price Rule ("MOPR") and "allow states to develop their own state-preferred resource programs to meet their policy needs and legislative mandates." The Office of People's Counsel ("OPC") has advocated against the MOPR in the PJM Interconnection, L.L.C. ("PJM") stakeholder process and in filings with FERC. On January 23, 2020, OPC filed a Request for Rehearing with FERC asking it to reverse its recent MOPR order because the order is arbitrary, capricious, and unjustly discriminatory, unsupported by substantial evidence or reasoned decision-making, departs without reasoned explanation from Commission precedent, and will produce unjust and unreasonable wholesale rates.[1]

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[1] Petition For Rehearing Of New Jersey Division Of Rate Counsel, Office Of The People's Counsel For The District Of Columbia, And The Maryland Office Of People's Counsel, January 23, 2020, Dkt Nos. EL16-49-001 and EL18-178-001.

A retail electricity supplier in Maryland, whether the utility or an alternate retail supplier, must procure three wholesale electricity products for its customers: Energy, which is the amount of electricity used by the customer; Capacity, which is based on the peak load of the customer; and Ancillary Services, which are back up generation requirements needed for operational reliability. Capacity costs account for about 33% of the total wholesale electricity costs for residential customers. Energy accounts for almost all of the other two-thirds, with Ancillary Services being a small component of the total cost.

FERC's MOPR order requires that generating plants coming on line in the future that receive revenue from a State program, such as selling Renewable Energy Credits ("RECs") for compliance with a Renewable portfolio Standard ("RPS") requirement, will be prevented from bidding below an amount that is based on the plant's costs and ignores the revenue the plants will get from selling an attribute, such as RECs. As a result, these plants may be priced out of the Capacity market. This will result in less revenue for the plant, which it may seek to recover in the form of higher REC prices for consumers. It may also raise costs to consumers due to higher Capacity market prices. The restrictions on the State's ability to implement an RPS programs and the additional costs on consumers created by the MOPR rule are unnecessary because the Capacity Market rules already determine the appropriate amount of Capacity that renewable plants can sell. Thus, the market accounts for the intermittent nature of some renewable plants while meeting applicable reliability standards.

OPC has opposed the MOPR rule because it increases costs for consumers and is not necessary to maintain reliability. OPC has pending before FERC a Request for Rehearing seeking to reverse the MOPR Order. OPC has also requested several clarifications to the order that would limit its impact on Maryland residential customers.