

**OPPOSE – House Bill 1186
HB1186 – Public Service Companies - Annual Report on Votes Cast at Meetings of Regional
Transmission Organizations
Economic Matters Committee
Thursday, March 9, 2023**

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 280,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington Counties). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its ten electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, New York, West Virginia, and Maryland.

Unfavorable

Potomac Edison / FirstEnergy **opposes House Bill 1186** – Public Service Companies - Annual Report on Votes Cast at Meetings of Regional Transmission Organizations. HB 1186 would require that a member of a regional transmission organization submit to the Public Service Commission a report each year on votes cast by the public service company at a meeting of the regional transmission organization.

Potomac Edison / FirstEnergy requests an Unfavorable report on HB 1186 for the following reasons.

Requiring utilities to submit reports of all recorded votes cast by the entity at all meetings of PJM would be administratively burdensome and is not in the best interest of the electric transmission and distribution system. The transparencies currently in place for PJM's voting protocols and voting records are there for a reason -- so that there can be more frank communication at lower committee levels without fear of retribution.

HB 1186 appears to be an attempt to thwart open internal discussions between various entities on important issues that are required at lower levels of the PJM organization. Votes at these lower levels are only preliminary to final decisions being made by the organization as a whole. For example, the Markets Implementation Committee (MIC) is considered a junior committee where discussions take place on items related to changes to market rules.

It should be noted that PJM's Federal Energy Regulatory Commission (FERC) jurisdictional tariff requires that all affiliates be consolidated into a single entity that votes in single sector for purposes of voting at the PJM Markets & Reliability Committee (MRC) and Members Committee (MC). This means that FirstEnergy only gets one vote, not the fifteen votes we normally have on junior committees, and this one vote is cast by Mon Power, our West Virginia affiliate, as part of the Transmission Owners sector. Because of this consolidated vote, there are times when FirstEnergy's "vote" is not driven by Potomac Edison or Maryland considerations. Compelling utilities to report and explain their vote in these situations just does not make sense.

Another reason this bill is unnecessary is that while the Public Service Commission has certain residual power to regulate Potomac Edison's Maryland transmission assets and operations, as well as Potomac Edison's participation in the wholesale power markets, FERC has exclusive jurisdiction over transmission rates and operations, wholesale power markets and rates, and "practices affecting" the same. FERC also has broad

jurisdiction over reliability for transmission and certain generation facilities. This essentially means that any attempt by Maryland to regulate utility participation at PJM sooner or later will run into complex legal questions of federal/state jurisdiction – a debate that already consumes too much time and resources at PJM, FERC, and in the federal appellate courts.

Potomac Edison / FirstEnergy is highly regulated in each of the states in which we serve customers. The regulation over companies that distribute electricity already allow for government intervention when decisions are deemed not in the best interest of the public. The type of additional regulation and reporting proposed in HB 1186 is very vague, lacks necessary detail, and will be overburdensome to the utility companies and the Public Service Commission.

For the above reasons, Potomac Edison / FirstEnergy respectfully request an **Unfavorable** report on House Bill 1186.