

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

|                                                |   |                        |
|------------------------------------------------|---|------------------------|
| Maryland Energy Administration;                | ) |                        |
| Maryland Office of People’s Counsel; and       | ) |                        |
| Maryland Public Service Commission,            | ) |                        |
|                                                | ) |                        |
| <i>Complainants,</i>                           | ) |                        |
|                                                | ) |                        |
| v.                                             | ) | Docket No. EL26-87-000 |
|                                                | ) |                        |
| Baltimore Gas and Electric Company;            | ) |                        |
| Delmarva Power and Light Company;              | ) |                        |
| NextEra Energy Transmission MidAtlantic, Inc.; | ) |                        |
| Potomac Edison Company;                        | ) |                        |
| Potomac Electric Power Company;                | ) |                        |
| Transource Maryland LLC; and                   | ) |                        |
| Valley Link Transmission Maryland, LLC,        | ) |                        |
|                                                | ) |                        |
| <i>Respondents.</i>                            | ) |                        |

COMMENTS OF THE DISTRICT OF COLUMBIA IN SUPPORT OF THE MARYLAND STATE  
AGENCIES’ COMPLAINT

The District of Columbia (the “District”), through its Office of Attorney General and Department of Energy and Environment, and the District of Columbia’s Office of People’s Counsel support the Complaint filed by Complainants in this matter and ask that the Commission grant the relief sought therein, including removal of the incentive-based increase to Respondents’ authorized return on equity (“ROE”) for participation in a Regional Transmission Organization (“RTO”). The District also seeks confirmation that any such removal will apply to the ROE associated with all of Respondents’ transmission assets, including those owned by the Potomac Electric Power Company (“Pepco”) within the District.

As the Complaint highlights, the Commission currently grants a 0.5% increase in the authorized ROE for certain transmission owners as a financial “incentive” to participate in an RTO like PJM. This incentive is commonly known as the “RTO Adder.” The Commission grants the RTO Adder on a “case-by-case” basis when the circumstances warrant financial incentives to encourage participation in an RTO.<sup>1</sup>

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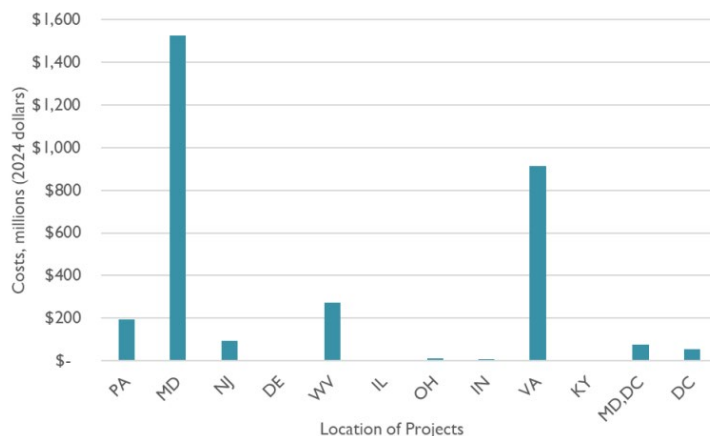
<sup>1</sup> *Promoting Transmission Investment Through Pricing Reform*, Order No. 679, 116 FERC P61,057, 61,250.

Commission precedent and case law confirm that the RTO Adder is inappropriate when state law mandates that transmission owners participate in an RTO. Under longstanding FERC policy, incentives “should only be awarded to induce future behavior” and an incentive “cannot ‘induce’ behavior that is already legally mandated.”<sup>2</sup> Consistent with those principles, the Sixth and Ninth Circuits have confirmed that a financial incentive like the RTO Adder is inappropriate when a transmission owner is “mandated by state law to participate in an RTO.”<sup>3</sup>

The recently enacted Maryland Utility RELIEF Act mandates that any person who owns or operates a transmission facility over 69,000 volts must participate in an RTO.<sup>4</sup> Respondents each own a transmission facility over 69,000 volts and so are now required by state law to participate in an RTO. As a result, there is no longer a basis for providing additional financial incentives to encourage Respondents to participate.

The District has a significant interest in the outcome of this case. The District imports approximately 95% of its power, which flows through Respondents’ transmission lines. A recent study of rising transmission costs conducted by the District’s Department of Energy and Environment provides a breakdown of the District’s responsibilities in paying for different baseline transmission projects, many of which are owned by Respondents.

**Figure 1:**  
**Total Baseline Transmission Project Costs Allocated to the Pepco Zone by Location<sup>5</sup>**



<sup>2</sup> *Cal. Pub. Util. Comm’n v. Fed. Energy Regul. Comm’n*, 879 F.3d 966, 977 (9th Cir. 2018) (“*CPUC I*”) (finding that the Commission improperly awarded incentive adders to Pacific Gas & Electric Company (“PG&E”) without considering the California Public Utilities Commission’s (“CPUC”) assertion that PG&E’s membership in the California Independent System Operator (“CAISO”) is mandated).

<sup>3</sup> *Dayton Power & Light Co. v. FERC*, 126 F.4th 1107, 1124 (6th Cir. 2025) (affirming FERC’s denial of the RTO Adder following Ohio’s mandate that utilities join an RTO and remanding for consistent treatment of all Ohio utilities); See *CPUC I* at 974, 977.

<sup>4</sup> Md. House Bill 1532 (2026 Regular Session) (enacting Md. Public Utilities Code § 7-109 (2026)).

<sup>5</sup> Source: Synapse Energy Economics, Understanding Rising Transmission Costs in the District of Columbia (2026), [https://doee.dc.gov/sites/default/files/dc/sites/doee/publication/attachments/Understanding%20Rising%20Transmission%20Costs%20in%20DC\\_final.pdf](https://doee.dc.gov/sites/default/files/dc/sites/doee/publication/attachments/Understanding%20Rising%20Transmission%20Costs%20in%20DC_final.pdf). The data is sourced from PJM’s Project Status & Cost Allocation dataset.

The District also seeks confirmation that the removal of the RTO Adder will apply to the ROE associated with all of Respondents' transmission assets, including those owned by Pepco within the District. Pepco owns a single integrated transmission network that spans the District and Maryland and participates in PJM as a single transmission owner.<sup>6</sup> Because Pepco is required by Maryland law to participate in an RTO, no additional financial incentive associated with the portions of transmission facilities located within the District is needed to ensure Pepco's participation in an RTO.

In many respects, the RTO adder is an incentive from a bygone era of bulk power system development. District ratepayers cannot expect to benefit from many transmission lines being built with the RTO Adder because most transmission lines that can reasonably serve the District would be built by transmission owners who are legally or practically required to be members of an RTO like PJM. For this reason, FERC should examine transmission incentives that promote the next generation of bulk power system development that is currently needed. Examples include incentives to develop high voltage "back-bone" transmission lines for the region and those that encourage deployment of cheaper transmission solutions, such as advanced transmission technologies and grid-enhancing technologies. These forms of transmission incentives, rather than the RTO Adder, may advance solutions that reduce system constraints and lower system costs for all customers.

The overall cost of electricity, and the cost of transmission service in particular, have been rising, with acute adverse effects on residents and businesses who struggle to pay their electricity bills. The RTO Adder provides few benefits to begin with and is no longer legally allowable for the respondent transmission owners. The Commission should act expeditiously to lower the cost of electricity by granting the relief sought in the Complaint and removing the RTO Adder from Respondents' authorized ROE.

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The figure includes baseline transmission projects with expected online dates from 2005-2032, and excludes cancelled, on-hold, and withdrawn projects. The figure does not include supplemental transmission projects.

<sup>6</sup> See Consolidated Transmission Owners Agreement ("CTOA"), Rate Schedule FERC No. 42, § 1.28 ("The Transmission Owners are listed in Attachment A"); *id.*, Attachment A (reflecting a single listing for the Potomac Electric Power Company, rather than distinct jurisdictional entities).