

Governors Carney and Hogan on FERC Grants Rehearing for Cost Allocation on Artificial Island Transmission Line

WILMINGTON, Del. – Governors John Carney of Delaware and Larry Hogan of Maryland released the following statement today in response to action by the Federal Energy Regulatory Commission (FERC) to grant a rehearing to consider a lower cost allocation for Delaware and Maryland ratepayers related to the \$278-million Artificial Island transmission line project:

“Almost two years to the day since grid operator PJM approved the building of the Artificial Island transmission line, FERC has agreed with our request to grant a rehearing to consider more fairly allocating the costs of the project. Under the current cost allocation, residents and businesses in Delaware and Maryland would fund the vast majority of the project through higher electric bills, while receiving few direct benefits. As we have said all along, that is a bad deal for the residents of our states. We are pleased FERC has granted a rehearing.

“Last summer, PJM published a report detailing two alternative methodologies for identifying the beneficiaries of the Artificial Island project. These methods produced a result that better represented the regional benefits to be obtained, and we are thankful to FERC for recognizing the validity of these alternatives and granted this paper rehearing.

“Over the past several years, we repeatedly expressed our concerns over the previous cost allocation methodology, which put more than 90 percent of the cost of the transmission line on Delmarva Zone ratepayers. As we have stated many times,

most recently in our November 27, 2017 letter to FERC, we are not opposed to the Artificial Island project itself, but object to unfair and unreasonable costs for our residents and businesses.”

The order from FERC approving the request for rehearing stated, “[they] find that it is unjust and unreasonable to apply PJM’s solution-based DFAX (previous methodology) cost allocation method to Regional Facilities, Necessary Lower Voltage Facilities, and Lower Voltage Facilities that address stability-related reliability issues, including the Artificial Island Project. To determine the just and reasonable rate to be applied, we are establishing a paper hearing procedure.” This procedure is due within 60 days.

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