

Federal Appeals Court Sides with PPL, Affirms New Jersey Court Decision Invalidating State Legislation Subsidizing New Power Plants

ALLENTOWN, Pa., Sept. 11, 2014 /PRNewswire/ -- A three-judge panel for the U.S. Court of Appeals for the Third Circuit has ruled unanimously that a New Jersey law that promoted construction of new power plants by subsidizing development of new generation in the state is invalid because it oversteps the state's regulatory authority.

The judges ruled that the federal government has exclusive control over interstate rates for capacity payments to electric power generators. The New Jersey law, which enabled selected generators to receive preferential capacity prices, intruded into an area of regulation reserved for the Federal Energy Regulatory Commission under the Federal Power Act.

The decision upholds a New Jersey District Court decision in a lawsuit filed by PPL EnergyPlus and other competitive electricity suppliers after the legislation was enacted in 2011.

In a similar case involving PPL EnergyPlus and other competitive electricity suppliers, earlier this year the U.S. Court of Appeals for the Fourth Circuit upheld a Maryland District Court decision that the Maryland Public Service Commission intruded on exclusive federal authority to regulate interstate wholesale electricity sales when it issued an order subsidizing the development of new natural gas-fired generation.

"These two important federal appeals court decisions uphold the integrity of competitive electricity markets, and protect consumers who would have ended up bearing the financial risk of power plant construction," said Robert J. Grey, PPL Corporation executive vice president, general counsel and secretary.

PPL companies have consistently held the view that state subsidies for power plant development ultimately result in higher electricity prices for consumers, create barriers to future investment in electric power development, and unnecessarily shift financial risk from developers to consumers.

Instead, PPL companies believe well-structured and properly regulated competitive markets provide accurate price signals to developers. The market model in the PJM Interconnection, while not perfect, is providing signals that have resulted in the development of new natural gas-fired power plants in the region without the need for state subsidies like the New Jersey law at issue in this case.

PPL Corporation (NYSE: PPL), with 2013 revenues of \$12 billion, is one of the largest companies in the U.S. utility sector. The PPL family of companies delivers electricity and natural gas to about 10 million customers in the United States and the United Kingdom. PPL recently announced an agreement to combine its competitive generation business with the competitive generation business of Riverstone Holdings LLC to form Talen Energy Corporation, a highly competitive independent power producer. More information is available at www.pplweb.com.

Note to Editors: Visit our media website at www.pplnewsroom.com for additional news and background about PPL Corporation.

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