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OMA Urges FERC to End PJM's Capacity Monopoly

As Ohio prepares for new governor, manufacturers question PUCO leadership and demand federal electricity reforms

COLUMBUS, Ohio — The Ohio Manufacturers' Association (OMA) is calling for a fundamental overhaul of the nation's largest wholesale electricity market, urging federal regulators to end PJM Interconnection's role as the sole buyer of capacity and stop utilities from shifting the financial risks of data center expansion onto manufacturers and other electricity customers.

In a sharply worded letter to the Federal Energy Regulatory Commission (FERC), OMA President Ryan Augsburger warned that years of weak oversight, soaring transmission costs and dysfunctional electricity markets have left customers financing decisions they neither control nor benefit from. OMA is demanding a competitive system that requires data centers to secure and pay for the infrastructure needed to serve them, rather than leaving existing electricity customers exposed to billions in speculative investments.

"We've spent years challenging inflated forecasts, runaway utility spending and a capacity market that keeps getting more expensive without delivering better results," Augsburger said. "Now we're talking about locking customers into 15-year commitments based on electricity demand that may never show up. At what point do we stop asking manufacturers to take these risks and start requiring the companies driving the demand to pay their own way?"

The letter arrives as Ohio prepares for a new gubernatorial administration and lawmakers return for lame duck session. OMA is pressing for greater accountability at both the federal and state levels, particularly as utilities seek approval for major infrastructure investments tied to projected data center growth. Transmission costs in AEP Ohio's service territory have tripled over the past decade, while PJM's capacity auction and interconnection failures have contributed to what OMA describes as a $60 billion payday for incumbent generators.

OMA's latest challenge follows another confrontation with Ohio utility regulators. Just last week, the association criticized the Public Utilities Commission of Ohio for approving between $189 million and $205 million in disputed costs tied to aging coal plants, despite an independent audit acknowledging that the plants cost more to operate than they earn in the market. Ohio electricity customers have already paid more than $683 million through the subsidy program, raising fresh questions about the commission's oversight as Gov.-elect Amy Acton prepares to take office.

"A new governor has an opportunity to take a serious look at the PUCO, and that includes the people making the decisions," Augsburger said. "When you look at the rulings, the costs customers have been forced to absorb and the questions this commission keeps leaving unanswered, you have to wonder whether Ohio needs a fresh set of eyes. Nothing should be off the table, including who's sitting in those chairs."

OMA is also part of a bipartisan coalition backing the Electricity Forecast Integrity Act, Senate Bill 457, which would require independent verification of utility demand forecasts before those projections are used to justify costly generation and transmission investments. The legislation targets a system in which utilities submit their own estimates of future electricity needs, allowing speculative demand to influence planning decisions that ultimately drive up customer bills.

"Ohio lawmakers have an opportunity to stop utilities from turning speculative electricity demand into guaranteed customer costs," Augsburger said. "We can't keep allowing utilities to write their own forecasts, justify billions in spending and then hand customers the bill. Senate Bill 457 would bring independent scrutiny to a process that desperately needs it."

At the federal level, OMA is warning that PJM's Reliability Backstop Procurement could make matters worse. The mechanism could commit customers to capacity agreements lasting up to 15 years at prices as high as $555 per MW-day, based on forecasts of future electricity demand. Although FERC delayed the procurement and directed changes to its cost-allocation approach, OMA maintains that stronger safeguards are needed to prevent existing customers from financing power generation that may never be necessary.

"PJM's capacity market is more political than functional at this point, producing economy-crushing electric costs with little to show," Augsburger wrote in the letter. "To have a true market, multiple sellers need to compete for multiple buyers."

OMA is urging FERC to move away from centralized capacity purchasing and toward competitive markets where data center companies determine how much generation and transmission they need, contract for that infrastructure and pay its full cost. Under the proposed approach, data centers would not receive retail electric service until the necessary infrastructure is physically in place, preventing speculative growth from becoming a financial obligation for existing customers.

The letter also calls for stronger scrutiny of transmission spending and utility forecasts, requiring utilities to demonstrate that proposed investments are necessary and cost-effective before customers are required to finance them.

During a Thursday media briefing, OMA laid out its case for sweeping reforms to PJM's capacity market, stronger oversight of utility spending and greater protections against rising electricity costs. With Ohio's next administration preparing to take office and lawmakers considering major energy legislation, the association is pressing federal and state policymakers to confront a system that continues to expose electricity customers to billions in costs with little accountability for the utilities making those decisions.

The message extends from Washington to Columbus. OMA is challenging not just the rules governing electricity markets, but the regulators responsible for enforcing them. With a new administration coming to Ohio, the association is making clear that meaningful reform should include a hard look at the PUCO itself.

As Augsburger wrote in his letter, "It's time to break the mold and retool."

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The Ohio Manufacturers' Association is Ohio's largest statewide business association composed solely of manufacturers. Established in 1910, the OMA's mission is to protect and grow Ohio manufacturing. It represents manufacturers of all sizes in every subsector of the industry. Manufacturing is Ohio's largest economic sector, employing approximately 690,000 Ohioans and contributing more than $138 billion annually to the economy. Visit ohiomfg.com, or follow us on LinkedIn, X, Facebook and YouTube.

Dave O'Neil
Director, Communications and Marketing
(614) 302-7990
doneil@ohiomfg.com