

Ninth Circuit Sides with FERC and Consumers, Rejects Unwarranted Utility Incentive Costing Ratepayers Millions

July 22, 2025 | *Lisa G. Dowden, Stephen C. Pearson, Jeffrey M. Bayne, Amanda C. Drennen, Samuel B. Whillans*

Spiegel & McDiarmid attorneys won a major victory for California ratepayers in a July 11, 2025, Ninth Circuit decision affirming FERC's denial of an unneeded and costly transmission rate incentive "adder" sought by Pacific Gas & Electric Company. The court found that FERC correctly denied PG&E's request to include an incentive adder in its transmission rates because PG&E needs no incentive to encourage it to participate in the California Independent System Operator (CAISO) where California law already mandates participation. In upholding FERC's decision, the court further held that the California law is not preempted by federal law.

The PG&E incentive would have raised consumer costs by more than \$40 million per year. The court's decision also impacts the incentive eligibility of California's other two major investor-owned utilities, earning California ratepayers tens of millions more in annual savings.

Spiegel attorneys participated in proceedings before FERC, successfully moving for summary rejection of PG&E's incentive request, and on appeal at the Ninth Circuit in briefing on behalf of intervenors in support of FERC.

The decision is available [here](#).

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