

Sheppard Mullin Represents Coalition of Renewable Energy Clients in Successful Appeal over Reactive Power Revenue at US Court of Appeals for DC Circuit

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On September 26, 2025, the United States Court of Appeals for the D.C. Circuit vacated a 2023 Federal Energy Regulatory Commission ("FERC") order that granted the request of Midcontinent Independent System Operator, Inc. ("MISO") to stop providing generation owners revenue for providing reactive power service to the electric grid. Sheppard Mullin led a coalition of renewable energy clients in appealing FERC's decision and the D.C. Circuit found in the clients' favor. It held that FERC's decision was arbitrary because it allowed MISO to eliminate this compensation immediately, but did not adequately address the generators' argument that they relied on reactive-power compensation when they entered into loans and negotiated long-term power-purchase agreements with wholesale customers. The Court found that FERC failed to reasonably explain why the generators' short-term financial concerns were unfounded, immaterial, or outweighed by countervailing policy concerns, vacated the FERC orders and remanded the financial reliance issue to FERC to consider. Subject to any further proceedings at FERC, the ruling allows the affected generators to potentially collect reactive-power compensations from when MISO eliminated this compensation on December 1, 2022, until January 27, 2025, when a separate FERC order stopped this compensation nationwide across all transmission providers. That later order is currently on appeal at the United States Court of Appeals for the Fifth Circuit, which appeal is also being handled by Sheppard Mullin.

[Read the opinion here.](#)

Sheppard Mullin partners Bruce Grabow and Jennifer Brough represented the coalition of energy clients in the appeal.

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Practice Areas

Energy, Infrastructure and Project Finance

Real Estate, Energy, Land Use & Environmental

Industries

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